

REVIEW OF  
ACCOUNTABILITY  
OVERSIGHT  
MECHANISMS FOR  
WSDOT

Conducted for the  
Transportation  
Performance Audit  
Board

REPORT 05-15

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## Study Mandate

In January 2005, the Transportation Performance Audit Board (TPAB) requested that the Joint Legislative Audit and Review Committee (JLARC) assess the various state government-sponsored performance oversight initiatives related to the Washington State Department of Transportation (WSDOT), with the goal of identifying the alignment and overlap among them. The study reviews the agencies, boards, commissions, and committees that review the performance of WSDOT, and discusses specific issues related to assessing WSDOT's capital project delivery.

## Background on Changes to Governance of WSDOT

As a result of legislation passed during the 2005 Legislative Session, the accountability structure for WSDOT will change effective July 2005:

- The Governor — not the Transportation Commission — will appoint the Secretary of WSDOT. As a result, the role of the Governor and cabinet management initiatives will become prominent for direction of WSDOT.
- Legislative Transportation Committee (LTC) will dissolve and staff support to TPAB will be shifted to the Transportation Commission.
- TPAB membership will expand to include a representative from the Transportation Commission and the State Auditor.
- The State Auditor, in addition to TPAB, also will have the authority to independently conduct performance audits of transportation agencies.

These recent changes mean the accountability structure will be evolving, and new players will be introduced to transportation programs. This review addresses the current accountability system, but it also looks forward to issues related to forthcoming changes under the new governance structure.

## Oversight Entities Prior to July 2005

Several entities now play an accountability role with WSDOT: TPAB, JLARC, LTC, legislative policy committees, the State Auditor, the Office of Financial Management (OFM), the Office of the Governor, and the Transportation Commission. These agencies, boards, and committees currently fall into one of three distinct "zones" of responsibility: management direction, performance audit/evaluation, and fiscal audit/internal control. There are some additional entities overseeing WSDOT compared to other agencies, but several of them have an identical oversight role that is applicable to any executive branch agency. However, because gas-tax funding is dedicated to transportation programs, oversight of WSDOT is unique compared to many other government agencies.

There has currently been little overlap among the three zones of responsibility, though within each zone some roles have overlapped. The area with the greatest *potential* for duplication of effort or inconsistent direction is management direction from the Commission, the Governor, and OFM. However, in practice this intersection did not result in redundancy or inconsistency. WSDOT reports performance quarterly to the public, Legislature, and others in the "Gray Notebook." WSDOT has limited the redundancy of performance reporting by focusing external oversight entities on using the same information that is contained in the Gray Notebook.

## Role of Oversight Entities After July 2005

The new governance structure will result in additional overlap and tighter linkages among some entities. Also, the separation between the three zones of responsibility will become less distinct. The Commission will have duties that relate both to management direction and auditing, and the State Auditor will have duties that relate to both financial auditing and performance auditing. These changes will include opportunities to coordinate the expectations of various entities. These changes will also present a risk that approaches by different parties could become inconsistent.

## Project Delivery Performance Data

WSDOT continues to move from a program-focused to a project-focused approach for managing and reporting the delivery of capital improvements and preservation. While there is substantial information about the status of capital delivery published in external reports, it tends to be qualitative in nature, limited to certain projects, or programmatic instead of project-specific. The existing externally available information by itself is not sufficient to comprehensively assess the Department's success delivering capital projects on a project-by-project basis.

TPAB's effort to obtain improved project-specific performance measures is occurring at the same time that staff from OFM, the Governor's Office, and the Legislature are seeking similar information. JLARC is delaying specific recommendations for TPAB's information requests on project delivery in order to ensure direction provided to the Department is coordinated with other entities.

## Conclusions

- The new governance structure that takes effect July 1, 2005, poses greater risks that various oversight entities will hold inconsistent performance expectations. There will be a need for more coordination among these entities when roles change.
- The impact on WSDOT's workload for performance reports is unknown at this time because of ongoing efforts by multiple entities to develop reporting expectations.
- The role of the Commission includes some potential conflicts and duplication that should be examined more fully as the Governor and Legislature study appropriate responsibilities.
- A clear understanding of the goals and expectations for WSDOT performance will help ensure entities approach their oversight roles consistently.
- There are limitations to currently published project delivery information, and WSDOT's reporting capacity is limited by a lack of interfaces between automated management and financial systems.

## Summary of Recommendations

Recommendation 1 – The Transportation Performance Audit Board and the State Auditor should collaborate on developing the 2005-07 audit work plans for each organization.

Recommendation 2 – The Office of the Governor should include an assessment of independence requirements for the Transportation Commission's role supporting TPAB, as part of the upcoming study of Transportation Commission and WSDOT responsibilities.

Recommendation 3 – Staff supporting TPAB, the Legislature, OFM, the Office of the Governor, and WSDOT should collaborate on developing standardized performance measures for delivering transportation projects.

Recommendation 4 – The Washington State Department of Transportation should add statistics to its quarterly status reports regarding the proportion of capital projects for which standardized performance data (cost and schedule progress) is available.