

Capital Metropolitan Transportation Authority

Quadrennial Performance Audit Findings and Recommendations (FY2020-23)

Status as of February 1, 2025

2025 Quadrennial Report 1/7/2025 (#24-18A)

Findings

Findings: The conditions are considered to be areas of non-compliance or where there is a lack of procedures or internal controls in place to cover significant or emerging risks to the management and performance of the Authority.

TASK 1 - Performance Indicator Review				
No Findings Identified				
TASK 2 - Chapter 451 Compliance Review				
Ref	Issue Identified	Effect/Risk Exposure	Recommendation	Management's Response
Finding 1	Quadrennial Performance Audit Report Delivery Texas Transportation Code § 451.457, requires the quadrennial performance audit reports be delivered to specific recipients (e.g. Texas Governor, Lt. Governor, etc.) by February 1st following the completion of the report in the fiscal year immediately following the quadrennial scope period. CapMetro was unable to locate and provide the required documentation evidencing the distribution of the report to the recipient list for the previous 2020 quadrennial performance audit report. Retaining evidence of the delivery and receipt of the quadrennial performance audit report was also identified as a recommendation in the 2020 quadrennial performance audit report for the 2017 quadrennial performance audit.	Failure to provide documentation evidencing the delivery of the 2020 quadrennial report as required by Texas Transportation Code § 451.457 poses a risk of noncompliance with statutory obligations.	Management should implement a standardized procedure for documenting the submission and receipt of quadrennial performance audit reports to those recipients identified within the Texas Transportation Code. This could include creating a submission log, obtaining formal acknowledgments from recipients (e.g., email confirmations, certified mail receipts), and retaining these records in a centralized, accessible system for compliance tracking. Additionally, management should assign responsibility for overseeing this process to ensure adherence to statutory requirements.	Management's Response: Management has assigned the Government Affairs Department to be the department responsible for overseeing and documenting compliance with 451.457. Government Affairs has implemented a centralized process and system to retain PDF copies of all letters sent and will be sending the formal transmittals by certified mail, with an accompanying digital scan of the receipt filed once received to provide proof of compliance. See additional detail in CapMetro Management's detailed response. Responsible Party: Deputy Chief Executive Officer Implementation Date: completed
TASK 3 - Administration and Management of the Authority				
No Findings Identified				

Recommendations

Recommendations for Management: The conditions and recommendations are provided for management's consideration to further improve efficiency and effectiveness of operations or improvements to existing efforts for the management and administration of the Authority.

TASK 1 - Performance Indicator Review				
Ref	Issue Identified	Effect/Risk Exposure	Recommendation	Management's Response
REC 1	Declines in Service Reliability Over the quadrennial performance audit scope period, CapMetro experienced increased collisions per 100,000 miles, reduced miles between road calls, and deteriorating cost efficiency as operating costs per hour and per mile surged. Increased costs were experienced as CapMetro internalized the parts function and required the purchasing of parts supplies to address timely service reliability issues. Mileage between road calls are a measure of service reliability and provides a way to monitor the quality of the vehicle maintenance program and the general state of repair of the fleet. The declines in service reliability provides an indicator to increase oversight of operations and assess root causes to ensure standards and expectations are being met. As CapMetro utilizes a contracted service model for service delivery of multiple service modes, including motor bus, demand response, and rail, untimely identification of declines in service delivery indicators may decrease timely corrective action.	Decline in service reliability could lead to increased liabilities, service disruptions, and rising operational costs, all of which may put public safety at risk, and erode public trust and customer satisfaction.	Management should continue to assess and improve its service reliability by working with its third-parties and internal operations to determine measures to reduce collisions and miles between road calls, which will assist with cost efficiency and improve rider experience. Management should also integrate safety and maintenance performance measures into its current and future contracts to address declines in service. Additionally, aligning agency performance metrics with NTD and state performance indicators will ensure that management focuses on key areas evaluated by external agencies.	Management's Response: CapMetro will continue to work collaboratively with its various service providers to improve service reliability and cost-effectiveness. CapMetro contracts already include safety and performance measures in service provider contracts. See additional detail in CapMetro Management's detailed response. Responsible Party: CapMetro Chief Operating Officer Implementation Date: Ongoing
REC 2	Varying Cost Effectiveness Over the quadrennial performance audit period, CapMetro showed mixed results in cost-effectiveness, which closely aligns with trends identified across the industry for the period reviewed. We identified that the agency's fare recovery rate, at approximately 5%, lags behind the peer group average of 7%, highlighting an area for potential improvement. However, CapMetro outperforms its peers in the cost per passenger performance indicator, with an average cost per passenger of \$14.23 compared to the peer group's \$14.61. Additionally, CapMetro has maintained relatively stable vehicle occupancy rates, decreasing only slightly from 5.34 in 2020 to 5.28 in 2023.	A decline in recovery rates could impact financial sustainability.	Management should continue to assess and improve its cost effectiveness through ongoing efforts to increase fare recovery and prevent its cost per passenger from growing. CapMetro and Austin's Project Connect initiatives and impacts should be considered through strategies to improve cost effectiveness in the future. Additionally, aligning agency performance metrics with NTD, state performance indicators, and peer groups will ensure that management has appropriate benchmark data to continually assess and to assist with the focusing of their efforts.	Management's Response: CapMetro recognizes the challenges posed by declining fare recovery rates and reduced average vehicle occupancy, issues that are impacting the entire transit industry. CapMetro is committed to continuing to improve cost effectiveness, despite these challenges, by continuing collaboration between CapMetro Operations staff and service providers, monitoring budgetary controls, and aligning key performance metrics to industry best practices. This work is already well underway through revisions to CapMetro's operating model made in 2022 and 2023. See additional detail in CapMetro Management's detailed response. Responsible Party: CapMetro Chief Financial and Risk Officer Implementation Date: ongoing
TASK 2 - Chapter 451 Compliance Review				
Ref	Issue Identified	Effect/Risk Exposure	Recommendation	Management's Response
REC 3	Personal Identifying Information Disclosure Texas Transportation Code § 451.061(g) enables authorities to disclose customer personal identifying information to governmental agencies or higher education institutions for research or statistical purposes, with restrictions against publication, redisclosure, or contact use. This disclosure language is not documented explicitly in CapMetro's published policy, but the disclosure is referred to on their website as being subject to the code.	The absence of this disclosure language in CapMetro's online Privacy Policy hinders transparency in communicating how personal information is collected and used.	Management should consider updating CapMetro's policy on the authority's website to include the language outlined in Texas Transportation Code §451.061(g). This update will clarify the authority's ability to disclose customer information for research purposes while maintaining compliance with restrictions on redisclosure, publication, or use for contact purposes.	Management's Response: Management agrees with this recommendation. The Legal Department will update CapMetro's privacy policy on the website to include language that advises the public of the possibility that personal information might be shared as provided by Texas Transportation Code 451.061(g). Responsible Party: CapMetro Deputy Chief Executive Officer Implementation Date: January 31, 2025

REC 4	<p>Right-of-Way Penalty Publication</p> <p>Texas Transportation Code § 451.113(d) requires that unauthorized driving on the authority's Right-of-Way around the rail lines is subject to a penalty classified as a Class C misdemeanor. Currently, this penalty information is located near the rights-of-way but is not included on the authority's website to restate the physically posted information and clarify the severity of unauthorized driving on the authorities right-of-way</p>	<p>The absence of penalty information on the website may limit public awareness and hinder compliance with Texas Transportation Code § 451.113(d).</p>	<p>Management should consider incorporating language on the authority's website and rider rules, that reflects the language posted at the physical right-of-way location, to inform the public of the penalty for unauthorized driving on the Right-of-Way, as required by Texas Transportation Code § 451.113(d). The inclusion of the penalty may raise awareness of the severity of such actions and deter potential acts.</p>	<p>Management's Response: CapMetro Management agrees with this recommendation and will update the website to clarify the penalty for trespassing in CapMetro right of way. CapMetro Management maintains that the best method for deterring trespassing is the Agency maintaining an active presence in our right of way, and the posting of signs on-site for awareness of people in the moment.</p> <p>Responsible Party: CapMetro Chief Experience and Engagement Officer Implementation Date: January 31, 2025</p>
TASK 3 - Administration and Management of the Authority				
Ref	Issue Identified	Effect/Risk Exposure	Recommendation	Management's Response
REC 5	<p>Authority-Wide Contract/Third-Party Management Framework</p> <p>CapMetro's primary transit operations are outsourced to third parties and require effective, efficient, and timely contract management by internal contract managers. The authority has various contract management practices and tools that are adapted to the requirements of the contract and carried out by the internal contract managers on a daily basis. Additionally, Contract Managers maintain collaborative relationships with their third-party contacts to ensure timely updates on status, incidents, and corrective actions to ensure alignment and compliance with the contract. However, contract administration practices deployed for the managing of the various contracts across the authority, including those with differing objectives and monitoring needs, are not consistently approached and applied for each contract. While contracts inherently have differing objectives and monitoring requirements, there is an opportunity for the evaluated CapMetro departments to adopt and integrate effective practices from each other to improve the accuracy and completeness of quality assurance processes through formalized guidance and procedures on the authority's expectations for contract administration. This formal guidance can assist contract managers in assessing compliance and performance of each third-party more uniformly across the authority. Furthermore, CapMetro does not have an effective method or tool in place to systematically and centrally input and track performance outputs, indicators, and other documentation and data to provide transparency in service delivery by key contractors over the entirety of the contract and assist with the development of trends in performance that may need corrective action by management.</p>	<p>Inconsistent contract administration expectations and practices across the authority's various departments, contract managers, and operations may negatively impact its effectiveness and efficiency to achieve strategic objectives with its current model of outsourcing primary transit operations. Additionally, inconsistent documentation of contract performance can hinder accountability measures and actions to correct performance timely. Lastly, differing objectives and monitoring requirements of each contract inherently lead departments responsible for contractor oversight to focus on their individual efforts, which may limit opportunities for collaboration and the exchange of information on performance monitoring best practices to contract manager counterparts across the authority.</p>	<p>Management should design and implement a comprehensive contract management framework, in collaboration with its contract managers, that can be modified by each department to meet the needs of the contract but also incorporate performance measures, budget to actual financial data, tracking of quality assurance measures performed, central and electronic collection and documentation of QASP's, and dashboards for monitoring compliance and performance of the data being received from each third-party, which will ensure a more uniform and consistent practice and methodology across the authority. In addition, a contract management tool should be developed and used to make decisions related to each operational service provider with evidence of performance and outcomes driven and supported through data that can be verified by management. Further, departments responsible for contract oversight should collaborate and share their existing quality assurance processes to exchange best practices, thereby enhancing the accuracy and completeness of quality assurance efforts.</p>	<p>Management's Response: Though CapMetro has processes to actively monitor contracts, CapMetro management agrees with the recommendation to refine and further develop an agency-wide framework for the management of third-party contractors. Many of CapMetro's services are provided by a third-party contractor and are actively managed within each mode. Refining our overarching monitoring framework will ensure consistency across the agency while allowing for differences based on specifics of a particular mode or service provided. See additional detail in CapMetro Management's detailed response.</p> <p>Responsible Party: CapMetro Chief Administrative Officer Implementation Date: July 1, 2025</p>
REC 6	<p>Departmental Procedure Management</p> <p>CapMetro does not currently have in place a formal management process to ensure department specific procedures are current, reflect established practices that are unique to the department, and routinely assessed by key stakeholders to ensure compliance and proper dissemination. Although the Authority has a formal policy management process and personnel to assess, update, approve, and disseminate the authority-wide policies, there is not central support and guidance to ensure all departmental procedures are assessed annually by management to ensure they meet the current business practices</p>	<p>Without regular reviews and updates, the procedures may no longer reflect CapMetro's current state, potentially hindering the procedural relevance and applicability in guiding day-to-day operations. Furthermore, the lack of timely updates could lead to gaps in ensuring that practices are aligned with evolving organizational</p>	<p>Management should consider developing and disseminating formal guidance and tools to departments on the expected processes, cadence, and structure of the departmental procedure review process to ensure procedure documents are regularly updated and remain aligned with current organization practices, needs, and conditions. This process could incorporate centrally developed templates, guidance, and training on performing the assessment, documenting the updates, disseminating and collecting acknowledgement from staff on the updated procedures. By doing so, the authority can improve operational efficiency, ensure relevance to evolving practices, and validate acknowledgment by staff of the procedural updates and expectations.</p>	<p>Management's Response: CapMetro Management will provide guidance and recommendations to staff regarding procedures.</p> <p>Responsible Party: CapMetro Deputy Chief Executive Officer Implementation Date: December 31, 2025</p>
REC 7	<p>Post-Integration Analysis of New Operations and FTES</p> <p>CapMetro should consider a post-integration analysis of the organizational changes of January 2022 and report those findings to leadership. CapMetro staffing and organization changed significantly between fiscal years 2021 and 2022 when bus operations and maintenance responsibilities were shifted in-house with the new contractual agreement with MV Transportation. Additionally, strategic staffing decisions to augment resources in Demand Response Operations, Control Center, and Public Safety and Emergency Management saw growth during the scope period. With the growth of 131 salaried employees and 70 hourly employees over the scope period, CapMetro had to ensure those departments established cultural norms, adhered to processes and procedures, managed risk, delegated responsibilities, ensured professional development, and evaluated operations to meet expectations. Therefore, an analysis could be performed in-house or by a third-party to assess the integration of the employees and functions acquired over the period and three years of data and observation is adequate to determine the impact of the change.</p> <p>The analysis should include:</p> <ul style="list-style-type: none"> - Changes in recruitment and professional development strategies between January 2022 and January 2025 - Three-year retention rates of former contract employees compared to overall retention rates - Performance comparison of former contract employees to appropriate CapMetro internal peer groups - Impact on Key Performance Indicators - Efficiency Gains - Unintended Consequences <p>Currently, management has hired a consultant to perform a span of control review, which will incorporate many of these elements identified to evaluate and compare to other similar transportation authorities.</p>	<p>Significant changes to an organization without timely and effective assessment of their integration can result in long-term inefficiencies, effectiveness, and impacts to culture and operations that meet the Authority's expectations.</p>	<p>Management should continue current efforts to perform and complete a span of control review and comparison of its review to other similar transportation authorities. Additionally, management should consider a post-integration analysis of the organizational changes of January 2022 and report those findings to leadership. Such an analysis could be performed in house or by a third-party. Three years of data and observation is adequate to determine the impact of the change.</p> <p>The analysis should include:</p> <ul style="list-style-type: none"> - Changes in recruitment and professional development strategies between January 2022 and January 2025 - Three-year retention rates of former contract employees compared to overall retention rates - Performance comparison of former contract employees to appropriate CapMetro internal peer groups - Impact on Key Performance Indicators - Efficiency Gains - Unintended Consequences 	<p>Management's Response: As the recommendation acknowledges, CapMetro made significant changes to the fixed route operational structure in 2022 with a primary goal of enhancing efficiency and CapMetro's ownership of key service decisions. CapMetro is in a constant state of reflection, analysis and improvement with respect to the changes made and agrees with the recommendation to continue to assess the effectiveness of the organizational changes made in 2022. It is important to note that Operations Management collaborates regularly with each service provider to align the deployment of staffing resources to address service issues in real time and improve operational efficiencies. See additional detail in CapMetro Management's detailed response.</p> <p>Responsible Party: CapMetro Chief Administrative Officer Implementation Date: December 31, 2025</p>

REC 8	<p>Professional Development Opportunities</p> <p>CapMetro should consider additional professional development opportunities tied to job responsibilities within the eight departments evaluated within the scope of the Quadrennial Performance Audit. CapMetro should continue several best practice leadership development programs initiated in FY 2024, including a formal commitment to succession planning within departments.</p>	<p>Continued professional development opportunities for each defined job title, position, and succession for future roles can ensure continued growth for the individual and positively impact the effectiveness and maturity of the organization.</p>	<p>Management should continue current initiatives around professional development and succession planning that were developed in FY24 to address management identified gaps. This training includes defined training and professional development opportunities for each job responsibility that will continue to promote their growth. Additionally, management should continue efforts to formalize succession planning within each department.</p>	<p>Management's Response: During the review period, CapMetro did offer defined professional development opportunities to employees, and we continue to enhance our development programs. See additional detail in CapMetro Management's detailed response.</p> <p>Responsible Party: CapMetro Chief Administrative Officer Implementation Date: ongoing</p>
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