

Background

Human Resources (HR) is responsible for managing the full employee lifecycle, including recruitment and hiring, onboarding, compensation, benefits, policies and procedures, employee relations, performance management, and separations. At Austin Transit Partnership (ATP), HR reports through General Counsel following a reorganization in May 2026. The team is comprised of a Vice President (VP) of Human Resources and two Senior HR generalists.

At ATP's inception HR was managed by seconded CapMetro staff until the hiring of an ATP HR Director in February 2023, now a Vice President-level position. The ATP HR team has made improvements each year to refine the HR function. A few key improvements are listed below.

In 2025, HR developed an *Employee Handbook* to “share the values, expectations, guidelines and principles that guide ATP’s operations.” The Handbook was shared with employees who were then required to sign a form acknowledging their receipt and review of the handbook. In 2025, HR also implemented eight *Standard Operating Procedures* covering: benefits, collaboration with external recruiting firms, compensation, employee separation, employment records management, hiring manager recruitment processes, performance management, and pre-employment screening.

As part of these procedures, HR also created a new *Position Requisition or Adjustment Form (PRAF)* to standardize the documentation for processing position changes and salary adjustments across the organization. It appears this form was completed to support decisions made in calendar year 2026 related to position and compensation changes as of June, except for one that was processed with executive override. HR management asserts they intend to institute an annual review and update of the Employee Handbook and other HR policies to ensure they remain current and aligned with organizational needs. HR standard operating procedures and forms are available to all ATP employees on the HR SharePoint site.

In addition, the HR team also implemented an *Annual Employee Performance Management Program*. The Program is designed to require:

- a start of year goal setting process where employees work collaboratively with their managers to set performance goals,
- a mid-year realignment to reassess and adjust goals as needed, and
- an end-of-year formal review to assess the employee’s performance relative to the established goals.

HR prompts this review cycle each year. While this process has been evolving, it appears that most ATP supervisors have complied with this performance review process.¹

¹ As of May 1, 2026, executive team members, Procurement staff, and some team members directly impacted by vacancies had not received annual performance appraisals for calendar year 2025.

Audit Results

Generally, we found that HR has taken positive steps to support a fair, safe, and respectful environment for ATP employees and to provide consistent administration of HR functions across the organization. As detailed below, we identified opportunities for improvement specifically in the following areas: compensation market studies, employment-related training, employee engagement, and exit surveys.

Opportunities for Improvement

Implement a regular market analysis of salaries and pay structure based on defined criteria.

Industry best practices from World at Work² emphasize the importance of a compensation philosophy that translates the business strategy into actionable principles for rewarding talent. A comprehensive philosophy should align with business strategy, engage key leaders in decision making, include market benchmarking to understand competitive positioning, be approved by executive leadership or the Board, and be communicated throughout the organization.

Salary benchmarking, or market analyses, are a way to compare an organization's salaries and overall pay structure to what similar employers pay in the same industry, geographic area, or with comparable workforce models for comparable roles. Industry experts from World at Work encourage market analysis as a tool that directly impacts talent acquisition, employee retention, and overall organizational health. World at Work recommends a dynamic approach to compensation and regular reviews of pay structure.

According to best practice guidance from World at Work, HR leaders need compensation strategies that are flexible, defensible and built for constant market movement, not static salary bands that get revisited every five years.

The ATP Compensation Procedure calls for HR to “review pay structures annually and recommend adjustments as needed to maintain competitive alignment with applicable external job markets.” HR management reported that they regularly review internal pay equity and report this to the CEO, but the organization has not completed a market analysis to compare ATP's pay or salary structure to external job markets. In 2024, ATP hired a consultant to do a market analysis for ATP pay grades and develop a salary structure for ATP. According to management, the consultant's scope of work was later modified, and the market analysis was not completed. ATP's salary structure has two distinct groups for “Engineering” and “Support” staff and these categories are used to describe position pay ranges. See table below for the latest iteration of this structure.

² WorldatWork is a global non-profit professional association for HR leaders that focuses on employee compensation, benefits, and total rewards strategies.

ATP PAY STRUCTURE GROUPS AS OF APRIL 2026

<u>Engineering</u>	<u>Support</u>
Architecture & Urban Design	Business Services
Design & Construction	Communication Services
Planning, Community, and Federal Programs	Community Engagement
Procurement & Contract Management	Financial Services
Real Estate Services & ATP Facilities	Internal Audit
	IT Services
	Legal Services
	Human Resources
	Government Relations & Public Affairs

Without regular market analysis of ATP salaries, ATP's pay structure may not remain competitive in the market and the organization may face increased risk of recruitment delays and attrition caused by salary misalignment.

We recommend that HR develop and implement a recurring market analysis of ATP salaries. We recommend this analysis be completed on a regular cadence and that the results of the study be considered when making compensation adjustments to support a fair, competitive, and equitable pay structure.

Develop and implement an employee training program on HR topics.

ATP has a robust orientation and onboarding program for new hires. On the first day, HR takes new employees through an orientation on general employee information and HR activities like benefits. New hires also complete administrative activities such as IT set-up.

In addition, HR organizes a quarterly employee orientation training for recently hired staff, which includes brief presentations from a variety of ATP teams on important information new employees need to know about key aspects of ATP operations and the Austin Light Rail Project. Two recent new hires reported that the first-day orientation and the quarterly onboarding were helpful and provided in-depth information about the organization, such as how ATP operates as a Local Government Corporation. One employee noted their training was missing the scheduled presentation on the culture and background of the organization.

Organizations are responsible for providing a safe and respectful working environment, including ensuring employees receive training on topics critical to workplace conduct and legal compliance.

Beyond this orientation and onboarding, ATP has few mandatory trainings. Currently, ATP requires a one-time quality management training and a one-time purchasing card training for staff at the Senior Vice President level and below, in addition to ongoing IT training. While new hires review ATP policies with HR staff on their first day, best practice guidance

recommends mandating training on topics like sexual harassment, discrimination, and anti-retaliation, both to ensure a safe working environment for all employees and to reduce legal risk for the organization.

A defined HR-related training program would better equip employees with the knowledge necessary to maintain a fair, safe, and respectful workplace, and may mitigate other employment exposures.

We recommend that HR collaborate with legal counsel to develop and implement mandatory employee training on critical HR topics.

Conduct stay interviews and regular employee engagement surveys.

While exit interviews are used by organizations to understand why employees are leaving, best practices recommend stay interviews and employee engagement surveys to uncover what motivates employees to stay, what challenges they face, and how organizations can better support them.

The Society for Human Resource Management (SHRM)³ recommends that employers conduct regular surveys of employees to collect feedback, noting that most organizations conduct surveys annually. Further, best practices indicate that organizations that conduct surveys and show responsiveness to employee feedback make employees feel that their opinions are valued and often have higher retention rates, lower absenteeism, improved productivity, better customer service, and higher employee morale.

SHRM recommends that HR management use feedback collected from stay interviews and employee engagement surveys to develop and implement clear action plans. It recommends that organizations communicate planned changes to employees and explain how their feedback influenced decisions. Best practices emphasize that transparency is key for reinforcing trust and demonstrating the organization's commitment to improvement.

SHRM reporting on employee satisfaction found that employees who are engaged and experience their workplace culture as a positive experience are nearly six times more likely to report high job satisfaction.

ATP does not currently conduct stay interviews or employee engagement surveys to collect employee feedback. Without collecting regular employee feedback, ATP is missing an opportunity to gather valuable insights to support retention, morale, employee wellness, and productivity.

We recommend that ATP develop an employee engagement program to include stay interviews and an annual employee engagement survey, aimed at collecting meaningful feedback from employees, along with a process for responding to feedback.

³ SHRM is the trusted authority on all things work and is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces.

Reinstate a meaningful exit interview process.

According to SHRM, exit interviews are a practice that many employers use to gain insights into their workforce and organization, with the ultimate goal of obtaining feedback on what might motivate employees to remain employed with their organizations.

From March 2024 to May 2025, HR administered a comprehensive exit interview primarily focused on the employee experience, asking about ATP's workplace culture, supervisory communication and management, and what ideas the departing employee would offer to improve ATP, among other inquiries. After May 2025, HR began using an abbreviated survey that appears to be more administrative in nature, focused on transitioning assignments and clearing the employee's workspace, rather than authentically obtaining employee input on how to better ATP's workplace and employment culture.

Not counting temporary employees, ATP's turnover rate in FY 24 was 11.8% and 16.8% in FY 25, underscoring the value of capturing meaningful feedback from departing employees.

Management noted challenges with a more meaningful process because the organization is small, and anonymity is not guaranteed. However, without a meaningful exit interview process, ATP loses the opportunity to capture actionable feedback from departing employees that could inform improvements to workplace culture, supervisory practices, and retention strategies.

We recommend HR reinstate a meaningful exit interview process focused on capturing employee feedback on workplace culture, supervision, and opportunities for organizational improvement, and design the process in a way that addresses anonymity concerns given ATP's size.

Additional Observation

As noted, HR recently implemented a *Position Requisition or Adjustment Form* (PRAF) to standardize the documentation for processing position changes and salary adjustments across the organization. HR management explained that the PRAF was originally created to document recruitment-related activities like requests for a new hire or conversion of a part-time or contract position to full-time.

However, this form has since been adapted to also document internal adjustments to positions and compensation changes, and it does not effectively capture the level of detail needed to fully support the various types of position and compensation changes that HR processes. For example, it lacks key information fields, such as the name of the employee affected by the change. As we discussed the audit's conclusions, Management agreed to modify this form by adding additional fields to capture all critical data to fully support compensation decisions.

ATP Management Action Plan

Recommendation	Management Action Plan	Proposed Implementation Date	Responsible Party
Recommendation 1: We recommend that HR develop and implement a recurring market analysis of ATP salaries. We recommend this analysis be completed on a regular cadence and that the results of the study be considered when making compensation adjustments to support a fair, competitive, and equitable pay structure.	Management agrees that periodic review and adjustment of compensation levels is appropriate to support a fair, competitive, and equitable pay structure within ATP. Our challenge lies in developing a useable comparative market analysis of pay rates for ATP because our peer group for comparison purposes is small in size, geographically dispersed, and sensitive to numerous local market conditions that don't affect ATP. Even within that peer group, job titles and job tasks are not uniform, thus making reliable comparisons very difficult. For example: • Some of our staff positions are sourced primarily from the public sector; others mainly from the private sector. • Some of our positions require very highly specialized skills, specific background experience, and are recruited nationally from small pools of potential candidates. Other positions have more generalized skills and experience requirements and are able to be recruited effectively at the local level. • ATP job position titles and assignments of job responsibilities are highly specialized and nuanced (40+ job titles in a workforce of about 60), thus limiting the value of generalized salary surveys and making market analyses for individual jobs difficult and expensive.	December 2027	Human Resources

	Though not part of a market analysis of individual pay rates, HR currently conducts an annual review of ATP's overall pay structure to ensure proper alignment of our pay grades. HR will document that current practice, including any recommendations to ATP leadership for adjustments to its pay grades. In addition, HR will work with compensation consultants and other resources to develop before the end of 2027 a reliable methodology for comparing compensation for ATP job positions with compensation for comparable positions in comparable organizations. Depending on the results of that work, HR will recommend to ATP leadership a process for using that methodology to evaluate compensation for ATP employees on a periodic basis.		
Recommendation 2: We recommend that HR collaborate with legal counsel to develop and implement mandatory employee training on critical HR topics.	Management agrees that employee training is important for both legal risk management purposes and to ensure that employee actions and conduct align with ATP's culture and values. HR provides training on EEO and respectful workplace topics as part of our new employee orientation program. HR is currently exploring options for incorporating an on-demand employee training platform that: (1) addresses HR policies and issues, (2) is compatible in presentation style and content with ATP's professional staff, and (3) allows for capture of employee usage. If a satisfactory tool can be identified, HR will make a recommendation to ATP leadership on adoption of a training tool and a usage policy for it.	December 2027	Human Resources

Recommendation 3: We recommend that ATP develop an employee engagement program to include stay interviews and an annual employee engagement survey, aimed at collecting meaningful feedback from employees, along with a process for responding to feedback.	Management agrees that it is important to stay abreast of employee attitudes and alert to employee concerns in the workplace. Management will make a staged response to this recommendation: • HR is incorporating for use starting in 2027 specific questions designed to elicit information typical of a formal “stay interview” process into the manager’s activities in our existing annual performance management process. • Based on review of the results of the preceding activity, HR will make a recommendation to ATP leadership by the end of 2028 about whether to conduct a specific employee engagement survey process, including the frequency, timing, and content of such a process.	January 2027 and December 2028	Human Resources
Recommendation 4: We recommend HR reinstate a meaningful exit interview process focused on capturing employee feedback on workplace culture, supervision, and opportunities for organizational improvement, and design the process in a way that addresses anonymity concerns given ATP's size.	HR will develop an Exit Survey and process to gather information from departing employees and distribute the survey results to ATP leadership.	December 2027	Human Resources

Objective, Scope, and Methodology

Objective

Has ATP developed effective human resources policies to align with best practices regarding: compensation, employee engagement and retention, training and development, and performance management?

Scope

Human resources activities from January 2021 to the present, with a primary focus on HR activities occurring after October 2023.

Methodology

To complete this audit, we performed the following steps:

- Interviewed ATP HR staff and executive leadership to understand HR processes, risks, and internal controls,
- Conducted kick-off meetings with EVPs and HR leadership to understand departmental views of HR services and expectations,
- Reviewed ATP HR policies, procedures, and the Employee Handbook,
- Evaluated the performance management program and supporting documentation,
- Reviewed compensation-related activities, including ATP's efforts to develop a market study and salary structure with the assistance of an external contractor,
- Reviewed training program documentation and interviewed recent new hires regarding the onboarding experience,
- Evaluated exit survey instruments and processes used from March 2024 through 2026,
- Reviewed industry best practices related to HR processes and activities,
- Evaluated information technology and fraud risks related to HR processes and activities, and
- Evaluated internal controls related to ATP's: risk assessment and control activities, information and communication, and monitoring.

Standards

This audit was conducted in accordance with the standards promulgated by the Institute of Internal Auditors (Standards). These Standards encompass such matters as independence, objectivity, proficiency, due professional care, the scope and performance of work activities, and management of the internal auditing function. We believe that our work provides a reasonable basis for the reported issues, conclusions, and recommendations.

Audit Team

Katie Houston, Chief Audit Executive
Cameron Lagrone, Senior Auditor