

OUTSOURCED AUDIT – FY23

Task Order Review Audit Summary

Project Results

A key challenge observed during this audit was the setup of the initial contracting structure. Under the original contracting arrangement, CapMetro held the contracts with HDR, AECOM, and HNTB, and therefore, had the legal authority to enforce the contracts with these contractors. After ATP was established in 2021, work under these contracts continued and ATP reimbursed CapMetro for task order costs to advance the light rail work that ATP would eventually assume. The task orders reviewed in this audit were executed primarily during the time when ATP and CapMetro operated under the “shared leadership model” under the direction of one person serving as the top executive for both organizations. This shared leadership model was in place from ATP’s inception in January 2021 until the ATP Board voted to separate leadership which became effective in May 2022. At that same time, work on Austin’s Light Rail underwent a significant reset following the Board’s decision to change ATP’s leadership.

Auditors noted that the initial contracting structure was not optimal as it did not align the legal contracting authority and the routine task order monitoring responsibilities under ATP as the independent local government corporation authorized under Prop A to implement Austin Light Rail in accordance with the voters’ approval. Further, the auditors noted that this arrangement contributed to confusion, disorganization, and reduced accountability. Notably, this risk was substantially addressed in May 2023 when ATP executed new contracts directly with HDR, HNTB, and AECOM to further the advancement of Austin’s light rail. This important step is a critical improvement to ATP’s risk environment, and to the delivery of Project Connect overall.

Auditors also noted issues relating to the quality control review of task orders, the task order approval process, and ATP’s contract monitoring policies and guidance and task order close-out procedures. More details on the issues noted, the actions management has taken to remedy these issues, and recommendations to enhance ATP’s operations going forward are included in the related appendix, along with management’s response.

Internal audit thanks our partners at BDO for their work on this project. The recommendations issued in response to their audit findings, along with management’s proposed action plan, will help to improve ATP’s task order monitoring practices going forward.

Recommendations and Next Steps

Auditors issued three recommendations to ATP. Management agreed with these recommendations and their proposed actions to address these recommendations are expected to be completed by September 2024.

Project Background

This audit was included in the FY2023 approved audit plan following an organization-wide risk assessment conducted last summer to select audit projects most impactful to ATP’s risk environment. In February 2023, BDO USA, LLP was engaged by Austin Transit Partnership’s Internal Audit to perform this audit.

Project Objective

The objective of this audit was to review the task orders issued to HDR, AECOM, and HNTB under the Project Connect design and engineering contracts executed by Capital Metro Transportation Authority (CapMetro) in late 2018 and early 2019 and reimbursed by ATP after its inception in January 2021. BDO shared the results of this work with Internal Audit and ATP management in July 2023 along with three recommendations for improvement.

Project Scope

This scope of review primarily focused on task orders issued after ATP’s inception in January 2021 to October 2022. This audit also considered recent actions taken by ATP management related to these agreements.