



# Yellow Book Management Audit Final Report

# DRPA Yellow Book Management Audit Final Report

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**VERSION CONTROL**

The following table provides a record of modifications to this document.

<b>Version</b>	<b>Author(s)</b>	<b>Issue Date</b>	<b>Purpose</b>
Review Draft, v0.1	CGR Management Consultants	November 1, 2012	First draft for DRPA review.
Review Draft, v0.2	CGR Management Consultants	December 20, 2012	Second draft for DRPA review. This version contains responses to Agency comments made in the first draft review.
Review Draft, v0.3	CGR Management Consultants	January 7, 2013	Third draft for DRPA review. This version contains responses to Agency comments made in the second draft review.
Final Report, v1.0	CGR Management Consultants	January 14, 2013	Published document, including Agency response to the final draft.

Versions less than v1.0 are drafts.

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## 1.0 Executive Summary

DRPA is staffed with impressive executives generating good ideas for business effectiveness and efficiency improvement. CGR conducted over 130 interviews and found DRPA employees to be open and forthcoming with regard to the issues addressed by the audit. Other observations include the following:

- The Strategic Plans and the Lean Government initiatives signal the commitment to self-analysis and a commitment to continuous improvement.
- The Finance Division does an excellent job in producing the annual accounts, which have won awards for 19 consecutive years, in its investment strategies, and in creating and leading the Lean Government initiative.
- The Engineering Department is exceptional compared to other organizations in meeting budgets while managing a large number of projects.

Summaries of principal findings, conclusions, and recommendations follow.

### 1.1 Summary of Principal Audit Findings & Conclusions

Findings and conclusions appear throughout sections 3.0, 4.0, and 5.0. Some are described here.

#### **DRPA lacks effective enterprise process improvement processes**

There is no well defined structure for improving the DRPA's processes. Each department is expected to improve its own processes. As a consequence, disconnected divisional systems are implemented and departments become silos, while enterprise systems and inter-departmental processes deteriorate.

Information Services provides a central process improvement role in many organizations but is confined to a technical role at the DRPA. Its contributions should be expanded.

A pilot Lean Government initiative staffed by volunteers has undertaken several projects, many of them in the Finance Division. About 100 employees have participated. More needs to be done to assure that team recommendations are implemented.

The need for implementation also applies to past audit recommendations and actions called for in the Authority's Strategic Plan. An Authority comment made on our first draft report pointed out the lack of success in following up on the last audit by TransTech Management, Inc. in 2010:

*"A draft implementation plan was prepared and distributed to Management and the Audit Committee. However, the plan was never approved and no resources were allocated for implementation."*

The effectiveness of this and other audits will depend on close attention to the follow through by the Authority. Although most recommendations are organized by department, many require support from the Board and senior management team. Section 6.0 recommends an implementation framework.

### **Poor communication of Board policies creates negative perception by some employees**

The Board, in its efforts to gain control of the financial situation brought about by the economic development policies of the previous Board and by the States' economic circumstances, has imposed extra reporting and processes that call for additional staff work.

The complaint with the Board's well intentioned actions is that new policies have not been well implemented or explained to employees. The response to prior audits mentioned above is an example.

Other examples include policies with regard to staff recruitment, promotion, and salaries that suffer from similar lack of communications. The time taken to hire new employees is seen to be excessive, leaving many departments with open vacancies and an inability to implement any longer-term improvement measures. The process for regular employee hiring contrasts with the speedy process for filling political appointments.

### **DRPA is vulnerable to workforce shortfalls**

Other agencies that are similar to the Authority are challenged in terms of acquiring and retaining employees. In particular, technology advances place transit agencies at risk from the lack of needed skills available in their local labor markets.

Policies for continuing the salary freeze for non-represented staff should be documented and communicated to employees. Salary comparisons provided in Section 7.0 will aid decision-making regarding DRPA's competitiveness in markets for talent. Better processes for hiring, succession planning, retention of key employees, pay compression tracking, performance reviews, and training are required.

Section 7.0 conclusions address Administrative and Support and Public Safety positions. For Administrative and Support functions where comparisons were made, our conclusion is that salary ranges in most departments are reasonable. This does not mean that all actual salaries are reasonable. For actual salaries to be reasonable, personnel policies have to be applied in a fair and reasonable manner. That means individual employees need to be in appropriate grades and to progress through the salary levels in those grades in addition to receiving any cost of living increases applied to the ranges for the grades.

After comparisons with other public safety agencies, our conclusion is that Public Safety employees are not underpaid. The salary ranges at DRPA are lower than some of the larger agencies but are in line with the smaller, local agencies and are consistent with the salaries of surveyed road, bridge and transit police departments.

### **Management controls do not address efficiency or effectiveness**

The emphasis on controlling the Authority through the annual budget does not address the real basis for efficiency and effectiveness of the business. Meeting or beating the annual budgets relies more on estimating skill than on performance management. Too little is done to measure the way managers and assigned employees execute assigned responsibilities. The audit recommends charging departments with more of their costs

and a more accountable program management structure to monitor and control implementation of improvement projects.

### **DRPA has under invested in information technology for administration**

In conjunction with the low value placed on enterprise processes, there has been an under investment in information technology for administrative processes. Over the years the pace of business has increased but the DRPA uses a 17-year old business system while PATCO uses a 27-year old business system, both of which do not measure up to modern information systems standards. Current systems require an excessive amount of manual labor and paper.

The Authority is planning to remedy the inadequacies of the current computer-based administrative systems with a new Enterprise Resource Planning (ERP) system. While this is needed, the approach is taking too long and inadequately addresses the scope of the enterprise, process, and divisional systems required. The current effort underestimates the internal resources required to implement the wide-range of beneficial systems within any reasonable time frame.

### **DRPA lags benchmarks for safety performance**

Section 4.2.1 documents the many programs conducted by DRPA to promote a safe environment. These efforts have had a positive impact. The Injury Frequency Rate (IFR) has improved from 14.6 in 2009 to 10.5 in 2012 to 6.6 through April 2012. The IFR for PATCO in April 2012 is 13.9. These are above benchmarks. The audit recommendations call for additional management actions including the use of safety as a performance measure for both managers and employees and applying progressive disciplinary measures.

## **1.2 Summary of Audit Recommendations**

Background, Findings, Conclusions, and Recommendations are made for each of the functional areas identified in the RFP. Appendix C is a consolidated list.

### **Recommendations are diverse and should be grouped into programs**

The audit makes 104 recommendations. To ease the process of implementation, each recommendation should be assigned to a program manager for implementation. Programs consist of like projects clustered together so they can be managed in a coordinated way to improve controls and the chances of success. Appendix C lists the audit recommendations by Program. Recommended programs are the following:

	<b>Programs</b>	<b>Number of Recommendations</b>
A	Governance & Planning	16
B	Organizational Responsibilities & Accountability	33
C	Enterprise Processes & Technology	7
D	Local Process Improvement	25

<b>Programs</b>	<b>Number of Recommendations</b>
E Public Safety/ Homeland Security	7
F Non-Project Recommendations	10
G Zero Cost, No Action Required	6
<b>Total:</b>	<b>104</b>

CGR recommends that, before a project is commissioned, some funds be set aside to support implementation of recommendations. Applying rules described in Section 6.2, these onetime costs are estimated at \$1,930,000; this is 3.5% of the budget for Administrative and Support and Public Safety functions. This doesn't include employee time for the project. It also doesn't include capital budgets for enterprise systems that are already under way.

Other recommendations will add to recurring costs. This estimated cost, \$1,500,000 (2.5% of the current budget), is shown below. All staff additions are for one position except the business analyst position.

<b>Name</b>	<b>Estimated Recurring Costs</b>
Selectively Restore Benefits	\$500,000
Fill Needed Business Analyst Positions (3 positions)	\$300,000
Implement an Enterprise Risk Management Function	\$200,000
Establish a Labor Relations Function	\$150,000
Establish Engineering Program Office	\$125,000
Increase Grant Administration Staffing	\$100,000
Increase OIG staff	\$100,000
Permit IS Staff to Travel for Training	\$25,000

Some of these costs would be lower to the extent positions can be filled with current employees or benefit restorations are accomplished at a lower cost.

### **Implementation should be enabled by a dual operating system**

John P. Kotter, an Emeritus Professor of Leadership at the Harvard Business School, recommends what he calls a dual operating system for implementing strategic plans.<sup>1</sup> One operating system is the traditional hierarchy designed to efficiently conduct day-to-day activities. According to Kotter, hierarchies are rigid and resistant to change – a

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<sup>1</sup> John P. Kotter, "Accelerate!" *Harvard Business Review*, November 2012: 44-58.

threat to an organization facing considerable change. He recommends that a second operating system, a network, complement the hierarchy. The network, described in Section 6.1, addresses the pitfalls of entrusting the hierarchy with implementation.

DRPA has an advantage in adopting this approach. The Lean Government program uses the network concept relying on volunteer employees from the organization to focus on implementation.

According to Kotter, the network needs a sense of urgency driven by a big opportunity, a major change, or a threat to the enterprise. In DRPA's case, drivers include the need to implement audit and Strategic Plan recommendations, a commitment to elevate the Lean Government effort out of the "pilot" stage, and/or the need to mobilize around the implementation of the Enterprise Resource Planning (ERP) system. In fact, the process changes necessitated by enterprise system implementation – like ERP -- make a response like the one recommended here a necessity. The capital plan calls for about \$16 million for such systems. Section 3.3 has additional related recommendations.

## 2.0 Objectives, Approach, & Summary Conclusions

This section describes the initiation of this audit, the audit criteria required by the RFP, and conclusions and recommendations that affect multiple departments.

### 2.1 Audit Background

On January 20, 2012, the Delaware River Port Authority of Pennsylvania and New Jersey (DRPA) issued a Request for Proposal (RFP) for services to provide this “Yellow Book” performance audit. (Doc 156, page 5) The term *Yellow Book* refers to the U.S. Government Accounting Office (GAO) publication, *Government Auditing Standards*.

The standard calls for a capability to “audit the auditor” employing peer review. This requires documenting the source of facts that provide the basis for auditor conclusions and recommendations. To provide this traceability, document and interview references are provided throughout the report. Examples are (Doc 124) and (Int 52). A separate report (Appendix E) lists the documents referenced in this report.

DRPA’s Governing Documents in the form of Board Resolution 10-040 (Doc 304a) require periodic audits of its departments. In July, 2010, TransTech Management Inc. (TransTech) delivered the last audit of the entire agency. For subsequent audits, DRPA has chosen to audit their functions on a rotating basis. This audit covers the following functions as described on page 9 of the RFP (Doc 156):

- Administrative and Support Functions
- Public Safety and the Department of Homeland Security/Homeland Security

In about two years another audit will address the Port Authority Transit Company (PATCO) and Bridge Operations. In addition, the RFP for this audit requires that the auditor document the status of implementation of past audits. Progress on applicable recommendations is documented throughout the report for individual departments and then summarized for recommendations and other initiatives in Appendix D. In addition to audit recommendations, CGR sought out employee assessments on progress in implementing Lean Government initiatives and action items in the Strategic Plan.

A survey of salaries for selected employee grades accompanies this audit and is reported in Section 7.0. This compares salaries at DRPA with other like agencies for selected DRPA employee positions.

### 2.2 Audit Objectives

The overarching objective of the audit, as stated in the RFP, is to improve oversight and to “enhance accountability and transparency, and enable the Authority to more quickly identify issues that require attention of the Board and/or management.” (Doc 156, page 5)

The audit, in compliance with the RFP Objectives (Doc, 156, page 13), includes a review of the Authority’s Compact Legislation; Bylaws; and applicable resolutions, policies, and procedures. These are the Agency’s “Governing Documents.” Section 3.1 reports the results of this review.

The audit also evaluates each subject Division and their respective departments “to determine an optimal level of effectiveness and efficiency to achieve optimal levels of service and performance, while ensuring that the Authority is achieving maximum value from its operations. The Auditor will have to conduct financial, operational, and industry analyses to determine the appropriate threshold for each Division.” (Doc 156, page 6)

Sections 4.0 and 5.0 report the findings, conclusions, and recommendations for individual divisions and their departments.

### 2.3 Audit Approach

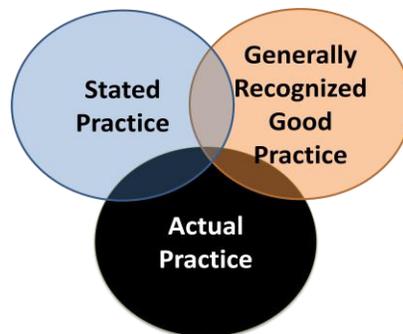
The DRPA RFP listed the criteria for evaluating efficiency and effectiveness. These are listed in the next section, Section 2.4. In making this evaluation, CGR’s audit methodology, illustrated below, pays particular attention to the following:

- Stated Practice was defined using Authority documents and interviews. These include the Governing Documents, written operating procedures, responses to interview questions, organization structure, management methods for monitoring and control, and information technology systems.
- Actual Practice documentation relied on self-assessment by DRPA employees, document reviews, interviews, statistical analysis, performance reports, and sampling. Components include descriptions of current operations as well as assessments of the implementation of past audit recommendations, Lean Government initiatives, and Initial Tasks listed in Strategic Plans.
- Generally Recognized Good Practice is based on tools, methodologies, standards, and published views by subject matter experts.

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**Figure 2.1: Comparison of Stated, Actual and Good Practice**

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Comparison of the Stated and Actual Practices to Good Practice provides the basis for recommendations to improve organization, process design, and staffing practices. The audit assesses the efficiency and effectiveness of the audited functions and organizations. This assessment is encapsulated in the following questions:

Can the organization:

1. Provide faster responses to internal and external customer requests?

2. Improve teamwork and internal communications?
3. Take a more focused and proactive approach to service provision?
4. Improve planning of work?
5. Increase productivity of staff?
6. Produce better management information for decision making?
7. Increase staff job satisfaction?
8. Improve alignment of services to internal and external customer needs?
9. Increase visibility into process performance?
10. Improve internal and external customers' perception and satisfaction?

Section 6.0 recommends an implementation approach (Section 6.1) and the business case (Section 6.4) utilizing these criteria. Section 6.2 lists prior audit and other initiatives that should carry over and supplement the recommendations in this audit.

The audit was governed by a Work Plan that incorporated DRPA Audit Committee comments. Features of the Work Plan include the following:

- Day-to-day coordination by the DRPA Inspector General and CGR project manager.
- Liaison activities including document and interview requests, arrangements for onsite auditor visits, and monthly progress reporting.
- Generation of preliminary Task Reports with conclusions and recommendations for Agency review.
- Delivery of a Draft Audit Report by November 1, 2012, in accordance with the RFP schedule.
- Delivery of a Final Audit Report by the December 28, 2012 in accordance with the RFP schedule.

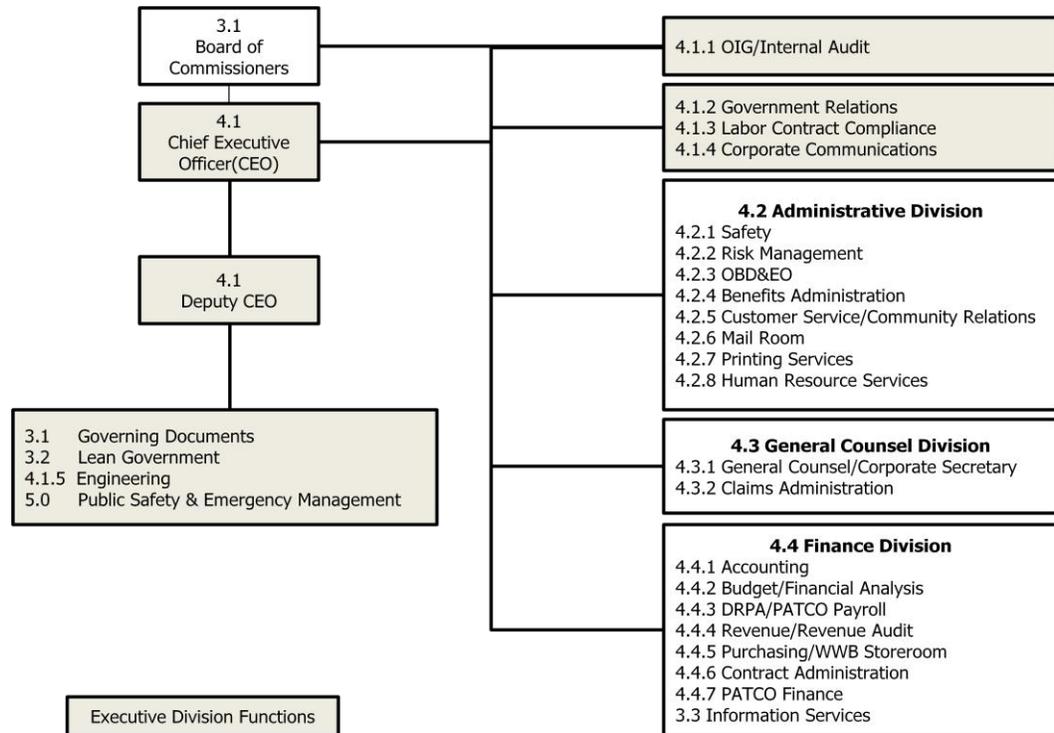
It should, of course, be noted that the audit work was carried out over a period of months and both management and staff continued their efforts to improve internal processes throughout the course of the audit. It is therefore recognized that current practices and related findings may have changed at the Port Authority since they were identified and prior to the drafting of this report.

## **2.4 Scope of Audited Functions**

The RFP has defined the scope of services (Doc 156, pages 13-16). There are audit criteria for Administrative and Support Functions and the Departments of Public Safety and Homeland Security/Emergency Management. There are four Administrative and Support divisions addressed in the audit. The accompanying figure shows these divisions and departments. These are accompanied by the appropriate audit sections reporting findings, conclusions, and recommendations.

The Office of the Inspector General has dual reporting to the Board of Commissioners and the Chief Executive Officer for administrative purposes only. The relationship is defined in DRPA Board Resolution 12-076, dated September 19, 2012. (Doc 499)

**Figure 2.2: Audited Divisions & Departments**



**2.4.1 Administrative and Support Functions**

The audited functions are included in four divisions: Executive, Administrative, General Counsel, and Finance. The following table profiles these departments and cost centers utilizing 2012 budget numbers.

Number of Work Centers	38
Total Employee Cost	\$26,145,000
Other Expenses	\$15,056,000
Total Cost	\$41,201, 000
Number of Employees	135

Audit criteria for Administrative and Support Functions include the following:

- a. A review of Governing Documents in order to “evaluate the management and operational practices, business processes, a review of controls and policies, organizational/reporting structure, staffing levels, and deployment within DRPA Administrative and Support Functions.” (RFP page 13) Section 3.1 reports on the review of these and related documents.
- b. An assessment of management practices. (RFP page 13). Audit criteria are listed in Section 2.5.1 along with significant conclusions related to each criterion.

- c. Identify alternative management practices that would be appropriate for the DRPA to adopt (best practices/proven track record with other public sector organizations) to address deficiencies. (RFP page 14)

Section 4.0 reports findings, conclusions, and recommendations for each audited Administrative and Support function.

### **2.4.2 Public Safety & Homeland Security Departments**

The Public Safety Department has Administration, PATCO, and organization units for each bridge. The Department of Homeland Security & Emergency Management had three employees at the time of the audit (recently the Director of Homeland Security has retired and the Department of Homeland Security & Emergency Management is now part of the Public Safety Department and has two employees). The following table profiles the Public Safety Department utilizing 2012 budget numbers.

Number of Cost Centers (Public Safety)	7
Total Employee Cost (Public Safety)	\$17,111,000
Other Expenses (Public Safety)	\$231,000
Total Cost (Public Safety)	\$17,342,000
<u>Number of Employees</u>	
Public Safety	140
Homeland Security/Emergency Management	3

Section 5.0 reports audit findings, conclusions, and recommendations.

### **2.4.3 Implementation of Prior Audits**

The Audit's RFP (page 16) calls for the auditor to "evaluate the implementation of recommendations from prior internal and independent reports regarding DRPA Administrative and Support functions and Public Safety over the last ten years, including, but not limited to, the TransTech and Kroll Management Audit Reports."

CGR expanded this review to include other improvement efforts and statements of the intent to implement changes. These included an early KPMG audit in two segments, the Lean Government program, and DRPA annual Strategic Plans. Section 6.3 summarizes the results of this analysis; Appendix D reports audit findings. Throughout the report the status of associated improvement efforts is reported along with the related function or department report. Some recommendations made by CGR in this report have been addressed in prior audits or mentioned for implementation in one or more Strategic Plans.

At the beginning of the audit, there were no current reports documenting the implementation status of prior audit recommendations or strategic plan approaches and tasks. So progress assessments were conducted during the audit with DRPA managers and staff. Some responses also include the respondent's assessment of an item's priority.

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

In most cases, CGR has added its own or a respondent's assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or is unlikely to be done. Appendix D includes these assessments.

## 2.5 Summary of Principal Conclusions

This section summarizes conclusions related to the audit criteria and major issues raised in the course of the audit. Specific recommendations are delivered in Sections 3.0, 4.0, and 5.0.

### 2.5.1 Administrative and Support Summary

This section highlights principal conclusions responding to the audit criteria (RFP page 13) for Administrative and Support functions. The details are set out later. Section 6.4 lists specific recommendations that support each of the 10 improvement categories listed above in Section 2.3.

**i. Policies and procedures effectiveness and adherence to legal, regulatory, and contractual requirements.**

Management and operational policies and procedures can be improved. Management receives regular financial reports but lacks timely and appropriate information on which to base some decisions. The information does not always provide top management visibility over the status of improvement ideas that are generated.

DRPA does adhere to legal, regulatory, and contractual requirements but does not adhere to the spirit of Governing Documents requirements with respect to Strategic Plan and audit recommendation implementation.

Strategic plans, Lean Government projects, and audit recommendations that generate commitments for process improvements and cost reduction need to be implemented. The Agency needs a structure to manage the process. Section 6.0 recommends an approach designed to speed the implementation of improvements.

A related issue is that recruitment policies and the current freeze on administrative and support salaries and benefits exposes the Agency to the risk that positions are left open for too long and that some positions will not be filled with the quality of candidate desired. This threatens future effectiveness. After an audit team request, no document was provided describing policies with regard to the freeze including reasons for its initiation, exceptions, and conditions for its suspension.

<b>ii.</b>	<p><b>The extent activities and operations reinforce the Authority’s mission, goals, and objectives and Board directives.</b></p> <p>Most current activities and operations reinforce the Authority’s mission, goals, and objectives as well as Board directives. However, through its audit program, Strategic Plans, and Lean Government efforts, DRPA has created an extensive list of ambitious proposals that call for action. With the exception of Lean Government projects, most of these actions do not take place. They are not pursued with a well-defined, disciplined approach that uses best practices for project management. This lack of direction in implementing Strategic Plan tasks and audit recommendations creates doubt among employees over the direction they should take.</p> <p>The Lean Government “pilot program,” a “bottom up” effort that involves over 100 “actively involved” employees, risks failure for lack of implementation of team recommendations.</p>
<b>iii.</b>	<p><b>The extent programs or activities overlap, conflict with, or duplicate other related programs and activities.</b></p> <p>The Lean Government program uses a formal process for selecting process improvements that is intended to avoid overlapping initiatives. It reflects a commitment to improvement and recognition of current shortcomings.</p> <p>At the higher level, programs rarely duplicate, overlap, or conflict with other programs, but lower level activities duplicate, overlap or conflict with other activities. For example, an excessive amount of paper is used; copies of documents, such as purchase orders, are filed multiple times in different departments; and the same data is keyed into computer systems multiple times. Programs and activities that cross department boundaries are difficult to implement. Section 6.0 recommends the use of best practice standards for coordinating projects to minimize duplication.</p> <p>We recommend that the Board <u>approve</u> and <u>monitor</u> implementation of the Strategic Plan, audit recommendations, and Lean Government programs.</p>
<b>iv.</b>	<p><b>The effectiveness of internal control structures, including the control environment, information and communication systems, risk assessment, and monitoring process.</b></p> <p>Financial reporting to the Board is adequate though Board members report that disclosure in other areas is lacking. If and when it’s implemented, a Lean Government project for dashboard creation should improve operational reporting.</p> <p>Other reporting should include progress on projects that implement Lean Government initiatives, audit recommendations, and Strategic Plan commitments.</p> <p>Risk assessment is informal, which is appropriate for small projects but not for large ones; and the monitoring processes is not refined, depending</p>

largely on word of mouth, periodic financial reports, and qualitative progress reports. Risk management activities should be consolidated. Section 4.2.2 provides a framework. (This was also a 2010 audit recommendation.)

**v. The extent management practices are consistent with industry standards and best management practices.**

The Lean Government initiative signals that the Agency is open to self-evaluation and the pursuit of efforts to implement change.

The main computer systems used by the DRPA and PATCO are aged. Many management practices and systems are consistent with industry standards of years ago, but since then generally recognized good management practices have upgraded to ensure that information is readily available through the use of databases, intuitive user interfaces, user generated reporting and dashboards, mobile communications, automated workflow with measurement of response times, and many other automation tools.

With the exception of the Lean Government pilot program, the Agency does not make use of standard project management standards and practices. A structure for implementing audit recommendations is recommended in Section 6.0. It calls for establishing programs and teams to implement different types of project. The recommended design would also minimize the risk of overlap, conflict, and duplication.

**vi. The adequacy of long-range and short-range plans to assure the effective and efficient performance of its functions.**

The Agency produces excellent plans but has a major deficiency related to implementation of the plans. Audits, the Strategic Plan, and the Lean Government initiative have produced a large number of good ideas for actionable tasks that would improve the effectiveness and efficiency of many DRPA functions. However, the Agency does not translate these ideas into effective short- or long-range projects and programs.

**vii. The appropriateness of the organizational structure and reporting alignment to ensure timely and informed decision making.**

The audit recommends several organization changes. These include:

- Creation of a risk management function that would bring together several related functions (Section 4.2.2)
- Appointment of program and project managers and a network organization structure centered on a volunteer organization called the Guiding Coalition to implement Strategic Plans, Lean Government initiatives, prior audit recommendations, and the recommendations in this audit. (Section 6.0)

**viii. The productivity and utilization level of staff resources and appropriateness of staffing levels. Assess the existence and quality of succession planning and adherence to succession planning to ensure future success and seamless functionality.**

Business procedures are largely manual and informal. While this appears appropriate for the small number of staff in some functions, it precludes visibility into operations, makes management of staff productivity more difficult, and costs more than automated systems. One reason is a lack of adoption of modern standards for managing information and business processes.

Data is not collected to allow the productivity and utilization level of staff resources to be measured and improved. For example, based on cost figures alone, it appears that Engineering staff devote about half of their time to capital projects, but, as the other half of the staff's time is not analyzed, it is difficult to say whether the implied utilization on capital projects is appropriate or not.

As stated previously, there is concern among Lean Government participants that recommendations are not being implemented.

A comparison of budgets and actual budgets for the period 2002-2011 shows consistent under budget spending. (Doc 374) In 2011 the difference was almost \$10,000,000. These and other funds should be made available to pursue audit, Lean Government, and Strategic Plan action items.

Directors are aware of the need for succession plans, but there is no written succession plan for the Authority.

**ix. The quality and effectiveness of communication within each Division and other Authority units.**

Due to assignment of employees to inter-departmental teams, improvement in communications has been cited as a positive by-product of the Lean Government program.

Interviews cited in several departments said that communications in the Agency are poor. Examples included announcements of new employees, Board level reporting, outdated websites, knowledge of the existence of a Strategic Plan, and lack of top management support for implementing communications components of the Strategic Plan.

**x. The capacity of the performance management controls and reporting systems to ensure accountability and control excessive, inappropriate, or inefficient spending.**

Internal controls and reporting systems suffer from the same issues as business processes. Visibility into operations needs improvement to ensure that internal controls and reporting systems are effective.

The professionalism and dedication of the staff ensures accountability and

	<p>avoids excessive, inappropriate or inefficient spending to the extent that they can. However, data is not gathered and timely information is not produced to provide the visibility into operations that would ensure accountability and appropriate spending.</p> <p>A recurring pattern is the identification of improvement needs without systematic follow up implementation. For example:</p> <ul style="list-style-type: none"> <li>▪ Many items in the <i>2012 Strategic Plan</i> appeared in the 2009 plan.</li> <li>▪ Lean Government is threatened by a lack of support of real change as recommended by teams.</li> </ul> <p>Implementing Strategic Plan tasks, Lean Government initiatives, and audit recommendations should be systematically pursued and progress reported. Several of these recommendations, including implementation of modern information systems, will reduce wasteful spending but are not doing so since implementation has lagged despite the fact that the need has long been recognized.</p>
<b>xi.</b>	<p><b>The effectiveness of technology applications utilized in performing its functions.</b></p> <p>The overall assessment is that technology efforts are falling far short of their potential to contribute to the Agency’s business effectiveness and efficiency. The main reason for this is the philosophy that Information Services should not assist each department to improve its business processes. However, many departments consider that they barely have the staff needed to do their day-to-day work without taking on longer-term process improvement projects.</p> <p>Furthermore, the philosophy fails to recognize that the Authority needs a mixture of enterprise systems, departmental systems, and process or inter-departmental systems. Current plans to modernize the Authority’s computer systems will leave many inefficient business processes unchanged for years to come. Modern Information Services organizations lead their enterprises in improving business functions. This is also recommended for DRPA. Authority leadership needs to increase its awareness of the value of investing in managing information and modern business processes.</p>
<b>xii.</b>	<p><b>Evaluate methods for managing performance of administrative services by consultants or contractors to ensure compliance and cost-effectiveness.</b></p> <p>No deficiencies were noted in the processes for managing performance of administrative services by consultants and contractors. There are deficiencies in the contracting process in that it takes too long, and applies too much control to low value contracts.</p>

<b>xiii.</b>	<b>Whether administrative and/or operating units have produced intended results or produced results that were not consistent with program objectives or Governing Law.</b>
	Administrative and/or operating units have produced intended results though not always in the most efficient and effective ways. As stated above, Governing Law and related programs are not achieving their full potential. The critical missing element is “following through” by senior management accompanied by Board oversight of progress toward achieving the objectives. Shortfalls are documented in Section 3.1.
<b>xiv.</b>	<b>The extent to which the Authority is focusing resources on activities outside its core mission.</b>
	The audit did not encounter any activity that appeared to be outside the core mission of DRPA as defined in its 2012 Strategic Plan (Doc 36). <i>Emphasizing safety and customer service, the DRPA provides quality transportation services across the river and invests in the economic growth of Southeastern Pennsylvania and Southern New Jersey.</i>

### 2.5.2 Public Safety & Homeland Security Summary

A brief summary of conclusions regarding these departments follows. The evaluation objectives are summarized from page 14 of the RFP.

<b>a.</b>	<b>Assess whether the Authority should continue to retain a police department or negotiate services from the New Jersey and Pennsylvania State Police.</b>
	DRPA should not consider outsourcing the functions currently carried out by the Department of Public Safety to the New Jersey and Pennsylvania state police departments. Such outsourcing is considered complex and risky and may not achieve any savings.
<b>b.</b>	<b>Evaluate whether the Authority should retain a Transit Unit to patrol the PATCO High Speedline or develop an alternative strategy for police services from communities through which the line runs.</b>
	The Agency should retain its Public Safety Transit Unit and not turn over responsibility to local community public safety agencies. Based on the research of other agencies’ experience, the review of pertinent documents, and interviews with DRPA managers, the Public Safety Department should undertake a pilot program to evaluate the feasibility of incorporating non-sworn officers into their transit unit policing strategy. This item also applies to item I below.

c.	<p><b>Examine the organizational and reporting structure of the Public Safety Department for efficiency and effectiveness.</b></p>
	<p>Overall, the current organizational structure reflects an appropriate and effective utilization of available resources. An exception is a dual reporting situation for field personnel. This violates the principle of “unity of command.”</p>
d.	<p><b>Examine the utilization, supervision and span of control related to Public Safety Administration (Sworn &amp; Civilian) and patrol (Sworn) for efficiency and effectiveness. Identify work currently performed by sworn personnel that may be best performed by civilian employees.</b></p>
	<p>This is especially true in respect to the Technology Sergeant since the department’s automated systems are already on-line, and a civilian employee who is well versed in the field of computer technology could be more effective and efficient.</p> <p>Another candidate for civilianization is the CALEA coordinator. If the DRPA is committed to acquiring this accreditation, a full time civilian employee or outside contractor with background in the accreditation process should replace the current sworn coordinator.</p> <p>There presently is insufficient justification to assign a sworn supervisor on a full time basis to supervise the activities of the dispatchers. Civilian shift supervisors selected from existing employees are recommended.</p>
e.	<p><b>Evaluate Public Safety technologies to determine if they are up-to-date and the efficient to allow officers to be productive from the patrol vehicle, reducing work for civilian dispatchers.</b></p>
	<p>Like other technology initiatives, Public Safety should take a more proactive coordinated approach to the development of their automated systems. This would integrate the concepts of long-term planning, project management, and the pursuit of alternative funding sources including various local and federal grants.</p> <p>There is an untenable situation within the department’s communication system wherein the officers assigned to the transit unit are equipped with 500 MHz radios while the remainder of the department is equipped with 800 MHz radios. An effort is underway to address this issue.</p>
f.	<p><b>Examine the patrol concepts and enforcement strategies currently utilized for efficiency and effectiveness.</b></p>

With some exceptions, the department has made a concerted effort to evaluate the needs of the five venues (four bridges and PATCO) and to deploy its resources in response to those needs. With minor exceptions, the current manner in which the department deploys its resources is well thought out, effective, and consistent with the goals and objectives of DRPA. Exceptions include some requirements for low value escort and document conveyance that should be addressed.

**g. Evaluate Public Safety's progress in becoming a Commission on Accreditation of Law Enforcement Agencies (CALEA) accredited agency.**

This accreditation has been pursued at least since 2006. Despite the benefits of CALEA accreditation, the Public Safety Department does not have the resources to move this process forward. DRPA is faced with a decision to seek a one year extension or to allow the process to lapse and then reapply later if desired. Without additional expertise and resources, it is unlikely that a one year extension will provide adequate time to achieve accreditation.

**h. Review and evaluate specialized units for mission, cost of services and return/utilization: High Angle Rescue Team (HART), Honor Guard, Commercial Vehicle Unit (CVU), Training Unit, and Marine Unit.**

The audit analysis weighed the volume of activity for these units, the risks they are meant to address, and the cost of providing the capability. The HART, Honor Guard, CVU, Training Unit, and Marine Unit should be retained.

**i. Evaluate the two Public Safety officers detailed to regional task forces, the FBI's Joint Terrorism Task Force (JTTF) and the Philadelphia Camden High Intensity Drug Trafficking Agency (HIDTA).**

The Public Safety Department should continue to loan personnel to these two task forces. The department should initiate a procedure in which the loaned officers have a more structured protocol for reporting to the department. Currently, the officers do have a procedure for interacting with the department and contacting the Chief on an as-needed basis. However, in order to establish accountability, and to ensure that the officers remain connected to the department, a formal system should mandate that the loaned officers regularly submit progress reports. The officers should also be required to make in-person contact with a department supervisor at least once a month.

j.	<p><b>Evaluate the performance of the civilian contracted "Court Liaison Person" as well as evaluate any other positions which may be contracted.</b></p>
	<p>DRPA should retain this position; evidence indicates it is cost effective.</p>
k.	<p><b>Evaluate the Department of Public Safety's responsibilities in the area of Homeland Security and Emergency Management against the Department of Homeland Security/Emergency Management for duplication of duties and responsibilities and assess functionality of and performance of the duties and responsibilities of each Department.</b></p>
	<p>The Director, Homeland Security/Emergency Management should no longer assume the lead role to develop the Authority's response plan. Nor should the position exercise line command over the Public Safety Department in the event of a major natural disaster or act of terrorism.</p> <p>The Director's role should focus on administrative functions such as the gathering of intelligence information from federal and local law enforcement agencies throughout the country, disseminating that information to the appropriate entity(s) within the Authority, and pursuing funding sources and grants to support emergency preparedness efforts.</p> <p>In the event of a major incident, the Chief of Police should be designated as the "Incident Commander "and should be responsible for developing a comprehensive response plan, interacting with other law enforcement agencies, and directing the unified response of all Authority resources.</p> <p>The Public Safety Department should designate one of its two administrative Lieutenants as the department's Homeland Security Coordinator. A reporting procedure should be established to assure that the Chief of Police and the Director, Homeland Security routinely interact with the Chief Executive Officer or his designee.</p>
l.	<p><b>Evaluate opportunities for Public Safety to utilize properly trained (CPR-First Aid-Dispute resolution, etc.) security guards in lieu of sworn personnel to respond to nuisance complaints.</b></p>
	<p>This objective is addressed in item b above.</p>
m.	<p><b>Evaluate staffing strategies deployed by Public Safety against several benchmarks including calls for service (CFS), work volume, timing, and obligated or discretionary time.</b></p>

The current deployment system should be retained. The Public Safety Department is utilizing sound deployment tactics and is maximizing the utilization of their available resources. Their deployment plan has taken into consideration traffic volume, criminal activity, and facility usage and is consistent with the goals and objectives of the department.

The deployment plan, prepared four years ago, should be reassessed and that updated annually.

### 3.0 General Management Functions

This section is devoted to reporting on areas of the audit that are not confined to single divisions or departments. Topics include Governing Documents, Lean Government, and Information Systems. The latter is a department in the Finance Division; however, its importance extends across the Authority.

#### 3.1 Governing Documents Review

The Scope of Services in the DRPA Request for Proposal (Doc 156) requires that the review of Administrative and Support functions consider the Authority's Governing Documents. Specifically it states in Section D.1.a (Scope of Services, page 13) the following:

*Review the Authority's Governing Documents and evaluate the management and operational practices, business processes, internal controls and policies, organizational/reporting structure staffing levels and deployment in DRPA Administrative and Support Functions.*

The following list summarizes points of evaluation raised in the Governing Document review.

- The performance audit RFP directs auditors for Administrative and Support functions to assess consistency and alignment with the Authority's mission, goals, and objectives; with its program objectives and Governing Law; Authority legal, regulatory, and contractual requirements; and the Authority's core mission.
- Audit criteria require CGR to review the "adequacy of long-range and short-range plans to assure the effective and efficient performance of its functions." The Governing Documents contain requirements for some of these documents including the Strategic Plans, Five Year Capital Plans, and Master Plans.
- The audit should evaluate efficiency and effectiveness of DRPA specific Administrative and Support functions.
- This review comments on whether management actions are consistent with the "spirit," not just the "letter," of the Governing Documents. The spirit of the documents would require evidence of intent to implement including progress tracking.
- Compliance with the Authority's focus on transportation and the discontinuation of economic development activity.
- The adequacy of Board visibility and its ability to monitor and control operations for ongoing tracking of effectiveness and efficiency of Authority processes, systems, and organization.
- The application of the Compact's principle of equal representation and its impact on organization structure, staff levels, contracting decisions, and costs.
- The adequacy of Strategic Plan and past audit implementation and its progress reporting.
- Issues regarding implementation of Governing Documents requirements. Related issues include procedural complexity, potential redundancy, and other observations.

Many documents comprise DRPA Governing Documents. Our review began with a summary of these documents. This list of documents was reviewed by the Inspector General and General Counsel leading to additions to the list. These additions include Reform Resolutions enacted in the period from 2010 to 2012.

Governing Documents include the following:

- Compact Agreement – New Jersey and Pennsylvania (Doc 119)
- By-Laws of the DRPA (Doc 115)
- Strategic Plan of DRPA 3/31/12 (Doc 36)
- 2006 Strategic Plan Update Final (Doc 372)
- Several Reform Resolutions listed later in this document
- 2008 Strategic Plan (Doc 371)
- 2009 Strategic Plan Final (submitted March 31, 2009) (Doc 367)
- 2009-2011 Strategic Plan-Final (submitted March 31, 2011) (Doc 370)
- Selection of CGR Management Consultants for Management Audit, Resolution 12-030, 3/21/2012 (Doc 278)
- Master Plans required by the Compact (Doc 119, page 14)

### **Strategic Plans**

Strategic Plans are built on a structure of Goals and Strategic Objectives. Each goal/strategic objective has one or more “Strategic Approaches” which are accompanied by “Initial Tasks.” The Goals and Strategic Objectives are relatively stable and will change infrequently. The approaches and tasks indicate how goals and objectives are translated into actions and are short term (less than one year).

The *Strategic Objectives* for each *Strategy Goal* are shown in the following table. There are 52 supporting “*Strategic Approaches*” including 33 that relate to functions in the audit’s scope. Strategic Approaches are phrased using action verbs. For example, “*Establish an Asset Management Function and System*” is a Strategic Approach for Goal 1, Strategic Objective A.

The plan also defines the *Initial Tasks* required to implement Strategic Approaches. For example, “*Compile results from the CBB asset management pilot program and provide recommendations for a long range plan.*” As stated previously, this audit reports progress made in implementing elements of Strategic Plans.

#### **Goal 1: Maintain and improve transportation facilities and services (16 Strategic Approaches)**

- Objective A: Improve accountability and decision-making regarding the Authority’s assets (6 Strategic Approaches)
- Objective B: Coordinate between PATCO and NJ Transit & SEPTA on a regional fare collection system that is interoperable and seamless to our customers (2)

Objective C: “Right size” use of technology and innovation (4)

Objective D: Identify, evaluate and manage risks and exposures facing the Authority (4)

**Goal 2: Exercise fiscal responsibility (9)**

Objective A: Tie spending to the Authority’s core mission: Transportation (6)

Objective B: Adopt an even greater strategic approach to planning and budgeting (3)

**Goal 3: Develop an effective and efficient workforce (7)**

Objective A: Increase employee accountability (1)

Objective B: Invest in employee development (2)

Objective C: Aggressively recruit, hire, and retain quality employees (4)

**Goal 4: Organizational development (10)**

Objective A: Improve internal communication and outreach (4)

Objective B: Consistently enforce Authority policies and work rules (4)

Objective C: Improve communication with external stakeholders (2)

**Goal 5: Emphasize ethics and transparency (4)**

Objective A: Improve the Authority’s Ethics Policy (2)

Objective B: Institutionalize the ethics policy (2)

**Goal 6: Support efforts to expand mass transit in the region (6)**

Objective A: Advance the planning efforts that are underway for additional mass transit services in South Jersey and Philadelphia (4)

Objective B: Obtain political and stakeholder support for selected alternatives (2)

**Reform Resolutions**

Reform Resolutions have added requirements to the original Governing Documents. Those identified during the DRPA review are the following:

#	Doc #	Summary
10-040	304a	Creates an Audit Committee for the Board of Commissioners and calls for cooperation with the NJ Controller’s audit of DRPA
10-041	305	Calls for open DRPA Board meetings
10.043	306	DRPA commissioners, officers, and employees should avoid the

#	Doc #	Summary
		appearance of improprieties
10-044	307	Implements procedures for contracts
10-045	308	All vendors must disclose political contributions ( <i>This resolution has been criticized due to its inclusion of all vendors. (Int 50, Int 51)</i> )
10-046	309	Contracts are awarded in open meetings
10-047	310	Prohibits gifts of value to commissioners, officers, and employees
10-048	311	Revises policies regarding employment of relatives of commissioners, officers, and employees
10-049	312	Ends the practice of holding caucus meetings
10-050	313	Forms a Compensation Review Committee to review officer and director compensation
10-051	314	Requires commissioners to file financial statements as required by their states
10-052	315	Clarifies policy on outside employment by officers and directors
10-053	316	Eliminates monetary charitable and civic contributions by DRPA
10-055	317	Sets policy for prohibiting undue influence by commissioners, officers, and employees.
10-056	318	Eliminated auto allowances for commissioners, officers, and employees
10-057	319	Elimination of bridge passes and PATCO credits for commissioners, officer, employees, and retirees
10-058	320	Eliminates assistant to the Vice Chairman and Chief Public Safety Officer positions
10-059	321	Consolidation of corporate secretary function
10-060	323	Advance notice of 48 hours to Board members for placement of items on meeting agendas
10-061	324	Calls for DRPA review of travel expenditure policy
10-062	325	Calls for ceasing to provide funds for projects that are not directed to assets under DRPA direct control (bridges, commuter train, and cruise terminal). Specifically excludes economic development projects
10-063	419	Requires Board meetings in Philadelphia
10-064	420	Requires true up provisions for insurance contracts
10-066	326	Eliminated the full time position of assistant to the Chairman

#	Doc #	Summary
10-070	421	Establishes Audit Committee membership and shortens audit intervals
10-071	430	Defines Compensation Review Committee membership
10-074	327	Prohibits commissioners and executive level employees from recommending to contractors, vendors, or grant recipient the hiring or employment of another person
10-088	422	Calls for holding an annual evening meeting in New Jersey
10-093	423	Establishes Citizens Advisory Committee
10-097	424	Provides requirement for placement of items on Board agendas
10-098	425	Sets contracting thresholds
10-113	426	Provides for certification of vendors regarding political contributions
10-139	425	Amends policy on expense reimbursement
11-080	428	Provides for a competitive process for selecting financial advisors
11-088	429	Provides for selection of independent auditors through a competitive process
11-111	208	Describes required disbursement of remaining economic development funds
12-007	133	Creates an Inspector General position

The Director of Communications, the General Counsel, and the Inspector General have been assigned responsibility for assuring compliance with specific Reform Resolutions. (Doc 390)

### **Role of Governing Documents**

Governing Documents provide the legal authority for Board and Executive Staff to establish requirements for longer term planning at the DRPA. Notably they require annual Strategic Plans for delivery to the governors of Pennsylvania and New Jersey, Five Year Capital Plans, and Master Plans that describe plans for “development of the Port District.” (Doc 119)

Governing Documents also support the “principle of equality.” This is meant to balance the participation of the two states in the affairs of the Authority. Enforcement takes several forms. The Compact requires a majority of the delegations of each state to support a Board resolution. (Doc 119, Article III, page 4). Also Board membership on committees and management roles are filled with appointees from designated states.

### Related Prior Audit/Strategic Plan Items

This section summarizes recommendations from prior audits and action items from the Strategic Plan. The latter take the form of “Strategic Approaches” and their associated “Initial Tasks.”

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. So progress assessments were conducted with DRPA employees. The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C – Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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**KPMG – 2001 (Doc 79)**

125	Manager and Staff Accountability	A1	● Yellow
126	Budget Status Monitoring	A3	● Red

**TransTech Audit – 2010 (Doc 20)**

*(Items are from the Compact Compliance Section of the audit report.)*

1	Item 1. Assignment -- Strategic Planning Process	A3	● Red
2	Item 2. Strategic Plan Development Resources	A3	● Red
3	Item 3. Strategic Planning Schedule	A3	● Red
4	Item 4. Strategic Planning Review	A3	● Red
5	Item 5. Responsibility for Mandatory Audits	B1	● Green
6	Item 6. Timetable for Audits (Doc 20)	B1	● Green
7	Item 7. Master Plan Update Process	B3	● Red
8	Item 8. Master Plan Responsibility	B3	● Red

ID#	Item Name	Priority/Status	CGR Assessment
16	Item 16. Policies and Procedures Adherence	B1	● Yellow
47	Item 59. Formal Decision-Making Processes	A1	● Yellow
48	Item 60. Strategic Plan Time Horizon	B1	● Green

### Strategic Plan 2012 (Doc 36)

*(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)*

69*	Return on Investment (ROI) Criteria	A1	● Yellow
71*	Compatibility of Programs, Initiatives, and Positions with Core Mission	A1	● Green
72*	Fiscal Decisions & Core Mission	A1	● Green
73*	Mechanism to Assure Expenditures Link to Strategic Goals	A3	● Red
74*	Metrics for Progress Measurement	A1	● Yellow
75	Strategic Planning Formal Structure	A3	● Red
76	Strategic Planning Core Team	B3	● Red
77	Linkage of Planning Objectives with Employee Performance	C3	● Red
88	Strategy and Improvement Incentives	C3	● Red
89*	Board and Staff Communications Improvement	A1	● Yellow

The following are findings related to the recommendations or the progress evaluations provided by the DRPA status reviewers.

- With respect to item 4 above, TransTech recommended that Strategic Plans receive timely reviews by the appropriate Board committees on a schedule that meets the requirements of the Compact. The DRPA reviewers and Commission members reported that Strategic Plans aren't reviewed or approved by the Board. (Int 54) (Int 71)
- With respect to item 7, TransTech indicated that DRPA was probably in violation of the Compact in that Master Plans weren't generated and reviewed by the public before projects were authorized. (Doc 20, page 43)
- Item 16 calls for assuring up-to-date procedural documentation and assignment of responsibility for decision making. CGR ranked these ongoing rather than complete

since we find that many procedures are not documented. An example is a procedure for developing and ratifying Strategic Plans.

- Item 48 from TransTech recommends extending the time horizon for the Strategic Plans from one year to three to five years. Although a new plan is provided each year, much of it is carried over. (Int 54 and a CGR analysis comparing the 2009 and 2012 plans)
- According to the DRPA managers, Strategic Plan items 71 and 72 were addressed by the Lean Government budget process team: Improving the Authority's Budget Process (Doc 34) (Doc 368).

### **Governing Documents Findings**

The following are findings from CGR interview, document reviews, and analysis.

- A review indicated that six of the 10 2012 Strategic Plan items marked with asterisks were also in the 2009 Strategic Plan. Of the six, two were evaluated complete; three are in progress; and one hasn't been commenced or will not be done.
- Strategic Plans are not approved by the Board of Commissioners. (Int 54) (Int 71)
- No project plans for implementing performance audit recommendations are available. (Int 54)
- No project plans for implementing Strategic Approaches and Initial Tasks in the Strategic Plan are available. (Int 54)
- Lean Government initiatives include the development of project plans and a project life cycle comprised of "tollgates" that mark progress of Lean Government projects. (Doc 46)
- Lean Government projects are not always implemented resulting in frustration due to the effort expended by team members. (Int 54 and review of Lean Government presentations)
- CGR evaluated item #74 that addresses metrics as "in progress" since a review of the Lean Government team survey and presentation (Doc 360, Performance Metrics Dashboard Process) on metrics focused on operating and financial metrics. Recommended metrics have not been implemented.
- Master Plans provided were preliminary draft versions for 2011 (Doc 365) and 2012 (Doc 366). CGR found no mention of the GCL project by name through a word search of the two documents. The project appears prominently on the DRPA website.

### **Governing Documents Conclusions**

The following are conclusions related to Governing Documents.

- DRPA doesn't adequately manage, monitor, and control in implementing performance audit recommendations. The only status report for the TransTech audit provided to CGR was about one year old. (Doc 47) Interviews indicate that assignments to implement audit recommendations and Strategic Plans were never made. (Int 54)

- With regard to Strategic and Master Plans, there is Compact compliance in form but not substance. Documents are produced but are only partially effective in playing their intended role in terms of improving the Agency. Like the audit conclusion above, project management plans for implementing Strategic Plan approaches and tasks are absent.
- The TransTech audit and interviews indicate the need for improvement in strategic planning processes and documentation. The high priority placed on related TransTech recommendations (Items 1-4 in the table) reflects their importance. Changes required include extending the horizon, assigning responsibilities, and engaging the Board in the process.
- Strategic Plan components require different time horizons for updating. Goals and Strategic Objectives components of the plan change slowly. Strategic Approaches and Initial Tasks should change more frequently as implementation proceeds.
- The Strategic Plan doesn't explicitly document customer requirements as a basis for proposed strategies. The process produces mostly internally focused strategies.

**Governing Documents Recommendations**

The recommendations that follow include a milestone date for follow up assessment of implementation progress.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
GD1	<p><b>Use Project Management Practices</b></p> <p>Use project management standard processes<sup>2</sup> to execute audit recommendations and strategic approaches in Strategic Plans. The standards address portfolio, program, and project management. All three apply to DRPA. These complement the Tollgate approach used in Lean Government process improvement projects. Implement the following:</p> <ul style="list-style-type: none"> <li>▪ Train selected staff in project management practices</li> <li>▪ Cluster like items into single projects or programs to reduce coordination and focus accountability</li> <li>▪ Set priorities and assuring funding if needed</li> <li>▪ Assign accountability for implementation</li> <li>▪ Generate Board reporting on progress quarterly or more frequently</li> <li>▪ Add project status to planned dashboards</li> </ul>	6/30/13

<sup>2</sup> The Project Management Institute (PMI) publishes widely used standards.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
	Section 6.0 provides additional related recommendations.	
GD2	<b>Adjust Strategic Plan Timetables</b> Strategic Goals and Objectives need not be updated annually in the Strategic Plan. Strategic Approaches and Initial Tasks should be incorporated into formal project plans that are updated quarterly.	6/30/13
GD3	<b>Incorporate Customer/User Requirements</b> Document customer/user requirements as integral to the planning process. Use surveys, Citizens Advisory Committee inputs, complaints/compliments, and public meeting inputs. Set priorities for the requirements. Recognize differences in requirements, if they exist, for different bridges and user segments. Test the completeness of strategic plans to assure fulfillment of customer requirements. <sup>3</sup>	6/30/13
GD4	<b>Address Master Plan Deficiencies</b> Clarify the needs of the audiences for the Master Plan, necessary content, and accountability for the producing and maintaining Master Plans.	6/30/13
GD5	<b>Expand Lean Government Approaches</b> Define and employ project management approaches when applicable to implement audit recommendations and Strategic Plan approaches. Section 6.0 describes a methodology.	12/31/13

### **Impact of Governing Documents Recommendations**

All the recommendations support consistency and alignment with the Authority's core mission and Governing Law. An alternative approach for implementation programs for management audits and strategic initiatives will reduce wasted efforts and speed the implementation of needed changes. The resulting process should incorporate customer priorities. This will improve the effectiveness of Authority employees and the Agency's financial investments.

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<sup>3</sup> Quality Function Deployment and Activity Systems tools should be considered for implementing this recommendation.

### 3.2 Lean Government Review

While not a requirement of the Compact and other Governing Documents, the Lean Government program seeks improvement in current processes. Sponsorship is provided by the Finance Division and the Deputy Chief Executive Officer. Other projects have been conducted or approved in Engineering and Administration areas. Over 100 employees participate; however, the program is referred to in the 2011 Annual Report (August 1, 2012) as a “pilot” effort. (Doc 454)

The 2012 Strategic Plan (Doc 36) refers to the Lean Government program:

*Through our Lean Government program, teams of committed employee volunteers work to apply Six Sigma tools and concepts to existing processes that they touch every day to make steady improvements over time. Our employees who perform the work on the processes drive the program through their direct participation and influence the changes that must occur to accomplish and sustain the Authority’s mission for years to come.*

Motivations for the program are based on process deficiencies that are often visible to employees working inside the process. These employees volunteer to serve on project teams. The audit team collected over two dozen documents related to these initiatives. Examples are described in the following paragraphs. The reader should note the participants’ awareness of poor practices and opportunities to improve.

Case Study for Lean Government Initiative. (Doc 55) This is an introduction to the Lean Government initiative delivered in a presentation by the DRPA Chief Financial Officer (CFO). Among the issues discussed in describing the program were the following:

- Low employee morale and job satisfaction.
- Lack of direction and purpose.
- Lack of incentives and rewards.

Budget Process Improvement. (Doc 34) The following items were diagnosed and addressed by the team working on budget process improvement. This is a mature effort since it was one of the first undertaken.

- Budgeting was inefficient as measured by variation between budgets and actual spending. DRPA was under-spending its budget for capital projects by 36% and non-employee expense by 17%.
- Inefficient budgeting is caused by a lack of clearly communicated organizational priority, accountability, and strategic focus as they relate to the budgeting process and achieving the Authority’s mission.
- The organization is currently unable to measure and identify its potential capacity of how many projects it can accomplish within a given budget cycle.

Accessing the Procurement Process. (Doc 27) The project grew out of a need to educate employees on the process as stated in its objective: The organizational need is for customers to have a clear understanding of the procurement processes. The benefit would be that customers using the procurement process would know what to do and where to go, increasing productivity.

Month End Close. (Doc 31) The project had the following business case and goal.

- Business Case. Shorten the processing time for completing a month-end close. Timely dissemination of financial data is critical for making positive business decisions by upper Management and the Board of Commissioners. In addition, financial statements are required for financial institutions to comply with bond documents.
- Goal. To develop a schedule and streamline the process among contributing departments to shorten the time to get interim statements and other information to customers for that information. After review, the project wasn't approved for Round 2.

Streamlining P-Card Expense Reporting. (Doc 32) The effort addressed several shortcomings in the existing process including the following:

- Manual, labor intensive system needs overhaul
- Automation and controls will increase efficiency
- Changes will reduce disparity of processes, time delays and will provide more accurate detail

Streamlining the New Hire Process. (Doc 38)

In the case of new hires, the Authority would benefit by a clear process for account set-up, personal computer, application requirements, telephone, cell phone/ Blackberry, general office preparation, furniture, nameplates, uniforms, and safety shoes. Multiple departments are affected: Information Systems, HRS, Purchasing, Corporate Secretary, Operations. The Authority would also benefit by a process to request termination of computer access and return Authority issued devices when employees separate employment at the Authority.

Performance Metrics Dashboard. (Doc 360)

The opportunity is to organize and present information to enable the Board and management to assess organizational performance. The business case is to make data-driven decisions focused on core mission initiatives. The process will streamline the way organization results are measured and quantified.

### **Processes Performed**

The five-step DMAIC process followed in Lean Government projects is standard among lean practitioners. DRPA uses process control "tollgates" (Doc 406) with criteria for moving from one step to the next. The steps are:

- |            |   |
|------------|---|
| D – Define | Definition includes process boundaries, issues to be addressed, and goals and objectives of the improvement effort. A SIPOC <sup>4</sup> exercise may be performed by the project team; flowcharts are also developed if appropriate. |
|------------|---|

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<sup>4</sup> SIPOC – A display showing the process' Suppliers, Inputs, Process, Outputs, & Customers

M – Measure	Measurement includes data that captures current process performance. Metrics can include the time to perform the process, process cost, quality of delivered outputs, and requirements for flexibility in terms of product mix and volume changes.
A – Analyze	Analysis includes a search for root causes for the current performance of the process. The only way to achieve improvement is to address these. The Cause & Effect diagram has been used in several DRPA projects.
I –Improve	Implement changes to the process based on the elimination of root causes for poor performance. Establish monitoring and control metrics.
C – Control	Use metrics to track performance of the process. Adjust process if necessary.

An alternative process was used in the *"Introducing Change into the IS System Environment"* (Doc 37). This process substituted "Design" for "Improve" and "Verify" for "Control." This approach is intended for new process situations while DMAIC is used for improving existing processes.

#### **Related Prior Audit/Strategic Plan Items**

Project selection follows a process that reviews candidate project proposals and selects the most promising. (Doc 33) These are not necessarily linked to performance audit recommendations or Strategic Approaches/Initial Tasks in the Strategic Plans. Criteria include the following (Doc 33):

- "Low-hanging fruit" – minimal barriers to implementing improvements
- Beneficial impact to achieving the Authority's Mission effectively
- How well-defined the scope and related issues are.
- Likely availability of staff resources/capacity to participate on a process improvement team
- Anticipated time it may take a team to complete its work
- Issue definition by the reviewers to be validated later by the project team.

#### **Lean Government Findings**

- The 2011 Annual Report (Doc 454, page 11) states that over 100 employees are engaged in Lean Government Six Sigma projects. The entry states that the program is a Finance-led "pilot" program.
- Lean Government projects are primarily finance and administrative oriented. Public Safety, Bridges, and PATCO haven't participated at the department level. However, employees from those departments have been team members. (Team members are listed in project reports.)

- Lean Government projects have broken down some barriers between departments but recommendations haven't been consistently or fully adopted by the organization. (Int 34)
- There is dissatisfaction with the level of implementation of team recommendations. There appears to be a lot of work expended in the D-M-A phases but too little in the I-C phases. Too few changes are implemented as a result of the efforts. (Int 54)
- The Budget Process Improvement (Doc 34) produced a schedule for the budget process that serves as process control. This is a concrete deliverable, evidence of implementation.
- Tangible reductions have been achieved through a project to reduce the time to process employee training requests. (Doc 28) Others in human resources include examination of the new hire and employee separation processes. (Doc 38 and Doc 353)
- The Performance Metrics Dashboard team completed and documented a survey to identify management controls to meet the needs of DRPA management and Board members. (Doc 360)

### **Lean Government Conclusions**

The following are conclusions based on the findings above.

- Pursuit of Lean Government projects reflects an Agency commitment to self-analysis and action to correct identified shortcomings.
- Through its DMAIC structure and project screening, the Lean Government initiative follows generally accepted good practices for managing the program. The Lean Government screening process for candidate improvement projects follows recommended practices from the Project Management Institute (PMI).
- Success has been achieved on some projects; it has not been achieved on others.
- While projects aren't generally initiated to implement audit recommendations and Strategic Plan Approaches, Lean Government procedures could enable that implementation for many, not all, recommendations and approaches that are identified in the plans.
- Lean Government projects are supported by volunteers. Long term success will be jeopardized if recommendations aren't accepted and converted into processes, organization, and systems changes.
- Lean Government initiatives should not be limited to processes executed within the DRPA. Lean principles should also be applied to the requirements DRPA makes of its suppliers.

### **Lean Government Recommendations**

The recommendations that follow include a recommendation for a follow up milestone date to assess implementation progress.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
LG1	<p><b>Formalize Project Deliverable Alternatives</b></p> <p>Assure that no project is started without a commitment to implement justified recommendations. Section 6.0 recommends a way to assure this. A project isn't over when it's presented to the CEO; it's over when the predefined deliverable is in installed, tested, and deployed.</p> <p>Successful changes should consider the needs of each situation. The best principle is to avoid "red tape" or elaborate, hard to maintain written procedures if possible. A "hierarchy" for assuring compliance is useful.<sup>5</sup></p> <p><u>Fail-Safe</u>. Like a mandatory field on a form</p> <p><u>Visual and Audible Controls</u> . Flashing light or sound, pop-ups</p> <p><u>Visual Aids</u>. Includes lines on the floor, pictures, a schedule like that for the budget process</p> <p><u>Procedures, instructions, manuals</u>. Least effective because of obstacles to preparing, providing access, and maintenance. If used, they should be readily accessible to people executing the process.</p>	6/30/13
LG2	<p><b>Use the Lean Government Process More Broadly</b></p> <p>Candidates for further improvement include:</p> <ul style="list-style-type: none"> <li>▪ To support appropriate audit recommendation implementation and strategic projects.</li> <li>▪ Supplier contract language for poorly drafted and excessive requirements that have little value.</li> <li>▪ Processes that are candidates for automation or workflow solutions. Pursuit of new enterprise technologies will force process changes.</li> <li>▪ Other parts of DRPA and PATCO should review their operations for candidate projects.</li> </ul>	Ongoing, verify 6/30/13
LG3	<p><b>Manage Capacity for Delivering Project Results</b></p> <p>A problem with initiatives similar to Lean Government has been to take on too many projects beyond the organization's ability to staff and fund the effort. The complaint heard the projects aren't completing indicates this might be the cause. Restrict the number of authorized projects to the Authority's</p>	Ongoing, verify 6/30/13

<sup>5</sup> Lean for the Public Sector, by Bert Teeuwen , page 121

Identifier	Recommendation	Review Date
	capacity to implement them.	
LG4	<p><b>Provide Board Level Tracking of Projects</b></p> <p>Report regularly – at least twice a year – to the Board on the progress and successes and challenges in implementing Lean Government projects.</p>	6/30/13

**Impact of Lean Government Recommendations**

Lean Government has been characterized in an interview as a “culture change” for the organization. Action should be taken to assure its future as an effective tool for improvement.

DRPA audits and planning documents have generated a large number of “commitments” to change processes, organization structure, and systems. That many of these initiatives go years without effective action lessens Board and management credibility and organizational effectiveness and efficiency. Increased accountability for implementation and the corresponding monitoring and control will improve the chances of improving operations.

Section 6.0 provides an organization framework for assigning responsibility, setting priorities, funding, and executing the varied types of projects that the DRPA should pursue including those in the Lean Government category.

**3.3 Information Services (IS)**

Information Services (IS) is included in this Section (General Management Functions) because the Agency is poised on implementing an ambitious program to upgrade its technology infrastructure. As cited in other department-level reports, the need is great. However, this endeavor is risk given the current status of readiness as documented in this section.

Information Services (IS) is managed by the Director of Information Services who reports to the Chief Financial Officer. IS consists of three cost centers as profiled in the following tables, based on the 2012 budget.

	IS All Areas	IS Director’s Office	IS Production Systems	IS Systems Development
Work Center Code		705011	705111	705211
No. Employees	22	1	17	4
Employee Related Costs	\$2,510,000	\$212,000	\$1,903,000	\$395,000
Other Expenses	\$0	\$0	\$0	\$0
Total:	\$2,510,000	\$212,000	\$1,903,000	\$395,000

IS currently has a total of 22 staff and is managed as two sections, Systems Development and Production Systems. Three Network Technicians work at remote sites (PATCO, the Benjamin Franklin Bridge and the Southern Bridges) while the remaining 19 staff are located at One Port Center. There is currently one open position for a Business Analyst. IS delivers service to about 900 employees at the DRPA, although many of those are kiosk users who make only occasional use of a computer. In total the DRPA has approximately 600 desktop operating system licenses. The only mobile device users are the Executives who are provided laptops.

IS staff members are participating in a variety of major technology projects that were detailed in the Capital Program as follows:

<b>Project #</b>	<b>Project/Item</b>	<b>2012 Budget (\$000)</b>	<b>Cost to Complete (\$000)</b>
TE1101	E-Z Pass Transponders - Mark IV E-Z Pass Transponders	\$760	\$760
TE0702	Enterprise Resource Planning System (ERP)	\$500	\$16,000
TE1201	CAD RMS Mobile Upgrade	\$421	\$421
TE1202	Storage Area Network Upgrades	\$350	\$350
TE1102	Network Infrastructure Upgrade	\$275	\$275
TE1002	Electronic Records Management Software	\$265	\$365
TE1203	800MHz Replacement/Upgrade	\$231	\$1,155
TE1204	Upgrade of CPA Payment Software	\$200	\$200
TE0902	Authority Copier & Printer Replacement	\$139	\$695
PD1105	PATCO Upgrade of Single Board Computers (SBCs) in AFC Gates and TVMs	\$120	\$435
TE1205	Automated Fare Collection Monitoring System w/Parking System Monitoring	\$100	\$334
<b>Technology: Subtotal</b>		<b>\$3,361</b>	<b>\$20,990</b>

In addition, IS has responsibility for the following technology projects and equipment purchases:

<b>Project #</b>	<b>Project Description</b>	<b>Total Materials</b>
Yearly	Miscellaneous Hardware and Software	\$125,000
T11003	Windows Upgrade	\$165,000
T11004	Upgrade of Authority Backup/Restore System	\$150,000
T12005	Toll Server Upgrade	\$111,000
T12006	Server Replacements	\$53,298

<b>Project #</b>	<b>Project Description</b>	<b>Total Materials</b>
T12007	Fuel Management System Upgrade (ORPAK)	\$127,000
T12008	Toll Booth Audio and Video Upgrades	\$92,000
T11005	Video Conferencing	\$176,000
T12009	Fare Collection Data Security Upgrade	\$218,000
<b>Subtotal: Information Services:</b>		<b>\$1,217,298</b>

The IS department also supports the following technology projects and equipment purchases of other departments.

<b>Project #</b>	<b>Project/Item Description</b>	<b>Total Materials</b>
T12001	SATS Upgrade (Scalable Automatic Toll System used for revenue tracking)	\$50,000
<b>Subtotal: Revenue Audit:</b>		<b>\$50,000</b>
T12002	Electronic Toll Collection (ETC) System Upgrade - Lane Equipment	\$50,000
<b>Subtotal: Finance/Revenue:</b>		<b>\$50,000</b>
T12003	New Hire Onboarding Software	\$18,000
T12004	Recruitment Management and Applicant Tracking System	\$16,000
<b>Subtotal: HRS:</b>		<b>\$34,000</b>
T08003	Development of Interactive Graphical Information System - Phase 2	\$155,000
T08004	Variable Message System Upgrade/Replacement	\$24,000
T12010	Cross Match Upgrade	\$24,786
T12011	Plotter and Computer Aided Design System	\$9,788
<b>Subtotal: PATCO:</b>		<b>\$213,574</b>
T12012	Police Identification Cards	\$8,631
T12010	Cross Match Upgrade	\$99,144
<b>Subtotal: Public Safety:</b>		<b>\$107,775</b>
<b>Total: Technology Projects &amp; Equipment:</b>		<b>\$455,349</b>

The total capital expenditure for 2012 on information technology is budgeted to be \$5,034,000.

### Processes Performed

The processes that IS deals with are the following:

- Computer Operations
- Network Administration
- System Administration
- Telecommunications Administration
- Information Security
- Desktop Deployment
- Help Desk/User Support
- System Development/Application Programming
- System Change Management
- Disaster Recovery
- Information Security

IS does not have responsibility for the Internet site ([www.drpa.org](http://www.drpa.org)) and while IS does manage the programming of the intranet site, responsibility for content updates is delegated to Intranet Content Providers in each department.

### Related Prior Audit/Strategic Plan Items

There are many audit recommendations, Lean Government initiatives, and Strategic Plan recommendations that have been raised in relation to Information Services. There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks, so progress assessments were conducted with the Director of Information Services and the Manager of Production Systems. The other person to whom IS staff report, the Lead Programmer that manages the System Development section, was not made available for interview.

The first column of the table displays an ID reference number for the item (Doc 201). The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/ Status	CGR Assessment
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**KPMG Audit 2001 (Doc 79)** *(Items are from the Information Systems Assessment section.)*

180	Move DRPA to a higher level of functionality in IT, a key transformational area of management.	C3	● Red
181	Develop adopt, and enforce a rigorous IS process framework.	C3	● Red
182	Develop an IS strategy.	C3	● Red
183	Document IS procedures.	A1	● Green
184	Proceed with rigorous telephony/WAN RFP issuance to meet infrastructure needs.	A1	● Green
185	Increase spending on technology as a proportion of overall spending.	A1	● Yellow
186	Consolidate competing IS applications and platforms.	A1	● Yellow
187	Cross train IS staff.	A1	● Yellow
188	Increase self-service e-Government efforts over web marketing and communications.	B1	● Yellow
189	Create an IS program management office/officer and implement project management standards.	C3	● Red
190	Finalize the technology to be used in the traffic management center.	A1	● Green
191	Leverage off existing technology used by the E-ZPass Customer Service Center to develop a system that would ticket violators.	A1	● Yellow
192	Provide initial training to all Banner users, and require annual periodic refresher courses.	A1	● Yellow
193	Evaluate information systems used in the toll audit process and make the necessary changes to make the process more efficient.	A1	● Yellow

ID#	Item Name	Priority/ Status	CGR Assessment
194	Ensure that the Trans Core System receives the required upgrades and can produce the required information efficiently	A1	● Yellow
195	Develop a computerized record keeping system, using scanning technology.	A1	● Red

#### Lean Government Initiatives

101	Introducing Change into the PATCO/DRPA Systems Environment (Doc 37)	A1	● Green
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#### Strategic Plan 2012 (Doc 36) *(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)*

48,12, 13*	Establish an asset management function and system.	A1	● Yellow
196*	Improve existing fleet management system	A1	● Yellow
62*	Develop a single Enterprise Resource Planning platform ("ERP") across all business units. Select a consultant to conduct an assessment and develop an implementation plan for an integrated ERP to streamline business processes and achieve overall efficiencies.	A1	● Yellow
64*	E-Discovery for records management and retrieval.	A1	● Red

#### TransTech Audit – 2010 (Doc 20) *(Items are from the Information Technology Section.)*

32	Task Information Services with enhancing business unit productivity through applied technology.	A1	● Yellow
33	Add two personnel to serve as business analysts.	A1	● Yellow
34	Use consultants or vendors to provide technology enhancements	A1	● Yellow
35	Evaluate the DRPA's optimal use of consultants versus internal programmers to meet application development needs	B1	● Yellow
36	Produce and adapt asset management	A1	● Yellow

	systems		
37	Streamline workforce schedule and time-reporting systems	B4	● Yellow
38	Revise IS strategies and policies to enhance technology access while ensuring system security.	A1	● Green
39	Replace obsolete equipment	A1	● Yellow
40	Improve user knowledge of technology assets	B1	● Yellow
41	Explore how to better support end user needs.	A1	● Yellow
42	Have IS provide applications training for users.	D4	● Red
43	Reassign the Information Systems function to the Chief Administrative Officer	D4	● Red
44	Create a Chief Technology Officer position.	D4	● Red

### 3.3.1 Information Services Findings

The following are findings related to the prior recommendations based on a review of each item with IS management (Int 33, 104):

- IS expects to hire a Business Analyst in the near future. A position is included in the 2012 budget and a job description needs to be developed. Several prior recommendations are waiting on the hiring of the Business Analyst (Items #32, #33, #41).
- Staff members are not in agreement with several of the items from the TransTech Audit (Items 42, 43, 44) and these items will not be implemented.
- Several items may be satisfied by the selection and implementation of a new ERP system to replace the aging Banner and PATCO systems (Items #48, #196, #62, #36, #37).
- Two items require closer coordination with the Human Resources department (Items #33 and #40).
- A technology refresh of desktop computers is scheduled and budgeted at 20% replacement per year (Item #39).
- In each of the prior audits it has been identified that Information Services operates at a too low level to have meaningful impact on the efficiency and effectiveness of business processes throughout the organization.

The following additional findings were identified (Int 33, 104):

- There is no written IS Strategic Plan, and IS projects are approved based upon individual merit and available funding.
- The IS environment has become considerable more complex over the last 10 years, but greater formalization of IS processes has not kept pace to deal with this complexity.
- IS staff have not been permitted to travel to undertake technical training which is not available locally because of a “freeze” on travel.
- There is no retention policy for electronic files resulting in storage of large pools of aged e-mail and many duplicated files. In addition, files are not held within repositories but rather on network file shares which makes information difficult to locate. In particular, access to drawings is made difficult by the lack of a drawing management system.
- IS does not use a formalized change management process for approving applied changes, such as approval by a Change Advisory Board, but rather approves changes on an individual basis. System changes are applied at individually scheduled times rather than during pre-schedule maintenance windows.
- IS does not have standardized processes for project management that might include, for example, a project charter, a project plan and periodic progress reporting.
- As a general matter, the IS department does not have a well formed process framework that defines and documents the necessary processes to deliver and manage IT services.
- The number of security cameras that are being managed has increased from 70 to over 700 in the last four years and is still increasing.
- Content on the intranet site is considerably out of date. For example, the current intranet web page displaying PATCO passenger totals is dated 10 February 2003.

### **3.3.2 Information Services Conclusions**

To follow established good practices, we might expect that the role of Information Services would be to fill the following roles:

- Direct DRPA’s information technology investments
- Manage the resources and projects related to information technology throughout the organization
- Provide expert counsel and services related to information technology to each department and across all departments.

However, IS does not take a leading role in working with user departments to define appropriate technology direction or to ensure that technology projects are integrated, architecturally compatible, non-duplicative and high value. Technology projects are generally approved through the budgeting process and there is no governance or coordinating mechanism other than the budget process itself. Specific findings include:

- There is no governance group to oversee technology projects across the organization
- There is no Information Technology Strategic Plan
- There is no formal process framework for Information Technology Service Management
- Project management of technology projects is undertaken on an “ad-hoc” basis
- If Information Services is to provide expert counsel and services related to information technology and business processes to each department and across all departments then one Business Analyst will not be enough. The list of needed business applications is too long for one person to implement them in any reasonable time frame, even though most of the work will be done by vendors and consultants.

There are well regarded national and international standards that provide a guide to standardization in each of the above areas:

- IT Governance – ISO/IEC 38500:2008 “Corporate governance of information technology” and the “Control Objectives for Information and Related Technologies” (COBIT) Version 5 framework created by ISACA (previously called the “Information Systems Audit and Control Association”). COBIT defines 37 governance and management processes in 2 key areas:
  - Processes for Governance of Enterprise IT
  - Processes for Management of Enterprise IT
- IT Service Management – ITIL v3 and ISO/IEC 20000-1:2011. ITIL defines a total of 26 processes in 5 areas as follows:
  - IT Service Strategy
  - IT Service Design
  - IT Service Transition
  - IT Service Operations
  - Continuous IT Service Improvement
- Program and Project Management – Project Management Institute’s (PMI) Project Management Body of Knowledge (PMBOK) Fourth Edition, recognized by the American National Standards Institute (ANSI) as American National Standard ANSI/PMI 99-001-2008 and the Standard for Program Management, Second Edition (2008), recognized by the American National Standards Institute (ANSI) as American National Standard ANSI/PMI 08-002-2008.

The ISO/IEC 15504 “Information Technology Process Assessment” standard specifies that process capability assessments can be performed for various purposes and with varying degrees of rigor. The standard defines 6 levels of process capability as follows:

- Level 0 Incomplete process - The process is not implemented or fails to achieve its process purpose. At this level, there is little or no evidence of any systematic achievement of the process purpose.

- Level 1 Performed process - The implemented process achieves its process purpose.
- Level 2 Managed process - The previously described performed process is now implemented in a managed fashion (planned, monitored and adjusted) and its work products are appropriately established, controlled and maintained.
- Level 3 Established process - The previously described managed process is now implemented using a defined process that is capable of achieving its process outcomes.
- Level 4 Predictable process - The previously described established process now operates within defined limits to achieve its process outcomes.
- Level 5 Optimizing process - The previously described predictable process is continuously improved to meet relevant current and projected business goals.

For processes that achieve capability level 1, the standard also provides a rating scale to assign a rating to what degree each objective is achieved. This scale consists of the following ratings:

- **N** (Not achieved) - There is little or no evidence of achievement of the defined attribute in the assessed process. (0 to 15 percent achievement)
- **P** (Partially achieved) - There is some evidence of an approach to, and some achievement of, the defined attribute in the assessed process. Some aspects of achievement of the attribute may be unpredictable. (15 to 50 percent achievement)
- **L** (Largely achieved) - There is evidence of a systematic approach to, and significant achievement of, the defined attribute in the assessed process. Some weakness related to this attribute may exist in the assessed process. (50 to 85 percent achievement)
- **F** (Fully achieved) - There is evidence of a complete and systematic approach to, and full achievement of, the defined attribute in the assessed process. No significant weaknesses related to this attribute exist in the assessed process. (85 to 100 percent achievement)

Although defining target capability levels is left up to each organization to decide, many enterprises will have the ambition to have all their processes achieve capability level 1. (Otherwise, what would be the point of having these processes?) If this level is not achieved, the reasons for not achieving this level are immediately obvious from the approach explained above, and an improvement plan can be defined:

1. If a required process outcome is not consistently achieved, the process does not meet its objective and needs to be improved.
2. The assessments of the process practices will reveal which practices are lacking or failing, enabling implementation and/or improvement of those practices to take place and allowing all process outcomes to be achieved.

The table below provides a DRPA assessment of the nine key groups of IT processes that are identified in the standards referenced above.

<b>Process Group</b>	<b>Level/Rating</b>
IT Governance processes	Level 0 – There was no evidence of a formalized approach towards an IT governance framework, benefits delivery, risk optimization, resource optimization or stakeholder transparency.
IT Management Processes	Level 1 (L) – There was evidence of processes needed to manage design, transition and operations processes, including aspects of budget, suppliers, security, changes, incidents, security, operations and configuration.
IT Service Strategy processes	Level 0 – There was no evidence of a customer drive approach to investments in IT services.
IT Service Design processes	Level 1 (P) – There was evidence of processes related to the design of IT services, including aspects of availability management, capacity management, information security management and IT service continuity management.
IT Service Transition	Level 1 (L) – There was evidence of significant achievement of the goals of IT service transition, including aspects of transition planning, change management, validation and testing.
IT Service Operations	Level 1 (L) – There was evidence of significant achievement of the goals of IT service operations including aspects of request fulfillment, incident management, event management and access management.
Continuous IT Service Improvement Processes	Level 0 – There was no evidence of a continuous service improvement philosophy or the use of continuous service improvement techniques such as “Plan – Do – Study – Act (PDSA or Deming Cycle)”
Program Management Processes	Level 0 – There was no evidence of program management lifecycle processes.
Project Management Processes	Level 1 (P) – There was some evidence of processes for initiating, planning, executing and monitoring projects.

It will become increasingly critical that IS adopts the type of guidance contained in the referenced standards for several reasons:

- Alignment - Gaining alignment with the business will be increasingly difficult unless mechanisms are put in place, because user departments will effectively develop their own information technology resources and the technology environment will become divergent rather than convergent. The current ERP project, which has already been running for two years without progress, will take up all the Authority's IS business analysis resources in order to replace the current Banner and PATCO systems over the next several years, leaving all the other business applications required by the Administration, Human Resource, Engineering, Public Safety and other departments to the individual departments and a high potential for divergence.
- Complexity – The IT environment at the DRPA has become significantly more complex over the last 10 years and will continue to become more complex unless strategic mechanisms to reduce complexity are put in place.
- Performance – It is necessary for IS to increase in capability over time and to reduce the cost of managing existing technology in order to increase the time available for focus on new technology.
- Technology Risk – The explosion of technology in everyday life creates additional new risks related to information technology such as:
  - “Bring your own devices” – employee expectations of being able to use their own smartphone and tablet technology to access DRPA data.
  - Social Media – the accessibility of social media models and services for collaboration
  - Privacy Regulations – the trend toward increasing regulation of private data.
  - Unplanned Downtime – the increasing cost of system unavailability.
  - Security Breaches/Cybercrime – the increasing volume of attacks and security vulnerabilities.
  - Data Proliferation – via e-mail, and other data sharing or collaboration services that offer users a “Shadow IT” environment.

The management of the above items is clearly a balancing act. Too great a focus on alignment can allow complexity to grow and performance to stagnate or fall, while technology risk is increasing. A lack of focus on alignment and systems and processes fail to be efficient and effective. The key is to introduce mechanisms that inherently provide growth and balance so that information technology capabilities expand over time to take on the new challenges that the organization is facing.

At an operational level, additional key findings are:

- SOPs are out of date - last update appears to be October 2002 (Doc 77)
- Time spent on projects is not collected (the budgeted figure is used to close out projects)
- Little cross training occurs with IS staff
- IS staff training is constricted
- Some desktops are obsolete

- Intranet pages are not updated on a regular basis

Related to applications:

- ERP acquisition has lagged
- There is no infrastructure for Electronic Document Management
- There is no infrastructure for Electronic Drawing Management
- There is no file retention policy

Our assessment of the IS processes indicated significant weaknesses in the areas of:

- IT Governance
- IT Service Strategy
- Continuous IT Service Improvement
- Program Management.

The aim of IS should be to assist the user departments to be more efficient and effective in achieving their goals. Hence the prioritization of limited information technology resources should be discussed with the users. Typically this is done by forming a Governance Group with members representing users from all departments.

An urgent task for such a Governance Group is to review whether the ERP project, which is not currently an IS project, should be allowed to proceed with an emphasis on replacing the Banner and PATCO systems to the exclusion of an Information Services strategic plan. A strategic plan would identify which are the most important and beneficial business processes to be changed, the people and facilities required to effect the changes, how the changes will be managed, financed and technically supported, and would lay out a timetable for implementation.

The Governance Group would then have the information needed to make a recommendation to the executives and the departments would know when and how the enterprise processes and their own departmental processes would be improved. This approach will extend IS's current services to include business systems analysis, systems development, user training and information management standards.

After many years in their current role, IS will have considerable difficulty changing its strategy and meeting the needs of the other departments for business systems analysis, systems development, user training and the implementation of information management standards. It will need substantial executive direction and backing and will need to display resources and expertise that raises management's and users' expectations of the assistance that IS can provide.

### **3.3.3 Information Services Recommendations**

The recommendations that follow include a follow up event date in the recommended timeline for implementation.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
IS1	<b>Increase IS Department's Role</b> Assign IS to provide expert counsel and services related to information technology to each department and across all departments.	6/30/2013
IS2	<b>Establish a Formal IT Governance Structure</b> Put in place a formal IT Governance structure in order to direct priorities across the organization for investments in Information Technology, starting with a review of the absolute priority being given to ERP.	12/31/2013
IS3	<b>Review ITIL Practices</b> Review the Information Technology Infrastructure Library as a blueprint for generally accepted good practices and plan to obtain training in the framework for IT staff.	12/31/2013
IS4	<b>Develop IT Strategic Plan</b> Develop an IT Strategic Plan to proactively identify projects required over the next 3 to 5 years.	12/31/2013
IS5	<b>Develop IT Project Management Structure</b> Develop a formal structure for project management.	12/31/2013
IS6	<b>Adopt a Change Control Process</b> Adopt a formal process for system change control and configuration management.	12/31/2013
IS7	<b>Continue Desktop Computer Refresh</b> Proceed with the planned desktop computer refresh on an annual basis to eliminate reported performance issues with older desktop computers. The Agency responded to the draft v0.1: <i>"This has been an ongoing annual exercise for many years. Currently there are no obsolete desktops in the environment."</i>	12/31/2013
IS8	<b>Focus on Process Improvement</b> Place focus on process improvement of current IT processes so that the processes are documented, consistent and repeatable.	12/31/2013
IS9	<b>Update IS Procedures</b> Update the IS Standard Operating Procedures to make them current.	12/31/2013

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
IS10	<b>Fill Needed Business Analyst Positions</b> Fill the planned Business Analyst position as soon as possible, and recruit additional Business Analysts if Information Services adopts the necessary role of assisting all departments and the enterprise to improve business processes.	12/31/2013
IS11	<b>Implement Drawing Management System</b> Implement a Drawing Management System as a priority.	12/31/2013
IS12	<b>Develop Retention Policy for Electronic Files</b> Develop a retention policy for electronic files.	12/31/2013
IS13	<b>Permit IS Staff to Travel for Training</b> Permit IS staff to undertake technical training that requires travel, if the training is necessary to provide adequate internal support for a specific technology.	12/31/2013
IS14	<b>Implement Document/Record Management System</b> Implement a Document and Record Management System as a priority. A related recommendation is GC3 which calls for a document management system for the General Counsel.	12/31/2013

### **Impact of Recommendations**

The impact of these recommendations should be to elevate IS from focusing on the technical aspects of information technology to managing the business implications of information technology.

## 4.0 DRPA Administrative & Support Functions

Section 2.5.1 lists the audit criteria for these functions. The audited functions are in the four divisions shown below; audit reports are listed with each division.

### **Executive Division** (38 non-represented employees)

- Inspector General/Internal Audit
- Government Relations
- Labor Contract Compliance
- Corporate Communications
- Engineering
  - Office of the Chief Engineer
  - Planning and Design
  - Construction and Maintenance
  - Administration

These functions report to the Chief Executive Officer (CEO) or the Deputy Chief Executive Officer (DCEO). The Inspector General has dual reporting to the CEO and the Board of Commissioners.

### **Administrative Division** (30 non-represented employees)

- Safety
- Risk Management
- Business Development and Equal Opportunity
- Benefits Administration
- Customer Service/Community Relations
- Mail Room
- Printing Services
- Human Resource Services

### **General Counsel Division** (13 non-represented employees)

- Office of the General Counsel/Corporate Secretary
- Claims Administration

### **Finance Division** (35 non-represented employees, 10 union employees)

- Accounting
- PATCO Accounting
- Budget/Financial Analysis
- Payroll
- PATCO Payroll
- Revenue
- Purchasing/WWB Storeroom
- Information Systems

- Contract Administration

#### 4.1 Executive Division

Departments in the Executive Division report to the Chief Executive Officer (CEO) or the Deputy Chief Executive Officer (DCEO).

##### 4.1.1 Inspector General/Internal Audit

The Office of the Inspector General (OIG) was created in early 2012. An Audit Committee was created by the Board at the end of 2010 (Resolution No. 10-040, Doc 304) in response to allegations of misconduct brought against the DRPA. (Doc 41 *Audit Committee Charter*) In January 2012, the Committee passed a resolution to create the Office of the Inspector General, to eliminate the Director, Internal Audit position, and select the candidate for the new Inspector General (IG) position. (Resolution 12-007, Doc 133)

The Resolution states, “The IG is an independent and objective officer which will report directly to the Audit Committee and CEO.” The resolution continues,

“In addition to assuming the audit responsibilities of the Director, Internal Audit, the Inspector General will be responsible for directing and conducting activities designed to detect and deter fraud, waste, abuse, corruption, mismanagement, and any illegal activities involving the Authority.

The IG will supervise the Authority’s Whistleblower Hotline and recommend or take affirmative corrective actions, as necessary and appropriate. The IG will also assume responsibility for the execution and coordination of internal and external audits required by the Interstate Compact, Board Resolutions, Bond Indentures, and other governing documents. The IG will provide regular reports to the Audit Committee regarding activities related to the OIG, and periodically meet with the Board of Commissioners to provide status on significant IG and audit goals and objectives.”

The following table displays the OIG 2012 budget.

Work Center Code	10071
No. Employees	4
Employee Related Costs	\$339,000
Other Expenses	\$375,000
Total:	\$714,000

##### OIG Staffing

The staffing of what was Internal Audit has been problematic in recent years. During 2007 the Director of Internal Audit retired. At that time, one of the internal auditors was promoted to the Internal Audit Director position. In early 2010, that person was promoted to a position at PATCO. While taking the promotion, that person continued to serve as a part-time Internal Audit Director for about two years. (Int 43)

In 2009 an internal auditor was hired, but did not make it past the probationary period because the auditor required too much supervision. Another hiring process was

attempted after that, but a decision was made to use temporary staff until the new IG was hired. Once the Inspector General was on board, full time internal auditors would be hired. (Int 43)

There are two internal audit job descriptions, an Internal Auditor and an Information Technology Internal Auditor. The Internal Auditor position is a grade 10 and the IT Auditor is a grade 11 position. (Doc 347) The grades and salaries for these positions are perceived as being too low for the level of experience that is expected from these internal auditor positions. (Int 43) Current practice by management restricts hiring at a salary level above the minimum for that grade. This is done regardless of the new employee's qualifications and/or experience.

In April 2012, at the beginning of this performance audit, OIG had one staff internal auditor who had been at the DRPA for 14 years and another temporary internal auditor who had been there for six months. During the audit, the temporary internal auditor was hired as an employee. At the time of audit, the OIG has one Chief (IG), an administrative assistant, and two internal auditors. (Int 43) More recently, the long term internal auditor accepted a position with PATCO and is available on a part-time basis for OIG assignments.

## **OIG Findings**

### **Role of the Office of the Inspector General**

On the DRPA Organization Chart the Office of the Inspector General includes three main functions plus other duties:

- Investigations
- Whistleblower Hotline, also known as the Ethics Hotline
- Internal and External Audit
- Other Functions

### **OIG Findings -- Investigations**

- The Inspector General has a background in investigations with the FBI and is a Certified Fraud Examiner. The Inspector General attends Board, Committee, Management, and other DRPA meetings. His presence at these meetings consumes much of his time, but allows him to be aware of all of the happenings at the DRPA and to identify possible unethical or illegal activities. (Int 44)
- Investigations are handled mainly by the Inspector General with some support from internal auditors depending on the type of investigation and the sensitivity of the matter under investigation. Assistance may also be provided by the Office of the General Counsel. (Int 44, 80, 81)
- The OIG has access to all DRPA assets and should receive total cooperation from all staff. The Inspector General has undertaken several investigations since joining the DRPA and publicly published one report so far. (Int 81) This investigation report was reviewed during the performance audit. (Doc 416) The report was well written and organized, and corroborated a thorough investigation.

- Published investigation reports are available on the OIG webpage of [www.drpa.org](http://www.drpa.org). (drpa.org) (Int 81)
- The Inspector General has been tasked with detailed investigations which he must undertake himself because of the lack of staff. Although the Inspector General attends many management and Board meetings, the detailed investigations detract from monitoring the Authority as a whole. The Inspector General is aware of this and continues to prioritize his workload accordingly. This workload also includes assignments from the Board. (Int 42, 80, 81)

The Inspector General has also followed up on political disclosure forms received. He looks for board members or friends of board members among other things to confirm no conflicts exist. The Inspector General consults General Counsel for advice on such matters, and Board Members may be called upon to recuse themselves if potential conflicts are identified. This process is also adhered to for DRPA employees who serve on evaluation teams during the competitive bid process. (Int 81)

### **OIG Findings -- Whistleblower Hotline**

- The Whistleblower Hotline, a.k.a. the "Ethics Hotline" was created in 2011. The Hotline's purpose is the following:
  - "The DRPA Ethics Hotline provides employees and members of the public with a confidential channel to report instances of waste, fraud, abuse or ethical misconduct. These include, but are not limited to, violations of federal, state or local laws/regulations, misappropriation of government resources, gross mismanagement, and waste of public money or abuse of authority." (drpa.org)
- EthicsPoint, a confidential third-party reporting service, maintains the hotline. "EthicsPoint uses state-of-the-art security and encryption technology to ensure the anonymity of people who file ethics complaints." (drpa.org)
- The Ethics hotline is available on the DRPA intranet and the [www.drpa.org](http://www.drpa.org) website. Through this webpage the public has access to the Ethics Hotline link. The Inspector General is working with Communications in order to advertise the Hotline to the community. (Int 81, drpa.org)
- "EthicsPoint can accept hotline reports 24-hours-a-day throughout the year, facilitate anonymous two-way communications with investigators, and transmit completed investigative reports to the Office of the Inspector General. The system maintains the strictest confidentiality at all times."(drpa.org) The EthicsPoint application is hosted outside of the DRPA.(Int 81)
- The hotline cost is reflected in "Other Expenses" in the budget table. EthicsPoint provides case management functionality for DRPA users. In the system, the Inspector General can assign the case to a user and track the life of the case through its disposition. (Int 81)
- The Inspector General takes all reports seriously and investigates each thoroughly. (Int 44, 81)

### **OIG Findings -- Internal Audit**

- The Internal Audit Procedures Manual states:

"Internal Audit is responsible for continuously assessing business risk and developing audit objectives, priorities and procedures to ensure effective internal control. While executive management retains responsibility for providing internal controls, the Office of Internal Audit is responsible for evaluating their adequacy and effectiveness and recommending improvements." (Doc 134)

- The Inspector General handles the coordination of external auditors with the help of the recently added Administrative Assistant. (Int 44, 81)
- Internal Audit has been working with a decreased staff for years. The lack of staff and only part time direction during the past few years caused Internal Audit's performance and internal communications to deteriorate. The Internal Auditors' performance and communication have dramatically improved with the hiring of the Inspector General. OIG has already published more audit reports since the new Inspector General joined than were published all last year (2011). (Int 81)
- An annual Audit Program used to be produced at the end of the year for the following calendar year. It provided internal auditors with a structure of work for the coming year. Currently the OIG does not have a documented 2012 Audit Program that is being followed. The OIG is completing the Audit Program from the 2011 year which was not previously completed. The 2011 Audit Program did not include a Risk Assessment. A comprehensive Audit Program which includes a Risk Assessment is called for in the Internal Audit Procedures and in the IG job description. (Int 43, 80, Doc 133, 134)
- No project implementation charters or current tracking reports for external audit recommendations were discovered during this audit. Interviewees indicated they do not exist. In the past, this was not the responsibility of Internal Audit. The ability of OIG to perform this function will depend on staffing level. (Int 54)
- The internal auditors do not currently use any specialized software to help organize or manage their audits or work papers. MS Office applications such as MS Excel are used during the audits. OIG has Audit Command Language (ACL) software available but has not used it. (Int 80)
- Audit reports generally include recommendations to make process improvements and mitigate risks identified during the audit. The DRPA has no formal tracking of the implementation of audit recommendations. Prior to creation of OIG, it has been the responsibility of the department audited to ensure compliance. Staffing will impact OIG's ability to maintain and track recommendations. (Int 43, 44, 80)

### **OIG Findings -- Other Functions**

Beyond the three main functions of the OIG, the Inspector General is involved in various matters to support the Authority as a whole. The Inspector General is working:

- With the Board and other members of management on the Reform Resolutions. The reforms were created in 2010 by outside counsel. They are not consistent with the language that is used internally at DRPA; staff neither provided input nor was given training on the reforms. Creating and delivering training to employees will be the responsibility of human resources. (Int 81)

- To develop an enterprise-wide Ethics Policy for the DRPA. The Inspector General has identified an Ethics Policy and Code of Conduct that he will use as a format to help develop a comprehensive DRPA policy. (Int 81)

The Board made modifications to the IG job description in September 2012 in order to further establish the reporting protocol for the Inspector General position. The IG now reports directly to the Chair, Vice Chair and the Audit Committee, and for administrative purposes only, the IG reports to the CEO. The IG is tasked with keeping the Audit Committee, Chair, Vice Chair, CEO, senior management, program managers and the Board informs of appropriate aspects of OIG operations and findings. The CEO will receive briefings and reports periodically to be advised of the OIG's important undertakings unless such notification would have negative effect on an investigation. (Int 81, Doc 499)

### **OIG Related Prior Audit Items**

- The KPMG 2001 audit report Finding #24 (Doc 79, page 68) noted that the Internal Audit function should report directly to the Board with a dotted line to the CEO for day to day operations.

Following the replacement of the Director, Internal Audit, the Inspector General reports directly to the Chairman of the Audit Committee and the CEO as KPMG recommended in Finding #24. The current structure satisfies the intent of the KPMG recommendation.

### **OIG Conclusions**

- The Office of the Inspector General is in a building phase. The OIG needs to increase staff in order to undertake the activities related to building the department while handling the responsibilities of investigations, ethics hotline reports, internal audits, and the coordination of all external audits. Once the building activities have been completed, the increased staff should be able to track implementation of audit recommendations and assist departments in implementing best practice business processes and standard operating procedures (SOPs) when audit deficiencies are detected or departments request assistance.
- Written procedures and policies are currently being developed. The Inspector General has identified comprehensive SOPs from the Association of Inspectors General which are being used as guidelines. The Procedures Manual for the former Office of Internal Audit is detailed and contains best practices for internal audits. However, the last revision date is unclear; and the Manual does not reflect the responsibility transfer from Internal Audit to the OIG, nor does it reflect the Audit Committee creation in 2010.
- The lack of implementation of a documented annual 2012 Audit Program, including a Risk Assessment, means that the planning of the work of the internal auditors could be improved. A more structured approach using a comprehensive Audit Program with a recent Risk Assessment would ensure the internal auditors are addressing the current risks of the Authority. (Doc 445) The review of v0.1 (Doc 508) had this comment: *"Not accurate as 2011-2012 plan provided. Also does not account for IG starting in 2/12, and OIG has been reactionary."*

- Recommendations that arise from external and internal audits and investigations could improve enterprise-wide business processes and reduce risk. Without formal tracking of recommendations there is no guarantee of implementation. Formal tracking of audit recommendation implementations would allow staff to follow up with departments on recommendations, rather than relying on individual staff's recollection.
- The OIG, through its investigations, audits and access to comments arriving through the Hotline, will accumulate valuable insights useful for the implementation of process improvements and Strategic Plan implementation tasks. The OIG is not yet adequately involved in these implementations.
- At this time an audit software tool seems unnecessary. Once an Audit Program has been developed, an audit software tool could be utilized to implement the audit program, guide the audits, serve as a work paper repository, and track implementation of recommendations.
- An enterprise-wide electronic document management system could also serve as a repository for work papers in the case an audit software tool is not desired. These systems would provide permissions for internal and external auditors to see departments' documents and ease the auditing process.

### OIG Recommendations

The recommendations that follow include a date to check on the progress of the implementation.

Identifier	Recommendation	Review Date
OIG1	<p><b>Increase OIG staff</b></p> <p>The OIG has many current responsibilities that will expand if the recommendations in this and other audits are implemented. The skills and numbers added should be coordinated with the development of priorities and plans to address those priorities. Care should be given to the need for competitive salaries for the skills being sought.</p>	6/30/13
OIG2	<p><b>Continue OIG Procedure Documentation</b></p> <p>Continue to develop and document Standard Operating Procedures for the Office of the Inspector General, particularly the investigations function. Update Internal Audit Procedures Manual to reflect changes or include Internal Audit procedures in the new OIG SOPs.</p>	Ongoing 6/30/13

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
OIG3	<b>Start &amp; Maintain an Annual Audit Program</b> Develop and document a comprehensive annual Audit Program including a Risk Assessment. Implement the Audit Program once approved by the Audit Committee/ Board. The review of the v.0.1 draft indicates a plan has been developed. (Doc 508)	3/31/13
OIG4	<b>Track Audit Recommendation Status</b> Develop and implement formal tracking procedures for the implementation of audit recommendations.	3/31/13
OIG5	<b>Provide OIG Support for Other Initiatives</b> Include the OIG staff in the planning and, as warranted, the execution of Strategic Plan and Lean Government projects. OIG contributions will also be necessary to support major systems efforts like ERP.	Continuing 6/30/13

### Impact of Recommendations

Increases in OIG staffing will provide resources to handle required investigations and audits. In addition it will build the capability to execute the three primary functions and serve broader enterprise-wide process improvement efforts.

#### 4.1.2 Government Relations

This section of the report includes Government Relations and Grants Administration. The Government Relations unit reports directly to the Chief Executive Officer (CEO). Grants Administration reports to the Government Relations function. The following table shows the Government Relations and Grants Administration budget for 2011.

Work Center Code	100811
No. Employees	4
Employee Related Costs	\$518,000
Other Expenses	\$15,000
Total:	\$533,000

The Government Relations function has two positions, the Director and the Manager. The Director of Government Relations, a Lieutenant Colonel in the Army National Guard, was activated by the military in 2010 and had been serving in Afghanistan for 14 months before returning to the DRPA. He is an attorney licensed in NJ and PA and has a masters degree from the University of Pennsylvania. He joined DRPA in 2003 and has been in his current position since that time. The Government Relations Director spends about 30% of his time on NJ Government Relations and 70 percent on Grants Administration.

The Government Relations Manager has been with DRPA for nine years. He worked for the Pennsylvania Senate previously and is the principal Pennsylvania government

relations representative. (Int 14 and Int 31) The Government Relations Manager is focused on Federal and Pennsylvania government relations and filled in for the Director during his active duty service covering both Government Relations and Grants Administration. (Int 14 and Int 31)

The Grants Administration function has a small authorized staff. There are Grants Manager, Grants Specialist, and Administrative Coordinator positions. A previously existing Grants Administration position was de-authorized by the Board. As of this writing, and for some period in the past, both the Grants Manager and Grants Specialist positions are not occupied. The Grants Specialist, who had been acting as the Grants Manager, is out on long-term disability.

A contractor, who is largely funded by grants, currently assists with Grants Administration. The Grants Administration short staffing occurred during a period when the immediate supervisor, the Government Relations Director, was out on military leave. The Government Relations Manager has been the Acting Director of Government Relations and has been helping the Grants Administration function to the extent practical. However, Grants Administration is not his field of expertise. (Int 14 and Int 31)

### **Government Relations Processes Performed**

The Government Relations function maintains working relationships with the relevant government entities. However, the focus is on government entities that can provide funding to the DRPA. The Government Relations Manager focuses on Pennsylvania and Philadelphia in particular. The Government Relations Director focuses on federal relationships and assists with PA and NJ relationships. The Director of Labor Contract Compliance also assists with New Jersey government relations on an informal basis. (Int 14 and Int 31)

The Director is principally focused on securing grants and other government funding for DRPA to offset debt financing. In general, the Director works to identify projects from the capital program plan that are eligible to receive funding from one or more sources. The Government Relations function, in conjunction with other DRPA executives, manages relationships with federal, state and local officials. It includes an in-house Washington DC lobbying program for high priority project opportunity grants (earmarks). (Int 14 and Int 31) Washington lobbyists are used particularly on FTA projects, although the Authority has not used any Washington lobbyists since the end of 2010. (Doc 508)

Government Relations works on various legislative initiatives, but not as part of the Strategic Plan. Current and recent initiatives include tying EZ Pass bills to registration renewals, higher fines for toll avoidance, and getting NJ hazardous materials inspection authority for the DRPA police, as it has in PA. (Int 14 and Int 31)

### **Government Relations Related Prior Audit/Strategic Plan Items**

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. So progress assessments were conducted with DRPA managers.

The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

A -- Critical, Urgent  
 B -- Important, Non-Urgent  
 C -- Deferrable  
 D -- Unneeded, duplicative  
 ? -- Not Known

**Status:**

1 -- In Progress, Complete  
 2 -- Not Started, Accountability Assigned  
 3 -- In Queue to be Done  
 4 -- Unlikely to be Done  
 ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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**Strategic Plan (Doc 36)** *(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)*

63*	Core Team for Security & Emergency Management	B2	● Yellow
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**Lean Government Initiatives**

112	Round II: Capital Grants	B1	● Yellow
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**Kroll Report – 2006 (Doc 82)**

135	Grant Compliance (page 4)	Not evaluated	● Red
160	Security-Related Grants (page 12)	Not evaluated	● Yellow

The following are findings related to the recommendations or the progress evaluations.

- The core team (#63) recommendation hasn't been implemented. Grants Administration was to be a part of the core group. (Int 54)
- The Lean Government process improvement project (# 112) for grants was reported to be in progress during interviews. (Int 54) (Int 51)
- With regard to item 135, Kroll recommended (Doc 82) that: DRPA should fully examine its responsibility under certain grants that require it to enter into some form of MOU with certain local municipalities. The DRPA should also examine whether entering into certain types of MOUs will make it eligible for more grant money. This review should be coordinated among the Legal Department, the Grants Department, and Public Safety.
- With regard to item 160, Kroll recommended (Doc 82) that: That the DRPA continue to aggressively apply for grant funding to enhance security initiatives for equipment including, but not limited to: upgrades to security cameras on the bridges and on PATCO, upgrades to communications devices with full operability across the bridges and PATCO, sensors on the roads of the bridges to detect conditions like standing water and temperature, magnetometers, computers

in all squad cars, and technology to link up the new computer-aided dispatch system to federal and state agencies that monitor terrorism threats.

### **Government Relations Findings**

- There is no government relations/legislative priorities plan that is coordinated with the Strategic Plan. Government relations initiatives evolve over time. (Int 14 and Int 31)
- There are three main sources of government funding: Federal Transit Administration (FTA), Homeland Security, and federal legislative High Priority Project opportunity grants (HPPs or earmarks). The FTA grants are funded by the Transportation Appropriation Bill and are administered by the regional Metropolitan Planning Organization (MPO) that allocates the appropriated money among NJ Transit, SEPTA, DRPA/PATCO, and others. The DRPA receives a share of the money allocated each year based upon its number of track miles. The annual allocation is about \$10 million. (Int 14 and Int 31)
- Homeland Security grants are administered by the Philadelphia Area Regional Transportation Security Working Group (PARTSWG), of which the DRPA Government Relations Director is the chair. This group administers grants for the Transportation Security Agency (TSA) approved projects implementing the Regional Transportation Security Plan. In all, Homeland Security has 10 or 12 different grant programs. (Int 14 and Int 31)
- High priority project funding is secured through New Jersey and Pennsylvania federal House and Senate members. The DRPA works with the relevant representatives to secure funding for specific projects. For example, DRPA/PATCO has received over \$50 million in assistance for PATCO vehicle refurbishment as an HPP. (Int 14 and Int 31)
- Government Relations also participates in other groups that may provide funding, such as:
  - the Port Security Working Group for the Ports Security Grant program;
  - the Urban Area Security Initiative for its Grants Program;
  - and the Delaware Valley Intelligence Center.
- In general, funding is not available from the states of New Jersey and Pennsylvania other than reimbursement for DRPA work in connection with a state-sponsored federally funded project. For example, the DRPA may be reimbursed for doing road or bridge work in support of a state road project that is federally funded. (Int 14 and Int 31)
- The DRPA has not been cited for non-compliance with any grant requirements. (Int 14 and Int 31)

### **Government Relations Conclusions**

- There is no government relations/legislative priorities plan that is coordinated with the Strategic Plan. Government relations initiatives evolve over time. (Int 14 and Int 31)

- DRPA has a rational approach to soliciting grants and government funding. Rather than chasing whatever money is available and inventing qualifying projects, DRPA reviews its capital plan and operating budget for projects that could qualify for grant money and applies for those. (Int 14 and Int 31)
- DRPA has a high grant capture rate, meaning that over 90% of grants received are actually expended. (Int 14 and Int 31)
- Recent grant performance likely suffers from the lack of grant personnel. The Grant Administration level of service has likely fallen and the recipient departments and Finance have had to do more work. (Int 14 and Int 31)
- Adequate information to track the level of grants applied for, received and expended is not available. (Int 14, Int 31, and data requests)

### Government Relations Recommendations

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation.

Identifier	Recommendation	Review Date
GR1	<b>Tie Government Relations Plan to Strategic Plan</b> Develop a government relations plan that is a component of or is consistent with the strategic plan.	3/31/12
GR2	<b>Increase Grant Administration Staffing</b> Restore the appropriate Grant Administration resource level to fully capitalize on grant opportunities.	6/30/13
GR3	<b>Track Grant Funding</b> Develop and implement government funding tracking to show the grants applied for, received and expended by project by quarter. Set annual targets for government funding of the DRPA and PATCO projects.	3/31/12

### Impact of Government Relations Recommendations

Recommendations should increase grant revenues and make government relations initiatives more consistent with the strategic plan. The tracking recommendation (GR3) will provide a control to measure whether expected benefits are achieved.

#### 4.1.3 Labor Contract Compliance

This section addresses the Labor Contract Compliance function. The Labor Contract Compliance Director also participates in the Government Relations function. That participation is addressed in the Government Relations section in the previous section. (Int 15) The following table shows the Labor Contract Compliance budget for 2012.

Work Center Code	100821
No. Employees	2
Employee Related Costs	\$270,000
Other Expenses	\$2000
Total:	\$272,000

The Labor Contract Compliance department assures contractor compliance with the DRPA prevailing wage and apprenticeship program requirements. The Director reports to the DRPA CEO. There is also one staff resource for the Labor Contract Compliance function, a former toll collector who became a union steward and union agent before taking his current position. (Int 15)

### **Labor Contract Compliance Processes Performed**

The Labor Contract Compliance function assures that contractors have DRPA qualifying apprenticeship programs and are paying the prevailing wage rate, whether they are union or non-union shops. Labor Contract Compliance representatives attend pre-bid meetings and pre-construction meetings to educate contractors on the requirements and explain how the requirements will be enforced.

Prevailing wage rates are published on the New Jersey and Pennsylvania websites. Certified payrolls are reviewed and archived bi-weekly. Spot check interviews are conducted at construction sites to assure individual workers are receiving the prevailing wage. The interview results are cross-checked with the certified payrolls to assure compliance. (Int 15) (Doc 89)

Labor Contract Compliance also has several labor relations duties (INT 15):

- Participate in grievance hearings and rulings
- Set up and run the monthly Labor Relations meetings
- Mediate management/labor disputes
- Resolve minor management/labor issues before they become a bigger problem
- Give advice on contract negotiations

The review of the first draft (Doc 508) produced the following comment: *"All of these bullet points are inaccurate. The Office of General Counsel handles grievances, do not participate in contract negotiations, conduct monthly meetings, etc."* This directly contradicts the description of the department's role provided by a department employee.

Labor Contract Compliance does not think of itself as a "Labor Relations" department.

Labor Contract Compliance also assists in promoting and implementing the DRPA minority business enterprise (MBE) and woman business enterprise (WBE) program by working with other agencies, appearing at appeals hearings, and attending quarterly regional meetings. (Doc 89)

### Labor Contract Compliance Related Prior Audit/Strategic Plan Items

The TransTech audit (Doc 20, page 21) cited constraints on management action arising from labor contracts:

*Labor rules and union protection complicate management and supervisory efforts to improve efficiency. Various union contracts cover much of DRPA's workforce and limit the ability of DRPA management and supervisors to pursue additional workforce efficiency, as is the case in most union environments. These considerations further complicate the already difficult situation associated with staff reductions and an inadequate performance review system.*

This led to the following recommendation:

ID#	Item Name	Priority/Status	CGR Assessment
<b>TransTech Audit – 2010 (Doc 20)</b>			
26	Item 38. Union Work Rule Inefficiencies	Not evaluated	● Red

With respect to PATCO, the audit (Doc 20, page 137) recommended benchmarking against the National Transit Data Base administered by the Federal Transportation Agency. This audit reports a comparison of salaries and benefits with other agencies in Section 7.0.

### Labor Contract Compliance Findings & Conclusions

- The DRPA Labor Contract Compliance function has never been audited and has never had a compliance problem with the federal authorities. (Int 15)
- Comments made by a department employee are contradicted in comments made in the draft review of the report.
- Labor Contract Compliance has some labor relations responsibilities but is not designated as the "Labor Relations" function. There also does not appear to be a designated "Labor Relations" function in Human Resources. The General Counsel's office is heavily involved in union issues but is also not designated as the "Labor Relations" function. There does not appear to be a specific unit designated and accountable for labor relations in the DRPA.

### Labor Contract Compliance Recommendations

The recommendation that follows includes a recommendation for a follow up event date in the recommended timeline for implementation.

Identifier	Recommendation	Review Date
LCC1	<b>Establish Labor Relations Function</b> Consider designating a DRPA Labor Relations function with broad responsibility, authority and accountability for labor relations. Development of the function should address the role of the Labor Contract Compliance department.	6/30/13

### Labor Contract Compliance Impact of Recommendations

Strengthening this role should yield improvements in labor contracts that set the ground rules for salary, benefits, and work rules for DRPA's large represented workforce. It should also consider the role of and need for the department.

#### 4.1.4 Corporate Communications

The following table summarizes the Corporate Communications department 2012 budget.

Work Center Code	100831
No. Employees	3
Employee Related Costs	\$263,000
Other Expenses	\$24,000
Total:	\$287,000

The Director of Corporate Communications reports to the CEO. The current Director joined the DRPA in December of 2011 in preparation for replacing the retiring director in April, 2012. The new Director was a print journalist for ten years including work at the Philadelphia *Courier Post*. He left journalism for corporate communications and held communications positions at Bell Atlantic and DuPont before joining the DRPA. He is a Six Sigma Green Belt and participates in DRPA's lean government initiatives. The Director also supervises DRPA's two graphic artists. (Int 13)

#### Corporate Communications Processes Performed

The responsibilities of Corporate Communications are not well-defined but include media relations (including proactive story placement), crisis communications, and community relations. Corporate Communications writes press releases and provides support to the development of DRPA official documents, such as the Strategic Plan and Annual Report. (Int 13)

The graphic artists do layout for DRPA documents such as the annual report, the quarterly newsletter, and PATCO promotional material. They also do layout work for special signs, take photographs, and provide audio visual presentation preparation assistance. The graphic artists work with Printing Services and the sign shop, but are not their principal customers. DRPA is moving away from print material to digital media. (Int 27)

### Corporate Communications Related Prior Audit/Strategic Plan Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. So progress assessments were conducted with various managers over the course of the audit.

The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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**TransTech Audit – 2010 (Doc 20)** *(Items are from the Compact Compliance Section.)*

52	Item 64. Top Management Communications	B3	● Red
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**Strategic Plan 2012 (Doc 36)** *(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)*

83	HRS Communications	B1	● Green
87*	Communications Working Groups	A3	● Red
89*	Board and Staff Communications Improvement	A1	● Yellow
90*	Interdepartmental Communications	A3	● Red

**Lean Government Initiatives**

114	Round II: Electronic Employee Communications	B1	● Yellow
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The following are findings related to the recommendations or the progress evaluations provided by the DRPA status reviewers and others who were interviewed.

- Three communications items, shown with asterisks, were in both the 2009 and 2012 Strategic Plans. Two are evaluated as not having been started by DRPA managers (A3 in the Priority/Status column).
- Item #52 calls for strengthening communications between top management and subordinate managers by increasing the involvement of subordinates in strategic and

- operational decision-making by establishing an Executive Management Committee (EMC). Interviews in this audit confirmed the need. (Int 50) (Int 27)
- Item 83 called communications improvement during the hiring process, which can be lengthy. HRS has implemented a weekly report on progress in the process. (Int 55) Recommendations in Section 6.0 support such an effort.
  - With the regard to item #87, the Strategic Plan calls for an effort to increase the quality and frequency of internal communications to convey meaningful information about the Authority. Creating working groups and core teams where necessary was suggested. Interviewees have indicated that communications is poor. A pertinent comment is "I read it in the newspaper." (Int 21)
  - CGR's evaluation of items #89 and #90 is not started (#89) "in progress" (#90). Interviews indicated a general lack of satisfaction with internal communications. (Int 19) (Int 50)
  - Item #114 is being pursued under the Lean Government initiative. It not certain whether this will be confined to electronic formats. (Int 51)

### **Corporate Communications Findings/Conclusions**

The following are principal findings and conclusions.

- The Corporate Communications function at the DRPA is not well defined. There is uncertainty about the responsibility and authority for DRPA and PATCO brand management and positioning within the community. There is also a wide-variety of formats for published documents. (Int 13 and multiple DRPA public document examples)
- Functions related to Corporate Communications do not report to Corporate Communications. The related functions include: DRPA, PATCO and Glassboro-Camden Line (GCL) website management, coordination of the intranet, and Customer Service and Community Relations. The DRPA website and the GCL website are managed by Customer Service. The PATCO website is managed by PATCO. The DRPANet intranet is coordinated by an IS employee, but each department maintains its own page. Customer Service and Community Relations report to the CAO. (Int 13)
- DRPA does not have a formal crisis management communications plan and does not conduct drills for potential crises. (Int 13) The Emergency Operations Plan dated May 2012 (Doc 432) addresses emergency operations. The role for Corporate Communications is the following:  
*Emergency public information will typically be channeled through the DRPA Office of Corporate Communications (PIO). Depending on the nature of the event, information may come from the DRPA Department of Public Safety. SOPs (Standard Operating Procedures) are available through each department.*
- Currently such SOPs don't exist in Corporate Communications.

- The 2012 DRPA Strategic Plan recognizes weaknesses in branding, public relations and internal and external communications. Refer to the list above. However, Corporate Communications is not formally charged with improving performance in those areas. (Int 27)
- DRPA does not have a formal corporate communications plan aligned with the strategic plan. (Int 13)
- Corporate Communications and Customer Service and Community Relations are informally developing a DRPA approach to social media, such as Facebook and Twitter. The responsibility for developing, implementing, and managing the DRPA's initiatives in social media are unclear. (Int 13)

### Corporate Communications Recommendations

The recommendations that follow include a recommendation for a follow up review date in the recommended timeline for implementation.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
COM1	<p><b>Assign Communications Responsibility</b></p> <p>The Corporate Communications Department should be given clear responsibility and authority for developing and defending the DRPA's brands and image. This should include brand management and the oversight of all external and internal communications, including: DRPA and PATCO brand management, published document formats, websites, intranet and social media. Corporate Communications should set standards for brand management and document formats and be responsible for assuring consistency across the Authority.</p>	3/31/13
COM2	<p><b>Develop Communications Plan</b></p> <p>Corporate Communications should develop a communications plan as part of or in concert with the Strategic Plan. The plan should have both internal and external components.</p>	6/30/13
COM3	<p><b>Prepare Crisis Communications Plan</b></p> <p>Corporate Communications should lead a formal planning process for crisis management communications, develop standard procedures, and conduct drills on the resulting crisis management plan.</p>	12/31/13

## Impact of Recommendations

Clarifying the Corporate Communications mission will increase the effectiveness and relevance of the Authority's message. Firming its role in emergency situations also supports other preparedness efforts.

### 4.1.5 Engineering

The Engineering Department contains four cost centers. The number of employees and the 2012 budget figures are shown in the following tables. They include a table with data for the entire departments as well as its individual sections.

Engineering has a Director and 17 staff positions. The Director reports to the Deputy Chief Executive Officer. The Department is organized into four sections:

1. Office of the Chief Engineer
2. Construction and Maintenance
3. Planning and Design
4. Engineering Administration

Four of the 19 staff employees are in grades E1 and E2, seven are in Grade 12, and the remaining employees are in Grades 6 to 11 (Doc 413, Int 67).

<b>Engineering Department</b>		<b>Office of the Chief Engineer</b>	<b>Engineering -- Planning &amp; Design</b>
Work Center Code	All Sections	407011	407211
No. Employees (2011)	20	6	7
Employee Related Costs	\$2,287,000	\$415,000	\$1,002,000
Other Expenses	\$246,000	\$246,000	\$0
Total:		\$661,000	\$1,002,000

<b>Engineering – Construction &amp; Maintenance</b>		<b>Engineering Administration</b>
Work Center Code	407212	407411
No. Employees (2011)	5	2
Employee Related Costs	\$692,000	\$178,000
Other Expenses	\$0	\$0
Total:		\$178,000

The Engineering Department provides planning, design, construction, and maintenance and engineering services for projects and programs on a DRPA-wide basis including

projects and programs associated with the DRPA Authority core facilities, PATCO facilities and PPC (Port of Philadelphia and Camden) projects which are funded by the DRPA (Int 113).

The building, One Port Center, which is owned by the DRPA, is managed by a property management company (Int 32).

The projects and programs in which the Engineering Divisions become engaged are mainly those for maintenance and improvement of the four bridges and the PATCO rail services.

Small maintenance projects that do not require the services of professional engineers for planning and management are done by the Bridge and PATCO Departments. The Bridge Directors are responsible for the administration and coordination of the day-to-day operations which include routine maintenance. PATCO has several departments which are responsible for maintenance of car and fare collection equipment, buildings and grounds, tracks, and electrical and signal equipment. In practice, the Engineering Department's role is to provide planning, design, project management, and engineering services mostly for capital improvement projects (Int 35, 39).

**Processes Performed**

Currently, there are about 75 active Engineering projects, according to Engineering's Monthly Report for June 2012 (Doc 408). Every two years the Engineering Department has outside consulting engineers inspect the four bridges and PATCO's assets (Int 39). The biennial inspection reports recommend maintenance and improvement work on the facilities. With input from the operating departments and others within DRPA, these reports provide Engineering with the basis of their capital program (Int 113).

Most of the projects undertaken have a value of less than \$10 million, but there are occasional projects that cost more than \$100 million (Doc 442). In 2011, the total Engineering expenditure was \$144 million, or \$112 million net of Federal Funds (Doc 481).

Funding for the capital projects normally comes from the Project Fund, which is maintained by bond proceeds. However, between 2008 and 2010, about \$100 million was used from the General Fund in order to carry out essential projects. The General Fund was reimbursed from the next bond issue (Int 87). In recent years, the Federal Transit Administration (FTA) has contributed about \$10 million per year and the Department of Homeland Security about \$7 million (Int 32, 37).

The value of the capital program work carried out has varied over recent years, as shown in the table below. Most, but not all, of the expenditure is managed by the Engineering Department.

**Table 4.1.5.1: Five Year Expenditure on Capital Programs**

2007	2008	2009	2010	2011
\$23 million	\$58 million	\$75 million	\$71 million	\$159 million

The 2009 Strategic Plan (Doc 367) referred to planned capital investments in facilities that will amount to \$1.1 billion. This is partly reflected in the 2012 Five Year Capital Program Estimated Project Costs (Doc 184) which has a DRPA total of \$837 million for capital projects without the Federal contribution of over \$100 million. The planned DRPA expenditure on capital programs in coming years (Doc 184) is provided in Table 4.1.5.2.

**Table 4.1.5.2: Planned Expenditure on Capital Programs**

2012	2013	2014	2015	2016
\$125 million	\$173 million	\$194 million	\$196 million	\$149 million

A major portion of the planned increase in capital expenditure can be attributed to PATCO and the Fleet Rehabilitation Project. The capital expenditure on bridges is planned to remain reasonably constant at about \$80 to \$85 million per year. It is generally considered that the increase up the \$196 million peak in 2015 will not create a proportional increase in workload on the Engineering Department. We understand that the nature of projects in the next five years will be similar to those undertaken in the recent past (Int 39).

***Prior Audit/Strategic Plan/Lean Government Items***

Three previous initiatives have reports with content that affects the Engineering Department. They are:

- 2010 Management Audit Report
- Strategic Plans of 2009 and 2012
- The Lean Government Projects

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. Progress assessments were conducted with the Chief Engineer and the managers in the Engineering Department and are recorded below.

**2010 Management Audit Report**

The prior management performance audit, carried out between April 2008 and July 2010 by TransTech Management, Inc. addressed staff levels, internal management and operations and asset management related to the Engineering Department (Doc 20).

The TransTech Management Audit Report contained many points of relevance to Engineering, such as:

- “Having to operate under 2005 budget authority for a year and a half, because the Authority Board of Commissioners failed to meet from December 2005 through April 2007 contributed significantly to the reported low morale of staff.”
- A non-performing performance review system inhibits adoption of management best practices.
- Staff levels have been consistently reduced since the budget crises of 2003.

- Operating and capital fund shortages not only put pressure on the Board and executives but also on the employees.
- Labor rules and union protection complicate management and supervisory efforts to improve efficiency. A few employees are deemed by the staff as “untouchable” because of their political connections, and thus represent a challenge to appropriately discipline, manage or supervise, or evaluate.
- Open tasks in the Authority’s strategic planning process, include:
  - Creation of systems of accountability and measurements
  - Linking the strategic planning process to the budget process
  - Establishing processes and responsibilities for collecting and managing data
  - Developing performance and reward systems
  - Developing a communications plan for the strategic planning initiative.
- The DRPA plans a significant increase in capital, rehabilitation, and maintenance projects over the next decade; and the Engineering Department is not equipped to handle a substantially greater workload.
- Baseline functions and levels need to be accomplished at some level by the Engineering staff.”

The 2010 Audit Report went on to recommend:

1. Hire four individuals – two senior engineers, one associate engineer, and a CADD operator/technician. The Department has implemented a Principal Engineer position, hired an Associate Engineer and is currently recruiting another Senior Engineer and an Associate Engineer. A CADD operator/technician is not being recruited. *(Item 9 in the TransTech report and item #9 in the CGR database.)*
2. Move to implement the “integrated program management” approach on one or more large, complex specialized projects or project groups. Prepare to outsource a significant level of the capital program. This is being done. \$1 million per year has been added to the budget for Program Management Assistance (PMA). *(Item 10 in the TransTech report and item #10 in the CGR database.)*
3. Conduct a comprehensive makeover of the entire Department to address a multitude of internal management and operations issues. Due to workload and other constraints, little progress has been made on implementing this recommendation. *(Item 11 in the TransTech report and item #11 in the CGR database.)*
4. Develop an asset management plan. A pilot asset management program was done at the Commodore Barry Bridge but no further action on asset management has been taken. *(Item 12 in the TransTech report and item #12 in the CGR database.)*
5. Establish a core team to begin to address DRPA’s approach to asset management. This has not been done. *(Item 13 in the TransTech report and item #13 in the CGR database.)*

In justifying the four additional staff the 2010 Audit Report provided the following opinions:

- A much higher program level is looming, requiring an increase in engineering work.
- Four positions could be insufficient.

- Recruiting four quickly will be a challenge.
- We presume that Departmental tools, methodologies, work habits, and skills are at expected levels of performance, which is not the case.

The Report pointed out that:

- Establishing a fixed baseline number for engineering staff is very difficult.
- Salaries are low especially at the higher end, and the report went on to discuss adding additional levels to Engineering's organization structure.
- Neither computerized nor hard copy systems exist that provide sure and ready access to facility and project information in some circumstances. This forces the staff into less efficient "work-around" solutions.

In relation to the makeover the Report pointed to issues that needed addressing including:

- Minimal training
- Blurred responsibilities
- Information technology security
- No sense of urgency
- Access to records is time consuming
- No performance indicators
- No salary differential for professional engineers (PEs)
- Compensation not based on performance
- No upward career path
- Lack of accountability
- Heavy administration load
- Low morale

In general, we agree with the Engineering findings and conclusions in the TransTech Management Audit report. However, the "significant increase in capital, rehabilitation, and maintenance projects" and "much higher program level", if they are guided by the Five Year Capital Program projections, may be more relevant to the 2008 – 2010 timeframe than the 2012 and onward years. The Engineering Department did a record \$112 million of capital projects in 2011 and is not likely to have a significant increase in workload in the next few years.

### **Strategic Plans of 2009 and 2012**

Two annual strategic plans have been prepared in the last five years. As described in our Executive Summary in Section 1.0, both are "graveyards" of good ideas for improving the business efficiency and effectiveness of the DRPA.

In the 2012 Strategic Plan, there are many goals, strategic objectives, approaches and initial tasks that would benefit Engineering and the DRPA in general. Those that affect the Engineering Department more directly indicate intentions for actions that include:

1. Right size use of technology and innovation.
2. Invest in employee development.

3. Aggressively recruit, hire, and retain quality employees.
4. Consistently enforce Authority policies and work rules.
5. Establish an asset management function and system
6. Develop a single Enterprise Resource Planning platform (“ERP”) across all business units
7. Institute E-Discovery for records management and retrieval
8. Streamline the contract administration process

We are told that the 2009 Strategic Plan has not yet been approved by the Board and we see little evidence that any of the above intentions in the 2012 Strategic Plan have been put into action, with the exception of the last one which is being addressed by two Lean Government projects and a pilot program with Bid Express, an online procurement tool that is planned to make the contracting process more electronic.

### **The Lean Government Projects**

The Lean Government projects are addressing a number of processes, some of which affect Engineering, for example:

- Process for Defining the Scope of Capital Projects. (Doc s 26, 407, 418)
- The Authority’s Contracts and Purchasing Approval Process. (Doc 23)
- Budget Process Improvement. (Doc 34)
- Streamlining the New Hire Process. (Doc 38)

The project titled “Process for Defining the Scope of Capital Projects” is ongoing, but, in an interim report, it has discovered that attention should be paid to (Doc 407):

1. “Lack of as-built drawings. Drawings are either inaccurate, incomplete, or are scattered across many different files.
2. Lack of standardization of paperwork. Each Project Manager completes varying amounts of paperwork for each project.
3. Lack of formal communication about project information. Project Managers rely on their inherent knowledge of the facilities and of the contractors.
4. Lack of an asset management program and Enterprise Resource Planning (ERP) system.
5. Lack of sufficient review by stakeholders particularly in the Design Phase. Scope changes or scope discovery occurs in the Construction Phase that leads to increased costs and time delays.
6. Lack of a Program Office that could globally view all Authority projects to identify commonalities for solutions to be developed for all facilities across the overall 5-yr capital plan, particularly with regard to technology decisions.
7. Lack of sufficient full time or temporary staffing for proper scope review at the onset of a project.”

The volunteer team working on a second-round Lean Government project titled “The Authority’s Contracts and Purchasing Approval Process” (Doc 23) is dealing with streamlining the approvals process.

The Budget Process Improvement project is credited with making the Engineering budget more accurate this past year, in particular by taking into consideration the capacity of the Engineering Department to undertake projects (Doc 368).

The project on Streamlining the New Hire Process is not currently affecting Engineering (Int 113).

The analysis work done on the Lean Government projects by the volunteer staff to improve processes is well done, but there is a lack of top management support and follow through to implement the project recommendations. As a result the Lean Government initiative is losing momentum and additional projects are not being planned (Int 100, 87, 84, 67).

The Lean Government initiative should be formally approved by executive management – it is mentioned in the CEO’s letter in the 2011 Annual report – and recommendations of the projects should be implemented as soon as possible.

### **Engineering Findings**

This section focuses on the areas that need improvements but this is not intended to diminish the Engineering Department’s many achievements to date. The Department is justifiably proud of the fact that it keeps within its overall budget each year, most projects are delivered to time and cost budgets, and it has a clear vision of its objectives.

Our findings for the areas that need improvement in the Engineering Department are set out below under the headings:

- Staffing and Organization
  - Number of qualified staff
  - Organization
- Processes
  - Procedures Manual
  - Reporting to the Board
  - Management Reporting
  - Document and Records Management
  - Use of Information Technology
  - Master Plan

The environment in which the Engineering Department operates is controlled by forces outside the Department. Even more important than the findings related to Engineering are the findings that some DRPA staff, both inside Engineering and outside, perceive that:

- The Board’s attempts to improve the DRPA can be construed as micromanagement; political decisions frustrate management’s efforts to improve business efficiency and effectiveness; low approval levels and the Board’s decisions to introduce more onerous processes, usually immediately and sometimes without a related policy in place, extend project times and costs (Int 84, 113)

- Salaries and benefits do not match competitive organizations and are not performance based; DRPA policies are not perceived to be applied consistently to all employees (Int 84, 113)

Further information about these issues that apply across the organization is set out in Section 3.0 above.

### ***Staffing, Organization and Outside Resources***

#### **1. Number of Qualified Staff**

The staff perceives that there is an insufficient number of qualified engineering staff to do the work that they have to do and achieve the quality that would satisfy them professionally. Justification for more staff is based on the following (Int 35, 84):

- Extra hours that have to be worked, many of which are not recorded in the paper based time recording system because they do not affect pay or comp time reimbursement
- The Engineering Department had more staff years ago when fewer projects of less value were done, for example, 23 staff in 2003 and 2004 when 23 and 29 projects with adjusted contract values of \$58 million and \$59 million were done, compared to 20 staff and \$112 million in 2011 (Doc 294)
- Staff may not always have the time to check the work of design consultants (Int 35, 481).

The amount of work that has to be done is determined by the engineers using the consultants' inspection reports and inputs from operation divisions. The candidate projects are reviewed through a series of meetings in order to select the highest priority projects for the capacity that is available. Some maintenance, for example, for safety reasons, has to be done as soon as possible; but other maintenance can be distributed over time to match the resources available.

Instead of staff, outside assistance is being used. The cost of Engineering Department staff is about \$2.3 million per year (2012 Budget); and about \$3 million per year is budgeted for outside assistance from 10 General Engineering Contractor's (GEC's) and three Project Management Assistance (PMA) firms, including \$1M per year recently added for the PMA's (Int 85, 88).

#### **2. Organization**

The Engineering Department has engineering managers under the Chief Engineer. The career path for senior engineers leads to a management position and does not provide for reaching the highest grades as an engineer instead of a manager.

The Engineering Department spends about \$100 million per year, yet is the only major department in the Executive Division in which the Chief does not report directly to the Chief Executive Officer. Furthermore, the DRPA organization structure (Section 2.0) in which the Chief Engineer, titled Director Engineering, is shown at a level below that of other Chiefs.

In addition, the salary analysis (reported in Section 7.0) reveals that 94% of the engineering staff has salaries below the midpoints for their grades. Two employees have salaries at the 2011 minimum and below the 2012 minimum for their grade.

## ***Engineering Processes***

### **1. Procedures Manual**

The Engineering Division has a Procedures Manual (Doc 14), revised March 2012, which covers seven areas:

1. Preplanning
2. Consultant Selection
3. Professional Services Agreements Administration
4. Competitive Bid Process – Construction Projects – Standard Engineering Contracts
5. Contract Administration
6. Competitive Bid Process – Procurement and Construction Projects Using Purchase Order Contracts
7. Homeland Security

Defined processes for management reporting and measuring quantitatively the performance of Engineering Department staff do not exist. Although more than three-quarters of the manual is devoted to selection and administration of outside resources, no mention is made of considering an outside resource's past performance in evaluating whether that outside resource should receive future work. Nor is there any mention of maintaining a database of the past performance of contractors and consultants. Both procedures are recommended by the Office of Federal Procurement Policy and allowed by federal law – 1994 Federal Acquisition Streamlining Act.

### **2. Reporting to the Board**

Each month Engineering produces reports for the senior executives, the Board's Operations and Maintenance Committee, and the Board. The main reports are in narrative format with little quantitative information (Doc 408). In addition a monthly dashboard containing tables, charts and graphs of cost and schedule information for the year is produced by an outside contractor from invoice information provided (Doc 410).

Each quarter, a detailed Project Status Update is produced on one of the major projects. It contains all necessary quantitative information, but it is only for one project and does not provide a quantitative overview of how the Department is managing its five groups of major assets – the four bridges and PATCO nor a measure of how the Department performed.

Annual budgets are prepared each year using A forms and M forms appropriately for each project. A forms are used for projects under \$200,000 and M forms for projects over that amount (Int 88). Each year, as a project progresses, the project budget is reduced to reflect the amount already spent. The annual budget has been significantly under spent in past years but in 2011, the first full year for the Operations and Maintenance Committee and the current Chief Engineer, the actual expenditure was much closer to the budget. In part this was due to improved processes identified through a Lean Government project.

In addition to approving the budget, and its accompanying list of projects, the Board also approves each project. Change orders are considered by the Operations and

Maintenance Committee and those approved and causing a project to exceed its budget by more than \$25,000 are submitted for Board approval.

### **3. Management Reporting**

Engineering employees allocate their time to accounting codes and key their timesheets into MS Excel. The Administrative Secretary keys time data into BANNER for payroll purposes and into spreadsheets. Details regarding the multiple times the data is keyed is set out in the Finance Division section (Section 4.4.3) of this audit report.

The Administrative Section of the Department summarizes the time data on each person's four-week MS Excel spreadsheet and calculates project costs based on standard costs for five groups of staff. The information is provided to Finance, who uses the figures as monthly figures. One month, usually November, contains summary figures from two four-week timesheets.

These figures show that the cost of staff allocated to capital projects during 2011 was \$1,165,242 (Int 85), which is about half of the annual budget for staff costs. There is no other data for management purposes entered on time sheets.

### **4. Document and Records Management**

Official project records are kept in the File Room; drawings are scanned and documents that are electronic are kept on the T-drive on the network and use the same indexing as is used in the File Room. However, project-related emails and spreadsheets are stored on the relevant staff member's personal computer. As a consequence, it is difficult to collect all the documentation for a project (Int 35, 84, 88). New members of staff have difficulty gathering information about past projects that they need to start a new project until they know who to ask for the information.

### **5. Use of Information Technology**

The Engineering Department uses MS Office, including calendaring and email, as its main office software. Each person has a single monitor.

The monthly dashboard is produced by an outside contractor because the Engineering Department was unable to find resources within the DRPA to write the script to produce the reports, even though the script is technically simple (Int 67).

Design work is done with the aid of AutoCAD, but there is no Geographic Information System (GIS) (Int 35).

### **6. Master Plan**

The Compact, as amended in 1992, requires the DRPA to maintain a Master Plan for construction and maintenance projects (Doc 119). The Engineering Department is not in charge of the preparation of the Master Plan, but it does assist in its preparation to the extent that it is requested to do so.

The most recent draft Master Plan is not a comprehensive list of engineering projects. We were told, by staff outside the Engineering department that nobody at the DRPA is in charge of the preparation of the Master Plan (Int 90). Furthermore, nobody was able to tell us its purpose or what criteria are used in selecting Engineering projects to include in the Master Plan. It seems that since initiating the annual Master Plan in 1996, only one question has been received about its content (Int 67, 87, 90).

## **Engineering Conclusions**

This section is divided into two sub-sections. The first records our conclusions in relation to the principal findings above. The second responds to the questions asked in the RFP. There is considerable overlap between the two sub-sections.

### **Conclusions Related to Principal Findings**

Within constraints placed on it by the internal environment, the Engineering Department is directed well by the Chief Engineer, who has been in the role about two years. He has a good understanding of the issues facing the Department and a clear vision of the direction in which the Department should go in the future. He has the support of his staff and he manages the Department so that most projects are delivered within annual estimates of time and cost. These results are achieved despite the challenges and issues that face the Department, the most serious of which are outside the control of the Chief Engineer and emanate from the environment in which the Engineering Department operates – see the introduction to Engineering Principal Findings above.

#### **1. Staffing and Organization**

##### **a. Number of Qualified Staff**

###### **i. Recruitment of Resources**

It is apparent that greater reliance is now being placed on outside assistance than in the past. We consider that the trend should continue in order to increase the amount of engineering work that can be delivered in the coming years.

However, while additional outside assistance can help to expand the staff's work, outside consultants cannot fully replace the roles played by staff – unless there is a revolutionary change to total outsourcing. Replacing staff due to retire and filling the open positions in the Engineering Department should proceed as quickly as possible. The policy that replacement cannot take place until a staff member has left is an impediment to an effective Department. An inadequate number of staff results in higher risk profiles for projects, which ultimately results in embarrassing mistakes, higher costs and delayed benefits.

###### **ii. Planning for Improvement**

In our opinion, the Engineering Department needs to attend more to program management, that is, management across all projects – improving quality assurance processes, identifying lessons learned from projects, and ensuring common processes, standards, and performance metrics are developed and used consistently on all projects. A central function, or Program Office, attending to Department wide issues could also reduce the number of distractions that we are told staff in Design and Planning and in Construction and Maintenance suffer. The effort could be led by a new Program Office in the Office of the Chief Engineer.

However, a strategic plan for Engineering; more quantitative analysis of the requirements; and measurement of staff utilization, productivity and performance would be required to:

- Prove the staff perceived need for more staff in the Engineering Department
- Estimate the quantity, skills, and grades of extra staff required
- Determine the best balance of investments in more efficient processes compared to more staff.

The Chief Engineer has already started on a Strategic Plan for his Department but, due to workload that he has, we consider that he is unlikely to complete it within a reasonable time frame without outside assistance. The strategic plan should attend particularly to:

- The projects planned for the next five years and to the capital budget for the projects matching the resource capabilities of the Engineering Department
- Staff productivity, and management processes required to increase productivity
- Required staff, skills and numbers
- The optimum level of reporting, including the information that should be reported to DRPA management, the O&M Committee, and the Board to ensure that the information is appropriately detailed, quantitative, is easily produced, and that it satisfies the recipients.

Considering the open positions and that a number of senior staff will be retiring over the next twelve months, recruitment of additional engineers should not wait for a strategic plan for Engineering, even though that would be ideal to right-size the Department.

### iii. Performance Measurement

At the present time, there is no quantitative analysis of staff utilization, productivity and performance, other than the annual project budgets. Measures should be introduced to determine standards and achievements against targets for these factors. Obviously, if utilization, productivity and performance could be improved it would be the equivalent of adding more staff.

**Utilization:** We are told that qualified engineering staff suffer distractions from their essential work, such as responding to requests from other departments/facilities and performing work that a CADD operator or technician could do. The calculation by the Engineering Administration Section that about half of the staff's cost was spent on capital projects in 2011 indicates that the distractions employees in the department suffer may be unreasonably high.

The other half of the staff's time needs to be analyzed to determine whether it is spent on retrieving information, attending meetings unnecessarily, responding to other departments' requests, interruptions and distractions or on other approved work. Time sheets need simple adjustments to capture management information as well as data for accounting and payroll purposes.

**Productivity:** Managers in the Engineering Department maintain a watchful eye on the work being done, but there are no measures or standards for productivity. It is easy for individual events to erode productivity without recognizing trends that could be corrected. Though it is difficult, a more formal approach to defining, measuring, analyzing, improving, and controlling productivity of the

professional work would bring benefits. The effort should not be restricted to staff productivity but should also include measurement of the work of contractors and consultants, for their work affect the productivity of the staff. For example, we are told that a few times in the past two years, construction has been hampered by errors in designs produced by outside resources, but it is difficult to discover what the effect is on costs, schedules, and staff productivity.

**Performance:** It is acknowledged that some engineers perform better than others. Analyzing staff time could also provide a measure of performance and the extent to which there is adherence to approved procedures, as specified in an upgraded Engineering Procedures Manual.

Adding technology that would improve document management and records retrieval, and provide automated workflow that measures and reports on response times for submitted documents could bring the management of the staff's time up to world-class standards.

## **b. Organization**

### **i. Career Paths in Engineering**

The Department should review the career paths for engineers. The idea that being a manager or director is the ultimate promotion ignores the value of a professional engineer and the fact that excellent engineers are not necessarily good managers. The review should consider providing a second career path for engineers, based solely on their value as an engineer, not a manager. Separating the grade from the role of a person is common in the military and in many technical and science based firms.

### **ii. Centralized Program Management**

The Department is currently weak in managing centralized functions and needs a Manager to address, amongst other things:

- Measuring utilization
- Measuring staff performance
- Improving business processes
- Implementing modern information technology.

It may also be appropriate to have a centralized function to reduce the distractions from essential work.

A centralized function, such as a Program Office, could be located in the Office of the Chief Engineer, and could be staffed with consultants initially, until the bulk of the urgent work is done.

### **iii. Organization Chart**

We can see no reason why the Chief Engineer is located at a lower level than the other Chiefs in the DRPA organization chart, and why he is not considered to be executive staff – as listed in the 2011 Annual Report.

It would be appropriate for the Chief Engineer to report directly to the CEO instead of the Deputy CEO, but we see little practical advantage in that reorganization.

## **2. Processes**

### **1. Engineering Procedures Manual**

The Engineering Procedures Manual, revised March 2012, is well written but needs extending to deal with many more of the Engineering Department's processes and to define standards for timeliness, performance, and productivity. The Procedures Manual does not comprehensively address many of the Department's processes. Examples include the different responsibilities and procedures depending on whether an outside construction manager is employed, change order and RFI procedures, measurement of performance, budgeting, and management reporting.

### **2. Reporting to the Board**

The Board emphasizes control of annual expenditure against the annual budget. The 2011 Annual Report states, "DRPA and PATCO will continue to manage costs in a manner that keeps operating expenses below budget limits". The same philosophy seems to apply to capital expenditure. This is a satisfactory way for a Board to monitor expenditure, but it relies as much on estimating the budget as it does on performance. The information that Engineering both generates for and receives from the Finance Department is directed towards achieving the Board's goal. The Engineering Department does an excellent job of controlling expenditure within the annual budget.

### **3. Management Reporting**

Due to the constraints on information systems support, engineering work is managed using only accounting information. This is a common practice in many organizations, particularly when the Information Services function is organized within the Finance Department. In fact, accounting information is periodic, too late for project management and accurate whereas Engineering requires information that is event-driven, proactive and timely, even if only approximate. Hence, for internal management purposes, the Engineering Department requires its own project oriented management information, in addition to periodic accounting information.

Our view of Engineering's management information requirements is supported by numerous authorities on best practices. For example:

1. Federal Transit Administration (FTA) Construction Project Management Handbook <http://www.fta.dot.gov/documents/FTA-CONSTRUCTION-PRJT-MGMT-HDBK2009.pdf> - Released September 2009. On page 9-9 the Handbook states:

*"An Agency that relies only on accounting information to manage project costs (that is fiscal year and chart of account based) and does not create a project cost control system (that is project-to-date and WBS based) finds that cost data appropriate for accounting controls is not helpful from a project cost management point of view."*

*In setting up procedures to process project transactions you should give careful consideration to ensuring that costs are coded by both their WBS and accounting codes so that they can be processed through both the cost control and accounting systems."*

Furthermore, the FTA states, in relation to cost control,

*"The WBS is the key control tool". "Good cost control also requires regular reporting of project costs ...you should use the WBS as the means to prepare reports at various levels of summary and detail."*

2. Department of Civil and Environmental Engineering, Carnegie Mellon University, Pittsburgh, USA.

[http://pmbook.ce.cmu.edu/12\\_Cost\\_Control,\\_Monitoring,\\_and\\_Accounting.html](http://pmbook.ce.cmu.edu/12_Cost_Control,_Monitoring,_and_Accounting.html)

*"Allocations of costs or revenues to particular periods within a project may cause severe changes in particular indicators, but have no real meaning for good management or profit over the entire course of a project."*

3. "Johnson and Kaplan argue: H.T. Johnson and R.S. Kaplan, *Relevance Lost, The Rise and Fall of Management Accounting*, Harvard Business School Press, pg. 1, 1987.

*"Today's management accounting information, driven by the procedures and cycle of the organization's financial reporting system, is too late, too aggregated and too distorted to be relevant for managers' planning and control decisions...."*

*Complementary procedures to those used in traditional financial accounting are required to accomplish effective project control, as described in the preceding and following sections. While financial statements provide consistent and essential information on the condition of an entire organization, they need considerable interpretation and supplementation to be useful for project management."*

#### **4. Document and Records Management**

Document and records management is a computer application that has particular merit for construction projects. Construction projects can easily become overwhelmed with paper documents. The ability to retrieve information quickly, which is not easy with paper documents, is a major factor in effective project management, staff performance and in avoiding claims on larger projects.

Currently, DRPA employees in Engineering rely on personal emails, spreadsheets and paper so project records are scattered across multiple locations, which makes information retrieval a lengthy process. The Engineering Department recognizes the issue and has taken steps to organize its documentation but needs to improve further its document and records management with a comprehensive computer-based system.

## 5. Use of Information Technology

The Engineering Department is grossly underserved with modern information management concepts and technology. It lacks modern systems for staff management, document and records management, automated workflow, asset management, electronic time recording and analysis, geographic information and portal access, consultant/contractor performance recording, project selection, workload planning, flexible and timely reporting and dashboards. Staff struggle with a single monitor, clicking backwards and forwards between several documents instead of having multiple monitors that display all the information they need at the same time.

The problems with being so far behind best practices in business processes and information technology are that:

- The performance level of day-to-day operations is invisible and cannot be efficiently managed.
- Employees waste time searching for information before they can start “workable work.”
- Duplicate data entry is common.
- Responses to service requests are slowed because information is not available.
- Timeliness of staff actions both on and off projects is not known.
- Teamwork and internal communications are reduced.
- The planning of work is not visible and does not provide a quantitative base for performance measurement.
- More knowledge is lost when employees retire or leave for positions in other organizations.
- Productivity of staff is reduced; time spent on distractions from useful work is not measured.
- Individual employees do their work in different, personal ways and do not always follow efficient and effective procedures.
- Decisions are not based on reliable and quantitative information.
- There is insufficient evidence to defend against criticisms of the Department.
- “Best” practices are not always used.
- The work done cannot be benchmarked against other organizations.

The current, extra costs of these problems are not known. Hence, justification for implementing modern processes in Engineering and related functions is difficult based on a reduction in measurable short-term costs alone. However, the immeasurable costs should make a modernization program worthwhile.

**Information Services Support:** One of the reasons that Engineering is so far behind in its use of information technology is because the role of the Information Services (IS) section of the Finance Department does not include proactively improving business processes throughout the Authority. In many organizations, an Information Technology (IT) Department typically provides support for the

modernization of business processes. At the Authority, this is not the role of the Information Services section.

Usually a lack of information technology is because the value of modern processes is not recognized by the executive management. This bodes badly for the upcoming ERP project. In this case, because the Information Services section has improved since it was placed under the control of Finance, the Engineering Department has also not pressed hard enough for process improvements – perhaps because it does not have staff in a central function addressing common, cross-project issues.

The lack of IS support is also shown by Engineering paying outside contractors each month to prepare reports/dashboard containing graphs and charts from data supplied to them by Engineering. This monthly processing costs about \$1,100 per month. It should be processed in-house.

The Information Services section does have plans to recruit a single Business Analyst, based on a recommendation in the 2010 Management Audit, but this hugely underestimates the amount of work to be done.

**ERP Project:** Much has been said about the ERP project which is envisaged as bringing all the Authority's administrative systems into the modern era. The project was started in 2009 and, as of September 2012, has made little or no progress. However, it is being revitalized and a new Request for Qualifications was issued with responses due October 5, 2012.

The original RFQ issued in early 2010 called for a review of all administrative processes and for replacement of the current computer systems, BANNER and PATCO's Unisys system, to be implemented first. Given the Authority's record of implementing change, this is likely to mean that the Engineering Department will receive no substantial benefit from the ERP project for at least five years.

We understand that the renewed approach will allow for standalone systems until ERP is implemented (Doc 458). While this opens the door to earlier benefits for Engineering, the possibility of the Engineering Department receiving benefits earlier is not matched by the inadequate resources that are planned to be devoted to the all-encompassing project (two Project Managers), to the Engineering Department, to the Information Services section and by the consulting organization selected after the first RFQ, notwithstanding potentially extensive use of system vendors' staffs.

Based on our assessment of the Authority's degree of organizational project management maturity, ERP will not be an easy project. The major problems will not be technical but will be related to defining and changing the Authority's processes. Surveys in the past, by the Standish Group and Gartner, have shown that a majority of similar projects fail due to poor planning and unrealistic expectations.

**Resources:** As the Information Services function and the ERP project are unlikely to provide early benefits and adequate support, Engineering should take it upon itself to modernize its processes and employ outside consultants to initiate the work. The work should be closely coordinated with that of Information Services so that compatible standards are used. The outside consultants could initially staff a unit within the Office of the Chief Engineer, enhancing the role of the Office in dealing with common and cross-project improvements. Later, at least two additional staff

should be assigned to the role, depending on how Information Services role is changed and the organization of the ERP project. It should be the responsibility of the Department, in this case Engineering, to bring in new systems rather than Information Services or Finance putting in new systems.

### **Answers to Questions Asked in the RFP**

This sub-section of the report specifically addresses the audit objectives and minimum scope of services required by the Request for Proposal for Yellow Book Management Audit (RFP) as they apply to Engineering. The content overlaps that in the previous sub-section.

#### **1. Audit Objectives**

The RFP requests an evaluation of the cost-effectiveness and efficiency of:

##### **a. Organizational Structure**

The Engineering Department is appropriately organized into four sections. However, within the Office of the Chief Engineer, a Program Office to attend to common, cross-project requirements is needed.

##### **b. Duties and responsibilities of management and staff**

Duties and responsibilities are appropriate with the exception noted immediately above.

##### **c. Management authority and span of control**

Management of Engineering lack authority to recruit and manage staff, apply DRPA policies and implement Strategic Plan and Lean Government project recommendations consistently. The staffing of day to day functions is well within management's span of control.

##### **d. The effectiveness of policies, processes and strategies**

Most Engineering projects are delivered within annual time and cost budgets. However, the effectiveness of policies, processes and strategies needs improving, which could be achieved by quickly implementing policies and plans already prepared and applying them consistently. Increased visibility into operations and staff utilization, productivity and performance is needed to target improvement efforts to areas where they are most needed and most likely to succeed.

##### **e. Staffing levels**

Staffing levels appear tight but the daily work is being done. Staffing levels do not seem to allow staff time for longer term improvement projects. Reducing distractions, improving processes and measuring productivity would help to right-size staffing levels. A strategic plan for Engineering, to match anticipated workload with resources, is needed to optimize long-term effectiveness.

**f. Duplicative and/or redundant staff functions**

Business processes need modernizing. Too much paper is generated, processed, filed and infrequently retrieved. Employees spend time rekeying data and searching for information.

**g. Operating costs and opportunities for cost reductions**

Day to day operations are being performed but the amount of manual work needs to be decreased and the visibility into operations needs to be increased. Critical information that would allow management to exercise long term control of costs needs to be gathered. Strategic plans and Lean Government projects that generate ideas for process improvements and cost reduction need to be encouraged and implemented. Investing in means of reducing costs may seem expensive but the cost of repeating unnecessary work day in and day out ultimately costs more. Cost reductions in Engineering depend upon more efficient processes, adopting strategic initiatives and the results of Lean Government projects quickly, selecting engineering projects to agreed standards, right-sizing staff numbers, applying DRPA policies consistently, and continuously supporting the actions that the Chief Engineer proposes to improve the direction and management of his Department.

**h. Reasonableness of salaries and benefits compared with regional industry standards**

The ranges of salaries for the grades in the Engineering Department are reasonable, but the application of salary and benefit policies has staff tied to the low ends of their ranges, with benefits reduced from those provided a few years ago. This effect is particularly noticeable in the higher salary grades. The solution is not to change the grade salary ranges but to enable merit based salary increases within grades, promotions to higher grades and allow engineers to achieve higher grades without having to become managers.

**2. Scope of Services**

The RFP requires the audit to:

**a. Review the Authority's Governing Documents and evaluate the management and operational practices, business processes, internal controls and policies, organizational/reporting structure, staffing levels and deployment within DRPA Administrative and Support Functions.**

The Authority's Governing Documents are evaluated as a whole in Section 3.1 of this report. As far as Engineering is concerned:

- The Strategic Plan needs to be implemented.
- The 5-Year Capital Program needs refinement to ensure that the expenditure planned is practical. A Lean Government project on Budget Process Improvement is addressing part of this.
- The Master Plan needs a complete overhaul or elimination. Its purpose, scope, content and audience are unclear.
- The vision for the Authority needs to be explained to the staff more clearly.

Management and operational practices can be improved. Management lacks timely information on which to base decisions and does not obtain top management support for improvement ideas that are generated. Many operational practices are reminiscent of decades ago when operations were much more manual than they should be today.

Business processes are largely manual. While this appears appropriate for the number of staff in Engineering, it precludes visibility into operations, makes management of staff productivity more difficult, and costs more than automated systems.

Internal controls and policies suffer from the same issues as business processes. Visibility into operations needs improvement to ensure that internal controls and policies are effective.

The organizational/reporting structure is satisfactory. However, information that is reported is accounting-based and provides limited information for day-to-day Engineering management. Particularly for Engineering, which is largely project based, information needs to be more timely, event-driven and able to be reported flexibly by the Engineering staff using appropriate software.

Staffing levels are sufficient for day to day operations due to the use of outside consultants and contractors, but there is a shortage of staff to attend to longer term projects and Department-wide, cross-project improvements.

**b. Assess the management practices within DRPA's Administrative and Support Functions with specific emphasis on the following criteria:**

**i. Identify and evaluate policies and procedures for effectiveness and adherence to legal, regulatory and contractual requirements.**

Effectiveness of policies and procedures would be improved if they were applied consistently and if new policies and procedures recommended in Strategic Plans and Lean Government projects were quickly authorized and implemented. Policies and procedures meet legal, regulatory and contractual requirements. Section 6.0 contains related recommendations.

**ii. Assess the extent to which activities and operations reinforce the Authority's mission, goals, and objectives and Board directives.**

Activities and operations reinforce the Authority's mission, goals, and objectives and Board directives.

**iii. Assess the extent to which programs or activities duplicate, overlap, or conflict with other related programs or activities.**

At the higher level, programs rarely duplicate, overlap or conflict with other programs, but activities duplicate, overlap or conflict with other activities. For example, multiple copies of documents are filed multiple times in different departments; the same data is keyed into computer systems multiple times; legal wording copied from previous contracts is reviewed multiple times; multiple departments overlap in checking retention.

**iv. Evaluate the effectiveness of internal control structures, including the control environment, information and communication systems, risk assessment, and monitoring process.**

Internal control is effective. However, internal control structures suffer from visibility into processes and limited management information. Departmental management control is not well supported by top management. Information and communication systems are outdated. Risk assessment is informal, which is acceptable for small projects but not for large, and the monitoring processes is not refined, depending largely on word of mouth and qualitative progress reports.

**v. Assess the extent to which management practices are consistent with industry standards and best management practices.**

Management practices are consistent with industry standards of many years ago, but since then best management practices have upgraded to ensure that information is readily available through the use of databases, intuitive user interfaces, user generated reporting and dashboards, mobile communications, automated workflow with measurement of response times, and many other automation tools. Organizationally, a vision for the Authority has not been well communicated to all staff.

**vi. Assess the adequacy of long-range and short-range plans to assure the effective and efficient performance of its functions.**

The Engineering Department needs to complete a strategic plan to assure the long-term effective and efficient performance of its functions. Short-range plans are more informal and their effectiveness and efficiency are difficult to assess due to the lack of quantitative management information. However, the Board and top management are satisfied because Engineering contains expenditure within annual budgets. Many specific projects have a solid base because they are determined by triaging the recommendation of senior engineers, bridge engineers and outside consultants who do bi-annual inspections of the four bridges' and PATCO's assets.

**vii. Assess the appropriateness of the organizational structure and reporting alignment to ensure timely and informed decision making.**

As stated above in previously, the organizational structure is satisfactory in Engineering. However, Engineering should strengthen its central function that is currently not adequately attending to cross-project capabilities. Depending on the utilization of the staff, which is not measured, it may need to consider a function to deal with distractions from engineering work, such as requests from other departments.

The current reporting alignment is not suitable because projects have to rely heavily on accounting information and do not proactively obtain critical information in a timely manner for managing the large number of projects that the Engineering Department manages.

**viii. Assess productivity and utilization level of staff resources and appropriateness of staffing levels. Evaluate the existence and quality of succession planning and adherence to succession planning to ensure future success and seamless functionality.**

With very little relevant information it is difficult to assess productivity and utilization levels of staff resources. We were told that distractions consume a significant part of Engineering staff's time. With the aid of outside resources, currently approved staffing levels are able to manage the planned projects. An environment in which staff had more management support, better processes, and easier access to information would enable more work to be done.

The existence of succession planning is not a current issue in Engineering, where there are a number of senior engineers, and the Chief Engineer has been in place only about two years. However, five to seven employees could retire in the foreseeable future; and recruitment of qualified engineers to replace them is an issue. The policy of not replacing staff until they have left needs review, considering the protracted time the recruitment process requires. Of concern is that senior succession planning tends to focus on promotion to management whereas a professional career path to the highest grades, without a management position, is missing.

**ix. Assess the quality and effectiveness of communication within each Division and other Authority units.**

Communications within the small units that comprise the Engineering function is informal and satisfactory. Unified communications is not available at the DRPA. The tendency for each Department to be its own silo has been breaking down due to inter-departmental teams working on Lean Government projects.

**x. Evaluate the capacity of the performance management controls and reporting systems to ensure accountability and control excessive, inappropriate, or inefficient spending.**

The performance management controls and reporting systems are of two types - accounting based and informal. The informal controls and reporting rely on the professionalism of the managers and engineers to control excessive, inappropriate, or inefficient spending. The Chief Engineer takes an aggressive approach to controlling spending. In particular, an aggressive attitude is taken towards change orders. We have no reason to doubt that the capacity and controls are anything but effective.

**xi. Assess the effectiveness of technology applications utilized in performing its functions.**

Engineering is suffering greatly from the lack of modern technology applications, such as staff management, records management, automated workflow, asset management, electronic time recording and analysis, geographic information and portal access, consultant/contractor performance recording, project selection, workload planning, flexible and timely reporting and dashboards.

**xii. Evaluate methods for managing performance of administrative services by consultants or contractors to ensure compliance and cost-effectiveness.**

Engineering has standard methods to ensure compliance and cost-effectiveness. The quality achieved is dependent on the staff member managing the task. Past performance of consultants and contractors is not formally considered. Better quality assurance of outside design work appears to be needed.

**xiii. Assess whether administrative and/or operating units have produced intended results or produced results that were not consistent with program objectives or Governing Law.**

Engineering produces intended results that are consistent with program objectives and Governing Law. The vast majority of engineering projects are delivered within the annual time and cost budgets.

**xiv. Assess the extent to which the Authority is focusing resources on activities outside of its core mission.**

Engineering no longer spends significant amounts of resources on activities outside of the Authority's core mission.

### **Engineering Recommendations**

Our recommendations take into account that one of the main characteristics of the DRPA environment is that many good management ideas are generated and recorded in Strategic Plans, Lean Government projects, other audit reports, and other documents. However, many of the ideas are not implemented, or are only partially implemented. They often appear again in later documents. This has been a major influence on our recommendations and has led us to recommend greater use of outside consultants for improvement projects.

All the staff issues set out above in Findings need to be resolved but they are largely outside the control of the Engineering Department. In addition:

- The actions described in the 2012 Strategic Plan should be implemented, for example, right-size technology, consistently enforce policies, establish asset management, implement ERP, develop key performance indicators, review compensations and update Intranet pages.
- The Lean Government initiative should be formally adopted by the DRPA, and the results consistently applied.
- Internal communications should be more open; strategies should be explained more fully to the staff; and facilities for internal electronic communications should be improved with automated workflow and document sharing capabilities.

Additional details are provided in other parts of this report. Within the control of the Engineering Department, we recommend the actions listed below.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
ENG1	<p><b>Measure Engineering Staff Performance</b></p> <p>Immediate attention should be paid to measuring and analyzing staff utilization, productivity, and performance, even though the extent to which this can be done may be limited by the current paper-based processes.</p>	6/30/13
ENG2	<p><b>Improve Engineering Project Controls</b></p> <p>Project scope, cost and schedule control should be initiated for internal Engineering management purposes, in addition to the annual budgeting and monthly reporting used to control project expenditure within annual budgets. Baselines for each project should be established at the conclusion of preliminary engineering and used for control throughout the project. The guidelines set out in the Federal Transit Administration (FTA) <i>Construction Project Management Handbook</i>, or other similar guidelines, should be followed.</p>	12/31/13
ENG3	<p><b>Establish Engineering Program Office</b></p> <p>A central function or Program Office should be set up under the auspices of the Office of the Chief Engineer within the Engineering Department to attend to common issues across all projects. As this is an essential prerequisite for significant improvements in the Department, outside consultants should be employed until suitable replacement employees are recruited or assigned.</p> <p>At least three suitable staff will be required in the Engineering Program Office, even if the Information Services section develops a capability to support process improvements in Engineering as well as attending to the ERP project replacing existing DRPA and PATCO computer applications. Work of the Program Office could include:</p> <ul style="list-style-type: none"> <li>Modernize processes. The modernization of processes should be closely coordinated with Information Services and adopt compatible standards.</li> <li>Reduce the amount of paper used and make information retrieval easier.</li> <li>Initiate project scope, cost and schedule control with proactive, event-driven management reporting.</li> <li>Set and maintain utilization, productivity and performance targets.</li> <li>Minimize distractions for project staff.</li> </ul>	3/31/13

	<p>Take over the extension and maintenance of an on-line Engineering Procedures Manual.</p> <p>Assist with preparing a Strategic Plan for Engineering. The Plan should be prepared as soon as possible by outside consultants, and be used as a basis for right-sizing the staffing of the Department.</p> <p>Help to increase the quality assurance of design work before construction.</p>	
ENG4	<p><b>Continue to Recruit Technical Staff</b></p> <p>Recruiting, already initiated, to replace retiring staff and fill open positions should be continued without waiting for the Engineering Department Strategic Plan.</p>	Ongoing 3/31/13
ENG5	<p><b>Provide Technical Career Path for Engineers</b></p> <p>The organization of the Department should be reviewed with an eye to providing a professional engineering career path to the highest grades, without the necessity for professional engineers to take a management position.</p>	3/31/13
ENG6	<p><b>Maintain Engineering Project Dashboard Internally</b></p> <p>The processing of the monthly dashboard, currently done by an outside contractor, should be brought in-house.</p>	3/31/13
ENG7	<p><b>Continue Use of Construction Project Contractors</b></p> <p>Balanced with an appropriate increase in staff for essential staff roles, the increased use of outside GEC's and PMA's should be continued to deliver the projects planned for the next five years.</p>	Ongoing 3/31/13

Only the second recommendation above will require additional investment other than staff time, which is in short supply. While it is difficult to estimate the benefits from the actions recommended, we expect that each of the actions will be economically justified.

### **Impact of Recommendations**

In all organizations that have one, the role of the engineering function extends far beyond its immediate organization boundaries. At the DRPA, the efficiency and effectiveness of the Engineering Department will be measured in the cost and quality of the Agency's constructing and maintaining physical assets as well as its management of the many contractors and service providers they employ. The recommendations contain many recommendations that, if implemented, will produce both short and long-term improvements.

## 4.2 Administrative Division

This division includes personnel functions, risk management, safety, and several other departments.

### 4.2.1 Safety

The DRPA Safety function is discussed in this section. PATCO Safety is described briefly also. While PATCO functions are out of the audit scope, DRPA Safety overlaps PATCO Safety with its activities. The following table shows the 2012 budget for the DRPA Safety Work Center.

Work Center Code	300211
No. Employees	2
Employee Related Costs	\$189,000
Other Expenses	\$110,000
Total:	\$298,000

The DRPA Safety function reports to the Director of Risk Management and Safety. DRPA Safety has two safety specialists. The scope of the DRPA Safety unit covers all functions except PATCO and Public Safety-specific safety training. The DRPA Safety unit covers approximately 570 employees. This responsibility includes the Bridges, One Port Center, the Ferry, and formerly the Cruise Terminal when it was active. The unit covers both employees and contractors. (Int 29)

PATCO has its own safety unit, and Public Safety has officers who provide police-specific training. All three safety units cooperate and share resources and expertise.

DRPA also uses a contract safety consulting firm for DRPA Owner-Controlled Insurance projects (OCIP) to assure contractor compliance with Occupational Safety and Health Administration (OSHA) regulations and DRPA safety requirements. The DRPA Safety unit assures adequate contractor assistance is provided. (Int 16) The budgeted cost for these professional services is \$80,000.

DRPA has a Safety Administration Manual (SAM) that generally reflects or exceeds OSHA standards. DRPA, as a public agency, is not regulated by OSHA. PATCO has its own safety function that follows Federal Transit Administration (FTA) system safety standards. (Int 16)

One of the DRPA Safety Specialists has been at DRPA for 20 years, all in Safety. He is an Advanced Safety Professional as designated by the National Safety Council and has attended extensive safety training. Prior to DRPA, he worked as a natural gas technician for Washington Gas Works. (Int 29)

The other DRPA Safety Specialist has been at DRPA for 30 years, starting as a toll collector. He then progressed through the Bridge Construction and Maintenance group. Ten years ago, he was promoted to a dual role of Maintenance Supervisor and Safety Specialist. For a period, he filled in for regular maintenance supervisors when needed. For approximately the last five years, he has been completely dedicated to Safety. He is also an Advanced Safety Professional and he has his Hazardous Waste Operations and

Emergency Response Standard (HAZWOPER) certification for addressing hazardous materials. (Int 29)

The DRPA Safety unit had two and one-half Safety Specialists until about six years ago. When one full-time specialist retired, the position was not refilled. However, the combination Maintenance Supervisor/Safety Specialist position was dedicated solely to Safety about that time. Safety and Risk Management have no administrative support. (Int 29)

### **DRPA and PATCO Safety Activities**

The DRPA Safety unit has a number of ancillary duties in addition to employee and contractor safety. It interfaces with DRPA Homeland Security and Public Safety departments and helps ensure contractors have proper badges. It conducts fire drills and DRPA facility familiarization tours for local fire departments and other relevant agencies. (Int 29)

Safety Specialists attend pre-bid and preconstruction meetings to explain DRPA's safety requirements and conduct safety orientations for new hires. They also participate in emergency preparedness planning and administer the hazardous materials right-to-know program. The Safety unit also works cooperatively with the Engineering Environmental Coordination Committee. The unit also provides training and support for DRPA's Fleet Safety Program. (Int 29)

DRPA Safety also administers the drug and alcohol testing program for pre-employment, reasonable suspicion cases and post-accident situations. It also conducts the required FTA random drug and alcohol testing for the approximately 150 police officers and 160 bridge construction and maintenance workers included in the FTA program. (Int 29)

The Safety unit recognizes the safest bridge annually at the Safety Open House. It also recognizes bridges that have an accident free month with some small scale event, such as a barbeque. DRPA Safety had more extensive safety recognition programs in the past but now has more limited budget resources. (Int 29)

The PATCO Systems Safety Program unit has multiple responsibilities, including: system safety, employee safety, security, hazardous materials, drug and alcohol testing and emergency preparedness. The system safety function takes approximately 25% of the unit's time and involves implementing and administering the Federal Transit Administration (FTA) system safety program that is focused on both passenger and public safety. This is a federally mandated program, 49 CFR Part 69, and is similar to the federal natural gas pipeline safety program. The FTA has delegated PATCO compliance enforcement to the NJ Department of Transportation, which, by agreement, oversees the Pennsylvania portion of the PATCO system as well. (Int 25)

The PATCO Systems Safety Program Manager has a degree in environmental science. Prior to joining PATCO, he worked as a health and safety specialist for PECO and Consolidated Edison and has 10 years of experience in nuclear and fossil power plants and transmission and distribution. He also has experience in asbestos inspections and remediation. The Manager reports to the PATCO General Manager. (Int 25)

The PATCO Systems Safety Program unit includes two Safety Specialists and one administrative support person. Both of the safety specialists have up-through-the-ranks

backgrounds but have been focused on safety for many years and have extensive relevant experience and training. (Int 25)

The PATCO employee safety program also takes up approximately 25% of the unit's time. It includes typical educational and review elements. The unit works closely and cooperatively with the DRPA safety specialists. There is a formal monthly Central Safety Committee meeting and weekly or more often communications between DRPA and PATCO safety units. The DRPA and PATCO safety units share knowledge and resources. For example, PATCO Safety trains Ben Franklin Bridge workers on proper work procedures around the third rail, and DRPA Safety provides defensive driving classes to PATCO. (Int 25)

The PATCO hazardous materials function maintains the Material Safety Data Sheets (MSDS) and provides the necessary education and support for employees. The FTA mandates an extensive random drug testing program, which the Systems Safety Program unit administers for PATCO employees covered by the program. The unit also prepares and maintains the emergency preparedness plan, coordinates with related agencies and conducts the required annual drill. (Int 25)

Claims Administration reports safety performance for each major DRPA unit, including PATCO. The Monthly On-the-Job Injury Analysis report calculates an injury frequency rate that is similar to the OSHA incident rate. The medical only and lost time accidents are compared to the hours worked for each work unit. (Int 25, Int 29)

There are several tangible elements of the DRPA and PATCO safety programs. These include:

- DRPA Safety Administration Manual
- Central Safety and Health Committee with executive management and safety specialist members
- Health and Wellness Subcommittee
- Environmental Health and Safety Subcommittee
- (Safety) Programs and Activities Subcommittee
- (Safety) Rules and Procedures Subcommittee
- Incident/Accident Investigation Subcommittee
- Safety Coordinating Committee
- PATCO Joint Workplace (Safety) Committee
- Workplace Safety Committee
- Drug and Alcohol Awareness Program
- Administrative Safety Guide
- DRPA Hazard Communication Policy
- Fleet Safety Program
- PATCO System Safety Program Plan

- PATCO Safety Rules for Employees
- Annual DRPA/PATCO Safety Awareness Open House Programs

### Safety Related Prior Audit/Strategic Plan Items

A related item included in the Strategic Plan is described below. A progress assessment was conducted with DRPA managers. The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers and has two components:

**Priority:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
<b>Strategic Plan 2012 (Doc 36)</b> <i>(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)</i>			
65*	Risk Management & Safety Expansion	B1	● Green

DRPA managers reported that the central safety and health committee meets monthly. (Int 16) There are a number of coordinated safety programs under way. Examples were provided and include Documents 341, 340, 336, 255, 256, and 253.

### DRPA Safety Findings & Conclusions

- DRPA and PATCO employee safety performance, as measured by the Injury Frequency Rate (IFR), has been improving. The following table shows the trend from 2009 through April, 2012.

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<sup>6</sup> Multiple documents provided by interviewees

**Analysis of DRPA Injury Frequency Rate (IFR)**  
**Source: Monthly On-the-Job Injury Analysis Reports**  
**(Int 29)**

**Injury Frequency Rate**

*((Medical Only Injuries + Lost Time Injuries) X 200,000)/(Actual Hours)*

Unit	2009	2010	2011	2012 through April
One Port Center	0.0	4.4	1.9	1.2
Ben Franklin Bridge	17.5	10.1	11.0	9.6
Walt Whitman Bridge	15.9	16.9	10.0	2.6
Commodore Perry Bridge	15.5	6.3	7.9	4.9
Betsy Ross Bridge	5.4	4.9	6.8	2.6
PATCO	20.7	15.6	17.1	13.9
PPC Cruise Terminal	0.0	0.0	0.0	N.A.
<b>Total</b>	<b>14.6</b>	<b>11.4</b>	<b>10.5</b>	<b>6.6</b>

- From 2009 through 2011, the total IFR went from 14.6 to 10.5. For the first four months of 2012, it has fallen further to 6.6. This shows that DRPA has been experiencing injuries at a lower rate over time. Only One Port Center and the Betsy Ross Bridge units have not shown improvement since 2009, but they are the lowest overall.
- While DRPA has achieved improvements in reducing the rates of injuries, the rates are still too high. For 2010, the last year the Bureau of Labor Statistics reported national data, the IFR comparable OSHA incidence rates for similar industries are as follows:
 

Private Industry Heavy and Civil Engineering Construction:	3.7
Private Industry Transit and Ground Passenger Transportation:	5.1
Private Industry Finance and Insurance:	0.7
Private Industry Repair and Maintenance:	3.3
Local Government Heavy and Civil Engineering Construction:	8.6
Local Government Transit and Ground Passenger Transportation:	6.9 <sup>7</sup>
- DRPA and PATCO, in general, should make additional strides in safety to achieve industry average performance.

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<sup>7</sup> Bureau of Labor Statistics News Release USDL-11-1502, October 20, 2011

*DRPA Preliminary Review Response: Each month, executive and senior level staff meet at a Central Safety & Health Committee meeting. We discuss Authority and industry safety trends, and individuals report on safety issues. It is the stated goal that each facility (e.g., the bridges, PATCO, and OPC) endeavor to be accident and injury free. The stated benchmark is 0% injuries, and we recognize those departments and facilities that meet this benchmark. Each year, in June, we host Safety Awareness Open Houses at each facility and provide safety instruction to all employees who attend. During those open houses, we reinforce the Authority's commitment to an accident-free workplace, and encourage all employees to strive for 0% injuries. We even stress good safety practice at home.*

- There are no DRPA or PATCO targets for safety performance. It is a good business practice to set reasonable safety performance targets appropriate for each organizational unit that will eventually lead to better than average safety performance. Many high performing organizations recognize that employee safety performance is also a good indicator of work quality. That is, safe organizations generally employ good work procedures as well.

*DRPA Preliminary Review Response: Each month, executive and senior level-staff meet at a Central Safety & Health Committee meeting, which is chaired by the Chief Administrative Officer. At those meetings, staff discussed Authority and industry safety trends. Attendees report on safety issues and trends. It is the stated goal that each facility (e.g., the bridges, PATCO, and OPC) endeavor to be accident and injury free. The stated benchmark is 0% injuries and accidents, and, each month, we recognize those departments and facilities that meet this benchmark.*

- There is no integration of achieving safety performance with employee performance plans and reviews. It is a good practice to embed the safety targets in the performance plans of managers and supervisors. That is, managers and supervisors should be evaluated on the safety performance of their organizations. This would promote management and supervisory ownership of safety performance. Safety units can provide professional assistance, but safety is best promoted by line management, from the top down.

*DRPA Preliminary Review Response: Safety performance is integrated in all employee performance plans and reviews. Please see the attached safety competency which is what is and has been used in the Authority's performance management program. Safety issues and concerns are regularly discussed at executive and senior-level staff meetings, and are routinely addressed with front line staff at morning musters.*

- The DRPA and PATCO Safety units report that the employee progressive discipline program for safety violations is underutilized. It is imperative that safety rules be enforced to achieve good safety results. A principal tool for this is for supervisors to discipline workers who disobey safety rules.

*DRPA Preliminary Review Response: We agree with this recommendation.*

- While DRPA Bridges and One Port Center, PATCO and the Police maintain separate safety units, there is little overlap and there is good communication and cooperation

among the safety units. Each has an appropriate reporting relationship that provides adequate independence. There is no need to centralize the three units as long as the cooperation and communication among the units continues. However, if DRPA elects to form an Enterprise Risk Management function, the DRPA and PATCO safety units would be candidates to join that function.

- There are no chargebacks of costs of injuries to the responsible organizational unit. Refer to the Claims Administration section (Section 4.3.2) for information on the cost of workers' compensation and employee judgments and settlements. A good business practice is to charge the unit that incurred the injury with the costs of the injury. This would encourage rational economic behavior by managers and supervisors to prevent injuries and their costs.

### DRPA Safety Recommendations

The recommendations that follow include a recommendation for a follow up milestone date. The DRPA preliminary review made comments on SA2, SA3, and SA5. These are recorded in our recommendation summary.

Identifier	Recommendation	Review Date
SA1	<p><b>Establish Annual Cascading Safety Targets</b></p> <p>Set annual DRPA-wide goal for safety performance with complementary appropriate cascading goals to individual divisions and work units. Work units with greater risk exposure would have higher targets than less dangerous work units. The targeted improvement each year should be realistic and supported by chartered and adequately resourced improvement initiatives that can be reasonably expected to achieve the targeted improvement.</p>	6/30/13
SA2	<p><b>Integrate Cascading Safety Targets into Employee Performance Plans</b></p> <p>Integrate the achievement of the relevant targeted safety improvement into employee performance plans for each executive, manager and supervisor. Base a significant portion of the employee's evaluation on whether or not targeted safety performance is achieved. In addition, include the accomplishment of each safety improvement initiative in the relevant executive's, manager's, supervisor's, and professional's performance plan.</p>	12/31/13
SA3	<p><b>Utilize Progressive Employee Disciplinary Processes for Safety Violations</b></p> <p>Encourage managers and supervisors to follow the established progressive disciplinary process for employees who violate safety rules.</p>	3/31/13

Identifier	Recommendation	Review Date
SA4	<b>Charge Safety Related Cost to Departments</b> Charge the costs of employee injuries back to the work unit responsible for the employee injured.	6/30/13
SA5	<b>Include Safety in Risk Management Function</b> Consider DRPA Safety organizational reporting in the event an Enterprise Risk Management (ERM) function is established.	12/31/13

### Impact of Safety Recommendations

Strengthened awareness of safety should be expected to reduce lost time and workers compensation costs while improving employee wellbeing.

#### 4.2.2 Risk Management

The DRPA Risk Management and Safety department reports to the Chief Administrative Officer. This section of the report addresses the risk management responsibilities of this organizational unit. The safety responsibilities are covered in the Safety section of this report, Section 4.2.1. The Authority's cost accounting structure has two separate work centers for the two functions. (Int 16)

The 2012 budget for the Risk Management Department is shown in the following table:

Work Center Code	300212
No. Employees	1
Employee Related Costs	\$122,000
Other Expenses	\$3,291,000
Total:	\$3,413,000

Other expenses include the cost of insurance and professional services related to risk management.

The Risk Management Director joined DRPA in 2008, filling a four year gap between the departure of the last DRPA insurance expert and her arrival. The current Director has 30 years of experience in the insurance business, primarily as a broker to government agencies in Pennsylvania, New Jersey and Delaware. There is no support staff for Risk Management. A previous Risk Management administrative support position has been left vacant for several years. (Int 16)

The Director of Finance provides Risk Management with an asset list for insurance purposes. This list was confirmed by the Risk Management Director in a tour of DRPA facilities. Risk Management also monitors monthly board meeting minutes for significant purchases or contracts, and it also gathers information on additional or changing risks at the monthly senior staff meetings. (Int 16)

### Risk Management Related Prior Audit/Strategic Plan Items

Related items that have already been proposed in the TransTech audit and Strategic Plan are provided below. There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. So progress assessments were conducted for some items with DRPA managers.

The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The progress assessment code has two components:

**Priority:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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**TransTech Audit – 2010 (Doc 20)** *(Items are from the Risk Management Section.)*

56	Item 94. Risk Management Committee Formation	C3	● Yellow
57	Item 95. Balanced Enterprise Risks	C2	● Red
58	Item 96. Risk Manager Role Determination	A1	● Green
59	Item 97. Issue RFQ to Insurance Brokers	A1	● Green
61	Item 99. Risk Management Information System Requirements	B1	● Red

**Strategic Plan 2012 (Doc 36)**

*(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)*

63*	Core Team for Security & Emergency Management	B2	● Yellow
65*	Risk Management & Safety Expansion	B1	● Green

The following are findings related to the recommendations or the progress evaluations provided by DRPA managers.

- The recommendation from TransTech for Item #56 reviewed the concept of Risk Management and who should serve on a risk committee in addition to the Director of Risk Management. Their report (Doc 30, page 174-175) provided a summary and set

- of criteria from Standard & Poor's to assess the maturity level of an Enterprise Risk Management function. A subcommittee for risk management issues has been a part of the Central Safety and Health Committee. (Int 55)
- Item #57 recommended that the Risk Management Committee establish a loss-tolerance and determine strategic, operational and financial exposures. This would enable DRPA to balance risk exposure against the cost of hedging strategies. (Doc 20)
  - The priority of a Risk Management Information System was rated low by the DRPA managers, Item #61. The TransTech audit estimated the cost to be \$50,000-\$150,000 and applicable annual fees. (Int 54)
  - No Core Team, Item #63, has been established as specified in the 2009 and 2012 Strategic Plans. Some activity is occurring in the DRPA Department of Homeland Security/Emergency Management. (Int 54)
  - The central safety and health committee meets monthly. There are a number of coordinated safety programs under way. Examples include the following documents:
    - Recent Training (Doc 340),
    - Public Safety Annual Report (Doc 340)
    - Public Service Policy – Use of Vehicular Pursuit (Doc 336)
    - DRPA Safety Committee List (Doc 255)
    - Safety – March Brochure (Doc 256)
    - Safety Open House Booklet – 2011 (Doc 253)

### **Risk Management Findings**

DRPA has traditionally relied on two insurance brokers, one in New Jersey and one in Pennsylvania, to provide all insurance coverage. DRPA reengineered the insurance procurement process in 2010. Five packages of insurance were identified for bidding:

1. Traditional property and casualty (approximately \$1.4 million in cost per year)
2. Bridges property and casualty (approximately \$2.6 million in cost per year)
3. Owner Controlled Insurance Projects (OCIP) (approximately \$1.7 million in cost per year)
4. Safety and Loss Control (part of OCIP paid by the DRPA Engineering Department)
5. Health Insurance (budgeted and administered by the Benefits section – see the Human Resources section of this report) (Int 16)

Risk Management administers the first four packages, and Benefits Administration handles health insurance. Proposals were solicited and multiple bids for each package were received in both 2010 and 2011. The 2010 iteration was cancelled all together and the 2011 iteration was suspended for a period. Evaluation teams have been formed for each package, and evaluation forms are ready and the bids are in hand. During the suspension, DRPA extended current policies as they came to expiration. (Int 16)

DRPA is self-insured for fleet damage. The Fleet Department repairs damage as incurred. For the insurance policies, DRPA utilizes varying amounts of deductibles with catastrophic coverage in place for major risks. (Int 16)

### **Risk Management Conclusions**

Principal conclusions related to Risk Management include:

- The Risk Management function appears to be expert in and well organized for administering traditional insurance functions. Documentation of brokerage service agreements and records of insurance is readily available. (Doc 241, Doc 246, Doc 247, Doc 249, Doc 254)
- DRPA Risk Management takes a “total cost” approach to traditional risk management and insurance coverage. That is, the department considers all risk management component costs when making decisions about insurance coverage and deductibles. Total cost components include insurance premiums, brokerage fees, claims, litigation defense and risk mitigation efforts. Risk Management is also proactive in mitigating risks to the extent of its resources. For example, it utilizes services available from insurance providers as part of the insurance premiums paid to mitigate risks. (Int 16) Recently, an insurance provider conducted a Risk Evaluation of the Haddonfield Station. (Doc 250)
- While DRPA Risk Management utilizes a “total cost” approach to traditional risk management, this effort is hampered by the lack of transparency into risk related costs. The costs of insurance premiums, deductibles paid, self-insured claims paid, workers’ compensation costs paid, and outside and in-house counsel costs for administering and litigating claims are not assembled in an easily accessible manner. DRPA is able to request ad hoc “loss runs” from each of its insurance carriers. (Doc 250)<sup>8</sup> However, the Risk Management unit does not have this information available in an organized and comprehensive manner such that it can be used for management analysis. Having all of the related risk management costs summarized in one report would facilitate the analysis and fine tuning of the DRPA risk management program to achieve lower total costs. (See the Claims Administration Section 4.3.2) for information on additional costs of risk management.)
- OCIP is an innovative initiative to improve small, minority, and woman-owned businesses’ access to DRPA capital projects. It serves to partially “level the playing field” for smaller entities by eliminating the need for them to obtain required insurance coverage for DRPA projects that might be unavailable to them or at a higher cost than larger entities. Instead, DRPA uses its purchasing power to provide insurance coverage for OCIP projects regardless of the winning bidder. DRPA has a special safety and risk mitigation program for OCIP projects using a specialized contractor. (Int 16)

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<sup>8</sup> Multiple loss runs provided by Risk Management

- Risk Management is clearly focused on insurance and traditional risk mitigation. As noted in the TransTech audit, it does not appear to be an “Enterprise Risk Management” type function. For example, its scope does not extend to risk assessment on financial transactions such as interest rate swaps; entering new businesses such as the ferry, cruise terminal, and the Glassboro-Camden Line (GCL); and, borrowing money for economic development efforts.
- The March 29, 2012 State of New Jersey Office of the State Comptroller’s Investigative Report of the DRPA was highly critical of DRPA’s past practices regarding using brokerage firms to purchase insurance policies and related services but was complimentary of the Authority’s efforts to reform the process in favor of competitive bidding.
- The Authority should have implemented its insurance procurement reforms in a timely manner and not cancelled the 2011 effort and suspended the 2012 effort to competitively bid insurance coverage. This is particularly relevant because the new process may yield lower cost coverage that will have been delayed by the suspension of the new process. The following draft audit comments (Doc 508) provide additional background on the reasons for the suspension:

*"The reason for the suspension of the insurance broker process by the Board was upon advice of outside counsel who recommended that the DRPA wait for the OSC report before moving forward with the new insurance broker procurement. This allowed for the DRPA to follow the OSC’s recommendations which it did promptly after the report was issued.*

*The process was stopped pending the OSC Report referenced above per the Board upon advice of outside counsel. After the process started again, it was discovered that the Board’s instructions were not followed. The new process followed the reforms adopted by the Board and resulted in cost savings."*

### **Risk Management Recommendations**

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
RM1	<p><b>Implement an ERM Function</b></p> <p>Design and implement an Enterprise Risk Management (ERM) function. The Strategic Plan and 2010 TransTech audit have already recognized the need. This would be an executive management level function with a Commission subcommittee counterpart that would extend beyond traditional insurance to the consideration of the risk of major issues and initiatives.</p> <p>In addition to the Standard &amp; Poor’s criteria, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) has published</p>	6/30/13

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
	<p>guidelines for an Integrated Framework for Enterprise Risk Management. The guidelines define the function as follows:</p> <p><i>Enterprise Risk Management is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.</i><sup>9</sup></p> <p>The COSO guidelines should be a starting point for the DRPA discussions on developing an Enterprise Risk Management function. The function would contribute to strategic planning in evaluating the risks of potential initiatives. Examples of past potential risks ERM could have addressed include interest rate swaps; entering new businesses such as the ferry, cruise terminal; expansions like the Glassboro-Camden Line; and borrowing for economic development efforts.</p> <p>In forming the ERM function, consider alternative departmental reporting relationships.</p>	
RM2	<p><b>Track Risk Management Total Cost</b></p> <p>Consolidate risk management related costs into a "total cost" report at least quarterly. The report should include insurance premiums, deductibles paid, self-insurance claims paid, workers compensation costs, outside counsel costs, in-house counsel costs and any other identifiable risk related costs. This report should guide the DRPA in making adjustments over time to minimize the total cost of risk related costs.</p>	3/31/13

<sup>9</sup> Enterprise Risk Management – Integrated Framework, by the Committee of Sponsoring Organizations of the Treadway Commission. Available on the web at: [http://www.coso.org/documents/coso\\_erm\\_executivesummary.pdf](http://www.coso.org/documents/coso_erm_executivesummary.pdf).

## Impact of Risk Management Recommendations

Implementing an Enterprise Risk Management function will lessen the probability of missteps that jeopardize the mission of the Authority. A well designed ERM capability should improve credit ratings and lower risk related total costs.

### 4.2.3 Business Development & Equal Opportunity

The following table summarizes the Business Development and Equal Opportunity Department budget and staffing. The department refers to itself as the Office of Business Development & Equal Opportunity (OBD&EO). This name is also used in this section.

Work Center Code	300611
No. Employees <i>EEO Specialist (2)</i>	2
Employee Related Costs	\$145,000
Other Expenses	\$20,000
Total:	\$165,000

The Authority has published its "EEO Statement" on its website (drpa.org).

*Equal Employment Opportunity continues to be an important part of Authority personnel policies. The Authority actively promotes this policy and complies with governmental laws and regulations. In so doing, we are committed to ensuring that all employees and applicants for employment are afforded an equal opportunity to pursue job opportunities to the fullest extent possible with the Authority.*

*We will continue to recruit, hire, train and promote persons in all job titles without regard to a person's race, color, religion, sex, national origin, age, non-job-related disability, veteran status, genetic information or other protected group status. Decisions on employment, promotions, transfers, opportunities for personal development, compensation and benefits will continue to reflect our commitment to furthering the principles of the Authority's equal employment opportunity policy.*

*We believe that equal employment opportunity supports the achievement of Authority goals. We reaffirm this pledge of fair and equal opportunity and look forward to your continued support of this important policy.*

The department was established as a result of Resolution DRPA-08-089 (Doc 446). The resolution also created the Chief Administrative Officer role and eliminated the previous position of Deputy Chief, Business Development, EEO, & Personnel.

### Comments Provided After the First Draft Review

*"While DRPA-08-09 did eliminate the title of Deputy Chief, Business Development, EEO & Personnel, it did not create the Office of Business Development & Equal Opportunity. The office existed, by that name, since some time in 1997. In fact, on 1/1/1998, the*

*current CAO formally served as the Director, Office of Business Development & Equal Opportunity until I was named in October 2004 to the new position of Deputy Chief, BD, EEO & Personnel.*

*DRPA-08-09 also did not create the position of Chief Administrative Officer. The CAO position dates back to January 1997.”*

### **OBD&EO Processes Performed**

OBD&EO provides the following services:

- Maintains communication with stakeholders including the website with links to qualified firms including firms qualified through the Uniform Certification Programs of Pennsylvania and New Jersey.
- Publishes a quarterly newsletter, *OBD&EO News Alert*. The publication profiles qualified firms, lists Authority business opportunities, and provides assistance to firms seeking certifications.
- Calculates Equal Employment Opportunity statistics.
- Publishes the Affirmative Action Scorecard.
- Publishes and maintains DRPA EEO policies.
- Conducts training on DRPA EEO policies.
- Gathers feedback on the Authority’s program through an online questionnaire.
- Assures compliance with federal requirements for supporting disadvantaged business enterprises (DBE). Adherence to these policies is a requirement for receiving federal funds from the FTA. These are embodied in the *DRPA DBE Policy Statement*. (Doc 448)

### **OPD&EO Related Prior Audit/Strategic Plan Items**

No past audit or Strategic Plan action items were documented.

### **OBD&EO Findings**

- DRPA publishes an annual report, *Summary of Awards to Minority-Owned, Women-Owned, & Disadvantaged Vendors, Contractors, and Consultants*. (Doc 462)
- OBD&EO did not provide documentation confirming whether any lawsuits had been filed or litigated. (Int 77) An interview statement indicated there weren’t any lawsuits or other legal actions. (Int 75) However, a document request yielded documentation of two related lawsuits which are being handled through the Corporate Counsel. (Doc 486)
- Outreach to source female candidates for DRPA jobs is ongoing (Women’s Business Development Center, woman related events.) (Int 10)
- DRPA’s Affirmative Action Scorecard tracks the organizations’ employee base in the following minority categories; Female, Black or African American, Hispanic or Latino, Asian, and American Indian or Alaska Native, and Two or More Races. The statistics

are segmented by officials and & managers, professionals, technician, service workers, office & clerical and craft (skilled) workers. (Int 77) (Doc 487)

- As of December 31, 2010, of 582 DRPA employees, 22% were minorities. One year later, as of December 31, 2011, of 564 DRPA employees, 21% were minorities. As of December 31, 2010, of 309 PATCO employees, 30% were minorities. One year later, as of December 31, 2011, of 302 PATCO employees, 31% were minorities. (Doc 487)
- Affirmative Action training for employees is conducted every two years. This schedule means there is potentially a two year gap for employees hired after the Affirmative Action training is conducted. (Int 75) The following comments were received during a review of the v0.1. draft report (Doc 506):

*"Employees do not receive affirmative action training. They receive EEO training. Although ideas underlying affirmative action and equal employment opportunity are similar with respect to selection, employment, and promotion, affirmative action and equal employment opportunity embody different concepts.*

*EEO training emphasizes that all individuals must be treated equally in the hiring process, in training, and in promotion. Employees are advised that each person has the right to be evaluated as an individual on his or her qualifications without discrimination based on stereotypic conceptions of what members of minority groups or any other protected class are like. Employees are further instructed about the prohibitions provided under Title VII of the Civil Rights Act of 1964, as amended. Specifically, they are advised that they have the right to work in an environment that is free from discrimination and harassment based the following protected classes: race, color, religion, national origin and gender. Our policies also prohibit inappropriate actions based on an individual's age, veteran status, and disability.*

*By contrast, affirmative action goes further than equal employment opportunity. It affirms that organizations and individuals in organizations will seek to overcome the effects of past discrimination against groups such as women and minorities, disabled persons, and veterans by making a positive and continuous effort in their recruitment, employment, retention, and promotion. Affirmative action also provides that organizations must actively seek to remove any barriers that artificially limit the professional and personal development of individuals who are members of protected classes. One way to increase the number of women and minorities in the workplace is through advertising job openings in journals and publications aimed at women and minority audiences.*

*Although some may consider the distinction between EEO and affirmative action principles to be subtle, as outlined above the distinction is clear. Employees do not receive training on affirmative action principles."*

- DRPA is predominately male at 80% of its employee population. The Authority's employees are 79% Caucasian, 15% Black or African American, 4% Hispanic or Latino and 2% Asian. (Int 75)

- Without PATCO, DRPA is predominately male at 87% of its employee population. PATCO's employees are 69% Caucasian, 25% African American, 4% Hispanic, and 2% Asian. The Teamsters Union represents 73% of PATCO employees. (Int 75)
- The Public Safety Department's EEO reporting shows that of 96 police officers 90% are male, 10% female, 21% Black, 8% Hispanic, one percent Asian, and one percent Native American. (Int 75)
- DRPA considers MBE/WBE status when a contract will be funded by toll revenues. Prime contractors are required to disclose their MBE/WBE status and that of its subcontractors. DRPA sets and tracks EEO goals. All employees are made aware of the following DRPA EEO policies (Int 10):
  - Authority Policy against Sexual Harassment
  - Authority Policy on Harassment not Related to Sex
  - Equal Employment Opportunity (EEO Policy Statement)
  - Guidance on Email, Internet & Use of Other Authority-Issued Equipment
- Since 1994, DRPA has trained its employees on EEO policies, diversity, and sexual harassment. In 2009 DRPA conducted 40 EEO training sessions. In 2012 all four policies were distributed to all Authority employees who were encouraged to take web-based training programs, 1) Preventing Sexual Harassment and 2) Preventing Employment Discrimination. (Int 10)
- Between 1994 and 2011 DRPA has awarded \$226.2 million to certified M/W/DBEs. The goal is to award, on a competitive basis, at least 10% of its contracts and purchases to disadvantaged, minority and women-owned businesses. For 16 years since 1994, DRPA has achieved this goal. (Int 10) (Doc 462)
- DRPA EEO policy has a broad reach and applies to visitors, contractors, vendors, suppliers and their employees. (Int 10)
- DRPA earned an award for its Equal Employment Opportunity efforts, The "Done Deals Award" from the Women's Business Enterprise Council of Pennsylvania, Delaware and Southern New Jersey. (Int 8, 76)
- DRPA is said to be male dominated because of the types of positions at the Authority and the fact that women typically do not apply. (Int 75)
- Of all female DRPA employees, most work inside the One Port Center building on the administrative staff. The applicant pool is Delaware, Pennsylvania, and New Jersey. (Int 75)
- Training conducted for employees follows Title 7 Guidelines. Training for DRPA is conducted every 2 years. (Int 75)
- A gap exists concerning Affirmative Action training specifically when someone is hired after the training cycle is complete, and then has to wait two years to be trained. (Int 75)
- A focus on gender is included in the Affirmative Action training. (Int 75)

- Employees are not queried about the possibility of a “Glass Ceiling” phenomenon at DRPA, and this question is not addressed in the employee satisfaction survey. (Int 75)
- Employees come to EEO or their manager if a problem exists. Complaints are typically about offensive comments and are not gender related. (Int 75)

### OBD&EO Conclusions

- Other than the preponderance of male gender employees, OBD&EO appears to be a high performing department within DRPA. DRPA should continue to pay attention to recruiting women. The Authority should allow business related women’s groups to meet in DRPA facilities and to receive “instant mail” from OBD&EO.

### OBD&EO Recommendations

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation. Many of the recommendations support previous audit recommendations extending back to 2001 and Strategic Plan commitments extending back to 2009.

Identifier	Recommendation	Review Date
EEO1	<b>Shorten EEO Training Intervals</b> Reduce the two year gap that exists for Equal Employment Opportunity training when someone is hired and after the training cycle is complete. This would require more frequent training sessions.	6/30/13
EEO2	<b>Test Employee Satisfaction Levels</b> Include in the employee satisfaction survey, a question to female employees to gauge their satisfaction levels.	3/31/13

### Impact of Recommendations

The recommendations should increase existing and new employee awareness of the Authority’s equal employment opportunity policies.

#### 4.2.4 Benefits Administration

The Authority’s in-house Benefits Administration Department is responsible for providing support for employees and retirees so they may have access to the resources they need in wellness, health and benefit education to care for themselves and their families. (Doc 490) The following table profiles the Benefits Administration Department.

Work Center Code	300612
Number of Employees <i>Insurance Administrator (1)</i> <i>Administrative Coordinator (1)</i>	3

<i>Administrative Secretary (1)</i>	
Employee Related Costs	\$256,000
Other Expenses	\$86,000
Total:	\$342,000

Benefits make up a significant proportion of DRPA's employee-related costs. The table below summarizes 2012 budget figures. The Employee Service Expense (ESE) includes retirees while Regular Salary is for current employees in the functional areas addressed by the audit.

<b>Group</b>	<b>Regular Salary</b>	<b>Employee Service Expense</b>
Administrative & Support	\$14,113,000	\$11,920,000
Public Safety	\$11,043,000	\$5,663,000
Total:	\$25,156,000 <i>(active employees)</i>	\$17,583,000 <i>(active &amp; retired employees)</i>

Employee Service Expense includes the following:

- Pensions
- Federal Insurance Contributions Act (FICA)
- Health care- active and retiree
- Life insurance - active and retiree
- Disability insurances – represented long and short term as well as non-represented long term
- Union health and welfare funds
- Workers compensation
- Unemployment insurance
- Sick leave usage

Included above is an amount allocated to the Human Resource Services department (cost center 306311) for ESE of \$4,814,000. This includes the following: retirees' health and life insurance as well as FICA, pension, health, life and long term disability insurances, sick leave usage for the HR staff, and unemployment for the DRPA. (Doc 449)

Section 7.0 includes a complete list of benefits.

### **Benefits Administration Processes Performed**

Processes include the following:

- Selection of health, dental and vision insurance carriers.
- Oversight of benefits administration by a third party administrator, Benefit Harbor LLP.

- Administration of pension plans. (*Note: The following comment was received on the v0.1 draft report: "BA doesn't administer benefits for Teamster Benefit Plans."*) (Doc 506)
- Dissemination of benefits information to new hires
- Dissemination of benefits information to departing employees

### Related Prior Audit/Strategic Plan Items

The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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#### Lean Government Initiatives

114	Electronic Employee Communications	B1	● Yellow
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Benefits Administration is not assigned full responsibility for employee communications. However, the department responds to inquiries related to benefits. The following are findings related to the recommendations or the progress evaluations.

- With respect to item #114, communications channels to employees will not be limited to electronic means. A representative from Benefits Administration is a member of the team. (Int 51)

### Benefits Administration Findings

- Benefits Administration uses email as the primary methods of communicating. No standard for response time has been set against which customer service can be measured. (Int 76)
- The use of email by Benefits Administration is dictated by the need to provide employees with important information in a short period of time or that have an important date or time requirement of which employees need to be aware. For example, the provision of flu shots, deadlines to sign up for benefits seminars or open enrollment meetings, responses to surveys often require quick dissemination of information. (Doc 490)

- Employees lost some benefits in recent years which were triggered by the news story of a DRPA employee who gave his EZ Pass to a friend's daughter. (Int 7)
- The discontinued free bridge passage was a Board decision and does not fall within the responsibility of Benefits Administration. In fact, the decision was communicated to employees by the Chief Operating Officer. To the extent the discontinued reimbursement or free passage impacts employee morale or employee attraction and retention, those issues are addressed by HRS when consulted. (Doc 490)
- One interviewee expressed the sentiment that "Many changes to benefits work against retention." (Int 8)
- Any real or perceived loss of benefits is the result of decision made by the Board. Benefits Administration has no authority to make such changes without Board direction. Benefits Administration understands that the loss of benefits has had a direct impact on the attraction, recruitment, and retention of qualified employees. (Doc 490)
- In March 2012, DPRA discontinued the reimbursement to employees for bridge tolls. Instead, employees were encouraged to use mass transit and funds were designated to reimburse employees for parking and transit passes. (Int 7, 72, 77, 8, 76)
- Employees previously had an EZ Pass benefit providing 100 free trips across DRPA bridges which was discontinued. DRPA has 141 employees that live in Pennsylvania and 409 that live in New Jersey. (Int 76) (Int 8) Especially negatively impacted were Pennsylvania employees. (Int 8)
- Employees were once able to sell back five days of unused sick time. (Int 76), (Int 8)
- The elimination of the Sick Leave Sell Back Program was a decision made by the Board. While there may be anecdotal evidence that healthy employees now use sick leave to stay home, there is no data confirming same. In any case, policies and work rules surrounding sick leave are the purview of HRS. (Doc 460)
- New employees are being hired at near the minimum of the salary range. The impact is a lowering of average compensation expense. (Int 8)
- Benefit seminars are hosted six times per year. Seminar topics are based on the most frequent types of claims. Attendance at the seminar has dropped. Employees say, "no one cares about me." (Int 76)
- The Benefits Administration Department has a detailed and aggressive wellness strategic plan which corresponds with important national health topics. The wellness program is augmented by a \$10,000 annual wellness budget from United Healthcare. Given the need to reduce our operating budget, the \$10,000 budget has made it possible for staff to sponsor important initiatives designed to improve the health of our employees and their families. DRPA partners with UHC to deliver informative workshops, screenings, and health fairs at DRPA and PATCO. The department's efforts to promote a healthy workforce were recognized by the *Philadelphia Business Journal*. On May 31, 2012, DRPA received the "Healthiest Employers' Award of Greater Philadelphia" in the 500-1,000 employee category. In

addition, a member of the department chairs the Authority's Central Health & Safety Committee meeting, and reports each month on wellness issues. (Doc 490)

- The Chief Administrative Officer and Insurance Coordinator hold weekly teleconferences with a United Healthcare representative during which they elevate concerns. A United Healthcare case manager is assigned to employees that have chronic conditions that will take a long time to solve. (Int 76, 8)
- On the DRPA website, United Healthcare hosts, "A Day with UHC." Employees can communicate their issues/concerns. (Int 76)
- With respect to the dental program, based on employee feedback via an electronic survey, staff recommended enhancing the plan to cover composite fillings, provide for additional cleanings, and an annual carryover maximum benefit. Employees are pleased with these plan enhancements. (Doc 490)
- The Board agreed to enhance the dental plan. Employees now receive two extra cleanings and composites, advanced synthetic resins for tooth restoration. (Int 8)
- The Authority eliminated the 'Years of Service Awards' and the corresponding service award gift. These are administered by HRS. Previously an employee would be recognized at tenure milestones every five years. (Int 76), (Int 8)
- Tuition reimbursement has been helpful in succession planning. However DRPA limits the amount of tuition dollars reimbursed per calendar year to \$5,000. Previously, 100% of the tuition cost was reimbursed. The number of employees utilizing tuition reimbursement has steadily declined from 7% of all DRPA employees in 2000 to 1% in 2012. (Int 72, 8, 55)
- The Drexel University co-operative program is on hold. (Int 76),
- Recent changes have affected drug benefits. For Plan Year 2012, the Authority changed carriers. However, the prescription co-pays remained unchanged. With the prior carrier (CIGNA), the co-pays were \$7/generic; \$35/brand; and \$50/non-formulary. With the new carrier (United Healthcare) the co-pays remain the same, but the carrier does not tier the drugs in the same way.
- So, in many instances, a drug that was once on CIGNA's generic tier and hence only subject to a \$7 co-pay, is now on United Healthcare's top tier and therefore subject to a \$50 co-pay. In addition, under the UHC plan, a number of drugs are now classified as "specialty drugs" and are therefore not eligible for the traditional 90-day mail order program. The specialty drugs only qualify for a 30-day supply at the requisite co-pay level. Employees have complained that some of the prescriptions they filled through CIGNA's mail order program (a 90-day supply for a onetime co-pay) do not qualify for a 90-day fill under UHC's mail order program because the drug is considered a specialty drug. For some employees, this has resulted in increased out-of-pocket expenses, leaving them frustrated and upset. (Doc 490)

The 24/7 customer service available with the former health insurance carrier was discontinued. (Int 8) CIGNA, the previous carrier, offered a 24/7 customer service center, which was an enhancement from what we had previously with AmeriHealth, the carrier for 13 years. United Healthcare does not offer a 24/7 customer service center. (Doc 490)

- The training budget was cut from \$400,000 to \$300,000. (Int 8, 7) An analysis of budgets for Administrative and Support functions shows that the training budget for that group is \$262,000. Training appears in the HRS Department budget. (Doc 212)
- To support reduction of employee body mass index rates (BMI), a program was instituted in 2012 called Harvest Local Foods. Fresh, locally farmed foods are delivered to employees at their office building site. (Int 8) The Harvest Local Foods initiative is on hold until further notice because General Counsel has determined the initiative violates the Authority's Solicitation Policy. However, Benefits Administration has taken other steps to educate employees on the reduction of body mass index, including posting wellness information on its webpage and hosting lunchtime walking events. (Doc 490) The review of the v0.1 draft reported that this program was never initiated. (Doc 506)
- Several recognition programs that previously made employees feel valued have been terminated. These include:
  - Employee of the Year. (Int 76)
  - Toll Collector of the Year. (Int 76)
  - Police Officer of the Year. (Int 76)
  - Employee of the Year. (Int 76)

### **Benefits Administration Conclusions**

- As iterated in multiple interviews, the Authority faces considerable risks due to turnover in hard-to-recruit positions. Across-the-board cancellation of salary and benefit increases can increase retirements, cause the loss of skilled employees, and hinder internal promotions and recruitment. A formal risk analysis should identify and prioritize factors amenable to actions on salaries and benefits.
- Benefits provided to current employees and retirees are important cost factors. The many available options add complexity and the need for tools to decide which benefits best support the Authority's mission.
- As documented above, a number of recognition and benefit programs have been reduced or eliminated. Some actions could have a negative impact out of proportion to the savings generated. On the other hand, some actions probably have achieved enough savings to justify the action. The benefits of many of these programs may be difficult to quantify. Costs, on the other hand, can often be estimated using a "rules of thumb." Examples include:
  - Annual cost of a 1% increase in Regular Salary provides a good data point for assessing the costs of a benefit. For Administrative and Support staff whose salaries are frozen, this is about \$140,000 on a 2012 budget base of about \$14,000,000. So a 3% across-the-board raise would add about \$420,000 to salary expense. Benefits could include reductions in turnover and, with salaries more likely to increase, a recruitment advantage.
  - In measuring the impact of time off, extra activities, or sick day sell backs, the cost of an employee-day is helpful. This would be about \$420 for OPC employees assuming 135 employees, 245 work days per year, and the \$14

million regular salary base. So, if half the employees would sell back five days of sick time, about 325 days would be sold back at a cost of about \$140,000. Benefits would include additional days of work and an increase in employee satisfaction from the reward for attendance.

- These figures should be considered in light of an \$11 million 2011 budget surplus. This budget is accompanied by a focus on holding the line on budgets with the 2012 budget within a few tenths of percent. (Doc 101, page 11)
- Some recognition programs would entail little incremental cost.

### Benefits Administration Recommendations

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation.

Identifier	Recommendation	Review Date
BA1	<p><b>Focus on Key Position Turnover</b></p> <p>With HRS, formally assess the risk in turnover in key positions. Use a range of assumptions to better quantify the Authority's exposure. Prepare appropriate prevention and mitigation plans and include them in an overall succession plan.</p>	9/30/13
BA2	<p><b>Selectively Restore Benefits</b></p> <p>Use cost benefit analysis to decide which benefits to reinstate and new ones that are required. Provide analysis to the Board for consideration.</p>	6/30/13
BA3	<p><b>Track Employee Inquiry Handling Service</b></p> <p>Establish quantitative goals for a response time level of service for e-mail responses to be provided to fellow employees. Measure and track actual response time and compare against what employees require the objective. If a gap exists then apply Six Sigma process improvement approaches.</p> <p>Analyze types of inquiries; then publish answers to employees through a Frequently Asked Questions (FAQs) section on the website.</p>	12/31/13

### Impact of Recommendations

The recommendations will have a positive impact on employee morale, increase productivity, and could attract new candidates for employment. Benefits Administration can support the restoration of benefits done on a selective basis. The HRS department and the Board should review and approve changes.

#### 4.2.5 Customer Service/Community Relations

The Customer Service and Community Relations department reports to the Chief Administrative Officer (CAO). The Customer Service and Community Relations unit has four employees, down from a high of nine a few years ago: two managers, an administrative coordinator, and a customer service/community relations coordinator. Because of the small size of the unit, all employees are cross-trained on all functions. (Int 30) (Doc 59) The following table presents the 2012 budget information for the unit.

Work Center Code	100831
No. Employees	4
Employee Related Costs	\$263,000
Other Expenses	\$24,000
Total:	\$287,000

#### Customer Services Processes Performed

The Customer Service and Community Relations unit has three major areas of responsibility: customer service, community relations, and public involvement. It also serves as the DRPA receptionist on the ninth floor. The unit also organizes the annual military recognition and related events. (Int 30) (Doc 59)

The department did administer the program wherein employees can purchase days off if they contribute to the United Way. The program has been cancelled. (Doc 460) (Int 7, 8)

The Customer Service function is DRPA's interface with bridge customers. PATCO provides its own customer service.<sup>10</sup> The DRPA customer service function addresses EZ Pass issues, senior discounts, toll violations, walkways, and any other issue raised by a bridge customer. It provides both proactive and reactive communications with these stakeholders. (Int 30) (Doc 59)

This function also manages the DRPA websites, the e-Alert and e-News subscriber programs, and its own pages on the DRPA intranet. It is exploring potential social media applications with Corporate Communications. This function responds to all telephone messages, email and correspondence from DRPA customers. It links customers to resources for regional and tourism information. This function also organizes special programs and promotions to highlight important DRPA milestones, such as, PATCO's fortieth anniversary and the Ben Franklin Bridge's eighty-fifth birthday. It also designs signage and media in support of special events in conjunction with the Corporate Communications graphic artists. (Int 30) (Doc 59)

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<sup>10</sup> PATCO was out of the scope of this study, and PATCO customer service was not reviewed

The Community Relations function is DRPA's interface with the bridge and PATCO neighbors and community leaders. It provides proactive and reactive communications and outreach with these stakeholders and manages requests, such as closing a bridge or access to bridge property for fund raiser runs and tours for professional societies. In this role, the unit works closely with Government Relations in updating government, community, and business leaders on DRPA activities and services. Communications include community letters, brochures and e-Notices relevant to DRPA and PATCO projects. (Int 30) (Doc 59)

This function also produces the DRPA's outreach to schools and parents with the DRPA's KidZone and ReadStrong activities and programs. It also coordinates and implements requests for tours, presentations and school programs with other DRPA departments. It participates in Senior Expos and Career Days as requested. (Int 30) (Doc 59)

The unit organizes and implements employee charitable programs benefitting non-profit groups and responds to donation requests to the DRPA. The unit developed and staffed PATCO's Rider Appreciation Thursday program and the PATCO Christmas Ride. The members of this unit also are active in the community with local charities and non-profit organizations. (Int 30) (Doc 59)

The Public Involvement function is DRPA's and PATCO's interface between the public and Engineering for major projects that affect the public. The unit provides both proactive and reactive communication on these projects in keeping the public informed and appropriately involved in DRPA and PATCO construction and maintenance projects. (Int 30) (Doc 59)

The DRPA receptionist function answers the phone and accepts overnight delivery packages on behalf of the One Port Center departments. The ninth floor, where the Customer Service and Community Relations unit is located, serves as the public portal for the DRPA One Port Center facility. (Int 30) (Doc 59)

### **Customer Service Related Prior Audit/Strategic Plan Items**

The 2010 TransTech audit concluded the following (Doc 20, page 31):

*Customer service functions seem to be engaged in an appropriate level of internal and external outreach.*

TransTech recommendations and recommendations (Doc 20, Item 7) under Governing Documents in this audit call for clarification of the role and content of the Master Plan. The Compact (Doc 119, page 14) defines the Master Plan role as documentation for DRPA construction and maintenance projects.

### **Customer Service/Community Relations Principal Findings/Conclusions**

This section contains both findings and conclusions for Customer Service/Community Relations.

- In 2011, the Customer Service and Community Relations unit handled the following transactional volumes in addition to its many special projects and initiatives (Doc 53):

<b>Activities</b>	<b>Volume</b>
Proactive E Alerts on bridge conditions and similar events	49
Proactive external customer emails to established lists	951
Senior Discount Program communications and transactions such as applications and inquiries	4860
Incoming Bridge customer service calls	541
Incoming E-Z Pass issue calls	587
Incoming Ferry inquiries	43
Incoming non-DRPA calls	448
Transfers to other One Port Center departments	445
PATCO calls	189
Overnight packages received (Doc 52)	1683
Complaints received	1710

- The Customer Service and Community Relations department appears to be well managed and committed to providing good service to customers and maintaining good relations with the community. However, it does not have any natural organizational affinity to the other units under the Chief Administrative Officer (Risk Management, Safety, Human Resources, EEO, Mail Room, Printing Services and Benefits Administration). This unit would be better aligned with Corporate Communications. The Customer Service and Community Relations unit manages the DRPA’s web sites and a large portion of its proactive and reactive customer and community communications. It is a major contributor to the DRPA’s image.
- Shortfalls in the Master Plan in terms of completeness or accuracy will affect the ability of the department to fulfill its Public Involvement function.

**Customer Service/Community Relations Recommendations**

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
CSCR1	<b>Realign Customer Service/Community Relations</b> Realign Customer Service and Community Relations as part of the Corporate Communications function to enhance the Authority’s ability to communicate effectively with its publics, to build its brands, and to manage its image.	3/31/13

Identifier	Recommendation	Review Date
CSCR2	<b>Coordinate Master Plan Reporting</b> Consider the needs of the Customer Service/Community Relations department in addressing upgrades of Master Plan reporting.	6/30/13

### Impact of Customer Service Recommendations

The recommendations should improve the effectiveness of the department and its ability to serve the public and enhance the image of the Authority.

#### 4.2.6 Mail Room

The Mail Room reports directly to the Chief Administrative Officer (CAO). The Mail Room has four employees – a Supervisor and three Clerks – and two trucks. The Mail Room collects and distributes internal mail and supplies. It collects the external mail from the Post Office each day. It spends about \$85,000 to \$90,000 per year on outgoing mail.

Work Center Code	306011
No. Employees	4
Employee Related Costs	\$273,000
Other Expenses	\$80,000
Total:	\$353,000

### Mail Room Findings

Sources: Incoming Bulk Mail.xlsx (Doc 495), Total Mail Cost.xlsx (Doc 498)

The Supervisor maintains extensive statistics on the work of the Room. For example, in August 2012:

- 3,991 pieces of mail were sent out at a total cost of \$3,692
- \$1,097 of the outgoing cost was for overnight UPS service
- Engineering was the most expensive user of outgoing mail services. It created 23% of the total cost of outgoing mail
- The largest share of the overnight UPS cost, \$764, was created by the Engineering Department, which was 70% of the overnight UPS cost
- The number of pieces sent by Engineering was 71% of the overnight UPS total and 4% of the total number of outgoing pieces
- Revenue Operations was the second biggest creator of outgoing mail
- 5,403 pieces of incoming mail were received.
- The Mail Room does not open incoming mail but distributes it to the intended recipient. In particular, incoming mail containing checks are not opened unless the

intended recipient is not clear. Then the envelope is opened by the Mail Room and the envelope is marked as opened by the Mail Room.

- The equipment that the Mail Room uses is modern and does not need replacement at this time.
- Discussions have taken place in regard to continuation of the Mail Room in the event of a disaster, but no formal plans have been written. It is reckoned that the incoming mail can reside at the Port Office and that departments will not be producing much outgoing mail if there is a disaster. Therefore, the Mail Room will respond to the circumstances of the departments in the event of a disaster. (Int 102)

### **Mail Room Conclusions**

The Mail Room is well organized under its experienced Supervisor and committed to providing good service.

### **Mail Room Recommendations**

None.

### **4.2.7 Printing Services**

Printing Services reports directly to the Chief Administrative Officer (CAO). It has five employees:

- Supervisor – responsible for planning, scheduling, directing and coordinating work
- 2 Senior Reproduction Technicians – whose duties include design work
- Reproduction Technician – whose work includes offset printing
- Reproduction Clerk – who attends to digital printing and copying

Work Center Code	306211
No. Employees	5
Employee Related Costs	\$400,000
Other Expenses	\$61,000
Total:	\$461,000

### **Printing Services Findings**

- Sources:
  - Volume of activity document sources:
    - . Printing Services 2011 year end report.doc
    - . Printing Services 12-31-11 Monthly Summary Report.doc
    - . Printing Services Equipment List.docx
    - . Activity/Functions of Printing Services
  - Job Descriptions for Supervisor, Senior Reproduction Technician, Reproduction Technician, and Reproduction Clerk

- The equipment used in the printing Services section is less than 10 years old. It includes offset printing presses, a digital plate setter, digital color copiers, three networked computer stations with graphic design software, a proofing and large format printer as well as all the usual machinery necessary to produce finished documents, ranging from bid contract books to train schedules to full color brochures.
- Printing Services operates from 8:00 a.m. to 5:00 p.m. It receives or creates handwritten job orders which it places in a Job Jacket. The range of services for DRPA, PATCO and some outside agencies is extensive. In 2011, Printing Services completed:
  - 1,801 jobs, compared to 1,488 in 2010 and 1,365 in 2009
  - 295 jobs on the offset presses
  - 338 design jobs on the desktop publishing system
  - 1,075 black and white copy jobs
  - 431 color copy jobs
  - 355 CD's with labels jobs
  - 23 in-kind printing jobs for outside agencies – since August 2010 jobs for outside agencies are only completed with Board approval. In-kind jobs usually consist of business cards, various-size envelopes, event invitations, programs for special events and newsletters.
- Printing Services is also responsible for Benjamin Franklin Bridge's reception desk, which had 1,608 visitors in 2011. (Int 103) (Doc 455) (Doc 456) (Doc 457)

**Printing Services Conclusions**

Printing Services is well organized under its experienced Supervisor and committed to providing good service economically.

**Printing Services Recommendations**

None.

**4.2.8 Human Resource Services (HRS)**

This Department in the Administrative Division has a budget for about \$6 million for 2012. The majority of this cost is for \$4,814,000 of Employee Service Expenses (ESE) incurred by the entire organization. (Doc 212) ESE includes health, life insurance, and other benefits. The Benefits Administration department addressed in Section 4.2.4 includes other ESE costs.

Other Expense includes \$262,000 for training and \$73,000 for professional services.

Work Center Code	306311
No. Employees	8
Employee Related Costs	\$5,426,000

Other Expenses	\$422,000
Total:	\$5,848,000

### HRS Processes Performed

The department has eight employees. Responsibilities include the following:

- Maintains employee data but doesn't manage the payroll (Doc 506)
- Maintains and updates payroll and benefits policies and other Authority policies.
- Sends reminders, updates, and other notifications to employees relative to policy updates/revisions and other pertinent notices. (Doc 506)
- Maintains position descriptions. There are currently 140. (Refer to Doc 347)
- Conducts salary and benefits surveys in conjunction with the Authority's compensation consultant, the Hay Group.
- Posts open positions and manages the hiring process
- Manages the employee training process that includes education and training for employees and on-line courses in a variety of subjects

### Related Prior Audit/Strategic Plan Items

Past audits, the Strategic Plans, and the Lean Government initiatives addressing the roles and responsibility of HRS have generated many recommendations and action items. While no formal mechanism is in place to officially report status of progress, HRS has regularly reported on the status in various meetings and through a number of reports. The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable
- D -- Unneeded, duplicative
- ? -- Not Known

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done
- 4 -- Unlikely to be Done
- ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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**KPMG – 2001 (Doc 79)**

124	Consistent, Aligned Salary Schedules (hold over from prior KPMG audit)	A1	● Yellow
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ID#	Item Name	Priority/Status	CGR Assessment
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**TransTech Audit – 2010 (Doc 20)**

22	Substantially reduce the average elapsed time between an initial hiring request and an offer of employment.	A1	● Yellow
23	Develop a clear and comprehensive flowchart for each of the key personnel processes and distribute the charts to all DRPA managers.	C3	● Yellow
24	Accelerate the current effort to revise the existing performance review system.	B1	● Green
25	Conduct a thorough review of the pay differential between first line supervisors and represented employees to ensure that an appropriate gap exists.	A3	● Red

**Strategic Plan 2012 (Doc 36)** *(Asterisks indicate items that are in both the 2009 and 2012 Strategic Plans.)*

78	Performance Review System <i>(also in KPMG audit)</i>	A1	● Green
79	*Succession Planning Focus	B3	● Red
81	*Training Needs Assessment	B1	● Green
82	Hiring Process Streamlining	B1	● Yellow
83	HRS Communications	B1	● Green
84	*Compensation Review	A4	● Red
85	*Gap Analysis for Needed Skills	B1	● Yellow
86	Training Opportunities	B1	● Green
94	*Work Rules and Merit System	B1	● Red

**Lean Government Initiatives**

<b>ID#</b>	<b>Item Name</b>	<b>Priority/Status</b>	<b>CGR Assessment</b>
107	New Hires & Departing Employee Processes	B1	● Yellow
113	Temporary Staff Changes	B1	● Yellow
110	Employee Training Requests	B1	● Yellow
114	Electronic Employee Communications	B1	● Green

The following are findings related to the recommendations or the progress evaluations provided by the DRPA status reviewers. The department also provided suggestions for change in the preliminary review of the report. (Doc 489)

- With regard to Items #124, Division management rates the priority as "A1" due to current compression issues and employee dissatisfaction. (Doc 489)
- With regard to #23, HRS maintains and updates Standard Operating Procedures (SOPs) for major and other processes. Authority managers are regularly updated on the status of various processes in which they are involved. Staff recognizes the benefit of the flowcharts and will begin creating them in the future. Recommend priority C3. (Doc 489)
- With regard to Item #22, HRS has increased its staff and is able to process requests faster. The staff has identified a low cost computer application for the process but has been advised that the system must be acquired through competitive bidding. This will require staff time and effort to complete. (Doc 489)
- With respect to Item #25 and #84, an RFP was issued in the summer of 2011 for a comprehensive salary/compensation study. A vendor was identified and recommended to the Board's Compensation Committee. The Compensation Committee accepted the recommendation. The Board was to vote on the measure in August 2011; it was tabled indefinitely. (Doc 489)
- Item #78 is complete. HRS plans to add job specific competencies to the program. (Doc 489)
- Succession planning (#79) has been an HRS strategic initiative for some time. To assist management, HRS provides reports regarding employees within their divisions and departments who are eligible to retire. HRS uses every opportunity to stress the importance of SOPs and cross training. (Doc 489)
- With regard to Items #81 and #85, the recently acquired performance management system has a feature to automatically alert the presence of a training/performance gap in a particular competency. The reviewer is then linked to training suggestions to help close the gap. (Doc 489)
- The Division considers Item #94 complete. Work rules are updated and disseminated regularly to employees by HRS and posted on the HRS Intranet page. However, a true merit system hasn't been implemented. HRS awaits the return to annual salary increases. (Doc 489)

- A number of changes have been implemented to cut the time and inform requesters of the progress being made. However, HRS is not tracking the average time between an initial hiring request and an offer of employment so there is no data to validate whether the average time has been reduced from 121 days to a lower number of days. (Int 55), (Int 7), (Int 72)

### **HRS Principal Findings**

- The open positions at DRPA and PATCO have been reduced as a result of having more HRS staff to handle the processes. (Doc 489) The review of the first draft contradicted this finding; no source was cited. (Doc 508)
- HRS revised their performance review system by completing a RFP process, selecting vendor Workstream, Inc., and implementing the web based Workstream Performance system. (Int 7), (Int 72), (Int 10)
- At PATCO, there are 30 open positions out of an employee population of 300 (10%). At DRPA, there are 22 openings out of a population of 548 (4%). Overall attrition is about 55 per year. About half of DRPA employees are retirement-eligible; about a quarter of PATCO employees are eligible. (Int 72)
- HRS has not conducted a thorough review of the pay differential between first line supervisors and represented employees. HRS wrote and published an RFP to conduct an overview of the compensation system. It received three proposals and selected one vendor. (Int 7)
- The Board created a Compensation Committee through a reform resolution in 2010. The effort was stalled at the Board level. The Board asked the committee to halt due to, 1) the cost of a consultant and, 2) changes to the compensation structure. (Int 7), (Int 72) Comments on the draft report indicated that DRPA management does not agree that the Board asked the committee to stop. (Doc 509) HRS believes that compression issues associated with the salary freeze will have to be solved. (Int 7), (Int 10) (Int 55)
- HRS is preparing to set up a system to track the average time between an initial hiring request and an offer of employment. (Int 7), (Int 72)
- HRS doesn't measure fulfillment of its mission quantitatively. (Int 7), (Int 72)
- DRPA Employees may receive up to \$5000 annually for education and training. Not many take advantage of the program. Some positions require a degree. An employee seeking one of these positions can improve their chances for promotion. (Int 55) (Int 8)
- Tuition reimbursement at one time was unlimited. The benefit was later reduced to \$2,500 for the year. It was subsequently decided that the amount should be increased to \$5,000 annually. While many employees take advantage of this program to acquire more training and education in hopes of becoming eligible for promotion, no one is told that they can "improve their chances for promotion." All employees are subject to the same minimum qualifications review and selection processes for promotion. (Doc 489) The following first draft comment was provided (Doc 506): *"Any employee seeking one of the positions must have a degree in order to be considered."*

- The Authority's e-learning capability is underutilized. There are 500 licenses; in recent months about 41% of those were in use. Suggestions have been made for expanding offerings on the site. (Int 71)
- All seven PATCO chiefs and directors have completed performance reports. Nine of 13 DRPA chiefs and directors have completed theirs. (Int 71) The freeze on compensation increases has caused some managers to forego employee evaluations. (Int 1)
- HRS has requested a software application, SilkRoad OpenHire, to streamline the application process. The estimated cost is \$20,000. (Int 55)
- The motto of HRS is: "*Our success is your success.*" Success is described as being measured 'informally' without a quantitative measuring system in place to gauge internal customer satisfaction. Departments instead send a note with comments to HRS via the intranet. (Int 7), (Int 72)
- HRS takes the position that everyone's success, which is measured by the individual employee, is meant to encourage and motivate all employees to pursue their goals and to become better employees which in turn makes the Authority a better company. (Doc 489)

### **HRS Conclusions**

- DRPA should consider a 19-step process similar to the U.S. Office of Personnel Management (OPM) Hiring Process Model. Their timeline tool presents the recommended number of days for each step in the hiring process with the average time being 56 days. (DRPAs average number of days is 121)  
*DRPA Response: As per the recommendation of the auditor, HRS has reviewed the Office of Personnel Management's Hiring Process Model. We note that the timeline there is based on fewer approvals than what is required here, and thus, positions get filled quicker using that model. If all things could be equal, HRS could probably reduce even more the time it takes to fill positions. HRS commits to doing whatever it can to reduce the time it takes to fill a position, and where possible, will draw on information provided in the aforementioned Model. (Doc 489)*
- In implementing recommended changes, DRPA should ensure that key HRS personnel have a full and complete understanding of all software capabilities of the Workstream Performance system.
- DRPA should identify other potential solutions (not always defaulting to training as the answer) when solving for low performance scores (i.e., 1 or 2 on a 5-point Likert scale) given to an employee by a manager or supervisor. Examples can include counseling, mentoring, shadowing, partnering with other employees who are masters of applicable tasks.
- The Agency faces risks arising from the freeze on compensation increases. These include difficulty in hiring new employees and difficulties in filling managerial positions from the ranks of represented employees.

- Recommendations emanating from other Departments will have an impact on HRS. These include the creation of a technical career track in Engineering and the call for an Enterprise Risk Management function. Salary compression raises the risk of not being able to hire or retain high performance employees.
- Employees in Engineering indicated dissatisfaction with opportunities for training. Refer to Section 4.1.5. HRS should consider steps to increase awareness of the available benefits.

### HRS Recommendations

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation. Many of the recommendations support previous audit recommendations extending back to 2001 and Strategic Plan commitments extending back to 2009.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
HRS1	<p><b>Flowchart HRS Processes</b></p> <p>As recommended in the 2010 TransTech audit, develop a clear and comprehensive set of flowcharts for key personnel processes. This is a first step to assuring that these critical processes are well designed and have performance parameters that can be used for monitoring and controlling the process.</p> <ul style="list-style-type: none"> <li>▪ The hiring/selection process</li> <li>▪ Retention process</li> <li>▪ Succession planning process</li> <li>▪ Compensation/compression tracking and risk analysis including factors such as staff turnover, promotion turn-downs, and openings</li> <li>▪ Performance review process</li> <li>▪ Training process</li> </ul> <p>Leverage best practice documented processes from professional Human Resource organizations (e.g., Society for Human Resource Management (SHRM) and PIRA (Personnel and Industrial Relations Association).</p> <p>Work with the Lean Government Six Sigma team to document HR processes. Include training how to flow chart a process.</p> <p>Gain Compensation Committee approval of process designs.</p>	9/30/13

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
HRS2	<p><b>Continue to Implement Performance Metrics System</b></p> <p>Continue implementing the Workstream Performance System. Use metrics instead of DPRA’s corporate values as measurements. Change the performance measurements to individual job specifications and duties instead of corporate values. Provide managers, supervisors and chiefs with a unified view of all their talent management information (e.g., performance reviews, 360 assessments, compensation planning, development data, and succession planning).</p>	12/31/13
HRS3	<p><b>Review Pay Differentials</b></p> <p>Through Compensation Committee sponsorship, review the pay differential between first line supervisors and represented employees. Consider the findings from the compensation survey reported in this report and other data. Assess risks arising from compensation compression and create or adjust policies accordingly.</p>	3/31/13
HRS4	<p><b>Document Salary Freeze Policies</b></p> <p>Document policies regarding the salary freeze. CGR has not received a document that established the policy. Conditions for exceptions and ending the freeze should be established.</p>	3/31/13
HRS5	<p><b>Implement Employee Quantitative Survey</b></p> <p>Implement an internal HRS quantitative satisfaction survey.</p>	6/30/13
HRS6	<p><b>Charge Out Employee Service Expenses (ESE)</b></p> <p>Charge out Employee Service Expenses assigned to HRS to the user cost centers.</p>	3/31/13
HRS7	<p><b>Approve Software Applications</b></p> <p>Pursue software applications for automating hiring processes.</p>	3/31/13
HRS8	<p><b>Increase Awareness of Training Programs</b></p> <p>Consider taking steps to increase employee awareness of Authority-sponsored education and training opportunities.</p>	3/13/13

Responses to the recommendations were provided during the Preliminary Review.

- HRS1: Flowcharts will be created by the review date of 9/30/13.

- HRS2: The performance management system will be using job competencies as measurements by 2012, ahead of the 12/31/13 review date. 360 reviews are to be implemented by 2013 after employees receive training on the process.
- HRS3: Once approved by the Board, HRS will endeavor to proceed with a comprehensive salary review which will include the first line supervisors.
- HRS4: HRS has and will continue to document any policies/resolutions, etc. regarding the current salary freeze.
- HRS5: HRS will implement an employee satisfaction survey by the review date.
- HRS6: HRS needs further explanation/direction with regard to this recommendation. HRS will need to partner with the Finance Division and Benefits Administration Department on this initiative.
- HRS7: As soon as HRS receives authority to pursue the purchase of the aforementioned software applications for filling positions, it will do so, hopefully by the review date.

#### **Impact of HRS Recommendations**

If HRS is able to implement the above recommendations, particularly those related to compensation, it agrees that it will have a positive impact on the ability to attract, recruit, and retain qualified employees, and the ability to execute the Authority's mission. However, the decision to implement and/or reinstate most of the benefits in the Auditor's recommendations does not fall within HRS' area of responsibility. (Doc 489)

### **4.3 General Counsel Division**

This section addresses three departments in the Division: Office of the General Counsel, the Corporate Secretary, and Claims Administration.

#### **4.3.1 Office of General Counsel/Corporate Secretary**

The General Counsel reports to the DRPA Chief Executive Officer (CEO). The General Counsel is a Pennsylvania Governor appointed position. The recently retired General Counsel had been with DRPA for 22 years. The replacement General Counsel was the Pennsylvania Public Utility Commission General Counsel before coming to the DRPA in April, 2012. (Int 12, Int 24) The outgoing General Counsel left in June 2012. (Doc 508)

The General Counsel's office includes six staff attorneys and four budgeted clerical positions. Two clerical positions are filled and two are being filled. A current temporary employee will be terminated when the vacant clerical positions are filled. The General Counsel budget also includes the costs of outside counsel. The General Counsel's office includes three groups: Legal, Claims Administration (reported in Section 4.3.2) and Corporate Secretary. (Int 12, Int 24) The following table shows the General Counsel's and Corporate Secretary's budgets for 2012.

	General Counsel	Corporate Secretary
Work Center Code	100211	100311

No. Employees	9	2
Employee Related Costs	\$1,412,000	\$167,000
Other Expenses	\$1,027,000	\$107,000
Total:	\$2,439,000	\$274,000

General Counsel "Other Expenses" includes \$1,000,000 for Professional Services.

### General Counsel Processes Performed

The General Counsel position is a dual appointment. The General Counsel also serves as the Corporate Secretary reporting to the Board. One of the staff attorneys and two of the administrative assistants do the Corporate Secretary's day-to-day work. In addition to the Corporate Secretary function, this unit administers records storage and the Iron Mountain records storage contract. (Int 12, Int 24)

The staff attorneys' normal workload includes reviewing procurement processes and requests for proposal, reviewing contracts, real estate work for easements and other issues, litigating cases and overseeing outside counsel litigating cases, labor law issues, and equal employment opportunity claims. Procurement and contracts is estimated to be approximately 20 percent of the General Counsel's office workload. (Int 12, 24, and 28)

The General Counsel's office serves both Bridges and PATCO. Other clients include principal shared and support service clients: Finance, Engineering, Public Safety, Government Relations, Human Resources, Board/Policy/CEO, and the Deputy CEO for governance and general management issues. (Int 12, Int 24)

### Related Prior Audit/Strategic Plan Items

The following recommendation is pertinent to the General Counsel department.

ID#	Item Name	Priority/Status	CGR Assessment
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#### TransTech Audit – 2010 (Doc 20)

*(Items are from the Compact Compliance Section.)*

26	Item 38. Union Work Rule Inefficiencies	Not evaluated	
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Item #26 calls for the General Counsel to identify work rules in union contracts that inhibit the Authority's ability to function at optimal effectiveness and efficiency. The establishment of a Labor Relations capability would support this recommendation.

### General Counsel & Corporate Secretary Principal Findings

The following are findings related to General Counsel and Corporate Secretary functions.

- The General Counsel has outside law firms updating the standard purchase order terms and conditions, the standard engineering contract form, and the standard contract DRPA uses with entities receiving grant funds. In the future, all non-

standard purchase orders or contracts will require a General Counsel review for legal form.

- The General Counsel's office is also implementing a new contract review process with a checklist and required input before the office will review a contract. The new process should be in place by the end of 2012. (Int 12 and 24)
- Another General Counsel project is the implementation and administration of the DRPA public records program. While DRPA is subject to neither NJ or PA public records laws nor the federal Freedom of Information Act, the Board has directed that it develop and implement a policy that adopts the strictest provisions from both states. There are about 50 public records requests per year. DRPA has five business days to respond, but most requesters will grant an extension if necessary. (Int 12, 24, and 28)

### **General Counsel & Corporate Secretary Conclusions**

The following are conclusions related to the General Counsel and Corporate Secretary functions.

- There are limited shared and support service charge-backs to internal clients, including the General Counsel's office, outside counsel costs, and claims and settlements paid. This reduces the accuracy of cost accounting and allocation and limits the ability for executives to make rational economic decisions.
- The General Counsel's office is a focal point for labor relations issues to an unusual degree. This is likely because there is no designated labor relations function at the DRPA.
- The General Counsel's office does not have a modern document management system. The amount of documents that must be tracked is large, and the manual processes are inefficient.

### **General Counsel & Corporate Secretary Recommendations**

The recommendations that follow include a recommendation for a follow up milestone date.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
GC1	<b>Implement Department Chargebacks</b> Implement (division or work center level) charge backs from the shared and support services including outside counsel fees and claims and settlements paid.	3/31/13
GC2	<b>Establish a Labor Relations Function</b> Establish a DRPA labor relations function. A related recommendation is included in the TransTech audit report and Labor Contract Compliance recommendations.	6/30/13

Identifier	Recommendation	Review Date
GC3	<b>Acquire a Document Management System</b> Study the feasibility of acquiring and implementing a document management system at least for the General Counsel's office and possibly all of the Authority.	9/30/13
GC4	<b>Purge Unnecessary Contract Requirements</b> Support Lean Government projects to remove overly complex and restrictive requirements from contracts and related documents. For Reform Resolutions consider assigning responsibility to designated senior managers who are overseeing the implementation of the resolutions. A related recommendation is in Section 3.2, Lean Government.	Ongoing, verify 6/30/13

### Impact of Corporate Counsel Recommendations

Implementing the recommendations will remove waste from the department's operations. Since the department sets policies and procedures followed by other departments and Authority suppliers, simplification and removal of low value terms and conditions will lower internal and supplier costs.

#### 4.3.2 Claims Administration

The Claims Administration function has two Claims Specialists that report directly to the General Counsel. The work center budget numbers include the cost of claims, budgeted in 2012 at \$1,767,000, as shown in the following table.

Work Center Code	300200
No. Employees	2
Employee Related Costs	\$1,905,000
Other Expenses	\$81,000
Total:	\$1,986,000

Claims Administration handles the following types of claims: Slip and Fall, Family Medical Leave Act (FMLA), Workers' Compensation, Unemployment Compensation, Americans with Disabilities Act (ADA), and Short- and Long-Term Disability. These claims are predominately employee related. Pennsylvania and New Jersey may have different rules and standards for each of the claim categories. The DRPA has up-to-a \$5 million retention for self-pay of claims. Claims Administration also administers drug testing and disability parking permits. (Int 26)

#### Claims Administration Processes Performed

One Claims Administration Specialist focuses on general liability and FMLA claims. This function also initiates actions against others who damage DRPA facilities and vehicles.

These claims are escalated to litigation with in-house or outside counsel as necessary. (Int 26)

Claims against the DRPA are coordinated with the relevant insurance carrier. There are different insurance policies for bridges, automobile, and OCIP and are tracked from filing through resolution. The DRPA uses a combination of insurance policies with deductibles and self-insurance for property coverage. Costs in this area are a combination of insurance premiums and out-of-pocket claims paid and repairs made. Fleet Management repairs DRPA vehicle damage with no insurance reimbursement. General Counsel attorneys handle litigation or manage outside counsel when they are engaged. (Int 26)

Family Medical Leave Act (FMLA) claims are supported by in-house counsel and involve close coordination with workers' compensation and short- and long-term disability insurance. DRPA Claims Administration assures compliance with the law and DRPA policies while minimizing the costs to DRPA. (Int 26)

The other Claims Administration Specialist focuses on workers compensation and short-term and long-term disability claims. This position also administers the Americans with Disabilities Act (ADA) accommodations for employees (parking, work stations, etc.) and the DRPA informal light duty program. Light duty is offered to injured employees on a voluntary basis case-by-case. (Doc 26)

Workers compensation utilizes a contractor to pay all claims. DRPA pays the contractor fee and reimburses it for the wage and medical payments made on DRPA's behalf. DRPA Claims Administration tracks each claim from filing through resolution with the objective of returning the employee to work as soon as medically possible. (Int 26)

DRPA, PATCO and the various unions have a variety of short- and long-term disability programs. Claims Administration works with the relevant insurance carrier or union to provide employees with the appropriate benefits. (Int 26)

Claims Administration produces the monthly injury frequency rate report to track employee safety performance based upon new Workers' Compensation claims and work hours provided by payroll. (Int 26)

### **Claims Administration Related Prior Audit/Strategic Plan Items**

This section summarizes recommendations from prior audits and action items from the Strategic Plan. The latter take the form of "Strategic Approaches" and their associated "Initial Tasks."

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. So progress assessments for some items were conducted with DRPA managers. The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. The code has two components:

**Priorities:**

- A -- Critical, Urgent
- B -- Important, Non-Urgent
- C -- Deferrable

**Status:**

- 1 -- In Progress, Complete
- 2 -- Not Started, Accountability Assigned
- 3 -- In Queue to be Done

D -- Unneeded, duplicative      4 -- Unlikely to be Done  
 ? -- Not Known                      ? -- Not Known

CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Priority/Status	CGR Assessment
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**TransTech Audit – 2010 (Doc 20)** *(Items are from the Compact Compliance Section.)*

56	Item 94. Risk Management Committee Formation	C3	● Yellow
57	Item 95. Balanced Enterprise Risks	C2	● Red
58	Item 96. Risk Manager Role Determination	A1	● Green

The following are findings related to the recommendations or the progress evaluations provided by the DRPA status reviewers.

- Related to Item #58, The 2010 TransTech audit (Doc 20, page 177) noted that Claims Administration did not report to the Risk Management function and that this wasn't consistent with practices found elsewhere. The CGR evaluation is "green" since the definition of the risk manager's role has been completed. No change to the reporting relationship of Claims Administration has been made as a result of the prior audit.
- In the Strategic Plan there is a task defined to assign a Core Team to address related issues for Security and Emergency Management. (Doc 36).

**Claims Administration Principal Findings & Conclusions**

- From 2003 through March 14, 2012, the DRPA and PATCO and their insurance carriers paid \$17.6 million in settlements and judgments for 46 cases. This number is skewed by a \$10 million judgment paid in 2011 for a single case.
- Normally, the DRPA and PATCO incur an average of less than \$1 million per year in settlements and judgments. Of the \$17.6 million paid, \$13.7 million was covered by insurance and \$3.9 million was paid out of pocket. PATCO incurred \$12.4 million of the total settlements and judgments, and the DRPA incurred \$5.2 million. Claims related to DRPA and PATCO employees and police officers accounted for \$14.1 million of the \$17.6 million. For PATCO, both in-station and on-train slip and fall type claims were common.<sup>11</sup>

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<sup>11</sup> La Roc Memorandum

- The following table shows the DRPA and PATCO total annual workers' compensation costs for indemnity, indemnity/medical and medical only for the years 2009 through 2011.<sup>12</sup>

**Workers' Compensation Costs**

Year	PATCO	DRPA	Total
2009	\$296,663	\$356,519	\$653,182
2010	\$483,319	\$735,576	\$1,218,895
2011	\$244,031	\$672,450	\$916,481

- The 2011 disability benefits paid for 39 claims were \$218,867.<sup>13</sup>
- Summary information of claims and payments by type is not readily available. This reduces the Authority's ability to manage claim costs.<sup>14</sup>
- Claim payments are not charged back to the organizational unit that caused the cost. The figures in the opening table include \$1,767,000 in claims payments. This reduces management accountability and does not promote rational economic behavior to reduce claims. (Int 24) For example, the cost of an employee on disability is not charged to the work unit during the period of disability. This removes a management incentive to prevent lost time injuries.
- As noted in the TransTech audit, it is unusual for Claims Administration to report to the General Counsel. More typical is for Claims Administration to report the Risk Management function.

**Claims Administration Recommendations**

The recommendations that follow include a recommendation for a follow up event date in the recommended timeline for implementation.

Identifier	Recommendation	Review Date
CA1	<b>Track Claims and Payments</b> Develop summary claim and payment tracking information and report it at least quarterly.	6/30/13

<sup>12</sup> Information from the General Counsel's office, June 5, 2012

<sup>13</sup> Information from the General Counsel's office, June 5, 2012

<sup>14</sup> Multiple document requests

Identifier	Recommendation	Review Date
CA2	<b>Assign Costs to Departments</b> Charge claim payments back to the unit that caused the cost.	6/31/13
CA3	<b>Change Claims Administration Reporting</b> Consider transferring Claims Administration to the Risk Management function, particularly if an Enterprise Risk Management unit is formed.	6/30/13

### Impact of Claims Administration Recommendations

As documented in Section 4.2.1, lost time injury rates are excessive. Reducing injuries is a win-win proposition. Aligning incentives by charging back claims costs, and enforcement of safety rules should reduce claims costs.

## 4.4 Finance Division

The Division has several work centers/departments. These are shown in the following table along with the associated work center codes.

#### Chief Financial Officer (CFO) (204011)

Director, Finance (204411)	Director, Revenue (204511)	Director, PATCO Finance	Director, Information Services (705011)
Accounting (204111)	Revenue Audit (206411)	Accounting Budget	Systems Development (705111)
Payroll (204311)	Purchasing (306911 & 306914)	Revenue	Production Systems (705211)
Budget/Financial Analysis (204211)	Contract Administration (306111)		

PATCO Purchasing reports through the Purchasing manager. The 2012 budget for the CFO and directors, excluding PATCO Finance, is shown in the following table.

		CFO	Finance Director	Revenue Director	IS Director
Work Center Code	All	204011	204411	204511	705111
No. Employees	7	2	2	2	1
Employee Related Cost	\$1,021,000	\$290,000	\$247,000	\$272,000	\$212,000
Other Expenses	\$552,000	\$536,000	\$4,000	\$12,000	\$0
Total:	\$1,573,000	\$826,000	\$251,000	\$284,000	\$212,000

Other expenses charged to the CFO work center include \$401,000 for Professional Services and \$128,000 for Contractual Services. The descriptions in the following sections provide similar information at the department level.

The Finance Division and its departments have pursued many improvement initiatives, particularly under the Lean Government program. The CFO has been the executive sponsor of the Lean Government program. The table below summarizes past audit recommendations, Strategic Plan statements, and Lean Government projects. These include process improvements and information technology. The latter are included here since the Information Services department is in the division.

ID#	Item Name	Priority/ Status	CGR Assessment
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**KPMG – 2001 (Doc 79)**

121	Documented Professional Services Contracts (hold over from prior audit)	A1	● Green
122	Annual Review of Insurance Contracts (hold over from prior audit)	A1	● Green

**TransTech Audit – 2010 (Doc 20)**

15	Item 15. Financial Report improvement	A1	● Green
32	Item 44. IS Productivity Enhancements		● Yellow
33	Item 45. Business Analyst Additions		● Red
34	Item 46. Vendor/Consultants for Information Systems		● Yellow
35	Item 47. IS Consultant/Internal Programmer Tradeoff		● Red
36	Item 48. Asset Management System Implementation		● Red
37	Item 49. Workforce Scheduling & Time Reporting		● Red
38	Item 50. Technology Access		● Yellow
39	Item 51. IS Equipment Replacement		● Green
40	Item 52. Improve IS User Knowledge		● Yellow
41	Item 53. IS User Needs Support		● Yellow
62	ERP Platform	A1	● Yellow
64	E-Discovery for Records Management (Legal Documents)		● Red

**Strategic Plan 2012 (Doc 36)** (Asterisks indicate items that are in both the 2009 and

ID#	Item Name	Priority/ Status	CGR Assessment
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*2012 Strategic Plans.)*

100	Budget Process Improvement		● Green
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#### **Lean Government Initiatives**

103	Round I: Budget Process	A1	● Green
104	Round I: Monthly Closeout	B1	● Yellow
105	Round I: P-Card Expense Reporting	B2	● Yellow
106	Round II: Contracts/Purchasing Approvals	A1	● Yellow
109	Round I: Procurement Process	B1	● Yellow
112	Round II: Capital Grants	B1	● Yellow
118	Round II: Procurement Process Use		● Yellow

The following are findings from the audit that address the implementation of previous recommendations.

#### **TransTech Audit - 2010**

- FN 1 TransTech Management recommended the Budget Process and Guidelines be reviewed and updated and that policies, procedures and SOPs be revised. The Budget Process has been reviewed by the Lean Government Program and recommended improvements have been implemented. See the discussion in the Findings – Budget Section below. (Doc 20, 368)
- FN 2 TransTech Management found no deficiencies in the Financial Reporting area. However, it was recommended that Finance review other issue areas for additional reporting support by the Finance group. This refers to DRPA operational areas which require information that resides in the accounting finance system. Finance does receive requests for information from other departments, the Board, and outside agencies. The Lean Government review of the Month-End Close Process gave a recommendation for the development of an SOP to prioritize some of these requests. See the Findings – Accounting Section below. (Doc 20, 31)
- FN 3 TransTech recommended that SOPs, policies and procedures for Finance be reviewed, updated and revised. The revision should include an annual calendar for activities such as the monthly, quarterly and annual reporting to management, the states, and other regulatory bodies. Some SOPs still have an updated date of December 2001. There have been process reviews and improvements through the Lean Government Program which include documentation of process flows; however the SOPs do not appear to have been updated. (Doc 20, 159, 160, 161, 162, 163, 164, 166, 167, 168, 169, 170)

## **DRPA 2012 Strategic Plan**

The 2012 Strategic Plan lists goals and strategic objectives that the DRPA has worked on in the past year and will continue to work towards over the next year. Some of these goals and strategic objectives apply to Finance, yet cannot solely be undertaken by the Finance Department. Below are the goals that apply to Finance Department activities as well as the state of any implementation. (Doc 36)

- Strategic Plan Goal 1: Maintain and improve transportation facilities and services.
- Finance is aware it will be involved with developing an Asset Management function.
- The Strategic Plan stated "Develop a single Enterprise Resource Planning platform (ERP) across all business units". Finance has been involved in the RFP for Enterprise Resource Planning (ERP) Consulting Services dated February 9, 2010. Further discussion of the ERP requisition and implementation can be seen below in the Technology- related Finding.
- Strategic Plan Goal 2: Exercise fiscal responsibility
- Investment decisions are intended to be compatible with the DRPA's core mission, however no standard review program or ROI investing strategies exist at this time. Finance uses two financial advisors on investments and coordinates the investments through the Finance Committee. (Int 68)
- The Plan calls for analysis and evaluation of the Authority's budget process to tie all fiscal decisions to the core mission. This has been addressed by the most recent budget process which employed the process improvements recommended by the Lean Government team as discussed in the Findings – Budget section below. Process refinement will continue. The budget decisions have been guided by a focus on the DRPA transportation mission.
- Link expenditures to strategic goals and objectives. The development of a mechanism to track and monitor expenditures to ensure compliance with approved strategic goals and objectives has yet to be assigned or developed. In the Lean Government Round 2 there is a team looking at the Process for Developing Performance Metrics and Targets at the Authority. (Doc 39, Int 112)
- Research and identify alternative revenue and funding sources. Finance can definitely be helpful in identifying alternate revenue and funding sources, but this should be led by Grant Administration.
- Adopt an even greater strategic approach to planning and budgeting. Finance has been a leader in the Lean Government Initiative which is implementing this strategic objective in relation to budgeting. They have improved processes and procedures to ensure annual departmental budgets are consistent with goals and objectives set forth in the Strategic Plan.

### **4.4.1 Accounting**

The Accounting Section deals with general accounting as well as investing and financing for the Authority. There are six staff in the accounting section as well as one open position (manager, senior accountant, accountant, senior accounting clerk and two clerks). A new senior accountant was hired from temporary status during the course of

this management audit because the existing senior accountant was promoted to Director, PATCO Finance after the previous Director, PATCO Finance retired in April 2012.

Work Center Code	204111
No. Employees	6
Employee Related Costs	\$595,000
Other Expenses	\$7,000
Total:	\$602,000

**General Ledger.** There are about 200-250 General Journal entries a month, consisting of cash receipts, bond servicing, adjusting entries, etc. Accounting staff reconcile bank accounts, accounts receivable (A/R) and accounts payable (A/P). Books are generally closed two weeks into the following month. The accrual period remains open until the year-end audit is complete for any necessary audit adjusting entries. There is a new external financial auditor in 2012 auditing 2011 financial statements. The external auditor is McGladry and Pullen. The previous auditor for about 8 or 9 years was Bowman & Company.

Month End Closing Procedures were looked at by the Lean Government Initiative. The period stays open until the revenue figures are received. Quarterly reporting is completed more quickly than the monthly reports.

**Accounts Receivable (A/R).** DRPA creates only a few invoices each month. Revenue from bridge tolls does not go through A/R. Monthly invoices issued by A/R include public safety services, rental of some parking lots owned by DRPA and some other small items. A/R staff also handles credit card receipts, checks and E-Z Pass transactions.

**Accounts Payable (A/P).** Accounts Payable issues about 500-700 checks a month. These checks include regular monthly bills, employee expenses, purchases and contract payments. A/P staff receives approved invoices and process them for payment. Project Managers note any contract retention amounts on the approved invoices.

**Fixed Assets.** The DRPA uses capital assets to provide bridge facilities and transit service to customers. DRPA owns all capital assets including those which PATCO uses. PATCO maintains the DRPA's capital assets that it uses and bills DRPA for the work performed. The 2011 Annual Report lists capital assets on December 31, 2011, of \$1,177,891,000 net of accumulated depreciation of \$645,957,000. (Doc 362, 454). DRPA follows GASB 34 which deals with Fixed Assets.

There are 86 types of fixed assets recognized by the Authority from superstructure and substructure to weapons and software. Fixed assets are reviewed quarterly and towards the end of the year. The Capitalization threshold is \$5,000. Project Close Out forms are used to capitalize items into fixed assets.

Long outstanding Work In Progress (WIP) and the completed contract list are reviewed during fixed asset reviews to identify possible assets for capitalization. Projects and purchases are coded to the capital budget using project codes and activity codes in Banner. This coding allows Finance staff to identify potential fixed assets. Asset lives are

listed in the Annual Report. The Purchasing Department is in charge of disposition of assets. For example, older vehicles and other assets may be sold at a surplus sale. There has not been a comprehensive internal audit on fixed assets done in recent years. Replacement cost is not recorded with the information maintained on assets.

**Investing.** There are three major pools for investing: General Fund, Debt Service Reserve Fund, and Project Fund.

The General Fund is currently about \$240 million, down about \$100 million from last year because the Authority recently paid off some debt. This fund is used for several purposes, e.g. to pay payroll, to pay operating expenses, to pay for the deductible on the bridge were something catastrophic to happen, and to mitigate risk. The rating agencies look at the general fund for liquidity when rating DRPA bonds. The General Fund is invested in low risk investments.

The Debt Service Reserve Fund is maintained at a level equal to the Maximum Debt Service to ensure funds are available for scheduled payments of debt service.

The Project Fund holds bond proceeds and there are stipulations on how it can be invested because the Authority cannot earn more interest on it than they pay on the related bonds. These stipulations are laid out in the Bond Indenture documents and the DRPA must invest the funds accordingly.

The DRPA has financial advisors that invest the funds and the DRPA also invests some funds directly. The funds are invested in CDs, Money Markets, LLC backed notes, Floating Rate Notes (FRN), and Direct Purchases.

**Financing.** The DRPA issues bonds in order to fund its capital projects and maintain its capital assets. Engineering produces a five year plus plan for capital projects which gives Finance enough lead time to ensure availability of the appropriate funding for capital projects.

July 15th, 2010 was the last bond issuance. Capital projects slowed in 2008, as the Project Fund was running low. Then, funds from the General Fund were used to pay for ongoing projects until the new bond issuance took place in July 2010. Once the bond issuance took place, the \$100 million that had been spent from the General Fund to pay for the Projects was reimbursed to the General Fund from Bond Proceeds, which is allowed under the Reimbursement Resolution. Note: Project spending slowed down, but projects were reprioritized to ensure safety was never a concern.

The DRPA receives an annual review from the rating agencies as well as ratings for each bond issuance. In the figure below are the underlying debt ratings on the Authority's bond issues, as of December 31, 2011.

**Figure 4.1: Authority bond issue debt ratings**

Issue	Moody's	S&P
Revenue and Revenue Refunding Bonds (1999, 2008 and 2010 bonds)	A3	A-
1998, 199, and 2001 Port District Project Bonds	Baa3	BBB-

Another rating report was received from Standard & Poor’s during this management audit which affirmed the S&P ratings above. (Doc 461)

Currently, the Project Fund is running low again so the DRPA is expecting two more bond issuances during late 2012. Any capital expenses covered by the General Fund will be reimbursed once the new bond issuances occur.

For bond issuances, Finance works with the financial advisors and uses a model for debt capacity. When determining cash requirements, three things are looked at: capital needs, operating needs, and toll increases. The CFO is ultimately responsible for the bond issuance, but the Director, Finance and the financial advisors from both New Jersey and Pennsylvania provide the necessary financial information for the issuance.

The DRPA repaid two conditional redemptions of bonds for \$95 million from the General Fund during this management audit.

The DRPA and PATCO also receive grants. The senior accountant in the Finance department does the accounting and the draw downs from the system for grants, however the Grant Administration group in the Government Affairs Department handles the administration and other grant related processes.

#### 4.4.2 Budget/Financial Analysis

The DRPA organization chart shows a Budget/Financial Analysis Manager as well as a Financial Analyst and a Budget Analyst. The 2012 budget for this Section is shown below.

Work Center Code	204211
No. Employees	3
Employee Related Costs	\$348,000
Other Expenses	\$7,000
Total:	\$355,000

**Budget.** The DRPA’s Annual Budget consists of three distinct budgets. The Operating Budget includes bridge operations and administration, the Indenture Budget covers bond repayments, the biennial inspection and debt service, and the Capital Budget covers all capital projects.

The Lean Government Initiative looked at the Budgeting Process and made recommendations for improvements (Doc 483). There is a new budgeting process based on the implementation of the recommended improvements. A Budget Call goes out in August to Directors and Managers for their departmental operating budgets for the following year. The Capital Budget is put together by Engineering. The Banner Budget Module is not used during the budget development phase. Budget creation is done in MS Excel and then entered into Banner once approved.

Finance holds a Budget kickoff informational meeting. Each department receives an MS Excel workbook template from Finance to complete with the department’s requested budget. Finance meets with the departments to help them along the process. Once the departments submit their requested budgets, the completed templates, they are entered

into a master Excel workbook which compiles and calculates the total budget. Official budget hearings are held for the departments to substantiate their requests. The Finance Committee and the Board approve the Annual Budget.

**Analysis.** The Analysis Department handles the financial reporting. Various reports are produced for financial reporting, project-related reporting, government reporting, the annual report, and statistics.

Financial statements are produced quarterly, annually and according to the bond reimbursement agreements. DRPA Financial Statements are provided to the Board, LOC Banks and rating agencies. The Annual Report is produced yearly and has won awards from the Government Finance Officers Association for the last 19 years.

The DRPA and PATCO receive grants from the FTA and other agencies. Detailed reporting is involved when grant funds are used. The Grant Administration Department deals with most of the reporting, however Finance staff is involved.

Budget versus actual reports are produced each month from Banner and distributed to the departments for review. Project Managers generally keep track of their project budgets and spending from invoices they have approved. One of the performance indicators recommended by the Lean Government process review relates to how close actual spending comes to the budget. In the past the Authority has spent under budget due to open positions, not considering capacity when budgeting, and delayed approval on items and projects.

#### 4.4.3 DRPA/PATCO Payroll

**DRPA Payroll.** DRPA payroll is processed internally by two staff members using Banner.

Work Center Code	204311
No. Employees	2
Employee Related Costs	\$196,000
Other Expenses	\$7,000
Total:	\$203,000

DRPA pays approximately 552 staff and has a weekly gross payroll of approximately \$762,000. Staff includes approximately 221 non-represented staff and 331 represented staff depending on the payroll week.

The union breakdown is approximately as follows: 132 Fraternal Order of Police (FOP), 190 International Union of Operating Engineers (IUOE), and 9 International Brotherhood of Electrical Workers (IBEW). DRPA's Public Safety Department comprises the majority of union members.

The work week is Saturday through Friday. Payroll is processed weekly by Friday for the week ending the previous Friday. There are hourly and salaried employees; however salaried employees still have an hourly rate in Banner which is based on a 40 hour week. Withholdings are based on where the employee reports for work, either New Jersey or Pennsylvania. Vacation, sick time and other time off are determined by job

tenure, union status and job level, except for the CEO who has a contract that specifies his benefits. Staff may accrue 40 hours of “on the books” time. This is overtime that is not paid out, but allows staff to take that 40 hours off.

Staff sends emails or provides their time in hardcopy to the departmental timekeeper each week, and then the time keeper enters the time record into Banner. It is then approved in Banner by a manager and director or designated approver in the case of Directors, CEO, etc.

The timekeeper for each department is also tasked with maintaining employee leave balances. Some timekeepers use a Finance-provided “Bible sheet” MS Excel spreadsheet, although the specific format is not required. Time keepers also have query rights in Banner. If employees have questions regarding leave, they generally go to their timekeeper first.

The Payroll Manager for DRPA is also the Payroll Manager for PATCO Payroll. PATCO Payroll is not noted on the Finance Division organization chart. However, PATCO Payroll does report to the DRPA Director, Finance and is included in the payroll section below.

**PATCO Payroll.** PATCO processes its own payroll internally through Unisys and has 2.5 payroll staff. PATCO has 304 staff on payroll and a weekly gross payroll of approximately \$477,000.

PATCO employs approximately 217 Teamsters and 81 non-represented staff depending on the payroll week. PATCO payroll is generated 70% by timecards and 30% by handwritten reporting. Schedules must be entered into Unisys before the time can be reported. There is a payroll clerk who enters reported staff time into Unisys. Depending on the union contract, there are various added items into payroll such as meal allowances, night shift differentials, etc. The Unisys system produces custom reports required by the Federal Transit Administration (FTA).

#### 4.4.4 Revenue/Revenue Audit

The Revenue Audit Department is tasked with auditing DRPA revenue from DRPA Revenue Operations as well as third party contractors.

Work Center Code	206411
No. Employees	4
Employee Related Costs	\$758,000
Other Expenses	\$213,000
Total:	\$971,000

“Other Expenses” includes \$210,000 for Contracted Services.

The DRPA has the following 2012 Annual Revenue Budget by revenue source.

<b>DRPA and PATCO Revenues</b>	<b>2012 Budget (in millions)</b>
Bridge Tolls (net of snow reserve)	\$289.44m

<b>DRPA and PATCO Revenues</b>	<b>2012 Budget (in millions)</b>
E-ZPass Membership Fees	\$2.00m
One Port Center	\$1.62m
PATCO Fares/Other Revenue	\$25.62m
Ferry	\$0.06m
Interest	\$7.93m
Miscellaneous	\$2.51m
<b>Total</b>	<b>\$327.18m</b>

The DRPA has outsourced most of its revenue operations to third party contractors. Cash revenue operations fall under the DRPA Chief Operating Officer by individual bridge. This management performance audit is not reviewing Bridge Operations.

The DRPA uses the TransCore Scalable Automated Toll System (SATS) for recording and reporting traffic and toll revenue. SATS records all transactions across the bridges. The equipment digitally video records the transactions, counts the axels of the vehicle and measures the height of the vehicle. All the equipment in the toll lanes is maintained by TransCore. The DRPA Information Services team works with contract TransCore staff on the bridges to maintain and fix the toll equipment. The Revenue Audit staff use the digital video audit system to review for errors.

Revenue Audit staff use SATS to produce reports on traffic and revenue by bridge monthly. Reports include comparison to prior month and prior year month. SATS provides traffic statistics as well .

The following is the new toll schedule for the DRPA as of July 1, 2011.

**Figure 4.2: DRPA Bridge Toll Schedule**

<b>Vehicle Class</b>	<b>Toll</b>
Class 1 – Motorcycle	\$5.00
Class 2 – Automobile	\$5.00
Class 3 – Two Axle Trucks	\$15.00
Class 4 – Three Axle Trucks	\$22.50
Class 5 – Four Axle Trucks	\$30.00
Class 6 – Five Axle Trucks	\$37.50
Class 7 – Six Axle Trucks	\$45.00
Class 8 – Bus	\$7.50
Class 9 – Bus	\$11.25
Class 10 – Senior Citizen with E-Z Pass	\$2.50

Class 13 – Auto with Trailer (1 axle)

\$8.75

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*Note: Certain vehicles are considered non-revenue vehicles; and they are charged only the transaction fee per vehicle given to Affiliated Computer Services, Inc. (ACS), for example, police cars and DRPA dump trucks. DRPA represented employees receive 100 free trips and PATCO represented employees receive 10 free trips.*

**E-ZPass.** The DRPA contracts with Xerox for E-ZPass customer service and back office operations through the New Jersey Electronic Toll Collection (ETC) Group. E-ZPass users sign up and have an account and a physical transponder in their car that is linked to their account. E-ZPass users must register their license plates.

Transcore sends a file each day to Xerox of the E-ZPass transactions which Revenue Audit uses to perform reconciliations. For “home” accounts, NJ ETC users, the funds will process within 24 hours, but for “away” accounts, users from other agencies in the interoperability agreement, the funds may take 48 hours to process. Xerox wires revenue daily to the Wells Fargo Account. Xerox charges per transaction. The Xerox contract with NJ ETC Group has been extended and the Group will put out an RFP for a new contract.

Xerox also deals with violations and citations. Violations are considered theft of services. The citation is \$5 for the toll and a \$25 administration fee. There are a few thousand violations each month, but 50 to 55% are not real violations, for example, a user's E-ZPass transponder may not be working correctly. Once the system looks up registered license plates the violation count goes drastically down.

**Cash Tolls.** The DRPA employs full-time and part-time toll collectors. They take cash from the users of the bridges and give change. Any errors or exceptions knowingly made by toll collectors are noted and reported to a supervisor, for example if they rang a toll for the wrong number of axels and then had to re-ring it for the correct amount. Revenue Audit staff use the toll collector and supervisor notes as well as the time stamped digital video to determine what actually happened in the lane. There are many controls built into the process to ensure tolls received are not pocketed by toll collectors. There are also stipulations in the union contract that state, if the toll collector's count is off, then the toll collector must pay the difference back.

Toll collector cash receipts are counted by Dunbar, a third party contractor. Dunbar provides armored carrier services and performs a blind count by toll collector bag. Dunbar cash counts are performed under camera surveillance so if there are any irregularities to the count, the count can be reviewed to ensure all funds were counted. 95% of the counts are correct. There are about 50-100 discrepancies, about \$30,000 worth each month, which takes three Revenue Audit staff six to eight days to clarify. Dunbar delivers cash daily to DRPA's bank and reports cash revenues by bridge.

#### **4.4.5 Purchasing/WWB Storeroom**

Purchasing consists of two cost centers profiled in the following tables.

<b>Purchasing -- All Areas</b>		Purchasing	WWB Storeroom
Work Center Code		306911	306914
No. Employees	12	10	2
Employee Related Costs	\$693,000	\$563,000	\$130,000
Other Expenses	\$82,000	\$78,000	\$4,000
Total:	\$775,000	\$641,000	\$134,000

\$58,000 of the \$78,000 for Other Expense in the Purchasing Department is for office supplies for Purchasing and other departments. Other categories are Repairs and Maintenance (\$4000); Printing (\$3000); Memberships and Subscriptions (\$8000); and Travel, Meetings, and Development (\$5000).

The Purchasing Manager is in charge of both DRPA and PATCO purchasing, each with a storeroom. However, PATCO purchasing is not a subject of this audit. The employees that report to the Purchasing Manager are shown in the table below.

<b>Position</b>	<b>DRPA</b>	<b>PATCO</b>
Purchasing Agents	1	1
Purchasing Specialists	4	2
Purchasing Clerks	2	1
Storeroom Supervisor	1	1
Storeroom Clerks/Storekeepers	1	5

#### **4.4.6 Contract Administration**

The Contract Administration department has two staff, down from 3.5 staff in 2004. Contract Administration, a separate section under the Director of Revenue, deals with Professional Service Contracts, Engineering Contracts and interfaces with the Federal Transit Administration (FTA). Contracts over \$25,000 need to have Board approval whereas contracts under \$25,000 can be approved by the Chief Executive. (Int32)

<b>Contract Administration</b>	
Work Center Code	306111
No. Employees	2
Employee Related Costs	\$243,000
Other Expenses	\$1,000
Total:	\$244,000

#### 4.4.7 PATCO Finance

In the DRPA Organization Chart, Port Authority Transit Corporation (PATCO) Finance reports to the CFO of DRPA. However, in the PATCO Organization Chart the Director of PATCO Finance reports to the PATCO General Manager. In interviews it was stated that PATCO Finance reports to DRPA CFO with a dotted line to the PATCO General Manager. Although this performance audit does not cover PATCO, PATCO Finance reports to the CFO of DRPA and so PATCO Finance has been included in this review. According to the DRPA Organization chart, PATCO Finance is made up of the following sections:

- Accounting
- Budget
- Revenue

There are eight employees in PATCO Finance. The Director, Director's secretary, Accounting Manager, Senior Accountant, Data Entry Clerk, Fare Collection Systems Analyst, Accountant/ Financial Analyst, and an Accounting/Accounts Payable Clerk. There is also a Budget Analyst position open.

The Director, who worked at DRPA/PATCO for 38 years retired in April 2012. Since then a member of the DRPA Finance Division has been acting as Director of PATCO Finance and has recently secured the position officially.

PATCO Finance does not issue payroll. There is a PATCO Payroll section that processes PATCO payroll and reports to DRPA Director of Finance. PATCO payroll has been discussed above in the Payroll Section.

**PATCO Accounting.** PATCO Fare Collections under PATCO Operations complete a hard count of cash themselves. PATCO Accounting records the revenue. PATCO prepares monthly Financial Statements which go to the Board in the General Manager's Board Report. The General Manager's Board Report, includes Statistics, Income Statement and Balance Sheet.

PATCO bills DRPA for staff who work on DRPA capital projects and any PATCO staff labor for preventative maintenance related to FTA grants. DRPA bills PATCO for Information Services personnel, Public Safety Services, and any staff on loan to PATCO. DRPA and PATCO split the AT&T, internet connection, and Federal Express bills 70%/30%.

**PATCO Budget.** PATCO capital assets are owned by the DRPA. PATCO Finance may assist in the DRPA Capital Budget process, which starts in July, since PATCO staff work on DRPA capital assets. However, the DRPA Engineering & Finance Departments are ultimately responsible for the Capital Budget. The Operating Budget process starts in August; and, in September, payroll and other expenses are budgeted. The PATCO Operating Budget is approved by the Board. The budget is tracked on a monthly basis.

The 2012 Approved Operating Budget for PATCO budgets revenue of \$25.6M and Operating Expenses of \$45.3M leaving an Operating Loss of \$19.7M.

**PATCO Revenue.** PATCOs Revenue comes from Passenger fares, advertising, parking, leases & rentals and miscellaneous items. Most of PATCO business (\$23M) is from passenger fares. Fare Collections is under PATCO Operations and performs the

backroom functions relating to passenger revenues and the cash receipts. The Revenue Analyst in PATCO Finance records the revenue in Unisys and creates ridership statistics.

#### **4.4.8 Information Services (IS)**

Section 3.2, General Management Functions contains the audit's report on the Information Systems Department and its functions.

#### **4.4.9 Finance Division Recommendations**

This section consolidates findings, conclusions, and recommendations that directly affect the Finance Division. Most recommendations impact multiple Finance Division departments.

##### **Finance Division Findings**

The major findings relate to the following areas which are discussed below:

- Staffing
- Financial Reporting
- Investing
- Financing
- Lean Government
- Policies
- Finance Processes
- Purchasing Processes
- Contract Administration Processes
- Cost of Purchasing
- Technology
- Decision Making

##### **Staffing Findings**

- Finance has a sufficient number of staff to complete required day-to-day activities and reporting, however, completing projects such as implementation of the Strategic Plan tasks and prior management audit recommendations is difficult with current staffing. (Int 45)

##### **Financial Reporting Findings**

- The Government Finance Officers Association (GFOA) awarded the DRPA the Certificate of Achievement for Excellence in Finance Reporting for the comprehensive 2009 Annual Report. The GFOA indicates "this certificate of achievement is the highest form of recognition in the area of government accounting and financial reporting and its attainment represents a significant accomplishment". This is the 19th year that the Authority has been awarded the certificate for its outstanding annual reports. (Doc 454)

### **Investing Findings**

- Finance is cognizant of the stipulations put on how the Authority may invest its funds and coordinates investments through the Finance Committee. (Int 68)
- Finance is in the process of developing an investment policy. The draft policy includes sections on General Objectives, Standards of Care, Authorized Financial Dealers, Competitive Procurement, Policy Limits, Suitable and Authorized Investments and Reporting.

### **Financing Findings**

- Finance has a plan to manage the Authority's operations and capital program in a manner that will maintain and improve the investment grade rating. The CFO and Finance staff are actively engaged in trying to get an improved rating. (Doc 66)
- Despite the rating of the Bank of America Financing being downgraded earlier this year, the DRPA was able to maintain its rating because of actions taken by Finance. To maintain its bond rating the DRPA needs at least two good ratings, so Finance obtained another rating on their Bank of America bonds from Fitch. (Int 68)
- Finance is managing the four swap exposures. They are hedged effectively, although they are still recognized as a liability of over \$225 million. That liability would only become payable in the case that the DRPA defaulted and the borrower insisted on cash payment. (Doc 66, Int 68)
- The swaps are not costing more than expected. The largest costs are the remarketing fees related to the lines of credit. They are remarketed each Wednesday and the fees total about \$10-\$11 million a year. (Doc 454, Int 68)
- DRPA is looking to restructure their relationships with their Letter of Credit Banks. Finance is issuing an RFP and an RFQ. (Int 68, 96)
- The DRPA is working on the refund of the economic development bonds. (Doc 66, Int 96)
- The DRPA is preparing to issue new bonds in late 2012 to maintain the Capital Program. (Doc 66, Int 96)

### **Lean Government Findings**

Section 3.2 also addresses this program. The CFO and Finance Staff recognize that the department needs continuous improvement and, consequently, they have been leaders in the Lean Government Initiative. They serve on teams to review enterprise processes as well as Finance process. Finance processes make up the majority of processes reviewed so far. In the first round of process improvements taken on by the Lean Government Initiative, the Finance Division had four out of five processes. These processes were:

- Streamlining Procurement Card (P-Card) Expense Reporting
- DRPA Month -End Close Process
- Improving the Authority's Budget Process
- Introducing Change into DRPA/ PATCO IS Systems Environment

In the second round of Lean Government projects, Finance has another four processes. They are:

- Fixed Asset Closeout
- The Authority's Contracts and Purchasing Approval Process
- Using the Authority's Procurement Process
- Process for Developing Performance Metrics and Targets at the Authority
- The goals of the Month-End Close Process was to develop a schedule, streamline the process across all contributing departments, and shorten the time to produce interim financial statements and other financial information. (Doc 31) The recommended improvements included:
  - Create a Month End Schedule, distribute to all responsible parties, and monitor schedule compliance.
  - Post the Financial Statements on the DRPA Web Site and email them to Commissioners so that they may be reviewed in a timely manner.
  - Reorganize and expand the Revenue Department to add resources, while shifting personnel to the growing E-ZPass segment which includes enhanced violation recovery mitigation.
  - Develop SOPs for all processes involved in E-ZPass data collection and reporting.
  - Work with IS to identify processes that can be automated.
  - Develop SOPs to prioritize and process special requests for reports and information.
  - The Month-End Schedule has been developed and is being monitored by the Manager of Accounting. The implementation of the other recommended improvements is in progress. (Doc 352)
  - During 2010 and 2011 a cross-departmental Lean Government team reviewed the Authority's Budget Process in order to ensure that the Authority is applying its limited resources effectively and efficiently in alignment with its strategic objectives. It aimed to create a budget process that represents a more realistic annual budget forecast consistent with the core mission and strategic plan of the organization.

One of the team's goals was to reduce the difference between the annual budgeted expenditure and the annual spent amounts. In previous years the Authority has had actual expenditure under the budget figures, for example, in 2009 the DRPA spent \$38,125,310 under the Capital Budget and \$6,946,315 under the Operating Budget (non-payroll). Based on staff surveys, the Lean Government project focused on procedures, forms, decision making and communication. (Doc 34) Most of the recommended improvements were implemented for the 2012 Budget preparation in 2011 while the remaining improvements are being implemented in 2012 for the 2013 Budget process (Doc 273, 368).

Operating budget improvements include:

- Budget Kick-off Meetings and expanded budget submission timelines.
- Improved communications between departments during the request window.

- Financial targets set by CEO
- Increased communications with Board/Finance Committees.
- Quarterly Finance Budget Meetings

Capital budget improvements include:

- Revised Capital request forms, eliminating redundancy.
- Submission of additional information, such as project completion and timing.
- Prioritization of all projects by the Director of Engineering to create more accountability.
- Increased communication and involvement with Board/Finance Committees.
- Greater focus on tracking of expenses vs. budget with a bi-monthly capital spending review with Finance, Chiefs and Directors, including PATCO.
- As part of the initiative intended to decrease the differences between amounts budgeted and spent, Engineering, this past year, color coded capital projects into categories, red, yellow and green, for budgeting purposes. Red was all safety related projects and projects already underway. Yellow was for operational issue related projects, for example a broken boiler. Green was for discretionary projects and upgrades. In trying to be a cost effective agency, all Red and Yellow projects were included in the Capital Budget and all Green were removed with the exception of one. In previous years, capacity planning was not taken into account during the Capital Budget process and projects that Engineering did not have the capacity for were included in the Budget. (Int 45, Doc 368)
- The three Lean Government projects related to Purchasing and Contract Administration processes have identified many ways to improve purchasing and contract administration by reducing the time that a purchase or contract takes, and reducing the impacts on budgets and project schedules, timelines and deliverables. Changes to approval levels, computer systems and processes are being planned.
- The Streamlining Procurement Card (P-Card) Expense Reporting project is led by the Chief Financial Officer, a Lean Six Sigma Black Belt, and follows the define, measure, analyze, improve, control (DMAIC) process for the project (Doc 32). The project found that there were differences in reallocation and approval processes at each facility, statements were received at different times at different locations, and reallocation data was not forwarded to finance until 30-120 days after the monthly P-Card cycle closed. Solutions, including new Standard Operating Procedures and electronic delivery of bank statements were identified. The project is expected to be complete around the end of 2012.
- The project on The Authority's Contracts and Purchasing Approval Process is ongoing and is being sponsored by the Chief Financial Officer (Doc 23). It found that when a professional service contract or purchase requisition is initiated through the current process, the process can take between 1 – 4 months before a contract or purchase order is executed. It conducted a survey and found that many employees are not fully aware of the purchasing process.
- A volunteer team is working on a second-round Lean Government project titled "The Authority's Contracts and Purchasing Approval Process" (Doc 23). This project deals only with streamlining the approval process.

- Using the Authority's Procurement Process was the subject of an initial presentation to the CEO in April 2012 (Doc 27). The project is sponsored by the Director of Revenue to whom Purchasing reports. The goal of the project is to improve awareness of the procurement steps and processes by communicating with customers to make them aware of the processes for procurement and offering training tools on e.net. The presentation records the approval levels, which are under review by the Authority's Contracts and Purchasing Approval Process project. However, the Board needs to realize that unnecessarily low approval levels add to the time and cost of carrying out projects.

### **Policies Findings**

- Interpretation and development of payroll policies, such as military leave, union contracts, salary compression, arbitration awards with unions and good faith payments require a lot of time of the CFO and Human Resource Services. The work is complicated by the different state payroll regulations that apply to DRPA employees, as employees report to work in two states. (Int 93, 46)
- Banner allows for time tracking using administration or project activity codes. Emails from Finance notify staff of codes to which they should charge their time. In general, administrative employees charge their time to the administration code for their department.

Engineering, Information Services, and PATCO staff also record time to project activity codes, but not through Banner. Engineering records project-related labor using an Excel Spreadsheet for each four weeks. All of the engineers' time is compiled and then the totals by project are reported to Finance once a month for the monthly Capital Labor General Journal Entry into Banner in order to reclassify the labor to Capital Projects.

Project codes are created for capital projects and other projects. For example, FEMA reimbursements and parades, where there is expected reimbursable time. Thus, staff time is only tracked against budgets or grants. Currently staff time is not tracked for the Gloucester Camden Line (GCL) project as the labor is not charged. However, any items directly paid for GCL by the DRPA are recorded and are billed. (Int 41, 93, 111)

- Salaried employees often work overtime in order to complete their job responsibilities; however these employees are not reporting all of the overtime they work. Salaried staff will record their overtime up to the point that they reach their maximum allowed "on the books" time. Once they have reached their maximum, they do not see a purpose for recording overtime. (Int 83, 84)
- There have been payroll policies adopted that have caused new processes and workarounds to be created in the Banner system. For example, a salary problem has been resolved with a workaround termed "system code P50." This system code refers to managerial staff, which has union staff reporting to them, receiving overtime pay after they have worked 45 hours for the week. The five hour difference between 40 and 45 hours is considered to be casual overtime. (The code P50 is used because overtime pay for these managers used to be applied after 50 hours.)

This policy was adopted in order that managers could make more money than the staff that they manage. Managers, in general, do not get paid overtime while the represented workers do. Another example is the approval of the 2012 salary ranges which are higher than those in the previous year but not approving increases for staff, who now fall below the salary range for their grade. It is expected these staff salary adjustments will be approved, and there may need to be retroactive payments to the staff from when the 2012 salary range was approved. (Int 82, 83)

- The E-Z Pass Department and Revenue Audit receive frequent requests for data, video, transactional and revenue information and other reports of activity, violations and toll anomalies occurring in DRPA toll lanes from Law Enforcement Agencies, Outside Toll Agencies, E-Z Pass Interagency Group (IAG), DRPA Management, Engineering and others. Processing these requests interferes with tasks related to completion of month-end reporting. Currently, there is no policy on the priority of special requests in relation to month-end reporting requirements. (Doc 31, Int 112)
- The DRPA charges PATCO for certain services, and PATCO charges DRPA for other services. The DRPA and PATCO also shares costs on certain items. The DRPA and PATCO shared some costs related to this management audit, even though this management audit is not auditing PATCO. (Int 92)

### **Finance Processes Findings**

- The DRPA uses Banner as their accounting software. Banner is used for payroll, purchasing, A/P, A/R, general ledger and human resources functions. The DRPA has been using Banner for 17 years. Banner was updated to version 8.5 in early 2011. Banner is well supported internally and externally. All Finance employees have access to Banner and staff outside of Finance may have query and other access depending on system permissions. (Doc 64, Int 93)
- PATCO Finance and PATCO Payroll use a custom Unisys accounting system. The Unisys system is used for payroll, purchasing, A/P, A/R, general ledger, human resources, equipment and material management. PATCO has been using the Unisys system for 35 years. The last upgrade was done about 2008. Unisys is not well supported internally or externally. (Doc 64)
- Fixed Asset, General Ledger, Payroll, Revenue Audit, E-Z Pass, A/R and A/P SOPs are dated 2001 and refer to outdated procedures. The Bid Security SOP appears to be updated, however it is not in the standard format and there is no update date recorded. (Doc 20, 159, 160, 161, 162, 163, 164, 166, 167, 168, 169, 170)
- The timekeepers then enter the staff hours into Banner once a week. The timekeepers may print any time related emails and maintain hardcopy files as backup for time entry. The timekeepers duplicate the time entry into the 'Bible sheet.' However, timekeepers receive minimal inquiries on the time categories. The 'Bible sheet' is not a high priority for some timekeepers and is not religiously updated. Timekeepers also have query rights in Banner. The Departmental timekeepers, payroll staff and Human Resource Services all field questions regarding time balances for staff. (Int 40, 111)
- DRPA payroll staff is investigating if Banner is capable of completing certain functions that the PATCO Unisys system performs in the hope of moving PATCO

- payroll processing into Banner. Unisys computes rates from the PATCO payroll in order to provide reporting to the FTA. It is unclear if Banner will be able to process these rates as the Unisys system was custom made for PATCO. Unisys is not well supported but has a lot of specific programming to complete the payroll and necessary reporting to the FTA for PATCO. (Int 93)
- DRPA staff time related to capital projects is included in the Capital Budget. The Operating Budget includes gross payroll and a deduction (contra-account) of the capital project related payroll (Int 41, Doc 183)
  - Engineering project managers keep track of their project budgets and expenditure separately from the Banner system. This requires entry of the same data more than once. Currently, there are no official reconciliations performed to match their tracking to Banner project activity codes. (Int 91)
  - Problems with reporting for SATS may cause delays of days to weeks for both Manual and E-ZPass traffic statistics, e.g. incorrect YTD Totals caused a several month delay in accurate reports in a previous year. Also, a shortage of staff in the E-Z Pass department has also caused delays in processing all the data. (Doc 31, Int 94)

#### **Purchasing Processes Findings**

- DRPA produced 812 purchase orders with a value of about \$6.7 million in 2011. There are about 25 annual contracts. Purchase orders are issued annually for multi-year contracts. There are about 5,000 vendors on file. (Int 36)
- The WWB storeroom (Int 36) holds about \$75,000 of inventory. Inventory is checked by cycle counting, determined by the Storeroom Supervisor, and reorder points are set manually. Bar coding is not used. (Int 36)
- Purchasing uses the Banner system. Purchasing receives electronic requisitions. A six-part paper purchase order is produced, with one copy for the vendor, one for accounts payable, two for the requestor and two for Purchasing. A variety of transaction reports are produced by Purchasing, and a list of the purchase orders is sent monthly to the Corporate Secretary for official records (Int 36).

#### **Contract Administration Processes Findings**

- Every professional service contract has to be put out to bid, even if it is of low value.
- Contract Administration spends about 30% of its time on contracts related to Engineering though the value of engineering projects is much higher than 30%. (Int 32)
- Contract Administration is involved with a change to contracting processes to make them more electronic. In the current year, 2012, DRPA is contracting with the online Bid Express service from InfoTech Inc. and is planning to pilot the online system in the fourth quarter of 2012, mostly with engineering contracts but not professional service agreements. (Int 32)
- Contract Administration checks on the retention of funds held back from contractors; the Project Managers and Finance also perform this task. (Int 32)

### **Cost of Purchasing Findings**

- In 2011, 812 purchase transactions were conducted with a value of about \$6.7 million, a little over \$8,250 per purchase order on average. The 2012 budget for Purchasing staff alone is \$536,000, or \$660 per purchase order.<sup>15</sup> Dividing \$660 by \$8,250 produces a cost to value percentage for each average purchase transaction of about 8%. Transaction costs in absolute or percentage terms are widely used in benchmarking purchasing operations and setting objectives for improvement. (Int 36, 101)

### **Technology Findings**

- The Authority has \$1.18 Billion in capital assets and does not have an Asset Management system. The DRPA is looking to implement an Enterprise Resource Planning (ERP) system which would encompass asset management. In early 2010, a Request for Proposal was released for assistance with implementing an ERP. Proposals were received, best and final offers were received from two vendors, and the winning proposal was selected. A contract has yet to be awarded to the winning vendor. This delay has caused the project to be rebid. Responses to a new RFQ are due October 5, 2012. Further information regarding the Enterprise Resource Planning (ERP) is found in the IS Section of this report. (Doc 453, 454, Int 68)
- The budget is built using MS Excel worksheets as discussed in the Background – Budget section above. Once the Budget is complete, it is entered into Banner in order to track spending. Banner does have a budget module which is not used in the budget development stages. With the expected requisition and implementation of Enterprise ERP software, Finance has decided that, rather than use the Banner Budget module, it will use the new ERP in the creation stages of the budget in the future. (Int 45, 96)
- The Unisys accounting software is a custom system which was originally installed over 35 years ago. It is not well supported and difficult to change. It has custom reporting capabilities which support PATCO processes and reporting. However, as processes and regulations change, altering Unisys to comply with the changes requires resources the Authority does not have on staff. (Doc 64, Int 93)

### **Decision Making Findings**

- The CFO spends 35-40% of his time in meetings. This result is slower decision making because the preparation and dissemination of information as well as the digestion of information needed to make well informed decisions takes time. (Int 46, 94)
- Communication during the budget process has been increased by meetings with departments through the process, and Finance has become more proactive with the budget process overall. The Finance Committee is also involved at a much earlier time in the process and is more active throughout the process. (Int 45, 96)

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<sup>15</sup> This calculation is an example of an "activity-based cost."

- Board Approval is needed for expenditure of \$25,000 and above. The CEO can approve expenditure below \$25,000. The Board reviews a list for “consideration of Pending Contracts” also known as “Suder’s List” which contains items from \$25,000 to \$100,000 that need Board approval without needing their own Board Agenda Item. Any board member has the privilege to request items be removed from this list in order to give the item separate consideration. Items on this list may also skip Committee approval if they are in the approved budget. (Int 47)

### **Finance Division Conclusions**

- Finance staff is dedicated and knowledgeable in their areas.
- The DRPA has received awards for the financial reporting from the GFOA. The Financial Reporting is timelier now a Month-End Close Schedule has been developed and is being tracked.
- Finance is proactive in investing the Authority’s funds using financial advisors from Pennsylvania and New Jersey and coordinating investments through the Finance Committee.
- Finance is successfully managing the Authority’s debt, staying aware of economic conditions and the Authority’s need for funding with support from the Finance Committee and the financial advisors.
- The Lean Government Initiative is successful in Finance in improving processes, but has patchy success across the rest of the Authority because participation is voluntary. It has not been formally adopted at the highest levels after three years even though it is noted in the 2012 Strategic Plan and the published 2011 Annual Report. The improvements to financial processes recommended by the Lean Government projects that have been completed are all sensible and either have been or are being implemented.
- Other Finance processes not yet selected by Lean Government need improving, such as time entry, use of “Bible sheets,” and access to financial information for projects.
- The Banner System is outdated and negatively affects Finance processes. The ERP project which is intended to modernize all administrative systems and was started in 2010 has not yet initiated the first step – analysis of current administrative processes.
- Payroll, cost sharing between DRPA and PATCO, and purchasing policies need clarifying and documenting to reduce the time the CFO spends interpreting policies for day to day operations.
- Standard operating procedures (SOPs) need updating as Lean Government improvements are implemented and as current processes change. Current SOPs for Fixed Assets, and other processes are dated 2001 even though process improvements have been made. Currently, Finance is updating their SOPs for Revenue Audit.
- Authorization levels make many decision making processes too slow for effective management. In our experience, the current levels are lower than other Agencies. Procurement approval levels are being studied by the Lean Government Initiative.

- Implementation of prior management audit recommendations and Strategic Plan Goals are not well prioritized. Finance staffing levels are not adequate to handle more than the day-to-day functions.
- The ERP project, which will replace the existing Banner purchasing system with a modern system will improve efficiency and result in cost reductions in Purchasing, should be implemented as soon as possible. ERP will also improve inventory control with automated selection of items for cycle counts and paperless transactions.
- Based on our experience, the cost of processing a purchase order appears to be higher than in other similar organizations, but further analysis is required to analyze the true cost of functions carried out by the Purchasing section.
- Consideration should be given to placing Purchasing outside the Finance Department, perhaps in the Administrative Division.
- A modern computer system will provide staff with better tools for reporting and analyzing types of purchases, transactions, inventory and vendors. For example, such an effort could include a spend analysis that characterizes purchased items by volume, availability, and price as well as classifying suppliers according to their criticality to the enterprise.
- In common with other departments, Contract Administration needs electronic document and records management capabilities.
- Contract Administration needs to continue to move to electronic bids, and to include professional services in the electronic bid process.

### Finance Division Recommendations

The recommendations that follow include a recommendation for a follow up event date for implementation.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
FN1	<p><b>Continue Lean Government Initiatives</b> Continue to implement Lean Government process improvement recommendations including:</p> <ul style="list-style-type: none"> <li>▪ Streamlining Procurement Card (P-Card) Expense Reporting</li> <li>▪ Improving the Authority's Budget Process, Month -End Close Process</li> <li>▪ Introducing Change into DRPA/ PATCO IS Systems Environment</li> <li>▪ Fixed Asset Closeout</li> <li>▪ The Authority's Contracts and Purchasing Approval Process</li> <li>▪ Using the Authority's Procurement Process</li> <li>▪ Process for Developing Performance Metrics</li> </ul>	6/30/13

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
	and Targets at the Authority.	
FN2	<b>Address Finance Policies</b> Clarify, revise, and document policies for DRPA and PATCO cost sharing, payroll policies regarding time entry, use of project codes, and employee benefits, as well as policies for Revenue Audit E-Z Pass and special request processing.	3/31/13
FN3	<b>Update Standard Operating Procedures</b> Update SOPs for General Ledger, Fixed Assets, Payroll, Revenue Audit, E-Z Pass, A/P, A/R, Bid Security, and the new Budgeting Process using a standard format.	12/31/13
FN4	<b>Pursue Process Automation</b> Pursue purchase-to-pay, inventory management, time recording, and accounting software and take any interim, cost-effective steps to improve access to information and eliminate duplicate data entry. For example, electronic document management is needed by Contract Administration.	12/31/13
FN5	<b>Raise Approval Levels</b> Approval levels should be raised, in multiple steps if necessary, as the Board feels the Authority is becoming more transparent, efficient, and accountable.	6/30/13
FN6	<b>Eliminate the Necessity to Bid All Contracts</b> Low value contracts should not always require a bid.	6/30/13
FN7	<b>Reduce the Cost of Producing Purchase Orders</b> The cost of producing purchase orders appears to be higher than at comparable organizations. This finding needs to be confirmed by analysis of cost data on all the functions of the purchasing section and, if confirmed, staffing levels need to be adjusted.	3/31/13
FN8	<b>Reduce Unnecessary Requirements</b> Eliminate contracting requirements for low value, high cost demands on contractors that are currently built into the Authority's requirements, for example, insurance requirements.	3/31/13

### **Impact of Recommendations**

Implementing Lean Government recommendations will help to improve productivity, make the DRPA more effective, and decrease costs. Improving policies and updating SOPs will improve efficiency at little cost. Already identified needs for new systems should streamline accounting and purchasing work, provided that new systems are implemented. Raising approval levels will quicken the pace at which projects can be completed. Refining contracting requirements will improve the contracting process and make smaller contracts less costly to execute.

## 5.0 DRPA Public Safety & Homeland Security

There are about 140 employees in Public Safety and two in Homeland Security and Emergency Management. The numbers vary with absences for injury, extended leave, military duty, and other reasons. About 43 employees support transit operations.

Public Safety relies heavily on “sworn” police officers. They are authorized by in the State of New Jersey and the Commonwealth of Pennsylvania to uphold the law. An audit issue is the use of sworn officers for non-law enforcement duties on the Administration staff or along the PATCO line. The issue is twofold:

- Is the assignment the best use of a sworn officer’s time? Does DRPA get good value by removing the officer from police duties?
- Is the assigned officer capable of executing tasks outside his or her area of expertise?

A further audit issue is the use of non-sworn officers to provide security at fixed locations, such as the PATCO rail stations, and to deal with “quality of life issues”, such as rowdiness or vagrancy, which either do not require or could be supported by law enforcement officers. The process of converting sworn officer positions into civilian positions is referred to as “civilianization.”

Many recommendations for Public Safety require understanding the risks involved with a particular course of action. To assess these risks, CGR was assisted by a career law enforcement officer. Frank Piersol had 33 years experience with the Los Angeles Police Department and was the second highest ranking police officer reporting directly to the Chief of Police. He has experience as a Police Officer, Sergeant, Lieutenant, Captain, Commander and Assistant Chief and is conversant with patrol concepts, duties and responsibilities of sworn personnel, use of specialized units, and best practices of law enforcement agencies. He was responsible for integration of officers from the Los Angeles Metropolitan Transit Authority Police Department into the Los Angeles Police Department when the former was disbanded in the late 90’s.

The Public Safety Department consists of seven work centers summarized below. Information was drawn from the 2012 budget (Doc 212) and department’s deployment plan. (Doc 468) The budget for the Department of Homeland Security and Emergency Management is also shown below on the right.

	<b>Public Safety Administration</b>	<b>Dept of Homeland Security &amp; Emergency Management</b>
Work Center Code	510111	510721
No. Employees	13*	3
Employee Related Costs	\$1,770,000	\$386,000
Other Expenses	\$102,000	\$6,000
Total:	\$1,872,000	\$392,000

*\*Excludes two employees on military leave.*

**Bridges Public Safety**

Bridge:	<b>BFB</b>	<b>WWB</b>	<b>CBB</b>	<b>BRB</b>
Work Center Code	510113	510114	510115	510116
No. Employees	23	31	9	13
Employee Related Costs	\$4,330,000	\$3,438,000	\$1,557,000	\$1,556,000
Other Expenses	\$46,0000	\$42,000	\$22,000	\$19,000
Total by Bridge:	\$3,376,000	\$3,480,000	\$1,579,000	\$1,585,000
Total:	\$10,020,000			

*BFB – Ben Franklin Bridge, WWB – Walt Whitman Bridge, CBB – Commodore Barry Bridge, BRB – Betsy Ross Bridge*

<b>Transit Public Safety</b>		
	<b>PATCO</b>	<b>PATCO Grant Funded</b>
Work Center Code	510117	510118
No. Employees	37	
Employee Related Costs	\$4,611,000	\$839,000
Other Expenses	\$0	\$0
Total by Source:	\$4,611,000	\$839,000
Total:	\$5,450,000	

In addition to the employee counts in the tables, employees perform the following assignments:

<b>Services Public Safety</b>	<b>No. Employees</b>
▪ VIPR Unit (Visible Intermodal Prevention and Response) for security at PATCO stations.	6
▪ Central Communications (dispatchers)	13
▪ K-9 Unit	1
▪ Detailed to special duties	2
▪ Commercial Vehicle Unit (CVU)	5
Total:	27

Civilian dispatchers, bridge officers, and transit officers work in shifts. Central Communications (Dispatchers) have three shifts. Bridge and PATCO have four platoons each and work in 12-hour shifts. These are 6 am to 6 pm and 6 pm to 6 am. The Administrative work center includes sworn officers, all Sergeants, dedicated to special assignments. These include Investigations, Technology, CALEA certification, and Training.

## 5.1 Prior Audit Recommendations

Kroll, a risk management consulting firm, provided two reports in 2006 and 2008 with recommendations for DRPA actions within its Public Safety Department. Many of the

areas addressed were also posed as issues for this audit. These appeared on pages 14-16 of the RFP. The following table summarizes 36 recommendations from the 2006 report and eight recommendations from the 2008 report. The Progress Assessment column uses a GYR symbol. Green is complete, Yellow is in progress, and Red is not complete or not started.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
128	Department of Public Safety Mission Statement (page 3)	● Green
129	Public Safety Jurisdiction (page 3)	● Green
130	Agency Partnerships (page 3)	● Yellow
131	Jurisdiction on Walt Whitman Bridge (page 4)	● Green
132	Jurisdictional MOUs (page 4)	● Yellow
133	Emergency Management MOUs (page 4)	● Yellow
134	Radio Interoperability MOUs (page 4)	● Red
135	Grant Compliance (page 4)	● Red
136	Public Safety Structure (page 4)	● Green
137	Patrol Inspector Role (page 4)	● Green
138	Administrative Inspector Role (page 4)	● Yellow
139	Civilianization of Roles (page 5)	● Yellow
140	Training Focus and Documentation (page 5)	● Green
141	Standards for Emergency Management (page 5)	● Yellow
142	Multi-Agency Incidents (page 5)	● Yellow
143	CALEA Certification (page 5)	● Red
144	Public Safety Staffing (page 6)	● Green
145	Shift Command - Role of Lieutenants (page 6)	● Green
146	Sergeants on Special Detail (page 7)	● Yellow
147	Staggered Shifts (page 8)	● Green
148	Leave Policy for Workload Balancing (page 8)	● Red

149	MOUs for Special Units (page 9)	● Yellow
150	Scheduling with Work Load Data - All Functions (page 9-10)	● Green
151	Dispatch Functions (page 10)	● Green
152	Special Unit Cost-Benefit Analysis (page 11)	● Yellow
153	Court Liaison (page 11)	● Yellow
154	NJ Certification (page 11)	● Red
155	Posting of Public Safety Job Vacancies (page 11)	Not evaluated
156	Minimum Service for Officers (page 11)	● Green
157	Discipline Policy (page 11)	● Green
158	Intelligence Analyst (page 12)	● Red
159	Collaboration with Other Transit Agencies (page 12)	● Red
160	Security-Related Grants (page 12)	● Yellow
161	Public Safety Vehicle Leasing (page 12)	● Red
162	CAD System Information Interfaces (page 12)	● Red
163	Police Car Laptops (page 13)	● Green

#### **Kroll Audit – 2008 Supplemental Report (Doc 81)**

164	Public Safety Organization Arrangement (page 20)	● Red
165	Public Safety Department Reporting Relationship (page 2)	● Green
166	Homeland Security Coordination (page 2)	● Yellow
167	Organization for Homeland Security (page 2)	● Red
168	Salary Adjustment (page 3)	● Green
169	Hiring of a Public Safety Chief (page 3)	● Green
170	Office of Emergency Management (page 4)	● Green
171	Organizational Areas of Concern (page 4)	● Yellow

#### **TransTech Audit – 2010 (Doc 20)**

54	Item 92. Internal Police Department Retention	● Green
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55	Item 93. Business Continuity Administrator Staffing	● Red
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Item #170 is a recommendation to create the Department of Homeland Security and Emergency Management. This recommendation has been implemented.

Item #54 was a recommendation to retain an internal Public Safety capability. CGR concurs with this recommendation as described later.

## 5.2 Public Safety & Homeland Security Objectives

This section of the report addresses the 13 audit objectives in the RFP that are specifically related to the Departments of Public Safety and Homeland Security/Emergency Management, namely:

1. Assess whether the Authority should continue to retain a police department or negotiate services from the New Jersey State Police (NJSP) and the Pennsylvania State Police (PSP) for police services.
2. Evaluate whether the Authority should retain a Transit Unit to patrol the PATCO High Speed line or develop an alternative strategy for police services since the train transverses several municipalities including Philadelphia, Camden, Collingswood, Haddon Township, Westmont, Haddonfield, Cherry Hill, Voorhees Township and Stratford.
3. Examine the organizational and reporting structure of the Public Safety Department for efficiency and effectiveness.
4. Examine the utilization, supervision and span of control related to Public Safety Administration (Sworn & Civilian) and patrol (Sworn) for efficiency and effectiveness. This review should include all duties and responsibilities to identify opportunities for work currently performed by sworn personnel who are paid premium salaries that may be best performed by lower paid civilian employees.
5. Evaluate the current Public Safety Technologies in use to determine if they are up-to-date and the most efficient to allow the officers to maximize productive from the patrol vehicle and reduce demands/workloads on civilian dispatchers which ultimately may reduce staff.
6. Examine the patrol concepts and enforcement strategies currently utilized for efficiency and effectiveness.
7. Evaluate Public Safety's progress in becoming a Commission on Accreditation of Law Enforcement Agencies (CALEA) accredited agencies utilizing nationally accepted "best practice".
8. Review and evaluate all specialized units for mission, cost of services and return/utilization: High Angle Rescue Team (HART), Honor Guard, Commercial Vehicle Unit (CVU), Training Unit, and Marine Unit.
9. Evaluate the two Public Safety officers detailed to regional task forces. One officer is assigned to the FBI's Joint Terrorism Task Force (JTTF) comprised of personnel from all federal and surrounding law enforcement agencies to investigate, identify and disrupt any threats or potential harm to the region concerning Homeland Security. A

- second officer is assigned to the Philadelphia Camden High Intensity Drug Trafficking Agency (HIDTA) comprised of personnel from all federal and local law enforcement agencies to investigate, identify and disrupt regional drug trafficking.
10. Evaluate the performance of the civilian contracted "Court Liaison Person" as well as evaluate any other positions which may be contracted.
  11. Evaluate the Department of Public Safety's responsibilities in the area of Homeland Security and Emergency Management against the Department of Homeland Security/Emergency Management for duplication of duties and responsibilities and assess functionality of and performance of the duties and responsibilities of each Department.
  12. Evaluate opportunities for Public Safety to utilize properly trained (CPR-First Aid-Dispute resolution, etc.) security guards in lieu of sworn personnel to respond to nuisance complaints (smoking, urinating, panhandling, directions, etc.)
  13. Evaluate staffing strategies deployed by Public Safety against several benchmarks including:
    - i. Calls for service (CFS) activity
    - ii. Traffic volume
    - iii. Time of day
    - iv. Time of year
    - v. Obligated and unobligated/discretionary time etc.

### **5.3 Objective 1. Outsourcing to Other Agencies**

**Assess whether the Authority should continue to retain a police department or negotiate services from the New Jersey State Police (NJSP) and the Pennsylvania State Police (PSP) for police services.**

#### **Background**

Given the current economic challenges facing local government entities it is common for municipalities, special districts, port authorities and other government agencies to look beyond internal resources to provide police services to their constituency, specifically via outsourcing. In addition to budgetary considerations, other factors to consider in making such a decision include (Doc 470):

- Changing mission
- Changing demographics
- Public satisfaction with the current level of law enforcement service
- The existence of malfeasance within an agency

These factors, along with other considerations, were evaluated to determine whether or not the DRPA should outsource their police services.

## Processes

The DRPA Public Safety Department is a bi-state agency with jurisdiction over four bridges, the Betsy Ross, Benjamin Franklin, Walt Whitman and Commodore Barry and a 14.2 mile high speed rail line connecting South Jersey and Philadelphia. Police functions on these bridges and the transit line are universal and include traffic flow issues on the bridges and quality of life issues (vagrancy, graffiti, etc.) on the PATCO transit line. The department is distinctive since it has responsibilities and law enforcement powers in two separate states (Doc 119).

## Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. Progress was assessed with department staff. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	CGR Assessment
<b>TransTech Management 2010 Audit Report</b>		
54	Item 92. Internal Police Department Retention <i>(TransTech recommended retaining the capability.)</i>	● Green
154	New Jersey Certification (page 11)	● Red

## Principal Findings

- As it is presently configured, the Department of Public Safety reports directly to DRPA Deputy CEO. (Doc 43)
- The members of the Public Safety Department have been without a labor contract since 2009 and are among the lower paid law enforcement officers in the region (See "Salary Study" in Section 7.0). By comparison, the members of the New Jersey State Police and the Pennsylvania State Police are among the highest paid officers in the region with an average starting salary of approximately \$60,000 a year. (Doc 338, 471, 472, 473, 475)
- Due to the specialized nature of the police services provided, any new officers entering this environment would have to undergo training to perform their duties. (Int 63, 57, Doc 477)
- Even today, six years after the merger of the PATCO police with the Public Safety Department, there remains a discernible distinction between the public safety services provided on the transit line and functions performed on the bridges. (Int 47, 57)
- One issue, that could be problematic, is that, with rare exceptions, the State of New Jersey does not recognize any training that officers (including those attached to the Pennsylvania State Police) have acquired outside of New Jersey. (Int 17, 64). (<http://www.state.nj.us/lps/dcj/njptc/waivers.htm>)

- The audit team's experience at other police departments that have assumed responsibility for policing an area's transit system is that the outsourcing process can run into major difficulties with personnel.

## Conclusions

Considering all of the evidence about outsourcing public safety leads to the following conclusions:

- 1. Core Business:** A major consideration regarding outsourcing is that the Department of Public Safety performs a role in helping the Authority meet its obligation to the thousands of people who traverse one of the four DRPA bridges or access the transit rail system. To outsource or otherwise delegate this essential role, the DRPA's core business, to outside law enforcement agencies could undermine the Authority's standing in the community and could reduce its ability to respond to the needs and desires of its constituency effectively.
- 2. Organization:** The advantage of the current reporting relationship between the Public Safety Department and the DCEO is the open line of communication with DRPA executive management which has the capacity to exert considerable influence over the manner in which the department establishes its priorities and manages its resources. Outsourcing would make communication of strategy and direction more difficult.
- 3. Cost:** Although the expectation exists that outsourcing of police services would result in a cost saving, there is a considerable risk that entering into a contractual agreement with an outside agency could result in a cost increase. Cost factors to consider include:
  - a. Salaries and overhead of third-party officers
  - b. Training new officers in the specifics of bridge and transit line policing in two states
  - c. Time and effort associated with a transition
  - d. Potential increased cost of benefits and pension systems.

These factors make it likely that outsourcing could be more costly.

- 4. Legal/Jurisdictional Issues:** Any outside service provider, whether it is a blend of the New Jersey State Police and the Pennsylvania State Police, or other combination of law enforcement agencies, would be faced with the legal/jurisdictional obstacles associated with policing operations that straddle state lines. The alternatives involved with acquiring concurrent police powers in each state are equally difficult, both legally and operationally.
- 5. Current Personnel:** A primary concern facing a municipality considering outsourcing their police services is the manner in which they deal with the personnel currently in the department. Ideally, a percentage of these officers would qualify to become members of the acquiring agency and could assimilate into the new organization following attendance at an abbreviated training academy. Other officers however would fail to meet the basic entry level standards of the new agency and would either be forced into early retirement or subject to outright termination. In

either case, this would create a complex union issue and would most likely delay or completely derail the agency’s attempt to outsource.

- 6. Different Methods of Working:** On an operational level, members of a contracted police departments must become acclimated to patrolling on one of the four bridges for as many as twelve hours a day rather than performing work they are performing now. This transition issue is magnified by the unique characteristics of the work facing the officers who are currently assigned to the transit unit.
- 7. Attitude of Outsourced Service Providers:** The members of both state police agencies are well trained, professional officers who undertake many police functions such as general crime patrol, highway and traffic enforcement, and assisting smaller agencies with complex cases, crime scene investigations and emergency management. Officers trained at this level take pride in their work and could perceive their assignment within the DRPA environment as a setback in terms of career goals and objectives.
- 8. Loss of Autonomy:** A byproduct of outsourcing could be that DRPA would experience an overall loss of autonomy and would have to work with and through an outside team of administrators and managers to achieve the goals and objectives of the Authority. Despite carefully worded contracts and specific MOUs, there is the risk that these goals and objectives may not always be in unison with those of the providing agency. To compound this issue, were the DRPA to outsource to both the New Jersey State Police and the Pennsylvania State Police, the issue of dealing with two separate agencies would further complicate an already complex situation.
- 9. Other Factors:** Other factors to consider when outsourcing is that the providing agencies(s) sometimes lose sight of the fact they have multiple clients; budgetary matters become comingled; and the possibility of dealing with two states could open the door to intense, conflicting political influences.(Int 108)

### Recommendations

As a result of the foregoing findings and the sensitive political climate regarding the funding of police services, we have not made direct inquiries with New Jersey State Police, the Pennsylvania State Police or other Police Departments to determine their willingness to provide the required services.

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
PS1	<b>Retain Current Public Safety Functions</b> The DRPA should retain a police department and should not consider outsourcing the functions currently carried out by the Department of Public Safety to the New Jersey and Pennsylvania State police departments.	12/31/16

### Impact of Recommendations

There is no expected impact based on the recommendation PS1.

#### 5.4 Objectives 2 and 12. Transit Unit Outsourcing/Civilianization

**2. Evaluate whether the Authority should retain a Transit Unit to patrol the PATCO High Speed line or develop an alternative strategy for police services from communities through which the line runs.**

**12. Evaluate opportunities for Public Safety to utilize properly trained (CPR-First Aid-Dispute resolution, etc.) security guards in lieu of sworn personnel to respond to nuisance complaints.**

##### Background

The Port Authority Transit Corporation (PATCO) operates a high speed train line between Southern New Jersey and Philadelphia. It is utilized by 10.5 million riders per year. The train line originates in the City of Lindenwold, New Jersey and stops at twelve stations, nine of which are in New Jersey and four in Pennsylvania, as it travels over a 14.2 mile electrified track. Until 2006 the personnel assigned to provide police services on the train route worked directly under the auspices of PATCO management. In 2006 these officers were reassigned and currently are part of the DRPA Public Safety Department.

##### Processes

There are presently four (4) Sergeants, four (4) Corporals, and thirty six (36) Public Safety personnel who are assigned to provide police services on the train line. These services include general crime prevention activity on the train line and the adjoining parking lots, enforcement of quality of life issue and helping to create a perception of safety for the ridership. (Int 17, 57). (Note: At the time of the audit six (6) of the officers were funded by the 2007 Transit Security Grant which included the deployment of Visible Intermodal Prevention and Response (VIPR) teams. The VIPR disbanded on October 26, 2012 due to the expiration of the grant and the officers were reinstated into their original platoons).(Doc 511)

##### Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. Progress was assessed with department staff. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
139	Civilianization of Roles (page 5)	● Yellow

##### Principal Findings

- The current number of officers assigned to the transit unit represents approximately 31% of the total number of officers making up the Public Safety Department.

- The officers are deployed daily on one of two twelve hour shifts and are assigned on a daily basis to one of several sectors along the transit line. They do not attend a briefing or roll call session but, instead, meet their respective counterparts from the previous shift on site and undergo an informal change of watch transfer. The transit officers are responsible for providing a visible police presence on the route's thirteen platforms, the train, and in the seven parking lots adjacent to the some of the stations. (Doc 468)
- In addition to the transit officers, PATCO deploys non-sworn "ambassadors" at various platforms along the train route to provide customer service to the ridership and to act as a source of information for the sworn contingent. There are currently seventeen ambassadors assigned to the route who generally work between the hours of 1630 and 2400. The ambassadors, who wear a blazer and cover which identifies them as PATCO representatives, help increase night ridership, provide escorts to the parking lots, and contribute to the overall sense of safety along the train route. (Int 57)
- Although it is virtually impossible to make a comparison between the officer-initiated activities which take place on the four bridges with the amount of activity generated by the transit officers, the 2011 DRPA yearly report suggest that the transit officers are responsible for 12.5% of the yearly total of officer initiated activities generated by department personnel. This total includes the issuance of citations for various infractions, criminal arrest activities, dispatched calls, the issuance of traffic summons, and the enforcement of quality of life issues along the transit route. (Doc 454)
- In examining various law enforcement agencies throughout the country, including the Los Angeles County Sheriff's Department, that have responsibility for providing police services on a commuter train route, there is a significant percentage of those agencies that have incorporated a blend of sworn as well as non-sworn officers to police the transit routes. This combination of policing strategies does not result in any loss in overall effectiveness, is less expensive than deploying an all sworn force, and allows sworn personnel to be reassigned from fixed post positions and deployed in a more traditional law enforcement capacity on the trains and along the transit route. (Int 108)

## Conclusions

1. **Outsourcing:** In respect to retaining the transit unit, many of the same issues/ concerns outlined in the previous response (Audit Objective 1) support retaining the transit unit component of the Public Safety Department.
2. **Security Guards:** There is, however, an opportunity to consider the strategic deployment of non-sworn security agents along the transit route in order to save costs by using a different deployment strategy. When considering adopting a deployment strategy which would incorporate sworn as well as non-sworn officers, it is important to recognize that it will present a significant cultural change within the department and would most likely result in some form of union opposition.

To help overcome these obstacles it is important that the "security assistants" be selected and trained in-house, that they wear uniforms similar to, but not the same

as, the sworn personnel, and that they report directly to the existing public safety supervisory personnel as opposed to creating their own rank structure. These new officers, who would be required to attend an abbreviated session of the police academy, should have the authority to make private person arrests, should be able to issue citations, and should be trained to intercede in relatively minor police incidents until the arrival of a sworn officer.

During the course of interviewing various stakeholders within DRPA there appeared to be a wide difference of opinion regarding the propriety of deploying non-sworn officers along the transit route. Some did not believe that the incorporation of non-sworn personnel into the transit system would be viable, some were concerned about the high turnover rate of non-sworn officers and others believed that the "line does not lend itself to civilianization." However, some were very supportive of transitioning to an environment in which sworn and non-sworn officers could work in harmony to provide an efficient, professional public safety presence on the transit line. Specifically identified were three stations along the transit route including Lindenwold, 8th and Market, and Woodcrest that would be ideal locations to implement a pilot program to determine the feasibility of partial civilianization. (Int 17, 57, 58)

### Recommendations

Based on the research of other agencies' experience, the review of pertinent documents and interviews of key members of the DRPA we present the following recommendation:

Identifier	Recommendation	Review Date
PS2	<b>Retain Transit Patrol</b> The Authority should retain the Transit Unit to patrol the PATCO High Speed line.	N/A
PS3	<b>Undertake a Pilot Program for Non-Sworn Officers</b> The Public Safety Department should undertake a pilot program to evaluate the feasibility of incorporating non-sworn officers into their transit unit policing strategy. If successful, the current number of Public Safety sworn officers impacted by civilianization should be either re-assigned or reduced through attrition.	6/30/13

### Impact of Recommendations

The recommendation to undertake a pilot program will require the hiring of a small number of non-sworn officers. In addition, training, uniforms, equipment and supervision will need to be provided. A successful pilot should lower personnel costs.

## 5.5 Objective 3. Public Safety Efficiency & Effectiveness

### Examine the organizational and reporting structure of the Public Safety Department for efficiency and effectiveness.

## Background

The Public Safety Department of the Delaware River Port Authority is a medium sized police department consisting of a Chief of Police, two Captains, six Lieutenants, twenty-five Sergeants, twelve Corporals, ninety-six police officers, fifteen dispatchers and five civilian secretaries. The department's primary responsibility is to provide a myriad of police services including:

- Enforcing traffic laws
- Conducting traffic accident investigations
- Enforcing other non-traffic laws and regulations
- Ensuring the expedient flow of traffic, and enforcing quality of life issues on the authorities' four bridges, the PATCO transit line and the properties adjacent to these facilities

The department's organizational structure and reporting processes were examined to determine if they were configured in such a manner as to meet the organization's goals and objectives.

## Processes Included

The current organizational configuration of the Public Safety Department reflects two primary police functions within the organization; Patrol Operations and Administration/PATCO. (Doc 467)

**Note:** During the early stages of this audit the Chief of Police resigned from the department and an effort is currently underway to select a new chief. In the interim, the two captains on the department were informed that they would each have a turn in the position of Acting Chief of Police.

## Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. Progress was assessed with department staff. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
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### Kroll Audit – 2006 (Doc 82)

137	Patrol Inspector Role (page 4)	● Green
138	Administrative Inspector Role (page 4)	● Yellow
144	Public Safety Staffing (page 6)	● Green
145	Shift Command - Role of Lieutenants (page 6)	● Green

### Kroll Audit – 2008 Supplemental Report (Doc 81)

ID#	Item Name	Progress Assessment
164	Public Safety Organization Arrangement (page 20)	● Red
165	Public Safety Department Reporting Relationship (page 2)	● Green

### TransTech Audit – 2010 (Doc 20)

The effectiveness of the Public Safety Department’s organizational structure and reporting processes were not addressed in the Trans Tech audit report.

The effectiveness of the department’s organizational structure and reporting process was examined by the Kroll Audit with the findings and recommendations being outlined on page 23 of the audit report. The department was in the process of transitioning from traditional eight hour shifts to twelve hour shifts immediately prior to the Kroll audit, and many of the recommended changes occurred as a result of this new organizational configuration. Other issues including the civilianization of certain positions within the department and the establishment of an “Intelligence Analyst” have not occurred or have only been partially implemented. There did not appear to be any significant concerns regarding the basic organizational structure of the department.

### Principal Findings

- The department was, until his recent resignation, headed up by a Chief of Police who is responsible for the day-to-day management of the department. In addition to managing the internal resources of the department, the Chief of Police is responsible for planning, directing, managing and overseeing the activities and operations of the Authority’s Public Safety Department including law enforcement activities, criminal investigations, and crime prevention efforts. The outgoing Chief was a veteran law enforcement officer who has spent his entire thirty-seven year career as a member of the department. He reported directly to the DRPA Deputy Chief Executive Officer. (Int 17)
- Patrol Operations is headed up by one of the department’s two Captains. It includes various field related functions including motorized patrol on the authorities’ four bridges and several specialized units including the Commercial Vehicle Unit (CVU), the Marine Unit and the High Angle Rescue Unit (HART). The Patrol Operations Captain reports directly to the Chief and, along with the Administrative Captain, occupies the position of acting Chief of Police in the event of the Chief’s absence. (Int 17)
- The Administrative Captain is responsible for overseeing various non-field activities within the department including training, investigations, juvenile matters, technology, central records, property and evidence, the Honor Guard and communications. The Administrative Captain also exercises line supervision over members of the Transit Unit, the grant-funded V.I.P.R. unit, and the department’s K-9 officer. He also oversees the activities of the two DRPA officers who are on loan to outside task forces. Each captain is a seasoned member of the agency who has

- worked his way up through the ranks and is well versed in all aspects of bridge and transit line security. (Int 17, 109)
- There are four lieutenants assigned to Patrol Operations each of whom has line responsibility for one of the four bridges as well as line supervision over one of the department's four field platoons. (Doc 468) The deployment of the four lieutenants in this manner, which was facilitated when the lieutenants began working twelve hour shifts in May of 2009, allows for the presence of a lieutenant in charge of the bridges and the transit line on each shift and creates a more efficient management team to address the day to day operations at these facilities. (Int 49)
  - The department's other two lieutenants are assigned to the administrative side of the department and report directly to the Administrative Captain. They perform various administrative functions including overseeing equipment purchases, assisting in budget preparations, dealing with disciplinary matters, coordinating with outside vendors, overseeing the department's Commission on Accreditation of Law Enforcement Agencies (CALEA) accreditation effort, and addressing other administrative duties as directed by the Chief of Police. (Int 49, 109)
  - In addition to the two administrative lieutenants there are four Sergeants who are also assigned to administrative duties. These sergeants perform a variety of functions including administering the departments technology projects, overseeing entry level and in-service training, coordinating investigative and juvenile related matters, and administering the department's ongoing effort to achieve (CALEA) accreditation. These sergeants all work standard business hours, do not wear field uniforms and report to one of the administrative lieutenants or to the Administrative Captain. (Int 17, 49)
  - Based on a deployment formula which was established in 2008 the remainder of the organization, including twenty-one Sergeants, twelve Corporals and ninety-four officers are deployed on one the four bridges or on the transit line (Doc 478). The Sergeants, and, in their absence, the Corporals provide first line supervision over the officers who are assigned to one of four operational platoons. The platoons are deployed in such a manner that the odd numbered platoons (#1 and #3) work on the same day and on alternating days the even numbered platoons (#2 and #4) are deployed. The field officers work twelve hour shifts and are on a two week deployment cycle wherein they work four days a week (48 hours) the first week and three days a week (36 hours) the second week. Despite what appears to be a somewhat convoluted deployment schedule, the manner in which the department currently distributes its resources allows for a continuous police presence at the five primary DRPA sites and is consistent with the department's deployment formula. (Int 47, 49, 109)

## Conclusions

1. **Efficiency and Effectiveness:** The current organizational structure does not reflect an optimum assignment of available resources.
2. **Unity of Command Issue:** The one aspect of the department's current organizational structure which diminishes efficiency and effectiveness is that the officers assigned to the transit unit, the V.I.P.R. team, and the K-9 officer work

under the line supervision of the Administrative Captain. The remainder of the field force, which includes all of the officers assigned to the bridges, is part of Patrol Operations and work under the direction of the Patrol Captain. The inherent weakness of having the department’s field personnel working for and being accountable to two different commanding officers is that it creates a “unity of command” issue in that members of the field force report to two different command officers. This becomes especially problematic when there is an unusual occurrence which calls for the interaction of officers assigned to the bridges and officers assigned to the transit line.

This current unorthodox distribution of field personnel within the organization is most likely attributed to the failure of the DRPA to have truly integrated the officers formerly assigned to PATCO into the rest of the Public Safety Department, and may have resulted from an attempt to balance the workload between the two Captains. However, it creates a situation wherein field personnel on the bridges and the transit route have not truly co-mingled and are not responsible to the same chain of command. (Int 47)

### Recommendations

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
PS4	<p><b>Establish a Single Field Personnel Reporting Relationship</b></p> <p>The current organization and reporting structure is not fully effective. The Public Safety Department should change its structure and assign all field personnel under the line supervision of a single commanding officer.</p>	12/31/13

### Impact of Recommendations

There is no expected cost impact based on the recommendation PS4; clarity in reporting will be enhanced.

## 5.6 Objective 4. Sworn Officer Roles in Non-Field Positions

**Examine the utilization, supervision and span of control related to Public Safety Administration (Sworn & Civilian) and patrol (Sworn) for efficiency and effectiveness. This review should include all duties performed by sworn personnel who are paid premium salaries that may be best performed by lower paid civilian personnel.**

### Background

Many of the issues raised in this section were addressed in the previous discussion regarding the department’s organization structure/reporting processes (Audit Objective 3) and the section addressing the civilianization of certain positions within the transit unit (Audit Objectives 2 and 12). The primary focus of this analysis will be, therefore, to

examine the specific functions of those officers within the department who are assigned to non-field positions and to evaluate the manner in which the department manages its civilian dispatchers.

### Processes Included

This assessment considered:

- Two Administrative Lieutenants
- Technology Sergeant
- Training Unit/Evidence Sergeant
- Investigator/Juvenile Sergeant
- CALEA Accreditation Manager Sergeant
- Civilian Dispatchers

### Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
146	Sergeants on Special Detail (page 7)	● Yellow
151	Dispatch Functions (page 10)	● Green
<b>Kroll Audit – 2008 Supplemental Report (Doc 81)</b>		
164	Public Safety Organization Arrangement (page 20)	● Red

### Principal Findings

- **Administrative Lieutenants:** The two administrative Lieutenants work under the direction of either the Patrol Captain or the Administrative Captain and perform various administrative functions in support of those two positions. Their responsibilities include, but are not limited to, overseeing payroll and police records, the scheduling of personnel, dealing with outside vendors, investigating and making recommendations in respect to disciplinary matters, coordinating CALEA related activities, and assisting in the maintenance of a safe work environment for Public Safety employees. The Lieutenant currently working under the direction of the Patrol Captain is deployed on a rotating basis with the four Lieutenant platoon leaders assigned to the bridges. The Lieutenant assigned to the Administrative Captain is a

permanent position and, in addition to his other duties, exercises line supervision over three of the four "inside" Sergeants. (Int 17, 109)

- **Technology Sergeant:** The sergeant currently occupying this position is a twenty-four year member of the force who was instrumental in moving the department out of the "pen and paper" era and ushering it into the age of computerized record keeping and retention. He was personally responsible for developing the department's Computer Aided Dispatch (CAD) system, and establishing an upgraded dispatch center that processes bridge as well as transit line data. He also oversaw the hiring of the department's civilian dispatchers. The Sergeant is currently working on several projects including upgrading the CAD system, installing in-car videos, developing a standardized communication system within the department, and installing infra-red cameras in the underground sections of the transit line. He is also the first responder to deal with routine computer related equipment failures and is the department's primary point person in respect to dealing with outside system providers. (Int 61)
- **Training Unit/Evidence Sergeant:** The training coordinator is responsible for ensuring that the members of the Public Safety Department receive the required training to maintain their proficiency and to ensure they meet the legal requirements of being a "peace officer." Each officer is required to attend forty hours a year of what is known as "mandatory" training, which includes various topics such as firearms training, use of force, pursuit driving and domestic violence. The training sergeant is also responsible for coordinating "job specific" training which includes such topics as radar enforcement, commercial vehicle enforcement, emergency medical treatment, and blood alcohol testing devices. The third category of training that the training coordinator deals with is of an elective nature and is specifically requested by officers who wish to expand their knowledge of law enforcement related matters. In addition to coordinating the department's internal, as well as external training, the training coordinator is a qualified range master and oversees firearms training at the Camden Police firearms range. He also is assigned newly graduated recruits for a six week period during which time he introduces them to the rules and regulations specific to the Public Safety Department. (Int 63)
- **Investigator/Juvenile Sergeant:** The person presently occupying this position is, for all practical purpose, the department's only "detective." In that capacity he investigates matters relating to criminal activity on the bridges or transit line; he intervenes in matters involving perpetrators under the age of eighteen; and he coordinates with the Camden County Prosecutors office in matters which are beyond his expertise or investigative capacity. The sergeant also becomes involved in the investigation of internal disciplinary matters, conducts background investigations of new hires, and coordinates the department's evidence storage and retention system. (Int 47)
- **CALEA Accreditation Manager:** As the result of a recommendation which appeared in a previous audit that was conducted in 2006, the Public Safety Department has been engaged in a lengthy, arduous process to achieve Commission on Accreditation for Law Enforcement Agencies (CALEA) status. Among the many positive aspects of seeking this accreditation is that it will help improve the internal operating and reporting processes within the department, will help reduce risk and

liability for the agency, will assist the department in defending itself against civil law suits, will enhance the department's professional standing within the law enforcement community, and will encourage greater community involvement in the goals and objectives of the department.

During the years following the recognition that the acquisition of CALEA accreditation would greatly benefit the department, various members of the department have been tasked with moving the process forward. There is currently a sergeant assigned to the Chief's office whose sole responsibility is to oversee the CALEA accreditation process and to help develop the internal documents and Standard Operating Procedures (SOPs) that are mandated to meet CALEA's standards. The process, which includes a three year self-assessment phase, expires in 2012. The department has the choice of with either seeking a one year extension or reapplying and starting the entire accreditation process over again. (Int 59)

- **Civilian Dispatchers:** Prior to the civilianization of these positions, sworn personnel occupied the various dispatch positions which were decentralized throughout the department. As the CAD system became operational, the dispatch function was established in Central Communications which is housed at the police headquarters facility. Additionally, the sworn officers assigned to staff the dispatch consoles were replaced by civilian dispatchers. There are currently fifteen civilian dispatchers, working eight hour shifts, who staff the dispatch center. Although they are on separate radio frequencies, both bridge and transit line communications are coordinated through Central Communications. The Technology Sergeant exercises line supervision over the dispatchers during those times that he is at the facility. During his off hours there is no on-site supervision of the dispatchers. (Int 61)

## Conclusions

1. **Lieutenants:** The lieutenants' duties include supervising work requiring police experience and substituting for the captains and lieutenants assigned to the field. It would not be appropriate for these positions to be filled by other than a sworn officer.
2. **CALEA Accreditation Manager:** The most prominent candidate for civilianization is the position currently occupied by the CALEA Accreditation Manager. If the DRPA is truly committed to acquiring this accreditation, expertise in the CALEA accreditation process is needed. It may be possible to find a full time civilian employee with this expertise, but more likely an outside contractor with prior background in the accreditation process should replace the current sworn Accreditation Manager. In so doing, the department would have a CALEA Accreditation Manager who would be familiar with the nuances of the process and, more importantly, would be able to focus his or her entire effort on acquiring the accreditation. As an added benefit, the sworn sergeant could be reassigned to another position within the department that would more effectively utilize his law enforcement skills and background. *Note: The issue of CALEA accreditation will be discussed in greater detail under Audit Objective 7 below.*
3. **Technology Sergeant:** In the technology area, a non-sworn employee who is well versed in the field of computer technology but without prior law enforcement

experience could be effective in assisting the department to maintain its current systems and implement new systems. The analysis and development work needed to maintain current systems and create new systems needs to be done by professional information technology personnel, such as those in the DRPA's Information Services Department. It should be noted that the recommendation to replace the sworn employee in this position with a non-sworn employee was previously submitted by the outgoing Chief of Police. No action was taken on that recommendation.

4. **Administrative Sergeants:** The replacement of the other two administrative sergeants, the only in-house detective and the training sergeant, would be more problematic in that a background in law enforcement is a prerequisite to being able to execute the demands of these positions. The skills and background which are essential to performing these tasks can only be achieved through years of experience and having the ability to recognize and react to the ever changing legal and training demands being placed on the law enforcement community.
5. **Dispatch Center:** With respect to the dispatch center, there presently is insufficient justification to assign a sworn supervisor on a full time basis to supervise dispatchers. Instead, within the existing pool of dispatchers, the senior employee on-duty at the time, or a person identified through another selection process, should be designated as the shift supervisor and should assume responsibility for the dispatch center in the event of a major public safety incident.

### Recommendations

Identifier	Recommendation	Review Date
PS5	<p><b>Provide Additional IS Department Support</b></p> <p>Use the DRPA Information Services Department to do the process analysis and technical development work needed to maintain current systems and provide new systems.</p> <p>Appoint a full time civilian employee with a background in computer technology to liaise with the DRPA Information Services group, manage the introduction of new technology within the Public Safety Department and act as front line support for the department's technology-based systems.</p>	12/31/13
PS6	<p><b>If Accreditation is Pursued, Acquire Outside Resource</b></p> <p>Appoint a full time civilian employee or outside contractor with a background in the CALEA accreditation process to assist with CALEA accreditation.</p>	12/31/13

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
PS7	<b>Create a Senior Dispatcher Supervisory Role</b> Designate the senior dispatcher as the shift supervisor with responsibility for the dispatch center in the event of a major public safety incident.	6/30/13

### **Impact of Recommendations**

The impact of recommendations PS5 to PS7 will be the replacement of two sworn officers by civilians. The sworn officers replaced could be assigned to other duties and the number of employees maintained by attrition. Some existing dispatch center staff will be assigned additional responsibilities.

## **5.7 Objective 5. Public Safety Dispatch Technology**

**Evaluate the current Public Safety Technologies in use to determine if they are up-to-date and the most efficient to allow the officers to maximize production from the patrol vehicle and reduce demands/workloads on civilian dispatchers which ultimately may reduce staff.**

### **Background**

Under the direction of the department's technology coordinator the Public Safety Department has made significant progress over the past several years to update their Computer Aided Dispatch (CAD) system and to maximize the effectiveness of the dispatch process. The fifteen civilian dispatchers currently in the department, who replaced sworn officers previously in the positions, are assigned to eight hour shifts and are responsible for the intake, processing and dispatching of calls for service to department personnel assigned to traffic related duties on the four bridges and on the transit line. The total number of calls processed by the dispatch center in calendar year 2011 was 44,535; reflecting an average of 122 calls per day. (Doc 454)

### **Processes**

The assessment considered the following processes:

- Computer Aided Dispatch
- Police Records Management
- Radio Communications

### **Related Prior Audit Items**

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
134	Radio Interoperability MOUs (page 4)	●
162	CAD System Information Interfaces (page 12)	●
163	Police Car Laptops (page 13)	●

### Principal Findings

- There is no overall plan for information technology at the Public Safety Department, and technology projects are undertaken on a reactive, “as-needed” basis. In addition to a lack of overall planning, project plans are not created for individual technology projects. (Int 61)
- Under the direction of the department’s technology coordinator, the Public Safety Department has made significant progress over the past several years to update their Computer Aided Dispatch (CAD) system and to maximize the effectiveness of the dispatch process. Prior to the current system, each of the authority’s four bridges were somewhat independent of each other and calls for service related to each bridge were dispatched from a local, decentralized dispatcher. In that each bridge operated under its own set of rules there was a lack of continuity in respect to the department’s dispatch protocol and there was no centralized coordination of the various activities which were occurring within the department. After experimenting with various dispatch configurations it was determined that the most effective manner in which to address the department’s dispatch function was to locate the function in one central communications center and to utilize current CAD software systems to manage and coordinate the process. Additionally, each of the department’s patrol vehicles was equipped with in-car mounted Mobile Digital Terminals (MDTs). (Int 61)
- Document and records management is largely paper-based. (Int 61)
- In respect to specific systems being utilized by the department, in 2006 the department switched from a system based on Paradox, which is a relational database system, to the Smart software system. The Smart system was developed primarily for business applications and has not proven to be reliable. Furthermore, it did not have an established track record in the law enforcement environment. The department is currently considering utilizing the WalSoft software system which is considered to be stable, provides real-time visual updates and is known for being user friendly. (Int 61)
- The officers assigned to the transit unit are equipped with 500 MHz radios while the remainder of the department is equipped with 800 MHz radios. (Int 47, 61)

**Conclusions**

- 1. Methodology:** From a methodology standpoint, the manner in which the department addresses its computer related issues is reactive in nature and does not consider the long-term implications of its prescribed courses of action. It would be more effective if the department employed a more coordinated approach to the development of their automated systems which would integrate the concepts of long-term planning; project management; and the pursuit of alternative funding sources, including various local and federal grants.
- 2. Dispatch System:** Despite the inroads which have been made in enhancing the manner in which the Public Safety Department processes and dispatches calls for service, there remain inherent deficiencies within the computer-aided dispatch system which lend themselves to improvement.
- 3. Radios:** In respect to operational considerations, there is currently an untenable situation within the department’s communication system wherein the officers assigned to the transit unit are equipped with 500 MHz radios while the remainder of the department is equipped with 800 MHz radios. The net impact of this bifurcation in the radio systems is that the transit officers are unable to communicate effectively with the remainder of the department and are also unable to establish radio communications with members of adjoining law enforcement agencies. In addition to the obvious negative impact of being largely isolated from other members of the department, the current radio system also introduces a significant officer safety risk for personnel assigned to the transit unit.

The department is currently considering utilizing an outside contractor to oversee the conversion of transit unit radios from a 500 MHz to an 800 MHz system which will also include extending the system to Lindenwold which is the eastern most portion of the rail line. The upgrade is estimated to cost \$3.5 million and is currently included in the DRPA 2012 budget. It is recommended that this effort continue to move forward and that the transition to a department-wide communications system be accomplished as soon as possible.

**Recommendations**

Identifier	Recommendation	Review Date
PS8	<p><b>Generate Project Plans for Public Safety Technologies</b></p> <p>Use a proactive approach to the development of automated systems and participate in the recommended DRPA-wide Information Services Strategic Planning project and the recommended electronic document and records management system project. Written project plans should also be developed for each technology project undertaken by the Public Safety Department.</p>	12/31/13

Identifier	Recommendation	Review Date
PS9	<b>Complete the Planned Radio System Upgrade</b> Complete the planned improvements to standardize on 800 MHz radios.	6/30/13

### Impact of Recommendations

The 800 MHz radio system improvements are already budgeted in FY 2012. Timely implementation reduces risk to the Agency and its employees. The impact of DRPA-wide Information Services Strategic Planning is addressed in the Information Services section of this audit report.

## 5.8 Objective 6. Patrol Concepts

**Examine the patrol concepts and enforcement strategies currently utilized for efficiency and effectiveness.**

### Background

The DRPA's enabling legislation and concurrent "police powers" statutes enacted in Pennsylvania and New Jersey grant the DRPA the power and authority to appoint police officers, and to maintain safety and preserve order upon its facilities and other property. In furtherance of that objective the DRPA has established a Public Safety Department which includes a Chief of Police and one-hundred-forty two officers occupying various ranks including Captain, Lieutenant, Sergeant, Corporal and Police Officer.

### Processes

The Public Safety Department is responsible for maintaining the peace and ensuring the efficient and safe flow of traffic and transit on the four bridges and the PATCO high speed train line. Although they have the authority to make arrest for any crime committed under the laws of two states, their primary responsibility is to facilitate the flow of traffic on the bridges and to ensure the safety of the riders who utilize the transit line. (Doc 119)

### Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
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#### Kroll Audit – 2006 (Doc 82)

137	Patrol Inspector Role (page 4)	● Green
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ID#	Item Name	Progress Assessment
145	Shift Command - Role of Lieutenants (page 6)	● Green
146	Sergeants on Special Detail (page 7)	● Yellow
147	Staggered Shifts (page 8)	● Green
148	Leave Policy for Workload Balancing (page 8)	● Red
150	Scheduling with Work Load Data - All Functions (page 9-10)	● Green

### Principal Findings

In furtherance of the department’s mission to “keep the region moving by providing professionally managed police services,” the Public Safety Department employs a variety of enforcement strategies to facilitate the flow of traffic on the four bridges and the transit line they police.

- **Bridges:** In order to facilitate the efficient flow of traffic and to ensure public safety, the department considers several factors when assigning personnel to the four bridges. These factors include the respective amount of criminal activity at each venue, potential areas of vulnerability, number of traffic accidents, vehicular volume and facility usage. Based on these factors, the officers are assigned on a proportional basis to the various bridges; the outer bridges, The Betsy Ross and The Commodore Berry, receiving fewer officers and the inner bridges, The Walt Whitman and The Ben Franklin, receiving a larger share of the personnel. (Int 109, Doc 468)

On a daily basis, each officer assigned to bridge patrol meets with their counterpart from the preceding shift and exchanges pertinent information before going into the field. The officers, who work one person cars, are also briefed by either the Sergeant or Corporal who is responsible for supervising shift personnel. Following their briefing, the officers are not arbitrarily assigned to the bridges but instead are given specific missions which includes responding to emergency and non-emergency incidents, conducting proactive police work to promote the prevention of crime, participating in traffic control activities, and working at the scene of construction sites to facilitate traffic movement. On the higher volume bridges, which call for the deployment of more than one unit, the officers work as a team and operate in tandem to address larger scale incidents. (Int 109, Doc 468)

In addition to the motorized fleet, a bicycle patrol is deployed on the Ben Franklin Bridge to provide police service for the persons who access the pedestrian walkway which runs along the north and south sides of the bridge. (Int 109, Doc 468)

- **Transit Line:** The policing of a transit line provides different challenges than the bridges in that the transit line is a moving environment; the passengers often have a feeling of confinement or being trapped; there is a higher noise level (especially in the underground sections); there is often a sense of fear and confusion; and the riders feel isolated from their normal environment. In order to address these considerations, the Public Safety Department has dedicated approximately 31% of

the entire department to providing police services on the transit line. *Note: The number of officers assigned to the transit line was increased to its current level in 2008 based on a directive from the DRPA CEO. (Int 109, Doc 468)*

Officers assigned to the transit unit meet on-site at change of shift and exchange information with the officer from the previous watch. The officers are then deployed to various sectors throughout the transit route and provide a visible police presence on the trains, at the route's thirteen stations and at the seven parking lots along the route. Similar to the officers assigned to the bridges, the transit line officers are mission orientated and focus exclusively on preventing crimes on the train or the platforms, responding to customer needs, enforcing quality of life issues such as panhandling and public urination, apprehending fare violators, and helping create a positive environment in which the ridership has a sense of safety and well being while traveling on the transit line.

The officers assigned to the transit line are augmented by a six person Visual Intermodal Protection Response (V.I.P.R.) team that is deployed along the transit route to focus on the prevention of specific crimes such as assaults in parking lots, car thefts and theft/ burglaries from motor vehicles. The transit unit also consists of a K-9 handler and dog that are deployed on the platforms and in the train to detect the presence of explosive substances. (Int 69, 109, Doc 478)

## Conclusions

1. **Deployment of Resources:** Based on an analysis of the patrol concepts and enforcement strategies currently employed by The Public Safety Department, which included document research, interviews and comparisons with similar law enforcement agencies, it would appear that the current manner in which the department deploys its resources is well thought out, effective and consistent with the goals and objectives of the DRPA. The department has made a concerted effort to evaluate the needs of the five venues and to deploy its resources in response to those needs.
2. **Three areas of concern:** Although the patrol concepts and enforcement strategies are satisfactory, three areas of concern were identified which seem to have a negative impact on the number of units which are actually available for enforcement activities on a daily basis.
  - The first is officers having to "escort" fare violators on the Walt Whitman Bridge back to New Jersey. It appears to be a waste of resources and unnecessarily takes a unit out of the field for an extended period of time.
  - The second concern deals with the transportation of the officer's daily activity logs from the bridges to central records. As it currently stands, these reports are considered confidential and cannot be transported by routine civilian mail couriers. The reports are subsequently transported and hand delivered each day by an on-duty supervisor.
  - The final concern deals with the deployment of on-duty personnel at various construction sites along the four bridges. This activity severely impacts available deployment on the bridges and diverts officers away from other public safety related activities.

## Recommendations

Identifier	Recommendation	Review Date
PS10	<p><b>Minimize Fare Violators Escort Activity</b></p> <p>Investigate alternatives, such as making cash available through ATM machines, to the practice of escorting fare violators back to New Jersey.</p>	12/31/2013
PS11	<p><b>Develop an Alternative for Daily Delivery of Logs</b></p> <p>Investigate alternatives, such as electronic transmission or sealed pouches, to the practice of transporting and hand delivering daily logs.</p>	12/31/2013
PS12	<p><b>Develop Alternatives for Construction-Related Traffic Control</b></p> <p>The Public Safety Department should work with the Engineering Department to identify alternatives for the policing of construction projects on the four bridges. One alternative which is used successfully in other municipalities is to make the contractor responsible for construction related traffic duties.</p>	12/31/2013

### Impact of Recommendations

Some staff time from both the Public Safety Department and the Engineering Department will be required to implement recommendations PS10 to PS12.

## 5.9 Objective 7. CALEA Certification

**Evaluate Public Safety's progress in becoming a Commission on Accreditation of Law Enforcement Agencies (CALEA) accredited agency using nationally accepted "best practices".**

### Background

The purpose of CALEA's accreditation programs is to enhance the delivery of public safety services, primarily by establishing and maintaining a body of agency-specific standards which have been developed by practitioners incorporating up-to-date, field tested public safety strategies and associated best practices.

### Processes

CALEA's accreditation program is open to all types of law enforcement agencies, including the Public Safety Department, to assist agencies in performing systematic assessments of their internal policies and procedures to ensure they are in compliance

with internationally recognized standards. These standards address nine major law enforcement subjects including the roles, responsibilities, and relationships Public Safety has with other law enforcement agencies; management and administration; personnel structure; personnel processes; operations; operational support; traffic operations; prisoner and court related activities; and auxiliary and technical services.

**Related Prior Audit Items**

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
143	CALEA Certification (page 5)	● Red

**Principal Findings**

- Based in part on a recommendation which resulted from a previous audit, The Public Safety Department recognized that it would be in its best interest to apply for and participate in CALEA's accreditation program. Subsequently, the department initiated the formal accreditation process in June of 2009 and has assigned various levels of resource over the years to achieve certification within the prescribed three-year time limit. (Int 17, 69)
- There is currently one person, a sergeant reassigned from his normal duties of firearms instructor and High Angle Rescue Team (HART) supervisor, who is conducting the accreditation process and keeping the project moving forward. However, the amount of work and the complexity of the accreditation process are beyond the capabilities of one person despite hard work, excellent motivation, and maximum effort. The current best estimate is that the department has satisfied approximately 30% of the mandatory and non-mandatory CALEA standards and that the process will not be completed for several years. To date, the department has failed to meet the minimum requirements to obtain CALEA certification. (Int 59)

**Conclusions**

1. **Abandon Current Effort:** Despite the obvious benefits of achieving CALEA accreditation, it is apparent that the Public Safety Department and DRPA does not currently have the resources and the will to employ an effective process for accreditation. The department is faced with a decision to seek either a one year extension to allow additional time to fulfill the accreditation requirements or to allow the process to lapse and to reapply for accreditation at some future date. Without additional resolve, expertise, and resources it is not likely that a one year extension will provide adequate time to achieve accreditation. (Int 109) Therefore, the Public

Safety Department should abandon its current efforts to comply and allow the three year period to lapse.

2. **Decide Whether to Reapply:** The DRPA should reassess its resolve to pursue this matter further and, if the Agency elects to move forward with another attempt, it should commit to dedicating the necessary internal and external resources to ensure success.

### Recommendations

Identifier	Recommendation	Review Date
PS13	<p><b>Abandon Current Accreditation Effort</b></p> <p>Abandon the current effort at accreditation and allow the three year period to lapse.</p> <p>It has already been recommended in Recommendation PS5 that when there is organizational commitment to acquire CALEA accreditation, the department should acquire additional expert resources to achieve manage the accreditation process.</p>	12/31/13
PS14	<p><b>Reapply for Certification after New Commitment</b></p> <p>Reapply for CALEA certification when substantial progress is being made against the plan for CALEA accreditation and the progress against the plan indicates an estimate to complete that is substantially within the accreditation window.</p>	12/31/13

### Impact of Recommendations

The impact of the recommendations PS13 and PS14 will be the cost of additional resources to support the CALEA accreditation process. The cost of a CALEA expert has already been addressed in recommendation PS5 under Objective 4.

## 5.10 Objective 8. Specialized Units

**Review and evaluate all specialized units for mission, cost of services and return/utilization: High Angle Rescue Team (HART), Honor Guard, Commercial Vehicle Unit (CVU), Training Unit, and Marine Unit.**

### Background

There are several specialized units currently within the Public Safety Department; some of these units are considered full time assignments and are deployed on a regular basis while other units are considered part time and are activated on an "as needed" basis. In

that each of these units performs very separate and distinct services for the department, each will be assessed individually to determine their respective mission, cost and utility.

### Processes

The following units were reviewed as part of the assessment:

- High Angle Rescue Team (HART)
- Honor Guard
- Commercial Vehicle Unit (CVU)
- Training Unit
- Marine Unit

### Related Prior Audit Items

The first column of the table displays an ID reference number for the item. There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
146	Sergeants on Special Detail (page 7)	● Yellow
149	MOUs for Special Units (page 9)	● Yellow
152	Special Unit Cost-Benefit Analysis (page 11)	● Yellow

### Principal Findings

#### High Angle Rescue Team (HART):

- HART is an “as needed” partime entity within the Public Safety Department that operates as a specialized unit only in the event of an emergency incident requiring its services. HART’s primary mission is to respond to incidents involving possible “jumpers” on one of the DRPA’s four bridges and to help neutralize the situation through the use of special equipment, training, and crisis negotiations skills. The HART members are also trained in other aspects of emergency operations including transit line related incidents and emergency evacuations. The unit currently consists of two sergeants and ten officers. (Int 59)
- In respect to operating costs, each member of the team undergoes eight hours of training per month to maintain the skills necessary to deal with volatile, high risk situations. Each individual is also provided with approximately \$4,000 in equipment; most of which is passed on from officer to officer as personnel changes occur within the unit. The team was deployed in response to possible suicide attempt situations

four times during the past year. Additionally, there have been no officers injured as part of HART duties in the past seventeen years. (Int 59, Doc 508)

**Honor Guard:**

- The Honor Guard is a low cost, high return unit within the department which appears at a variety of public and ceremonial events throughout the year. These events include law enforcement related funerals, police academy graduations, and events associated with Police Memorial Week. The unit's public appearances are scheduled during the officers' normal course of duty and do not result in the expenditure of overtime funds. To maintain the skill level necessary to perform the duties of this unit, the assigned officers attend a four-hour block of training every other month. (Int 109)
- There are currently nine officers assigned to the Department's Honor Guard. A typical Honor Guard deployment consists of four officers and generally averages approximately four hours per appearance. (Int 109)

**Commercial Vehicle Unit (CVU):**

- The CVU is a fulltime unit which is deployed on the bridges on a daily basis. The unit currently is made up of one sergeant and four officers.
- The CVU, which was created in 2003, is designed as a separate functioning unit within the department with the purpose of checking commercial vehicle licenses and records, the structural soundness of trucks passing over the bridges, and enforcing laws pertaining to wide-load and overweight vehicles. The unit conducts 10% of all commercial vehicle inspections taking place in the State of Pennsylvania. The unit is equipped with mobile equipment to conduct on-site vehicle inspections including portable scales to detect overweight vehicles. (Int 64)
- In addition to vehicle inspections and enforcement, the CVU officers receive special training in responding to major traffic collisions, to chemical /biological/radiological threats, and are certified experts in the field of traffic accident reconstruction. (Int 64)

**Training Unit:**

- The Department of Public Safety Training Unit is headed up and administered by one of the Department's four administrative sergeants. This is a full-time position and includes the oversight and coordination of entry level training as well as all in-service training for the one-hundred forty members of the department. (Int 63)
- The Training Sergeant closely oversees and monitors the initial academy training provided to new hires to ensure that they are proficient in the various legal and procedural aspects of law enforcement and that they are familiar with those issues that are unique to the DRPA Department of Public Safety (Doc 340). The training of these officers is especially critical in that the newly hired officers will soon become part of a bi-state law enforcement agency and will be responsible for learning and being conversant with laws and ordinances that are unique to each domain. Following their graduation from the academy, new hires are placed under the direct supervision of the Training Sergeant for a period of six weeks during which time they undergo

extensive on-the-job training and are introduced to the various procedural, administrative, and operational aspects of the department. (Int 63)

- In respect to in-service training, the Training Sergeant ensures that all officers attend the state mandated training which includes firearms instruction, Use of Force training, and courses dealing with Domestic Violence. Each officer must attend one of sixteen, forty-hour courses which are designed and coordinated by the Training Sergeant. In addition to the mandatory training, the Training Sergeant also coordinates training by assignment such as radar school, GCI training, traffic accident reconstruction classes and other courses that are specific to an officer's current assignment. The Training Sergeant also coordinates requests submitted by officers wishing to take "elective" courses to further enhance their overall law enforcement skill levels. (Int 63)
- In addition to coordinating entry level and in-service training, the Training Sergeant is responsible for ensuring that the officers maintain their proficiency in the use of their firearms. The Training Sergeant acts as the department's "range master" and ensures that the firearms training administered by his instructional cadre is consistent with the State of New Jersey' prescribed course of fire. (Int 63)

#### **Marine Unit:**

- There are currently eight members of the department who are trained in the operation of the department's boat. The Marine Unit staff, which includes one sergeant and eight officers, is trained and qualified to operate the vessel, to perform minor maintenance, to engage in rescue operations, and to interdict law violators whom they confront on the waterway. The assignment to the unit is considered ancillary to their normal patrol duties and the only time the boat is activated is to maintain the officers' proficiency in operating the boat, to conduct routine patrols, and to respond to emergency situations. The boat is occasionally deployed to assist the United States Coast Guard in escorts or other special missions. (Int 62)
- Once selected to be a member of the unit, the officers receive a one month training course to introduce them to various aspects of boating including waterway rules and regulation, emergency operations, rescues, and matters related to homeland security. This initial training is periodically updated by way of "maintenance" courses which are designed to keep the officer's Marine Certifications updated. Other than the initial and maintenance training cost, there are no other personnel costs associated with maintaining and deploying the Marine Unit. (Int 62)
- If the workload permits, the Marine Unit supervisor, who is assigned to the Walt Whitman Bridge, will respond to the Coast Guard dock and prepare the boat for a routine patrol mission. These missions require at least a two person crew and usually take place on a once a week basis. The purpose of these missions is to identify and apprehend trespassers, to make visual inspections of access points, to check for abnormalities along the river and under the bridges, to inspect construction sites, and to abate possible terrorist activity. In addition to these weekly deployments, the boat is also activated approximately twelve times a year in response to emergency situations. The vessel is removed from the water and stored during periods when the river freezes. (Int 62)

- It is estimated that the annual operating cost to maintain and service the boat is approximately \$10,000. Approximately half of this cost is for maintenance, such as flushing out the pumps, which has to be performed by the engine manufacturer. The remaining cost is for fueling the boat. (Int 62)

## Conclusions

1. **High Angle Rescue Team:** Probably the most telling question to ask when considering the advisability of maintaining the HART unit is not what you do with them as opposed to what do you do without them? Although the number of actual deployments per year may seem insufficient to maintain the unit, their presence creates a cadre of well trained, dedicated individuals who are readily available and prepared to provide immediate response to an emergency situation. Although an argument could be made to call in resources from adjoining law enforcement agencies in the event of a crisis situation, the reality is that the delayed response time could paralyze bridge operations, the responding officers would be unknown quantities who are not familiar with bridge operations, confusion would exist as to who was actually in charge of the incident, and the responding units would be unable to communicate with incident command due to the incompatibility of the radio systems.

*Note: During the course of interviewing one of the HART supervisors it was suggested that the reduction in HART call-outs may be attributed to the fact that department supervision may be reluctant to request the team due to overtime considerations. This arises because a protocol has not been developed which would specifically outline the criteria for requesting the services of the HART team.*

2. **Honor Guard:** The value of a unit such as an honor guard cannot be measured by how frequently it's deployed, or how much money it cost to maintain the unit, but instead must be measured by the amount of goodwill and positive interaction it will generate as a result of its continued presence. The officers who make up this unit take great pride in representing the department, as well as the DRPA, and act as ambassadors during their interaction with the public and other law enforcement agencies.
3. **Commercial Vehicle Unit:** In that commercial vehicles represent a large percentage of the vehicular traffic that traverses the four DRPA bridges on a daily basis, it is imperative that the Public Safety Department maintain a well-trained, readily accessible cadre of personnel who can effectively respond to truck related incidents. The one sergeant and four officers who make up this unit conduct routine commercial vehicle inspections (averaging approximately two hours per inspection), monitor and weigh trucks which are believed to be overweight, and interact with the trucking industry to improve communications and reduce truck related incidents. The officers assigned to the unit are also trained accident deconstructionists and respond to, and investigate, major traffic accidents on the bridges.
4. **Training Unit:** In respect to potential liability, arguably the most vulnerable and common aspect of law enforcement agencies throughout the nation is their inability or unwillingness to properly train their officers. It is vitally important that members of the law enforcement community remain aware of the rapidly changing rules and

regulations within the complex field of criminal and constitutional law and that they are provided with the most up to date and effective means by which to do their jobs. The position of Training Sergeant performs a vital function within the agency and provides a strong barrier of defense when the department is faced with the possibility of general or punitive damages resulting from the actions of its officers. Given the size of the department, coupled with the unique aspect of being part of a bi-state operation, it is imperative that all members of the Department of Public Safety remain well trained and that they are prepared to deal effectively with the challenges facing today's law enforcement community. *(Note: The prospect of replacing the position of Training Sergeant with a non-sworn employee was addressed in "Public Safety Objective 4").*

5. **Marine Unit:** The original purpose of the Marine Unit when it was activated prior to the World Trade Center attacks was to assist in rescue and recovery operations. In 2003 the department received a federal grant from The Department of Homeland Security to purchase a boat and related equipment and transitioned from focusing on rescues to becoming a water-going law enforcement asset designed to detect and abate potential terrorist activities. Although an argument could be made to eliminate the Marine Unit due to its somewhat infrequent deployment, the operating costs of the unit are relatively low, and the assigned officers typically deploy the boat only during an emergency or when manpower needs are not negatively impacted. The unit's presence on the river is consistent with the department's objectives and the DRPA mission and seems to be a very logical asset in view of the fact many of the DRPA resources are on or near a major waterway.

### Recommendations

Identifier	Recommendation	Review Date
PS15	<b>Retain All of the Special Units</b>	12/31/16

### Impact of Recommendations

There is no expected impact based on the recommendation PS15.

#### 5.11 Objective 9. Regional Task Force Assignments

**Evaluate the two Public Safety officers detailed to regional task forces. One officer is assigned to the FBI's Joint Terrorism Task Force (JTTF) comprised of personnel from all federal and surrounding law enforcement agencies to investigate, identify and disrupt any threats or potential harm to the region concerning Homeland Security. A second officer is assigned to the Philadelphia Camden High Intensity Drug Trafficking Agency (HIDTA) comprised of personnel from all federal and local law enforcement agencies to investigate, identify and disrupt regional drug trafficking.**

## Background

The FBI Joint Terrorism Task Force (JTTF) was initiated in 1980 and has grown in size over the years to include the participation of local law enforcement agencies throughout the country. The task force provides a one-stop resource for information relating to terrorist activity, it enables a shared intelligence base across many agencies, it creates a familiarity among investigators and managers prior to the occurrence of a major incident, and most importantly, it consolidates the skills, talents and knowledge of investigators from across the law enforcement and intelligence community into a single counter-terrorism team. (Doc 479)

As part of the Anti-Drug Abuse Act, the High Intensity Drug Trafficking (HIDTA) task force was enacted in 1988. Since the original designation of five HIDTA's in 1990, the program has expanded to thirty-one areas across the country including five partnerships along the southwest border. The mission of this task force is to reduce drug trafficking in the most critical areas of the country and thereby to minimize the impact of drug trafficking in adjoining areas. The task force accomplishes its goals by institutionalizing teamwork among local, state and federal law enforcement agencies and coordinating their efforts to eradicate drug trafficking. (Doc 479)

## Processes

This review assessed the loan of two officers to:

- The FBI Joint Terrorism Task Force
- High Intensity Drug Trafficking (HIDTA) task force

## Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

<i><b>ID#</b></i>	<i><b>Item Name</b></i>	<i><b>Progress Assessment</b></i>
<i><b>Kroll Audit – 2006 (Doc 82)</b></i>		
<i>130</i>	<i>Agency Partnerships (page 3)</i>	<span style="color: yellow;">●</span> Yellow
<i>146</i>	<i>Sergeants on Special Detail (page 7)</i>	<span style="color: yellow;">●</span> Yellow

## Principal Findings

- The Public Safety officer loaned to the JTTF task force is generally rotated out of the assignment every three years. *Note: The officer who was previously loaned to the task force exceeded that three year period due to his involvement in a complex case involving potential attacks at a United States military base. The officer currently on loan has been assigned to the task for one year. Under the current organizational*

*configuration, the officer reports directly to the Chief of Police on an as-needed basis.*

- As with the JTTF task force, this loan is rotated on a three year basis. The officer assigned to the task force been in the position for approximately one year. This officer also reports directly to the Chief of Police.

### Conclusions

1. **Benefit:** In addition to the obvious value of having Public Safety personnel loaned to task forces addressing the issues of anti-terrorism and the eradication of drug trafficking, the officers assigned provide a benefit to the department in that they communicate immediate and accurate information regarding issues critical to the department and the development of its policing strategies. The loaned officers are exposed to intelligence information that would otherwise not be available, or that would not be forwarded to the department in a useful and timely manner, and are able to act as a conduit through which this information is conveyed to department administration. An additional benefit of having an officer loaned to the HIDTA task force is that his participation qualifies the DRPA to a proportioned amount of resources that are seized as part of the Federal Asset Forfeiture Program.
2. **Reporting:** The department is missing a structured protocol for the loaned officers to report to the department. As it currently stands the officers do not have an established procedure for interacting with the department and they contact the Chief on an as needed basis. In order to establish accountability, and to ensure that the officers remain connected to the department, a more formal system should be implemented which would mandate that the loaned officers submit progress reports to the department on a regularly scheduled basis. The officers should also be required to make in-person contact with a department administrative lieutenant at least once a month.

### Recommendations

<i><b>Identifier</b></i>	<i><b>Recommendation</b></i>	<i><b>Review Date</b></i>
PS16	<b>Continue to loan officers to the two task forces.</b> Loaned officer are assigned to work with the FBI Joint Terrorism Task Force and the High Intensity Drug Trafficking (HIDTA) task force.	12/31/13
PS17	<b>Ensure Loaned Officers Report Regularly</b> Ensure that the loaned officers report back to the department regularly.	3/30/13

### Impact of Recommendations

There is no expected impact based on recommendations PS16 and PS17.

## 5.12 Objective 10. Court Liaison Person

**Evaluate the performance of the civilian contracted “Court Liaison Person” as well as any other position which may be contracted.**

### Background

The court liaison position was created in 1994 to assist the department in the coordination and reduction of the number of times an officer had to make an in-person appearance in court. The position was staffed by active, sworn personnel and proved to be cost effective in terms of reducing the number of court appearances and the expenditure of court related overtime cost. (Int 17)

Despite its cost effectiveness, a previous audit conducted in 2006 recommended that the sworn personnel be relieved of this responsibility and replaced by a retired officer who was familiar with the local court systems. This recommendation was adopted and in 2009 the position was filled with a retired department lieutenant who had previously occupied the court liaison position.

### Processes

This review assessed the performance of the court liaison position.

### Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
130	Agency Partnerships (page 3)	● Yellow
146	Sergeants on Special Detail (page 7)	● Yellow

### Principal Findings

- The Court Liaison Officer works under contract with DRPA and receives approximately \$30,000 a year in compensation. He coordinates with thirteen courts in the immediate area and is responsible for disposing of traffic matters, marginal DUI cases, and drug cases involving less than 50 grams of contraband. He estimates that he is able to adjudicate 90% of the cases that would otherwise require an officer’s personal appearance in court. (Int 60)
- The court liaison officer produces monthly documents which calculate the cost savings that are associated with the bridge and transit officers not having to make in-person appearances at the various traffic courts. In reviewing the last month in

2011 and the first two months of this year, the monthly average savings of court related costs was reported to be \$40,733. (Doc 489)

- The court liaison officer does not coordinate appearances at the Pennsylvania traffic court; this function is performed by the Officer in Charge (OIC) of the Commercial Vehicle Unit. (Int 64)

### Conclusions

1. The use of the Court Liaison Officer is cost effective and convenient.
2. Other internal functions which could possibly lend themselves to being let out to outside contractors were addressed in the previous sections dealing with the Technology Sergeant and the supervisor coordinating the CALEA accreditation effort.

### Recommendations

Identifier	Recommendation	Review Date
PS18	Retain the court liaison position.	12/31/16

### Impact of Recommendations

There is no expected impact based on the recommendation PS18.

## 5.13 Objective 11. Duplication of Department Responsibilities

**Evaluate the Public Safety Department's responsibilities in the area of Homeland Security and Emergency Management against the Department of Homeland Security & Emergency Management for duplication of duties and responsibilities and assess functionality and performance of the duties and responsibilities of each Department.**

### Background

The Homeland Security and Emergency Management Department was established in December of 2008. The Director, Homeland Security-Emergency Management previously had occupied the position of Inspector with the Public Safety Department. In addition to the Director, the department has two staff.

### Processes

This review assessed the performance of the Public Safety and Homeland Security/Emergency Management Departments with regard to:

- Homeland Security
- Emergency Management

### Related Prior Audit Items

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table

displays an ID reference number for the item. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
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**Kroll Audit – 2006 (Doc 82)**

133	Emergency Management MOUs (page 4)	● Yellow
141	Standards for Emergency Management (page 5)	● Yellow
159	Collaboration with Other Transit Agencies (page 12)	● Red
160	Security-Related Grants (page 12)	● Yellow

**Kroll Audit – 2008 Supplemental Report (Doc 81)**

166	Homeland Security Coordination (page 2)	● Yellow
167	Organization for Homeland Security (page 2)	● Red
170	Office of Emergency Management (page 4)	● Green

**Principal Findings**

- The Director, Homeland Security & Emergency Management has a job description (Doc 347) in which only “emergency management” is mentioned. The job description does not include Homeland Security. This was confirmed in interviews (Int 2).
- In respect to staff of the Homeland Security & Emergency Management Department, in addition to the Director, there is a Project Manager and an Administrative Coordinator assigned to the office. The Director of Homeland Security/Emergency Management did not take part in the selection process to fill these positions and neither person appointed had any previous homeland security background. (Int 2)
- In the post-9/11 era there needs to be increased emphasis on the issue of homeland security and a coordinated response to natural as well as man-made disasters. The current DRPA organizational structure has not appropriately addressed these issues. Specifically, there does not appear to have been any coordinated effort between the former Chief of Police - the position is now vacant - and the Director, Homeland Security & Emergency Management to interact with each other in respect to matters of mutual concern, and there are no open lines of communication between the two entities. (Int 2, 17)
- It is apparent that the two department heads did not meet with any regularity, that there were obstacles which impeded their ability to communicate with each other, and that there was a major disconnect in respect to the two entities effectively working together to address homeland security, intelligence gathering and other related matters. There has not been a clarification as to the relationship between Public Safety and Homeland Security & Emergency Management and there has been

no agreement in respect to the development of standing operational plans. (Int 16, 69). There is presently no memorandum of understanding (MOU) in place regarding succession of command in the event of a major unusual occurrence. There is no evidence that a response plan designed to guide the Authority's response/ recovery efforts in the event of a catastrophic event has been developed. This information was confirmed in interviews. (Int 2, 17, 69, 70)

- The two departments report to the Deputy Chief Executive Officer whose job description (Doc 347) mentions several departments but does not address Public Safety or Homeland Security & Emergency Management. There does not appear to have been any attempt on the part of DRPA to "make peace" between the two departments. (Int 2, 70)

## Conclusions

1. **The Current Organization is Not Working:** Although it would be reasonable to suggest that systemic failures within the agency have contributed to the problem, or that the past breakdown in communications between the departments is attributable to variances in personalities or management styles, it is clear that the current system is not working and that it is in need of restructuring. The ability of the Homeland Security & Emergency Management and the Public Safety Departments to work together effectively in their effort to identify and react to potential terrorist activities is an essential component of the agency's stated mission and is a commitment that must be fulfilled.
2. **Division of Responsibilities:** Three major changes are necessary to make the functions of Homeland Security and Emergency Management more effective:
  - a. The Director, Homeland Security & Emergency Management should no longer assume the lead role in the development of the Authority's emergency response plan and should no longer be designated to exercise line command over the Public Safety Department in the event of a natural disaster or act of terrorism. In the event of a major unusual occurrence, the Chief of Police, or his designee, should be identified as the "Incident Commander". He or she should be responsible for developing a comprehensive response plan, interacting with other law enforcement agencies, and directing the unified response of all involved Authority resources.
  - b. The Director, Homeland Security & Emergency Management should focus exclusively on functions such as the gathering of intelligence information from federal, state and local law enforcement agencies, disseminating that information to the appropriate entity(s) within the Authority, and pursuing various funding sources and grants to support the Authority's emergency preparedness and response efforts. He should also schedule a mandatory monthly meeting with the Public Safety Department to ensure that essential intelligence information is being shared and acted upon in a timely fashion.
  - c. The Public Safety Department should designate one of its two administrative lieutenants as the department's "Homeland Security" coordinator. The lieutenant should be responsible for:

- i. Coordinating with the Director, Homeland Security in the development and assessment of intelligence information
  - ii. Coordinating the activities of the two Public Safety officers currently loaned to the FBI's Joint Terrorism Task Force (JTTF) and the High Intensity Drug Trafficking Agency Task Force (HIDTA)
  - iii. Assisting the Chief of Police in the development of the Authority's response plans and for interacting with federal, state and local law enforcement agencies in the surrounding areas to assist in the establishment of multi-agency contingency plans.
3. **Reporting Procedures:** It is essential that information regarding potential threats to the DRPA and its properties be disseminated in a timely manner. A mandatory reporting system including a status report, needs to be established wherein the Chief of Police and the Director, Homeland Security are required to interact routinely, either in person or by way of written report, with the Deputy CEO, or his designee.

### Recommendations

Identifier	Recommendation	Review Date
PS19	<b>Assign Emergency Response to Public Safety</b> Realign responsibilities to make the Public Safety Department responsible for the development of the Authority's emergency management plans in the event of a major natural disaster or act of terrorism.	12/31/13
PS20	<b>Assign Public Safety COP Incident Commander Role</b> Designate the Chief of Police, or his designee, as the "Incident Commander" in the event of a major unusual occurrence, and make Public Safety responsible for developing a comprehensive response plan, interacting with other law enforcement agencies, and directing the unified response of all involved Authority resources.	12/31/13
PS21	<b>Assign Homeland Security Department Roles</b> Assign to the Homeland Security Department the gathering of intelligence information from federal, state and local law enforcement agencies throughout the country, disseminating that information to the appropriate entity(s) within the Authority, pursuing various funding sources and grants to support the Authority's emergency preparedness efforts.	12/31/13
PS22	<b>Designate Public Safety Homeland Security Coordinator</b> Designate one of its two administrative Lieutenants	12/31/13

<b>Identifier</b>	<b>Recommendation</b>	<b>Review Date</b>
	as the department's "Homeland Security" coordinator.	
PS23	<b>Establish Interdepartmental Reporting System</b> Establish a mandatory reporting system wherein the Chief of Police, as well as the Director, Homeland Security be required to interact routinely, either in person or by way of written report, with the Deputy CEO, or his designee. After the draft report was prepared, the Director, Homeland Security retired, resolving the issue.	12/31/13

### **Impact of Recommendations**

There is no expected financial impact based on recommendations PS19 to PS 23.

## **5.14 Objective 13. Demand-Driven Staffing Strategies**

**Evaluate staffing strategies deployed by Public Safety against several benchmarks including calls for service, traffic volume, time of day, time of year, and obligated and unobligated/discretionary time etc.**

### **Background**

In 2008, following an extensive review of various factors including personnel availability, average number of vehicles on the bridges, average number of incidents occurring on the bridges and the transit line, and productivity data, the Public Safety Department developed a staffing strategy designed to utilize its resources in a measured and effective manner.

With the exception of a relatively minor decrease in total personnel (some of which occurred as a result of civilianizing the dispatch positions) and the redistribution of some additional resources to the transit line, this deployment plan remains in use and is the primary resource document upon which decisions regarding the distribution of resources on the four bridges and the transit line are made. (Doc 478)

### **Processes**

This review assessed the deployment of Public Safety Officers.

### **Related Prior Audit Items**

There are no current status reports addressing implementation of prior audit recommendations or strategic plan approaches and tasks. The first column of the table displays an ID reference number for the item. The Priority/Status is the assessment provided by DRPA managers. CGR has added its own assessment in the form of a red-yellow-green status. Green is complete; Yellow is in progress; Red is not started or will not be done.

ID#	Item Name	Progress Assessment
<b>Kroll Audit – 2006 (Doc 82)</b>		
136	Public Safety Structure (page 4)	● Green
144	Public Safety Staffing (page 6)	● Green

### Principal Findings

- The deployment plan for DRPA/PATCO personnel is based on information driven policing which includes (Doc 478):
  - Patterns of prior criminal activity
  - Areas of vulnerability
  - Traffic accidents
  - Vehicular and traffic volume
  - Facility usage
- The deployment plan identifies the number of patrol officers needed at the various venues to provide an adequate police presence (Doc 478). In addition to the efficient utilization of available resources, the deployment plan is designed to facilitate the officer's timely response to:
  - Emergency situations
  - Take part in proactive police activities
  - Maintain the flow of traffic on the bridges
  - Help create an environment in which the traveling public feels confident regarding their use of DRPA facilities.
- From a management perspective there are several constants that the Public Safety Department relies upon when considering the distribution of its resources. For example the two outer bridges, the Betsy Ross and the Commodore Barry, are generally much less traveled than the two inner bridges, the Walt Whitman and the Ben Franklin. Additionally, there is generally much more volume of vehicular traffic on the bridges during the day shift (0600-1800) than the evening shift which covers the hours of 1800 to 0600. There is also a significantly greater amount of police incidents (summonses, speeding tickets, warnings, DUI arrests, criminal arrests, and calls for service) on the two inner bridges than there are on the two outer facilities. (Doc 454, 490) Consequently, the department has proportioned the distribution of its resources to include a greater number of officers assigned to the inner bridges and has allocated less personnel during the evening shifts than on the day shifts.
- The only deployment strategy that cannot be supported by the analysis of statistical data is the deployment of personnel on the transit line. Although the transit officers generate only 12.5% of the total activities, which include 2011 arrests, disabled vehicles removed, accidents, injuries, deaths and dispatched calls, 31% of the total department strength is allocated to policing the transit line.

- When comparing the number of personnel recommended in the deployment report against the number of officers currently deployed on the four bridges, the department is within two officers of adhering to the deployment report totals. The only deviation is on the Walt Whitman Bridge, which has two more officers than recommended which is attributable to the increased traffic volume on this bridge during the summer, on-going construction projects, and to the sports events taking place near the west end of the bridge. (Doc 478)
- The issue whether or not the number of personnel currently assigned to the Department of Public Safety is adequate to meet the needs of the organization and to deliver a level of service that is consistent with the organization's Mission Statement has been evaluated. This evaluation was based on the findings of past audits, interviews, and an in-depth analysis of the department's current deployment strategy.
  - In the previous effort to determine if the number of officers assigned to the Department of Public Safety was adequate, an audit conducted in 2006 applied various benchmarks such as calls for service, traffic volume, and officer initiated activities to evaluate current staffing levels. Based on this analysis it was the conclusion of this audit that the current staffing levels of the department "seemed adequate to meet the challenges of its mission".
  - Although the Department of Public Safety has experienced several organizational reconfigurations subsequent to that audit, including the assimilation of the PATCO public safety officers into the police department, the hiring of twelve civilian dispatchers, the conversion from eight hour to twelve hour shifts, and the gradual reduction in overall staffing levels, the one factor that has remained constant throughout this period of transition has been the actual number of officers assigned to patrol duties.
  - As reported in an earlier audit conducted by KPMG, the number of officers assigned to patrol duties in December, 2001 was ninety-two (92). This number remained unchanged in 2006 when Kroll conducted their audit of the Department of Public Safety's staffing numbers. Based on an internal document provided to the CGR audit team by DRPA staff, the number of officers presently assigned to patrol duties is 94. (Doc 82 pages 29-31)
- To explore further the issue of benchmarking as it relates to the number of officers deployed on bridges, interviews were conducted with management level personnel at other "peer" law enforcement agencies to determine how they calculate the appropriate staffing levels on their bridges. Although there did not appear to be a universally accepted formula for determine staffing levels on bridges it was generally agreed upon that the criteria presently employed by the Department of Public Safety is effective and is consistent with accepted industry standards. This finding was further substantiated by the fact that the at least two previous audits of the Department determined that the current staffing numbers of the agency were either "adequate" or "appropriate." (Int 115, Doc 79, 80, 81, 82)
- Unlike traditional law enforcement agencies which allocate their resources based on measureable factors including calls for service, the size of service area, officer initiated activities, population, and response time the optimum size of the

Department of Public Safety must be determined, in part, by whether or not the agency is fulfilling expectations. These expectations include but are not limited to the agency's capacity to carry out the goals and objectives of the Port Authority, its ability to create a positive and productive work environment for its personnel, and its commitment to ensuring that the people who traverse the bridges are able to do so in a safe and expedient manner. (Doc Department's Mission Statement (Revised March 20, 2011))

### Conclusions

- The current staff assigned to the Department of Public Safety is meeting expectations and effectively fulfilling the conditions set forth in the agency's Mission Statement.
- The apparent disproportionate allocation of officers on the transit line is justifiable because the transit line is over fourteen miles in length (some of which is underground); it passes through thirteen different stations and seven PATCO parking lots; it has averaged over 10 million riders per year during the past three years; and the demands of policing a transit line calls for a higher level of police presence and interaction with the ridership than required on the four bridges. (Doc 490)
- Given the number of officers currently in the Public Safety Department it appears that the department is using sound deployment tactics and is maximizing the utilization of their available resources. The deployment plan appears to be consistent with the goals and objectives of the department.
- The current staffing level adequately meets internal as well as external demands placed on the department. There was nothing found in this analysis to suggest that change should be made to the staffing levels, which have remained essentially unchanged for the past fifteen years.
- Although the 2008 Deployment Report sets out an accurate means by which to deploy police personnel, the report should be reassessed in the near future and updated on a regular basis.

### Recommendations

Identifier	Recommendation	Review Date
PS24	<p><b>Continue Staffing to the Current Deployment Report</b></p> <p>The current staffing strategy should be re-assessed to ensure that it incorporates all current information. The Deployment Report should be updated on a regular basis.</p>	12/31/13

### **Impact of Recommendations**

There is no expected financial impact based on the recommendation PS22. Some Public Safety Department staff time will be required to review and update the Deployment Plan as recommended.

## 6.0 Implementation Approach

This section responds to RFP requirements 3, 4, and 5 on page 16 of the Audit RFP (Doc 156). These requirements and a description of our responses follow.

**Item 3.** *The Auditor shall provide a list of specific recommendations to the Authority based on the findings and conclusions of the Audit. Each recommendation should be supported by a clear business case, including scope of effort, person(s) responsible for following through on the recommendation if approved, estimated costs to implement, beneficial impact to the organization, and projected time frame to complete.*

Sections 3.0, 4.0 and 5.0 describe the justification and business case for our recommendations. Appendix C provides a consolidated list of CGR recommendations for this audit, identification of DRPA staff responsibility, and a schedule for follow up on the recommendations. The Review Date is not necessarily a completion date. If implementation is incomplete at the Review Date, the responsible person or team should set a new date for follow up and, if necessary, adjust the project schedule.

**Item 4.** *The Auditor shall recommend an implementation approach and assist the Authority to develop specific and executable action plans to address the recommendations.*

With the possible exception of the Lean Government program, the DRPA hasn't demonstrated an ability to implement its long list of initiatives. Increased Board consciousness and the challenges of implementing the ERP system necessitate a proactive pursuit of improvements. This section recommends the use of *project management standards* and a *dual operating system* to organize and execute current and previous audit recommendations and other initiatives, including Lean Government projects.

The recommended approach recognizes differences in the scope and complexity of the projects deserving attention. The recommended approach has elements in common with the Lean Government approach that screens candidate projects, uses volunteer teams, and follows proven standard practices.

**Item 5.** *Evaluate the Authority's implementation of recommendations from prior internal and independent reports regarding DRPA Administrative and Support functions and Public Safety over the last ten years, including, but not limited to, the TransTech and Kroll Management Audit Reports.*

Prior initiatives, including previous audit recommendations, have been cited throughout Sections 3.0, 4.0, and 5.0. Appendix D is a consolidated list of past audit recommendations, Strategic Plan *Strategic Approaches* and *Initial Tasks*, and Lean Government projects along with their implementation status. Status reports include DRPA employee and CGR inputs.

The following are conclusions from previous sections considered in designing an implementation program:

- The audit program, Lean Government effort, and the Strategic Plans have identified a large number of justified, actionable improvements. While some have been completed, many have not been adequately addressed. Nor is their implementation status tracked in an effective way.

- The previous improvement items vary widely in their scope and complexity. Some are “task” level, particularly Initial Tasks in the 2012 Strategic Plan (Doc 36). Others are broad, calling for Agency-wide action sponsored by senior management. These are beyond the capabilities and authorities of individual departments to implement.
- The lack of action on some initiatives, particularly the action items in the Strategic Plan, violates the spirit of DRPA Governing Documents. Many items are carried over year-to-year without action. Strategic Plans are neither approved nor tracked by the Board.
- With the exception of the Lean Government initiative, currently designated as a pilot program, we conclude that there is no enterprise project management system with the organization, processes, and procedures necessary to implement audit recommendations and Strategic Plan tasks. Implementation requires such a system.

The next section recommends an implementation approach.

## 6.1 Implementation of Audit Recommendations

This section calls for DRPA to adopt the following complementary approaches both of which are essential to success:

- Employment of standards for project management. Similar recommendations are made in Section 3.1 (GD1) and Section 3.3 (IS5). These standards are maintained by the Project Management Institute (PMI) in Newton Square, PA.
- A “dual operating system” to implement in a timely way. The dual operating system has features of the Lean Government program and provides a more proactive way to assure priorities are set and projects are completed.

### Project Management Standards

The Lean Government program that focuses on local processes uses standard methodologies, notably the Six Sigma DMAIC process, to improve existing processes. More ambitious efforts should employ standards for project, program, and portfolio management. PMI defines these levels, referred to as “domains,” as follows:

Portfolio: *A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives.*

The PMI standards state that portfolio components (programs and projects) are “quantifiable.” That is, they can be measured, ranked, and prioritized. Portfolio managers should perform these tasks.

Program: *A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually.* Programs are continuous efforts; a program doesn’t always have to have projects in progress. Lean Government is an example of a program. Program managers are accountable for prioritizing and overseeing the initiation and completion of the projects in their domain. ERP implementation should be managed as a program. Our report recommends a program management office (PMO) for Engineering.

Project: *A temporary endeavor undertaken to create a unique product, service, or result.* Projects come in all shapes and sizes. In general, they should be substantial enough to

justify the use of formal project tools like charters, project plans, budgets, team assignments, ongoing monitoring and controlling, and schedules.

Employing these levels converts dozens of standalone projects into a more manageable, smaller number of programs that are easier to define, prioritize, budget, staff, plan, monitor, and control.

Organizations have many options in configuring a project management system. The following paragraphs provide a candidate system tailored to improve DRPA's pursuit of audit recommendations and other initiatives.

**Portfolio Domain:**

Portfolio responsibility belongs to senior management and the Board working through its committees. Current practice is for each Board committee to monitor its own portfolio. For example, the O&M Committee monitors the portfolio of construction and maintenance programs and projects. Similarly the Audit Committee might monitor audit, strategic plan, Lean Government, and other improvement projects like those mentioned in this report.

**Program Domain**

CGR recommends five programs, designated A, B, C, D, and E, plus a category for recommendations (F) that can be done quickly by an assigned employee or employees without formal project controls. Another category (G) includes items that require no action like recommendations to continue existing functions.

Program managers oversee the prioritization and execution of projects in their areas of responsibility. This would include designating project managers, estimating costs and benefits, and procurement of needed funds.

**A "Governance & Planning"**

Projects related to Governing Documents compliance or requiring Board action. Program projects include plans, studies, audits, and policy determination.

*Accountability: Program manager: CEO/DCEO*

*Project manager: a division or department head depending on the project*

**B "Organizational Responsibilities & Accountability"**

Any project that affects the existing organization structure, accountability, or division/department missions. This category includes changes in employee staffing levels and responsibilities.

*Accountability: Program manager: CEO/DCEO*

*Project manager: affected division/department heads or their designated representatives*

- C “Enterprise Processes & Technology”** All major information technology systems and related process improvement projects. (e.g. ERP, Asset Management)
- Accountability: Program manager: CEO/DCEO*  
*Project manager: Division/department head with related expertise or principal user*
- D “Local Process Improvement”** Lean Government and other department level improvements.
- Accountability: Program manager: Designated executive (to date the CFO)*  
*Project manager: division or department head responsible for the process or designated staff*
- E “Public Safety/ Homeland Security”** Projects of any type that focus exclusively on one or both of these departments and are not appropriate for another category.
- Accountability: Program manager: DCEO*  
*Project manager: COP; Director, or designated staff.*

**Project Domain**

Projects must be significant enough to warrant one or more of the following: a budget that must be approved, team assignments, a written charter, a written project plan that defines the work to be done and a schedule.

- F “Non-Project Recommendations”** are those that don’t meet the criteria for projects but are worthy of implementation. These would be assigned to individual employees for execution.
- G “Zero Cost/No Action Required”** is a category that covers areas, like several in Public Safety, where the recommendation is to continue current practice with no recommendation for change.

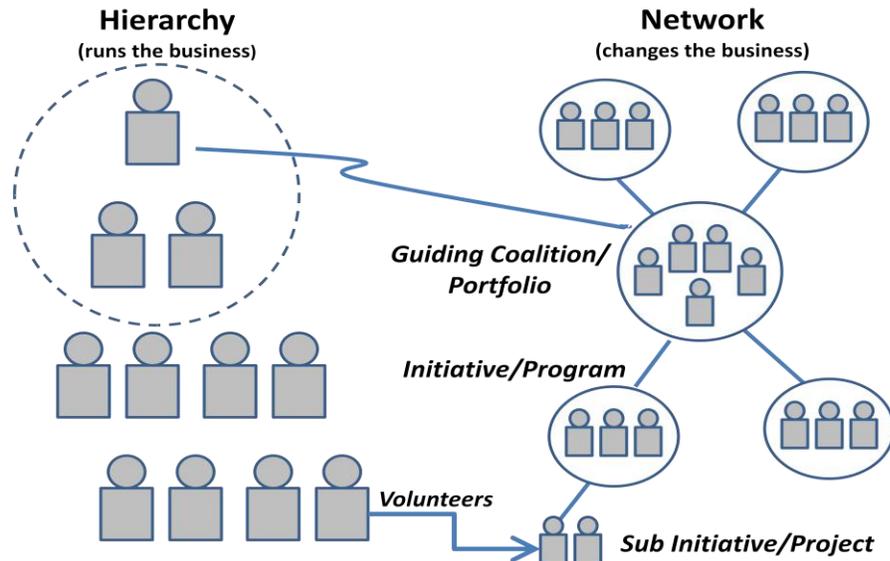
**Dual Operating System**

John P. Kotter, an Emeritus Professor of Leadership at the Harvard Business School, recommends what he calls a dual operating system for implementing strategic plans.<sup>16</sup> One operating system is the traditional hierarchy designed to efficiently conduct day-to-day activities. According to Kotter, hierarchies are rigid and resistant to change – a threat to an organization facing considerable change. He recommends the creation of a second operating system, a network, not a hierarchy organization. The figure below depicts the dual operating system.

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<sup>16</sup> John P. Kotter, “Accelerate!” *Harvard Business Review*, November 2012: 44-58.

**Figure 6.1: Dual Operating System**



The environment for the dual operating system includes the following:

- The hierarchy operating system runs the business while the network changes the business. The relationship between the dual organizations is complementary. The structure removes distractions that accompany designing new processes and implementing change from the hierarchy while providing a structure for making changes faster than they would if left to the hierarchy.
- The network needs a sense of urgency around a big opportunity. In DRPA’s case, that could be the need to implement audit recommendations, a commitment to expand the Lean Government effort out of the “pilot” category, and/or the need to mobilize around a far-reaching initiative like the ERP implementation.
- Senior management must launch and maintain the network. There is no abrogation of top management’s accountability to the network. This is symbolized by the curved line on the figure.
- Like the Lean Government program, the network is composed of employee volunteers. Participants continue their regular jobs while working in the network.
- A Guiding Coalition (GC) manages the portfolio under direction from the executive team. According to Dr. Kotter, it plays the role the sun does in the solar system. Initiatives/ programs (A through E) are the planets. The projects (sub initiatives) are moons that circle the planets.
- Dr. Kotter recommends that employees apply for GC membership. Members should represent each department and organization level. Members must have the trust of executive managers, and some should be outstanding leaders. Members of the GC can also play roles on project teams.

CGR recommends this approach for managing the implementation of the current and past audit recommendations as well as other initiatives from the Strategic Plan and Lean Government program. DRPA has an advantage namely,

- The Agency has experience with the concept. The dual operating system is much like the Lean Government program in its structure.
- Work done to date, including this audit, provide an ample list of programs and projects to address.

Identifier	Recommendation	Review Date
PM1	<p><b>Implement the Dual Operating System Approach</b></p> <p>Use the Dual Operating System described along with project management standards to implement audit recommendations and other improvement projects.</p> <p>This can be coordinated with Recommendation GD1 for expanded use of project management and LG2 to use the "Lean Government Process More Broadly."</p>	6/30/13

## 6.2 CGR Recommendations

Appendix C provides summary descriptions like the one above for each recommendation. The appendix is arranged by program by division. The findings, conclusions, and recommendations that justify the recommendations are provided in Sections 3.0, 4.0, and 5.0.

### 6.2.1 Discovery-Driven Planning

The Review Date associated with each recommendation should trigger an evaluation of progress made to implement that recommendation. Initial Review Dates are proposed in Appendix C for each recommendation. This doesn't mean the project must be completed by the date. For projects that are still in progress, a date should be set for the next review. As necessary, project schedules should be adjusted.

### 6.2.2 Cost Benefit Analysis

Cost estimates are also provided for implementing recommendations. Onetime costs for each project are estimated at the program level as described below. Projects that require recurring costs like additional employee benefits, staff additions, and training have estimates at the project level.

**One Time Costs.** The estimates are based on expected program complexity and expected effort. The estimates are for incremental costs and don't include employee time spent on the project.

The approach is useful in budgeting and priority-setting. As commitments are made to implement a particular project, the estimated cost should be reviewed and refined as necessary. Modest team budgets for implementation should improve the likelihood that the goals of team efforts are realized. Some agencies include costs in capital programs when they accompany implementation of major information technology projects.

	<b>Program</b>	<b>Estimated Cost per Project</b>
A	Governance & Planning	\$10,000
B	Organizational Responsibilities & Accountability	\$25,000
C	Enterprise Processes & Technology	Provided separately
D	Local Process Improvement	\$25,000
E	Public Safety/ Homeland Security	\$10,000
F	Non-Project Recommendations	\$25,000
G	Zero Cost, No Action Required	\$0

The following table summarizes the result of employing this approach to estimate the recommendations' onetime cost.

	<b>Programs</b>	<b>Number of Recommendations</b>	<b>Estimated Onetime Costs</b>
A	Governance & Planning	16	\$160,000
B	Organizational Responsibilities & Accountability	33	\$825,000
C	Enterprise Processes & Technology	7	Estimated separately
D	Local Process Improvement	25	\$625,000
E	Public Safety/ Homeland Security	7	\$70,000
F	Non-Project Recommendations	10	\$250,000
G	Zero Cost, No Action Required	6	\$0
	<b>Total:</b>	<b>104</b>	<b>\$1,930,000</b>

Although these are onetime costs, they will not necessarily occur in a single year since implementation could extend over several years.

Implementation of these projects will be accompanied by an ambitious information technology effort. Many of the audit's recommendations complement these programs. Section 3.3 shows capital budgets for proposed systems mentioned in our recommendations:

Enterprise Resource Planning System (ERP)	\$16,000,000
Electronic Records Management	\$365,000

800MHz Replacement/Upgrade \$1,155,000

**Recurring Costs.** Recommendations that call for restored benefits, new functions, additional staff, or other costs like training will generate incremental recurring costs. There are eight of these recommendations requiring an estimated \$1,500,000 in additional annual costs. These include the following:

<b>Designator</b>	<b>Name</b>	<b>Estimated Recurring Costs</b>
BA2	Selectively Restore Benefits	\$500,000
IS10	Fill Needed Business Analyst Positions (3 positions)	\$300,000
RM1	Implement an Enterprise Risk Management Function	\$200,000
LCC1, GC2	Establish a Labor Relations Function	\$150,000
ENG3	Establish Engineering Program Office	\$125,000
GR2	Increase Grant Administration Staffing	\$100,000
OIG1	Increase OIG staff	\$100,000
IS13	Permit IS Staff to Travel for Training	\$25,000
<b>Total:</b>		<b>\$1,500,000</b>

These figures are an initial estimate to be adjusted by the implementation team. Restoring benefits (recommendation BA2) should be done on a selective basis where restoration is warranted by improved morale or more effective recruiting.

Justification for the onetime and recurring expenditures needs to be considered in the context of expected expenditures for the audited functions. These are 2012 budget figures:

<b>Employee Cost</b>	<b>Other Expense</b>	<b>Total Cost</b>
\$43,000,000	\$15,000,000	\$58,000,000

The onetime implementation costs of about \$2,000,000 are 3.5% of total budgeted cost. Additional recurring costs will add 2.5% to the operating budget. The business case in Section 6.4 associates recommendations and expected impacts.

CGR believes the investment will be recovered in a short period. Many of the projects will be inevitable in order to prepare for and implement the three major systems listed above.

### 6.3 Implementation of Prior Audits & Initiatives

Findings related to the implementation of prior initiatives have been documented throughout Sections 3.0, 4.0, and 5.0. Appendix C is a composite list. Below is a selected list of prior recommendations and initiatives that should be incorporated into the programs listed above.

### A. Governance & Planning

Item #	Source	Name
7	TransTech Audit 2010	Master Plan Update Process
57		Balanced Enterprise Risks
69	Strategic Plan 2012	Return on Investment Criteria
73		Mechanism to Assure Expenditures Link to Strategic Goals
74		Metrics for Progress Measurement
75		Strategic Planning Formal Structure
76		Strategic Planning Core Team
77		Linkage of Planning Objectives with Employee Performance
88		Strategy and Improvement Incentives
84/35	Strategic Plan & TransTech Audit	Compensation & Pay Differential Review

### B. Organizational Responsibilities & Accountability

Item #	Source	Name	
1	TransTech Audit 2010	Assignment-Strategic Planning Process	
2		Strategic Plan Development Resources	
3		Strategic Planning Schedule	
4		Strategic Planning Review	
45		DRPA and PATCO Interfaces	
46		Staff Adequacy – Skills & Numbers	
49		Roles & Responsibilities Definition	
50		Organization Span of Control Restructuring	
52		Top Management Communications	
55		Business Continuity Administrator Staffing	
56		Risk Management Committee Formation	
60		Schedule for Crisis Management/ Business Continuity Plan	
63		Strategic Plan 2012	Core Team for Security & Emergency Management
78			Performance Review System

Item #	Source	Name
79/27/28	Strategic Plan 2012 TransTech Audit 2010	Succession Planning Focus, includes TransTech Audit items #27 & 28
87	Strategic Plan 2012	Communications Working Groups
89		Board and Staff Communications Improvement
90		Interdepartmental Communications
91		Organization Structure Clarification
94		Work Rules and Merit System
124	KPMG -- 2001	Consistent, Aligned Salary Schedules
126		Budget Status Monitoring
167,171	Kroll Supplemental Report	Organization for Homeland Security
172	TransTech Audit 2010	Relationship Between PATCO and Public Safety
177	Strategic Plan 2012	Green Port Initiative
178	Lean Government	Performance Metrics Dashboard

### C. Enterprise Process & Technology

Item #	Source	Name
12	TransTech Audit 2010	Asset Management Plan Development
13		Asset Management Plan Core Group
36		Asset Management System Implementation
37		Workforce Scheduling & Time Reporting
40		Improve IS User Knowledge
41		User Needs Support
61		Risk Management Information System Requirements
62	Strategic Plan 2012	ERP Platform
64		E-Discovery for Records Management
67		Disaster Recovery Plan

Item #	Source	Name
92		Standard Operating Procedures
101	Lean Government	Change in Systems Environment
127	KPMG – 2001	IS Department Organization & Operation
162	Kroll – 2006	CAD System Information Interfaces

#### D. Local Process Improvement

Item #	Source	Name
Most current Lean Government projects		
23	TransTech Audit 2010	Flowchart Personnel Processes

#### E. Public Safety/Homeland Security

The Public Safety audit criteria repeated areas addressed in the Kroll – 2006 report. So the recommendations in this report cover most of the topics in the prior audit.

Item #	Source	Name
134	Kroll – 2006	Radio Interoperability MOUs
135		Grant Compliance
139		Civilianization of Roles
141		Standards for Emergency Management
142		Multi-Agency Incidents
148		Leave Policy for Workload Balancing
153		Technology Sergeant Civilianization
158		Creation of Intelligence Analyst Position

### 6.4 Business Case for Implementation

Section 2.3 listed assessment criteria for justifying recommendations. These were also included in CGR's proposal (page 30). Each criterion is repeated here along with supporting recommendations. Some recommendations contribute to several criteria.

### 1. Provide faster responses to internal and external customer requests

Designator	Name	Section
PM1	Implement the Dual Operating System Approach	6.1
COM3	Prepare Crisis Communications Plan	4.1.4
RM1	Implement an Enterprise Risk Management Function	4.2.2
BA1	Focus on Key Position Turnover	4.2.4
FN5	Raise Approval Levels	4.4.9
FN6	Eliminate the Necessity to Bid All Contracts	4.4.9
IS6	Adopt a Change Control Process	3.3
IS10	Fill Needed Business Analyst Positions	3.3
PS4	Establish a Single Field Personnel Reporting Relationship	5.2
IS14	Implement Document/Record Management System	3.3

### 2. Improve teamwork and internal communications

Designator	Name	Section
COM2	Develop Communications Plan	4.1.4
SA2	Integrate Cascading Safety Targets into Employee Performance Plans	4.2.1
GC2	Establish a Labor Relations Function	4.3.1
GR1	Tie Government Relations Plan to Strategic Plan	4.1.2
OIG5	Provide OIG Support for Other Initiatives	4.1.1
BA1	Focus on Key Position Turnover	4.2.4
PM1	Implement the Dual Operating System Approach	6.1
HRS2	Continue to Implement Performance Metrics System	4.2.8
PS4	Establish a Single Field Personnel Reporting Relationship	5.2

### 3. Take a more focused and proactive approach to service provision

Designator	Name	Section
SA5	Include Safety in Risk Management Function	4.2.1
GR2	Increase Grant Administration Staffing	4.1.2
RM1	Implement an Enterprise Risk Management Function	4.2.2
OIG1	Increase OIG staff	4.1.1
OIG2	Continue OIG Procedure Documentation	4.1.1

<b>Designator</b>	<b>Name</b>	<b>Section</b>
OIG3	Start & Maintain an Annual Audit Program	4.1.1
OIG5	Provide OIG Support for Other Initiatives	4.1.1
BA1	Focus on Key Position Turnover	4.2.4
HRS1	Flowchart HRS Processes	4.2.8
HRS2	Continue to Implement Performance Metrics System	4.2.8
IS3	Review ITIL Practices	3.3
IS4	Develop IT Strategic Plan	3.3
IS5	Develop IT Project Management Structure	3.3

#### **4. Improve planning of work**

<b>Designator</b>	<b>Name</b>	<b>Section</b>
SA5	Include Safety in Risk Management Function	4.2.1
GC2	Establish a Labor Relations Function	4.3.1
RM1	Implement an Enterprise Risk Management Function	4.2.2
OIG4	Track Audit Recommendation Status	4.1.1
OIG5	Provide OIG Support for Other Initiatives	4.1.1
BA1	Focus on Key Position Turnover	4.2.4
HRS1	Flowchart HRS Processes	4.2.8
IS3	Review ITIL Practices	3.3
IS6	Adopt a Change Control Process	3.3
ENG1	Measure Engineering Staff Performance	4.1.5

#### **5. Increase productivity of staff**

<b>Designator</b>	<b>Name</b>	<b>Section</b>
GD2	Adjust Strategic Plan Timetables	3.1
LG1	Formalize Project Deliverable Alternatives	3.2
LG2	Use the Lean Government Process More Broadly	3.2
SA1	Establish Annual Cascading Safety Targets	4.2.1
SA2	Integrate Cascading Safety Targets into Employee Performance Plans	4.2.1
SA3	Utilize Progressive Employee Disciplinary Processes for Safety Violations	4.2.1
GC2	Establish a Labor Relations Function	4.3.1
GC3	Acquire a Document Management System	4.3.1

<b>Designator</b>	<b>Name</b>	<b>Section</b>
RM2	Track Risk Management Total Cost	4.2.2
OIG4	Track Audit Recommendation Status	4.1.1
OIG5	Provide OIG Support for Other Initiatives	4.1.1
BA1	Focus on Key Position Turnover	4.2.4
EEO1	Shorten Affirmative Action Training Intervals	4.2.3
FN4	Pursue Process Automation	4.4.9
FN5	Raise Approval Levels	4.4.9
HRS1	Flowchart HRS Processes	4.2.8
HRS2	Continue to Implement Performance Metrics System	4.2.8
HRS7	Approve Software Applications	4.2.8
HRS8	Increase Awareness of Training Programs	4.2.8
FN7	Reduce the Cost of Producing Purchase Orders	4.4.9
IS11	Implement Drawing Management System	3.3
IS13	Permit IS Staff to Travel for Training	3.3
ENG1	Measure Engineering Staff Performance	4.1.5
PS3	Undertake a Pilot Program for Non-Sworn Officers	5.2
IS14	Implement Document/Record Management System	3.3

## **6. Produce better management information for decision making**

<b>Designator</b>	<b>Name</b>	<b>Section</b>
LG4	Provide Board Level Tracking of Projects	3.2
CA1	Track Claims and Payments	4.3.2
SA1	Establish Annual Cascading Safety Targets	4.2.1
SA4	Charge Safety Related Cost to Departments	4.2.1
GC1	Implement Department Chargebacks	4.3.1
GC3	Acquire a Document Management System	4.3.1
GR3	Track Grant Funding	4.1.2
OIG4	Track Audit Recommendation Status	4.1.1
HRS3	Review Pay Differentials	4.2.8
HRS6	Charge Out Employee Service Expenses (ESE)	4.2.8
IS10	Fill Needed Business Analyst Positions	3.3
ENG1	Measure Engineering Staff Performance	4.1.5

## 7. Increase staff job satisfaction

Designator	Name	Section
SA2	Integrate Cascading Safety Targets into Employee Performance Plans	4.2.1
GC3	Acquire a Document Management System	4.3.1
GC4	Purge Unnecessary Contract Requirements	4.3.1
BA2	Selectively Restore Benefits	4.2.4
BA3	Track Employee Inquiry Handling Service (Benefits)	4.2.4
EEO2	Test Employee Satisfaction Levels	4.2.3
HRS3	Review Pay Differentials	4.2.8
HRS4	Document Salary Freeze Policies	4.2.8
HRS8	Increase Awareness of Training Programs	4.2.8
IS11	Implement Drawing Management System	3.3
ENG5	Provide Technical Career Path for Engineers	4.1.5
IS14	Implement Document/Record Management System	3.3

## 8. Improve alignment of services to internal and external customer needs

Designator	Name	Section
GD1	Use Project Management Practices	3.1
GD5	Expand Lean Government Approaches	3.1
LG3	Manage Capacity for Delivering Project Results	3.2
CA3	Change Claims Administration Reporting	4.3.2
CSCR1	Realign Customer Service/Community Relations	4.2.5
CSCR2	Coordinate Master Plan Reporting	4.2.5
GC4	Purge Unnecessary Contract Requirements	4.3.1
GR1	Tie Government Relations Strategy to Strategic Plan	4.1.2
GR2	Increase Grant Administration Staffing	4.1.2
FN2	Address Finance Policies	4.4.9
FN3	Update Standard Operating Procedures	4.4.9
IS10	Fill Needed Business Analyst Positions	3.3

## 9. Increase visibility into process performance

Designator	Name	Section
CA2	Assign Costs to Departments	4.3.2

SA1	Establish Annual Cascading Safety Targets	4.2.1
HRS6	Charge Out Employee Service Expenses (ESE)	4.2.8
GR3	Track Grant Funding	4.1.2
OIG4	Track Audit Recommendation Status	4.1.1
LG4	Provide Board Level Tracking of Projects	3.2
ENG1	Measure Engineering Staff Performance	4.1.5

## **10. Improve internal and external customers' perception and satisfaction**

<b>Designator</b>	<b>Name</b>	<b>Section</b>
GD3	Incorporate Customer/User Requirements into Strategies	3.1
GD4	Address Master Plan Deficiencies	3.1
COM1	Assign Communications Responsibility	4.1.4
COM2	Develop Communications Plan	4.1.4
COM3	Prepare Crisis Communications Plan	4.1.4
CSCR1	Realign Customer Service/Community Relations	4.2.5
GC4	Purge Unnecessary Contract Requirements	4.3.1
IS14	Implement Document/Record Management System	3.3

## **7.0 Employee Salary & Benefits Survey**

This section responds to an RFP requirement (page 12) to test the “reasonableness of salaries and benefits compared with regional industry standards.” Salary comparisons are relatively easy to make because most public agencies post salary schedules on their websites. Benefit data is much harder to collect and make reliable comparisons. With regard to decisions regarding retention and recruiting, salary data is more important than benefit data which is hard to obtain in a form suitable enough for comparisons. Salary data reported in this section is extensive. Comparisons will be valuable in informing decision making where adjustments should be considered.

### **7.1 Salary Survey Background**

The reasonableness of staff salaries and benefits in comparison to regional industry standards is a major factor in the cost-effectiveness and efficacy of the DRPA’s Administrative and Support and the Public Safety management organization, functions and processes. To determine the reasonableness of salaries and benefits, the audit team:

- a. Acquired salary ranges for four Administrative and Support grades and six Public Safety grades at DRPA.
- b. Examined job descriptions for the relevant grades.
- c. Researched publicly available documentation on salaries and benefits for comparable grades and positions.
- d. Prepared a survey questionnaire that served to identify information of interest. Most of the data presented, however, comes from agency websites. (Doc 503)
- e. Generated a list of public and private organizations, employment agencies and recruiters to participate in a salary survey.
- f. Telephoned 24 contacts on the list. The response to such calls was low.
- g. Calculated and analyzed median and mean salaries.

As far as possible, the DRPA salaries were compared to organizations of comparable size. We have also taken into consideration a remark in the TransTech Management Inc. Management Audit of 2010 which states “It would appear that an updated ‘Hay study’ focusing on engineering positions would be in order”. In view of this we have given special consideration to salaries in the Engineering Department.

### **7.2 Salary Survey Findings**

This section profiles the DRPA workforce in the divisions and departments covered by the audit. It then provided comparative salary data at other enterprises in the private sector, state and local agencies, and other agencies with missions that are similar to those of DRPA.

#### **7.2.1 Salaries and Benefits**

##### **DRPA Employees**

The number of employee positions by grade is shown in the following table, Table 7.1, excluding DRPA Operations Division and PATCO, which are not subjects of this audit.

Figure 7.1 also shows the number by grade for the major departments. It can be seen that the grades selected for this analysis for Administration and Support are the four most populated grades. All of the current grades were selected for Public Safety.

**Figure 7.1: Number of DRPA Employees by Grade in Audited Divisions**

Salary Grade	Public Safety	Engineering	Administration	Finance	All Audited Divisions
5			4	4	24
6		2	4	3	19
7			4	8	13
8	95	1	7	10	129
9	12		1	6	23
10	25	1	3	19	53
11		3	6	4	17
12	6	8	2	7	27
E1	2	2			11
E2		2	2	2	6
E3	1			1	5
E4		1			2
E5			1	1	4
Contract					1
<b>Totals</b>	141	20	34	65	334

### Job Descriptions

Based mainly on job descriptions (Doc 347) supplied to us, Administrative and Support grades 5, 8, 10 and 12, and Public Safety have job titles as shown in Figure 7.2 below.

**Figure 7.2: Grades and Typical Job Titles**

#### Administrative and Support

Grade	Job Titles
4	Toll Collector
5	Administrative Clerk, Building Services Clerk, Purchasing Clerk
6	
7	
8	Administrative Coordinator, Auto Technician, Construction and Maintenance Technical Assistant, EEO Specialist, Executive Legal Secretary, Grants Specialist, Graphic Design Specialist, Human Resource Services Specialist, Legal Assistant, Revenue Auditor, Senior Accounting Clerk, Senior Reproduction Technician, User Support Administrator
9	Corporal, Public Safety

<b>Grade</b>	<b>Job Titles</b>
10	Accountant, Auditor, Budget Analyst, Contract Administrator, Executive Assistant to the CEO, Financial Analyst, Programmer/Analyst, Project Analyst, Purchasing Agent, Revenue Analyst, Safety Specialist, Supervisor Revenue Audit, Systems Administrator, Systems Team Leader, Technical Support Administrator & Environmental Coordinator
11	Administrator, Compensation HRIS, Construction Contract Compliance Specialist
12	Manager Accounting, Manager Budget/Financial Analysis, Manager Capital Grants, Manager Contract Administration, Manager Corporate Communications, Manager Customer and Community Relations, Manager Government Relations, Manager Payroll, Manager Procurement and Stores, Manager Production Systems, Manager Revenue Audit, Manager Special Projects, Project Manager Special Projects, Senior Engineer

### **Public Safety**

<b>Grade</b>	<b>Job Titles</b>
5	Dispatcher
8	Police Officer
9	Corporal
10	Sergeant of Police
12	Lieutenant of Police, Project Manager Homeland Security & Emergency Management
E1	Captain
E3	Chief of Police

### **Salaries**

The 2012 DRPA salary grade ranges for both Administrative and Support, and Public Safety, positions are as follows are shown in Figure 7.3.

**Figure 7.3: 2012 Grade Salary Ranges**

<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
5	\$32,644	\$40,806	\$48,967
8	\$46,134	\$57,667	\$69,200
9	\$50,964	\$63,706	\$76,449
10	\$57,164	\$71,456	\$85,746

<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
12	\$73,518	\$91,898	\$110,278
E1	\$82,509	\$103,138	\$123,765
E3	\$104,753	\$130,942	\$157,130

These 2012 salary ranges are the results of increases of 6.09% for 2011 and 3.00% for 2012, even though actual salaries have been frozen. The combination of frozen salaries and advancing ranges results in more employees being in the lower part of the range or out of the current approved range all together.

However, we are informed that even though the 2012 salary ranges have been approved by the Board, the 2011 salary ranges are still in effect. One of the reasons for this is that salaries for non-represented employees have been frozen since January 2009 and executive salaries have been frozen since January 2008.

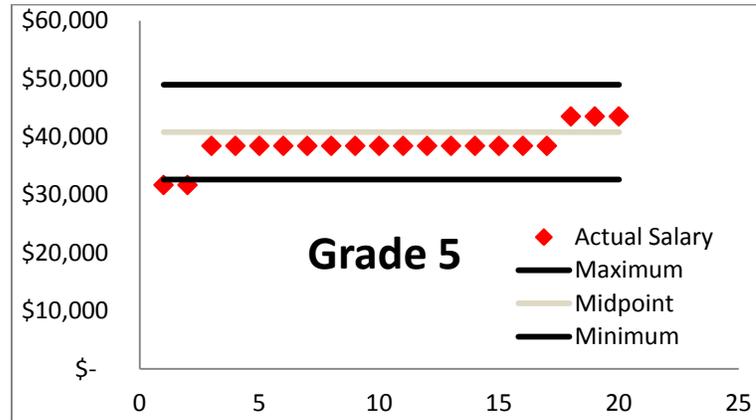
As a consequence, the salary of one DRPA employee in grade 12 has fallen below the minimum for the grade. If the comparison was made against 2012 salary ranges there would be 18 employees below the 2012 salary ranges (2 in grade 5, 6 in grade 6, 3 in grade 8, 1 in grade 9, 2 in grade 11, 4 in grade 12). The 2011 salary ranges are shown below:

**Figure 7.4: 2011 Grade Salary Ranges**

<b>Grade</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
5	\$31,693	\$39,617	\$47,541
8	\$44,790	\$55,987	\$67,184
9	\$49,480	\$61,850	\$74,222
10	\$55,499	\$69,375	\$83,249
12	\$71,377	\$89,221	\$107,066
E1	\$80,106	\$100,134	\$120,160
E3	\$101,702	\$127,128	\$152,553

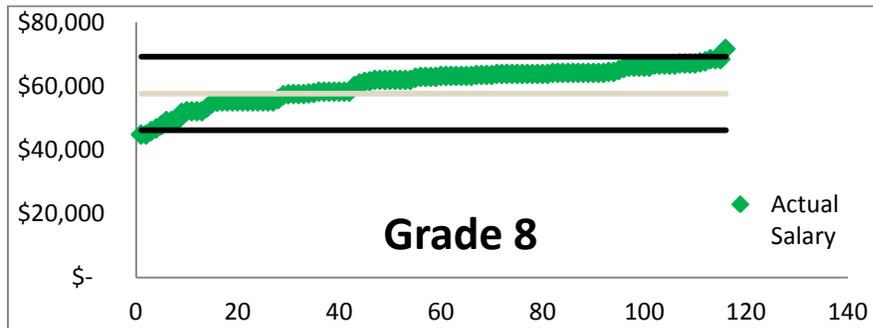
The actual salaries of staff in grades 5, 8, 9, 10, 12, E1 and E3 are related to the minimum, midpoint and maximum of their 2011 ranges as shown in the Figures that follow.

**Figure 7.5: Grade 5 Salaries Related to Minimum, Midpoint & Maximum**



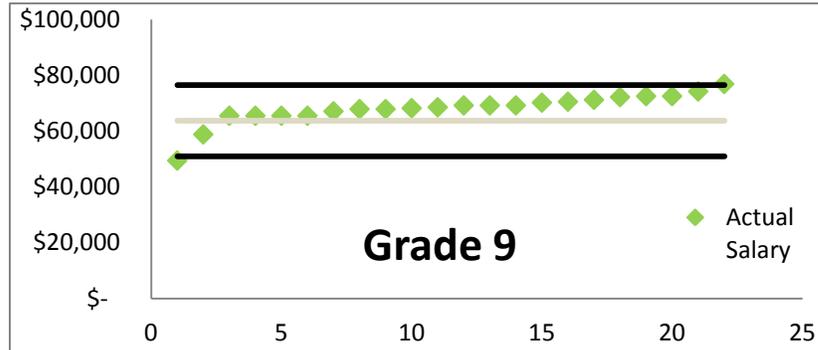
Grade 5 salaries are mostly below the midpoint of the salary range for 2011.

**Figure 7.6: Grade 8 Salaries Related to Minimum, Midpoint & Maximum**



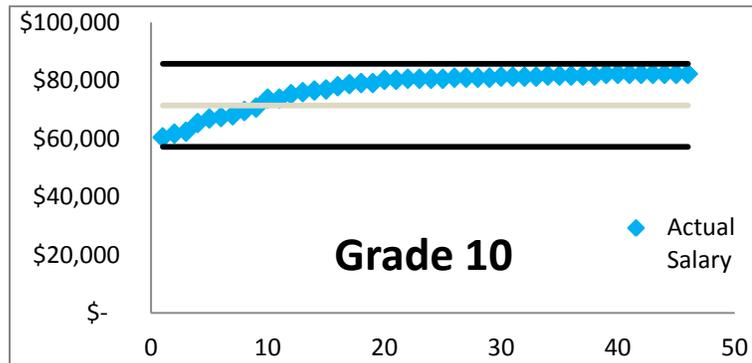
Grade 8 salaries are mostly above the midpoint of the salary range for 2011.

**Figure 7.7: Grade 9 Salaries Related to Minimum, Midpoint & Maximum**



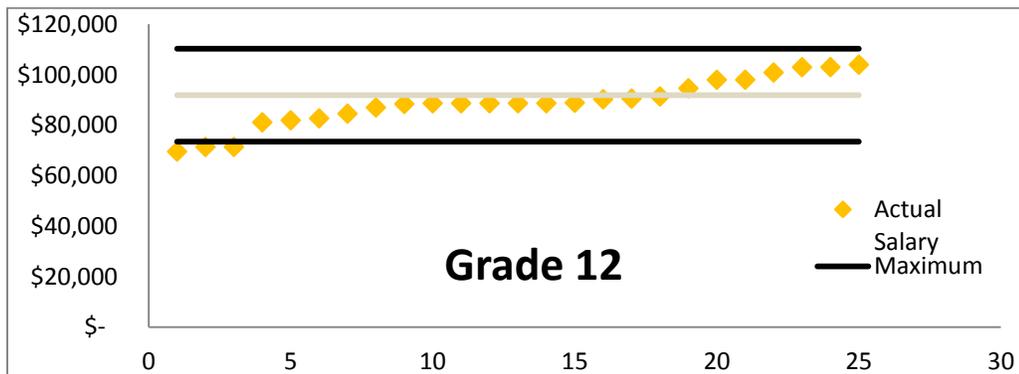
Grade 9 has nearly all salaries close to the maximum for 2011.

**Figure 7.8: Grade 10 Salaries Related to Minimum, Midpoint & Maximum**



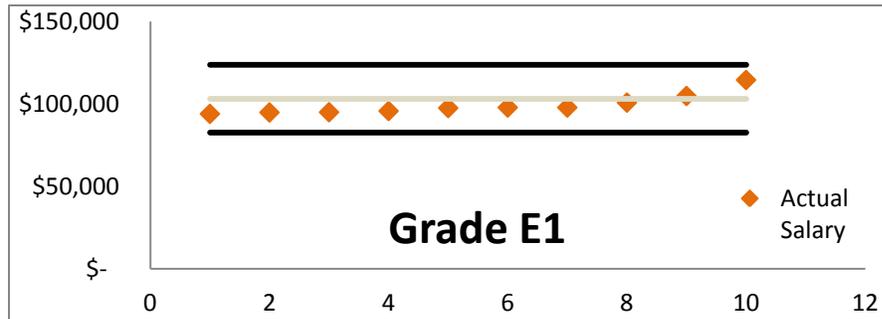
Grade 10 salaries are towards the higher end of their range for 2011.

**Figure 7.9: Grade 12 Salaries Related to Minimum, Midpoint & Maximum**



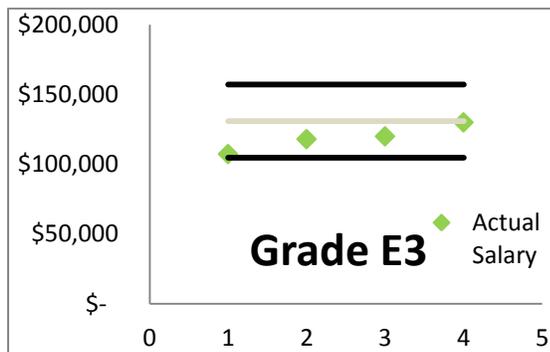
Grade 12 salaries are mostly lower in their range for 2011.

**Figure 7.10: Grade E1 Salaries Related to Minimum, Midpoint & Maximum**



Grade E1 salaries are low in their range for 2011.

**Figure 7.11: Grade E2 Salaries Related to Minimum, Midpoint & Maximum**



Grade E3 salaries are all near the minimum of their range for 2011.

Furthermore a check of salaries against the midpoints of the 2012 salary grade ranges found that 43% of employees are paid under the midpoints. However, this varied by grade. 100% of grades E3 and E4 are paid less than midpoint, 85% of grade 5, 80% of grade E1, 75% of grade 11 and 72% of grade 12. Grade 8, which has the most employees, has only 28% paid under the midpoint, and for grade 9 it is 9%.

The percentage of staff paid below the midpoint of their grade salary range also varies by division, with Engineering at 94% being the highest and Public Safety at 28% being the lowest. In Public Safety, the median salary for Police Officers is 110% of the midpoint, for Sergeants it is 113%, for Lieutenants it is 96% and for Captains it is 95%. This indicates that, when comparing salary ranges against other organizations, the function or job that is being compared also has to be considered.

**Benefits**

The DRPA also provides the following list of benefits to employees:

- Holidays – 11 Federal Holidays
- Annual leave/vacation – 10 days, but varies with grade and length of service. For example, less than, but not including, five years service receives two weeks (80

hours), 5 – 15 years has three weeks, over 15 years has four weeks and over 25 years has five weeks. Some staff can earn up to 40 hours comp time.(Doc 511)

- Sick leave
- Leave for care of sick family
- Maternity leave – same as leave for sick family
- Funeral/bereavement leave
- Jury duty leave
- Life insurance for employee
- Optional extra life insurance
- Optional life insurance for family
- Accidental death and dismemberment
- Long term care insurance
- Long term disability
- Short term disability – union represented and PATCO employees only
- Medical coverage for employee
- Medical coverage for family
- Dental coverage for employee
- Dental coverage for family
- Vision for employee
- Vision coverage for family
- Prescription drug plan
- Employee Assistance Program
- Wellness/fitness program
- Flexible Spending Accounts
- Travel leave to conferences for senior staff
- Retirement and/or savings plan opportunities – 457b Plan
- State employee pensions
- Free bridge passes – only represented staff since 2010

Over the last few years benefits have been reduced for non-union employees. For example, in common with New Jersey Transit and the Port Authority of New York and New Jersey, free travel has been eliminated. Staff used to benefit from 100 free bridge passes but this benefit was removed in 2010. Healthcare plans have also been changed three times in the last four years as the contract has been rebid.

### **Comparative Salaries and Benefits**

In order to determine the reasonableness of the above salaries we examined those of other organizations, as described below. Our comparisons are focused on salaries, not benefits. Salary data is easier to obtain and is credible for comparison purposes.

A Survey Form was developed for Administrative and Support positions and for Public Safety. Telephone calls (Int 116 - 139) were made to agencies and companies listed below.

Audubon Police Department (Int 138)	M.T.A. Bridges and Tunnels (Int 126)
BASF – The Chemical Company (Int 116)	Maryland Transportation Authority (Int 123)
Burlington Coat Factory (Int 117)	MassPort (Int 124)
Burlington County Bridge Commission (Int 118)	Merck & Co (Int 125)
Camden Police Department (Int 133)	New Jersey Transit (Int 127)
Chubb Group of Insurance Companies (Int 119)	New Jersey Turnpike Authority (Int 132)
Delaware River and Bay Authority (Int 121)	Pennsauken Police Department (Int 136)
Delaware River Joint Toll Bridge Commission (Int 120)	Port Authority of Allegheny County (Int 128)
Du Pont (Int 122)	Port Authority of NY & NJ (Int 137)
Fraternal Order of Police (Int 139)	Toys'R'Us (Int 130)
Gloucester Police Department (Int 134)	Washington Metro Area Transit Authority (Int 131)
Logan Police Department (Int 135)	South Eastern Pennsylvania Transportation Authority (SEPTA) (Int 129)

In general, the response to the telephone calls was poor. Return calls, when requested, were usually not received. Research of publicly available documents proved to be more fruitful – the sources, mostly websites, are listed in Doc 503.

Overall the following information about salaries was gathered. Benefits at all comparable organizations were competitive with those at DRPA. Benefits were not studied in depth at each organization in order to answer the question whether those at DRPA are reasonable or not, but notes were made when other organizations' benefits were found to differ substantially from those at DRPA.

### 7.2.2 Administrative and Support Salaries

A number of sources were surveyed to obtain comparisons for Administrative and Support salaries.

#### Civil Service

The United States Civil Service has a pay system for white-collar employees that is called the General Schedule (GS). Federal employees receive a base pay adjusted for locality. The increase over base pay for the Philadelphia - Camden – Vineland locality is 21.79%. On this basis, using the GS for 2011, the pay for federal employees in Camden would be as shown below.

**Figure 7.12: Federal GS Base Pay and Locality for Camden, NJ versus DRPA**

Grade	Federal Low	Federal High	DRPA Low	DRPA High
5	\$33,408	\$43,427	\$32,644	\$48,967
8	\$45,831	\$59,576	\$46,134	\$69,200
9	\$50,620	\$65,801	\$50,964	\$76,449
10	\$55,745	\$72,471	\$57,164	\$85,746
12	\$73,408	\$95,429	\$73,518	\$110,278
13/E1	\$87,292	\$113,478	\$82,509	\$123,765
14/E3	\$103,152	\$134,096	\$104,753	\$157,130

Comparison of the federal salary ranges with those of DRPA shows them to be comparable at the low end but DRPA's appear to extend higher than the federal salary ranges. Comment on the draft report suggested that the E3 is more equivalent to the GS15 level (Low - \$121,337, High - \$157,739). While it is difficult compare responsibilities without looking at a particular job, even using the E3 to GS15 comparison the high end of the scale is equivalent.

#### Bureau of Labor Statistics

The Bureau of Labor Statistics maintains information on pay rates for occupations as shown in the Figure below.

**Figure 7.13: Example Annual Mean Wages**

NAICS Code	Industry	Occupation Code	Occupation Title	Annual Mean Wage
237300	Highway, Street and Bridge Construction	11-9041	Engineering Managers	\$113,610
237300	Highway, Street and Bridge Construction	17-2051	Civil Engineers	\$77,790
482100	Rail Transportation	11-9041	Engineering Managers	\$117,420
482100	Rail Transportation	17-2051	Civil Engineers	\$80,290
541600	Management, Scientific and Technical Consulting Services	11-9041	Engineering Managers	\$131,450
541600	Management, Scientific and Technical Consulting Services	17-2051	Civil Engineers	\$84,950

According to the Bureau of Labor Statistics, the median annual wage of civil engineers was \$77,560 in May 2010. The median wage is the wage at which half of the workers in an occupation earned more than that amount and half earned less. Note that the average locality adjustment for all areas is 21.0985%, which is 3.3% less than that for the Philadelphia - Camden – Vineland area. The lowest 10 percent earned less than \$50,560, and the top 10 percent earned more than \$119,320.

In New Jersey, the Bureau of Labor Statistics finds that the 2011 annual mean wage for Civil Engineers is \$89,780. In Pennsylvania it is \$86,440.

Median annual wages in the industries employing the largest numbers of civil engineers in May 2010 are listed below.

**Figure 7.14: Median Annual Salaries for Civil Engineers**

Federal Government	\$89,450
Local Government	\$80,250
Architectural, Engineering & Related Services	\$76,620
Nonresidential Building Construction	\$76,120
State Government	\$74,300

Based on the above figures:

- The DRPA midpoint of the salary grade range for Associate Engineers, grade 11, at \$73,554 in 2010, \$78,033 in 2011 and \$80,374 in 2012, are reasonable against national figures for civil engineers of \$77,790, \$80,290 and \$74,300.
- Consulting engineers’ salaries are 5% to 16% higher.

**Consulting Engineers**

The TransTech Management Inc. Management Audit of 2010 reported in relation to the Engineering Department that “to estimate competing salary ranges, we examined actual invoices for May 2008 design and surveying work being performed for DRPA by seven outside firms. Based on 27 data points (i.e., 27 individual salaries), results for annual salaries (exclusive of benefits) are shown in figure 7.15.

**Figure 7.15: Comparison of Private Firm Salaries with Those of DRPA (2008)**

Private Firm Title	Similar Private Firm Position Titles	Average Market Salary	Approx DRPA Grade	DRPA Mid Range	Difference: Market to DRPA
Project Manager	QA/QC Reviewer	\$164,694	E4	\$139,166	18%
Project Engineer	Principal	\$132,642	E2	\$105,906	25%
Senior Engineer	Structural, Civil, Electrical	\$111,649	12	\$94,099	33%
Engineer	Structural, Civil, Electrical	\$77,750	11	\$73,553	6%
Technician	CADD Operator	\$59,315	10	\$65,392	-9%

The sample shows that the mid- and upper-manager positions require significant increases in DRPA mid-point salaries in order to match competitive private sector salaries."

The TransTech Management Audit Report went on to say "It also is interesting to note the ranges of salaries in the sample, as well as the ranges of DRPA grades (as of June 30, 2008)." For the above sample, the ranges are as follows:

**Figure 7.16: Private Firm Salary Ranges Compared to DRPA (2008)**

Title	Private Firm Low	Private Firm High	DRPA Grade	DRPA Low	DRPA High
Project Manager	\$124,800	\$239,200	E4	\$111,332	\$166,998
Project Engineer	\$100,402	\$176,800	E2	\$84,725	\$127,087
Senior	\$92,477	\$124,800	12	\$67,280	\$100,920
Engineer	\$54,517	\$124,800	11	\$58,843	\$88,264
Technician	\$43,680	\$73,944	10	\$52,314	\$78,470

These data again illustrate the salary compression at the lower grades at DRPA in comparison to the private sector sample." We believe that this statement contains an error and should read "These data again illustrate the salary compression at the higher grades at DRPA in comparison to the private sector sample."

Proposals in 2012 to the DRPA by two private firms show that under the title Senior Engineer the annual salary could range from \$90,000 to \$180,000, and for an Engineer from \$70,000 to \$102,000. The Senior Engineer compares to DRPA Senior Engineer, Grade 12, with a 2012 salary range of \$73,518 to \$110,278 or possibly a Principal Engineer with a salary range from \$82,509 to \$123,765. A DRPA Associate Engineer, Grade 11, has a salary range from \$64,299 to \$96,448.

While it may be possible for engineers to leave DRPA and join a private firm at a higher salary, and some staff have made this transition, and while the above figures do show that engineering consultants can have higher salaries, we do not believe that the job of

a private firm consulting engineer is directly comparable to that of a DRPA employee. Therefore, the DRPA salaries are not directly comparable to those of a consulting engineer. As the Bureau of Labor Statistics figures above show, salaries in private engineering consulting firms are usually higher than salaries for engineers at DRPA.

The figures do show that if DRPA's engineers are promoted to the appropriate grade and step within the grade, then the salaries of engineers at DRPA need not be that much lower than those for engineering consultants. One of the recommendations of this audit (Section 4.1.5) is that engineers should be able to be promoted to the highest grades without necessarily filling one of a limited number of management positions.

There is also evidence, reported in 2011 by Griffis and Choi in the American Society of Civil Engineers, showing that at the New York State Department of Transportation (NYSDOT) in-house design engineers are more expensive than private design engineers. Griffis and Choi report, "because of the generous benefits package provided by the State of New York, the large amount of paid time off, and most likely, a lower utilization factor for an in-house design engineer, his or her actual expected cost to the tax payer exceeds the cost of a private design engineer by approximately 15%."

The extent of the benefits may not be applicable to the DRPA, but the cost of Engineering staff allocated to capital projects in 2011 was about 50% of the salary cost, indicating that in-house utilization on capital projects may be lower than that of an outside consultant dedicated to a project.

### Commonwealth of Pennsylvania

Examples of 2011/12 salaries at the Commonwealth of Pennsylvania for a 37.5 hour week are shown below:

**Figure 7.17: Salaries at the Commonwealth of Pennsylvania**

Class Title	Pay Grade	Min	Max
Clerk / Typist I	ST02	\$23,961	\$35,071
Clerk / Typist II	ST03	\$27,012	\$39,707
Accountant I (Entry Level)	MA06	\$36,636	\$55,687
Revenue Tax Auditor Trainee	ST06	\$38,866	\$59,071
Civil Engineer (Bridge)	ST07	\$44,362	\$67,443
Senior Civil Engineer (Bridge)	ST08	\$50,660	\$76,929
Senior Civil Engineer Supervisor (Bridge)	MA08	\$50,929	\$77,364

2012 salaries for clerk/typist at DRPA are grade 5, \$32,644 to \$48,967. Entry level positions in the financial area at DRPA would probably be grade 6 with a 2012 salary range of \$35,570 to \$53,354. Civil Engineers at DRPA currently are grades 11 to E2, which have salary ranges of \$64,299 to \$138,872.

Overall, DRPA 2012 salaries are comparable or higher than Commonwealth of Pennsylvania salaries.

**State of New Jersey**

At the State of New Jersey Department of Transportation information on regular pay was obtained for more than 3,000 employees. A comparison of engineering salaries is shown in Figure 7.18.

**Figure 7.18: Department of Transportation Actual Regular Pay for Engineers**

Class Title	Minimum	Maximum
Assistant Engineer, Project Management	\$40,842	\$67,439
Senior Engineer		\$77,465
Principal Engineer	\$47,567	\$89,075
Project Engineer	\$54,742	\$102,511
Project Manager		\$112,629
Supervising Engineer		\$112,629
Manager 2	\$81,733	\$113,496

The State of New Jersey Department of Transportation has about 1,500 staff related to engineering, including assistants, secretaries and environmental engineers. Engineers' jobs are much more specialized than they are at DRPA. For example, 266 Principal Engineers organized into groups attending specifically to electrical, materials, mechanical, planning, structural bridge design, structural evaluation, traffic, and transportation capital planning, program management, construction and materials, design, operations – drawbridge, planning, project management, and regional operations.

It is difficult to draw comparisons between the specialized work of the Department of Transportation engineers and that of DRPA engineers. However, it is easy to see that the maximum actual salaries for engineers at the State of New Jersey Department of Transportation is no more than the 2012 salary ranges currently held by engineers at DRPA. For example, DRPA Engineering Managers are in the E2 grade salary range which is from \$92,582 to \$138,872. DRPA Principal Engineers, Grade E1, have a 2012 range from \$82,509 to \$123,765.

## State of Delaware

Salaries for engineers at the State of Delaware are shown below:

**Figure 7.19: Engineering Salaries Effective 07/01/2012**

Engineer II	G13	\$47,528.00	\$63,371.00	\$79,214.00
Engineer III	G15	\$54,414.00	\$72,552.00	\$90,690.00
Engineer IV/CE Prog Mgr I	G17	\$62,300.00	\$83,067.00	\$103,834.00
Building Support System Engineer	G18	\$66,658.00	\$88,877.00	\$111,096.00
Engineer V	G19	\$71,326.00	\$95,101.00	\$118,876.00
Engineer VI/CE Prog Mgr II	G20	\$76,324.00	\$101,765.00	\$127,206.00
Chief of Engineering & Ops.	G21	\$81,662.00	\$108,883.00	\$136,104.00

2012 DRPA engineering salary ranges, grades 10 to E4, range from a minimum of \$57,164 to a maximum of \$182,483. Other salaries at the State of Delaware are shown in the following table:

**Figure 7.20: Other Administrative and Support Salaries Effective 07/01/2012**

Class Title	Pay Grade	Minimum	Midpoint	Maximum
Accountant	10	\$31,440.00	\$39,300.00	\$47,160.00
Accounting Specialist	8	\$27,458.00	\$34,323.00	\$41,188.00
Accounting Technician	6	\$23,986.00	\$29,983.00	\$35,980.00
State Accountant V	19	\$57,798.00	\$72,248.00	\$86,698.00
Budget & Program Analyst	18	\$54,017.00	\$67,521.00	\$81,025.00
Contract Administrator	17	\$50,485.00	\$63,106.00	\$75,727.00
Purchasing Services Coordinator 1	8	\$27,458.00	\$34,323.00	\$41,188.00
Purchasing Services Administrator	15	\$44,094.00	\$55,117.00	\$66,140.00
State Contract Procurement Administrator	18	\$54,017.00	\$67,521.00	\$81,025.00
Chief of Administration	21	\$66,175.00	\$82,719.00	\$99,263.00
Chief Administrative Auditor	24	\$81,072.00	\$101,340.00	\$121,608.00

For comparison, accountants, budget analysts, and financial analysts at DRPA are in grade 10 where 2012 salaries range from \$57,164 to \$85,746.

Purchasing agents, contract administrators are in grade 10; and the Manager Procurement and Stores is in grade 12. 2012 grade 10 salaries range from \$57,164 to \$85,746, and the range for grade 12 is \$73,518 to \$110,278.

At DRPA, Chief 2012 salaries, grades E3 to E5, range from \$104,753 to \$213,618. Overall, salaries at DRPA compare favorably to those at the State of Delaware.

### ***State of Delaware Department of Transportation***

The Department of Transportation in the State of Delaware has a different salary scale from the State of Delaware described above:

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**Figure 7.21: Civil Engineering Salaries Effective 01/01/2012**


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Class	Pay Grade	FY 12 Adjusted Entry Rate
Civil Engineer I	11	\$46,431
Civil Engineer II	13	\$53,052
Civil Engineer III	15	\$57,810
Civil Engineer IV	17	\$63,658
CE Program Manager I	17	\$66,077
Civil Engineer V	19	\$75,538
CE Program Manager II	20	\$84,728
Asst. Director Trans. Engineering	22	\$96,890

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These salaries are higher than those quoted in Figure 7.13 and match 2012 entry-level salaries for DRPA grade 8 to E2. However, the Associate Engineers at DRPA is in grade 11, where the minimum 2012 salary is \$64,299.

### **Port Authority of New York and New Jersey**

The Port Authority of New York and New Jersey is much larger than the DRPA. Its facilities include airport system, marine terminals and ports, the PATH rail transit system, six tunnels and bridges between New York and New Jersey, the Port Authority Bus Terminal in Manhattan, and the World Trade Center. It has a budget of about \$7 billion and employs about 553 engineers. Salaries compared to those at DRPA can therefore be expected to be higher in the upper organization levels of the organization due to the greater number of people reporting to the position.

The federal locality adjustment for New York – Newark – Bridgeport is 28.72% compared to Philadelphia – Camden – Vineland at 21.79%. Thus salaries at the Port Authority of New York and New Jersey may be expected to be 5.7% higher than DRPA salaries due to this factor alone. Actual annual salaries at the Port Authority of New York and New Jersey, as at November 30, 2011, are shown below for the Engineering Department.

**Figure 7.22: Engineering Salaries at the Port Authority of New York & New Jersey**

Job Title	Number of Staff	Lowest Annual Salary	Highest Annual Salary	Median Salary	Mean (Average) Salary
Chief (Architect/Engineer/etc.)	12	\$135,460	\$219,050	\$156,052	\$170,114
Deputy Chief Engineer/Director	1	\$191,308	\$191,308	\$191,308	\$191,308
Assistant Chief	12	\$143,676	\$185,432	\$153,530	\$157,400
Manager, Construction, etc.	4	\$121,472	\$167,206	\$155,233	\$149,786
Assistant Director	1	\$151,268	\$151,268	\$151,268	\$151,268
Program Director	1	\$150,514	\$150,514	\$150,514	\$150,514
Engineer of Construction/ Materials	11	\$118,898	\$148,408	\$139,490	\$136,082
Program Manager & Senior	3	\$115,050	\$146,978	\$129,792	\$130,607
Principal Architect, Engineer	43	\$105,872	\$139,490	\$125,684	\$124,796
IT Capital Program Manager & Senior Information Specialist	2	\$104,182	\$139,490	\$121,836	\$121,836
Senior Consulting Engineer	2	\$139,490	\$139,390	\$139,490	\$139,490
Senior Resident Engineer	11	\$111,436	\$136,084	\$121,862	\$122,982
Assistant Engineer of Design	1	\$130,520	\$130,520	\$130,520	\$130,520
Supervising Engineer	4	\$112,476	\$123,682	\$121,849	\$119,964
Senior Designer/ Engineer (Civil, Electrical, Structural, Mechanical & Architectural)	119	\$85,072	\$122,096	\$107,796	\$105,722
Resident Engineer	6	\$101,478	\$119,288	\$114,374	\$112,329
Executive Business Manager	2	\$112,475	\$114,686	\$113,581	\$113,581
Business Manager (All Levels)	7	\$71,448	\$114,686	\$90,922	\$90,443
Senior Architect	16	\$91,312	\$113,542	\$106,691	\$105,243
Environmental Analysts	8	\$78,208	\$109,616	\$90,896	\$91,920
Staff Services Architect / Engineer	70	\$77,454	\$98,228	\$92,417	\$90,936
Engineer (Civil, Electrical, Structural, Mechanical & Architectural)	51	\$65,520	\$98,228	\$76,232	\$78,955
Principal Business Development Designer	1	\$94,458	\$94,458	\$94,458	\$94,458
Construction Inspector (All Levels)	13	\$76,544	\$88,088	\$86,424	\$84,592
Associate Engineer / Designer	14	\$57,252	\$87,854	\$85,085	\$79,942
Architect (Engineering)	53	\$57,460	\$74,178	\$63,310	\$64,543
Administrator	2	\$72,228	\$72,774	\$72,501	\$72,501
Contract Administrator & Asst.	2	\$59,254	\$68,328	\$63,791	\$63,791
Survey Supervisor	2	\$60,450	\$68,068	\$64,259	\$64,259
Assistant Engineer	4	\$65,624	\$67,990	\$67,457	\$67,132
Engineering Associate	9	\$55,302	\$62,556	\$55,848	\$57,431
Office Assistant, Senior & Supervising	8	\$54,886	\$58,396	\$56,004	\$56,710
Senior Secretary	10	\$44,564	\$57,174	\$52,364	\$52,566
Principal (Office Asst, Records)	6	\$50,544	\$54,912	\$54,028	\$53,309
Administrative Secretary	5	\$48,308	\$52,338	\$49,920	\$50,232
Other	15	\$44,928	\$49,920	\$49,920	\$49,563
	22	\$55,536	\$130,052	-	-

There are many job titles for engineers as indicated in the Figure. However, comparing similar job titles, if the Port Authority of New York and New Jersey salaries are diminished by the federal locality adjustment, the DRPA salary ranges are lower at the higher grades but comparable at the lower grades. For example,

- Principal Engineer: \$105,872 to \$139,490 is equivalent to \$100,172 to \$131,900 in Camden, NJ.
- DRPA Principal Engineer, Grade E1, has a 2012 range from \$82,509 to \$123,765.
- Senior Engineer: \$85,072 to \$122,096 is equivalent to \$80,492 to \$115,523 in Camden.
- DRPA Senior Engineer, Grade 12, has a 2012 range from \$73,518 to \$110,278.
- Engineers: \$65,620 to \$98,228 is equivalent to \$61,993 to \$92,940 in Camden, NJ.
- DRPA Associate Engineer, Grade 11, has a 2012 range from \$64,229 to \$96,448.

In other words, at the low end, Port Authority of New York and New Jersey actual salaries are higher than the DRPA starting salaries by 21.4% for a Principal Engineer, by 9.5% for a Senior Engineer and are lower than the entry point of DRPA's grade 11 range by 3.6%.

At the high end, Port Authority of New York and New Jersey actual salaries are higher than the DRPA starting salaries by 6.6% for a Principal Engineer, by 4.8% for a Senior Engineer and are lower than the entry point of DRPA's grade 11 range by 3.6%.

However, the median salaries for the similar positions at the Port Authority of New York and New Jersey, after adjusting for locality, are higher than the DRPA's Engineering Department's actual salaries by 18.6% for a Principal Engineer, 17.2% for a Senior Engineer, and 4.9% for an Associate Engineer. Mean salary differences are similar to the median.

Overall, the Engineering Department at the Port Authority of New York and New Jersey has an average salary of \$90,273, adjusted for locality, to compare with DRPA's Engineering Department's average salary of \$82,863, a difference of 9%.

### State of Delaware. Delaware Department of Transportation (DelDOT)

The Delaware Department of Transportation (DelDOT) offers entry salaries to Civil Engineers as follows:

**Figure 7.23: Civil Engineer’s Entry Salaries at DelDOT**

Class	Pay Grade	FY 12 Adjusted Entry Rate
Civil Engineer I	11	\$46,431
Civil Engineer II	13	\$53,052
Civil Engineer III	15	\$57,810
Civil Engineer IV	17	\$63,658
CE Program Manager I	17	\$66,077
Civil Engineer V	19	\$75,538
CE Program Manager II	20	\$84,728
Asst. Director Trans. Engineering	22	\$96,890

These salaries are comparable to entry salaries in the range \$64,229 to \$92,582 for the grades of engineers currently at DRPA in grades 11 to E2, Associate Engineer, Senior Engineer, Principal Engineer and Manager.

During the conduct of this audit, the State of Delaware, Delaware Department of Transportation had a position vacant for a Civil Engineer Program Manager II. The position is responsible for supervising professional, technical and support staff as well as private consultants, and it includes estimating manpower needs, scheduling and assigning work.

The primary function of position is the management of the Subdivision Process within the Development Coordination Section. Duties include final review and approval of all commercial entrance and subdivision streets on state maintained roadways assuring compliance with state/federal rules and regulations and coordination with local land use agencies on development proposals. The salary offered is a minimum of \$85,575 with a midpoint of \$101,765.

The benefits listed in relation to the position are:

- Health, Dental & Life Insurance
- Blood Bank Membership
- Pension & Deferred Compensation
- Credit Union, Savings Bonds & Direct Deposit
- Short & Long Term Disability Programs
- Paid/Unpaid Leave of Absence
- Educational Assistance

The position also offers flexible work schedules, accumulated vacation and sick leave, and tuition reimbursement. Job protection and continuation of health insurance for birth,

adoption or serious illness of the employee or immediate family members is also provided under the Federal Family and Medical Leave Act.

At DRPA, a Senior Engineer, Grade 12, is expected to manage projects. A Principal Engineer, Grade E1, is expected to manage the most complex and challenging projects, and assist management to define and develop a program of work. A Manager, Construction and Maintenance, Grade E2, manages engineering staff. We estimate that the DelDOT open position is comparable to that of a Principal Engineer or Manager at DRPA. The salary range for a Principal Engineer is \$82,509 to \$123,765, midpoint \$103,138, and that of a Manager is \$92,582 to \$138,872, which is roughly comparable to the salary offered by DelDOT.

### **Maryland Department of Transportation**

Example salaries at the Maryland Department of Transportation are indicated by job announcements in the October 2012 period at the Department of Transportation, the Maryland Transit Administration and the State Highway Administration. Example jobs and related salaries are:

**Figure 7.24: Salaries at Maryland Department of Transportation**

<b>Class Title</b>	<b>Pay Grade</b>	<b>Minimum</b>	<b>Maximum</b>
Transportation Design Engineer	Grade 20	\$52,950	\$85,017
Transportation Engineer I	Grade 14	\$49,468	
Transportation Engineer IV	Grade 18	\$46,563	\$74,725
Transportation Engineer V	Grade 19	\$49,638	\$79,693
Administrative Specialist I	Grade 10	\$28,434	\$44,520
Information Technology Auditor	Grade 18	\$46,653	\$74,725
Director of Procurement	SG-24	\$68,692	\$110,297
Deputy Chief Financial Officer	SG-23	\$64,349	\$103,328
Chief Administrative Officer	Grade 25	\$73,341	\$117,751

2012 DRPA engineering salary ranges, grades 10 to E4, range from a minimum of \$57,164 to a maximum of \$182,483.

A position at DRPA equal to an Administrative Specialist is likely to be in grades 5 to 8, with a 2012 salary range of \$32,644 to \$69,200.

An Information Technology Auditor at DRPA would be in grade 11, which has a 2012 salary range of \$64,299 to \$96,448.

Deputy Chief Financial Officer and Chief Administrative Officer salaries at DRPA are much higher than those at the Maryland Department of Transportation.

It can be seen that DRPA 2012 salary ranges compare favorably to those at the Maryland Department of Transportation. For example, at the top of the range, an Information Technology Auditor at DRPA has a salary nearly \$22,000 higher than at the Maryland Department of Transportation.

**Southeastern Pennsylvania Transportation Authority (SEPTA)**

Job opportunities in the October 2012 period at SEPTA included a Data Analyst position. This is offered at a salary of \$39,806 to \$49,764. The position is mainly responsible for compiling, analyzing and generating reports in response to departmental needs. The position is roughly equivalent to that of Data Base Clerk at DRPA. A Data Base Clerk is responsible for computer-based processing, formatting and routing of data and reports for management of the bridge facility, among other duties. At DRPA it is a grade 6 job with a 2012 salary range of \$35,570 to \$53,354.

A Programmer / Analyst position at the DRPA, which has a 2012 grade 10 salary range of \$57,164 to \$85,746, is approximately equivalent to the open position of Senior Technical Support Programmer in October 2012 at SEPTA. That commands a salary of between \$59,000 and \$74,000.

Another open position at SEPTA in October 2012 is that of Maintenance Manager – Bus, which is offered at a salary of \$65,546. This position has some managerial duties, such as maintaining accurate records on requisitions, work/employee schedules and reports, to reduce waste and loss of manpower, and planning and forecasting material and labor needs consistent with operating requirements within depots. Nevertheless, the salary is matched by Bridge Maintenance Foremen at DRPA who are in grade 11 with a 2012 salary range of \$64,299 to \$96,448. The Maintenance Foremen have an actual median salary of \$71,835.

**7.2.3 Department of Public Safety**

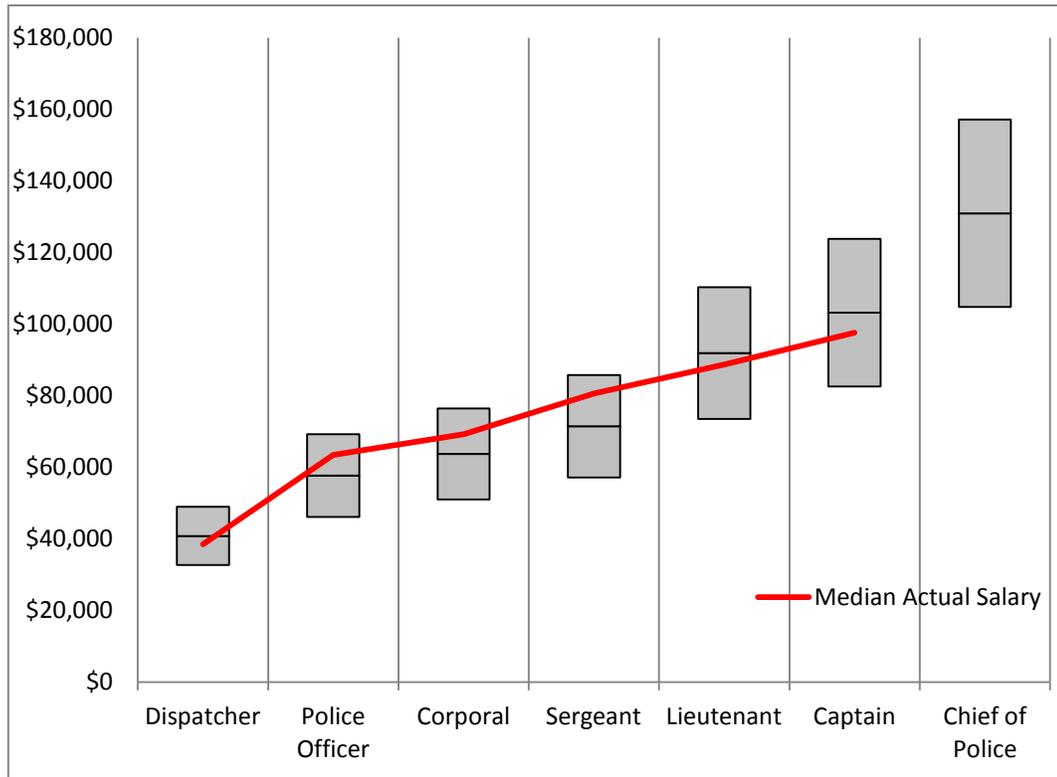
Salaries for all six grades in Public Safety were examined for reasonableness. The DRPA grades and salary ranges analyzed were:

**Figure 7.25: DRPA Public Safety Salaries**

Rank	Grade	Range Low 2012	Midpoint	Range High 2012	Actual Median Salary	Median versus Midpoint
Dispatcher	5	\$32,644	\$40,806	\$48,967	\$38,438	94%
Police Officer	8	\$46,134	\$57,667	\$69,200	\$63,482	110%
Corporal	9	\$50,964	\$63,706	\$76,449	\$69,244	109%
Sergeant	10	\$57,164	\$71,456	\$85,746	\$80,607	113%
Lieutenant	12	\$73,518	\$91,898	\$110,278	\$88,668	96%
Captain	E1	\$82,509	\$103,138	\$123,765	\$97,545	95%
Chief of Police	E3	\$104,753	\$130,942	\$157,130	Vacant	

DRPA Police Officers, Corporals, and Sergeants have median salaries higher than the 2012 midpoint. The medians of Dispatchers, Lieutenants and Captains are below the 2012 midpoint by 4% - 6%. As the 2012 salary range is 9.27% higher than 2010, and there has been a salary freeze, it indicates that salaries for Dispatchers, Lieutenants and Captains were above the midpoint in 2010 but have fallen below since then. The Chief of Police position is vacant at present. The figures are shown graphically below.

**Figure 7.26: DRPA Public Safety Salary Ranges and Median Salaries by Rank**



Salary ranges and benefits for various levels were compared with figures from the Bureau of Labor Statistics and with those for the following agencies:

- |   |   |
|---|---|
| Atlantic City                             | Middlesex                                 |
| Audubon                                   | New Jersey State Police                   |
| Camden                                    | Newark                                    |
| Commonwealth of Pennsylvania Police Force | Paramus                                   |
| Delaware River and Bay Authority          | Pennsauken Township                       |
| Gloucester City                           | Philadelphia                              |
| Township of Haddon                        | Port Authority of New York and New Jersey |
| Lindenwold                                | State of Delaware                         |
| Logan                                     | Trenton                                   |
| Maryland Transit Administration           | Vineland                                  |

As far as possible we endeavored to compare DRPA salaries with those of:

- State police departments doing mainly vehicular duties

- Local, competing municipal police forces
- Other police agencies responsible for roads, bridges and transit.

The focus of our analysis has been on entry level police officers rather than higher ranks as this is the level at which competition for recruits mostly occurs.

Some police departments have different structures and ranks from those at DRPA. Salary figures taken from documents and web sites sometimes conflict. Wherever possible, we have chosen similar jobs and ranks, and used our judgment to select the most reliable information for comparison.

### State Police Agencies

State Police duties are mainly related to vehicles, patrolling highways and enforcing safety regulations, but they also include providing a full range of police protection for municipalities without police departments.

### Bureau of Labor Statistics

The Bureau of Labor Statistics shows the 2011 salaries below:

**Figure 7.27: Salaries from the Bureau of Labor Statistics by State**

Rank	Annual Mean Wage	DRPA Mean Salary	DRPA Versus State
NJ Police Officers	\$81,970	\$61,814	75.4%
NJ Transit and Railroad Police	\$88,160	\$61,814	70.1%
PA Police Officers	\$55,890		110.6%
PA Transit and Railroad Police	\$65,180		94.8%
DE Police Officers	\$60,730		101.8%
MD Police Officers	\$56,500		109.4%
MD Transit and Railroad Police	\$42,590		145.1%
NY Police Officers	\$62,820		98.4%
NY Transit and Railroad Police	\$65,420		94.5%

It can be seen that there is a considerable difference in annual mean wages between New Jersey and other states for police officers. DRPA salaries are comparable to neighboring states but well below those in New Jersey.

**Figure 7.28: National Salaries from the Bureau of Labor Statistics**

Rank	Range Low	Range High	DRPA Range Low 2012	DRPA Range High 2012	DRPA Versus Low National Salaries	DRPA Versus High National Salaries
Sergeants	\$58,739	\$70,349	\$57,164	\$85,746	97.3%	121.9%
Lieutenants	\$65,688	\$79,268	\$73,518	\$110,278	111.9%	139.1%
Captains	\$72,761	\$91,178	\$82,509	\$123,765	113.4%	135.7%
Chiefs of Police	\$90,570	\$113,930	\$104,753	\$157,130	115.7%	137.9%

DRPA salaries for higher ranks compare very favorably with national salaries.

Salaries vary a great deal between states. For example, New Jersey annual mean wages for police officers are the highest in the nation. Other states can be considerably lower, for example, Alabama Police Officers mean annual salary is \$39,990, Arkansas is \$36,660, Florida is \$56,290 with Transit and Railroad Police at \$52,530, Georgia is \$39,760, Louisiana is \$39,030, Mississippi is \$31,060, South Carolina is \$38,810, and West Virginia is \$36,250.

The mean annual salary for police officers employed by state governments is \$60,650 versus DRPA, which is \$63,482.

### **New Jersey State Police**

The current starting salary for a trooper is \$62,403.60 (including uniform allowance). The second-year total compensation increases to \$69,489.30. Top pay for a Trooper I is \$108,847.13.

The actual salaries of about 40 Captains range up to \$114,378, and Lieutenants are paid up to \$115,053 per annum. Sergeants First Class have actual salaries up to \$106,456, while Sergeants' salaries range up to \$94,460. The highest paid Trooper I has an annual salary of \$91,112 and the highest paid Trooper receives \$70,320. It is apparent that New Jersey Captains are paid less than the top of the range at DRPA, but the Captains at DRPA are not paid at the top of their range, so New Jersey State Police salaries exceed the salaries of DRPA Captains. The remainder of the ranks is paid more than the same ranks at DRPA. The highest paid DRPA Police Officer is paid about \$20,000 less than a Trooper I at New Jersey State Police.

### **Pennsylvania State Police**

State Troopers have the following pay scales:

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**Figure 7.29: 2011 Salaries for Pennsylvania State Police Troopers**


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Rank	Scale	Range Low	Range High	DRPA Range Low 2012	DRPA Range High 2012	DRPA Versus Low National Salaries	DRPA Versus High National Salaries
State Trooper	SP01	\$58,211	\$92,073	\$46,134	\$69,200	79.3%	75.2%
Sergeant	SP04	\$82,621	\$105,750	\$57,164	\$85,746	69.2%	81.1%
Lieutenant	SP06	\$90,049	\$115,253	\$73,518	\$110,278	81.6%	95.7%
Captain	SP08	\$98,144	\$125,622	\$82,509	\$123,765	84.1%	98.5%

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The Commonwealth of Pennsylvania 2010 pay scale CP30 for Capitol Police is as follows:

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**Figure 7.30: 2010 Salaries for Pennsylvania Capitol Police Patrolman**


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Rank	Scale	Range Low	Range High	DRPA Range Low 2012	DRPA Range High 2012	DRPA Versus Low National Salaries	DRPA Versus High National Salaries
Capitol Patrolman	CP	\$38,056	\$60,881	\$46,134	\$69,200	121.2%	113.7%
Sergeant	CP	\$46,902	\$75,027	\$57,164	\$85,746	121.9%	114.3%
Lieutenant	CP	\$52,056	\$83,268	\$73,518	\$110,278	141.2%	132.4%

It can be seen that corresponding DRPA salaries are below those of State Troopers but higher than Capitol Police Patrolmen.

### Delaware State Police

Delaware State Police (DSP), in the Department of Safety and Homeland Security (DSHS) are usually tasked with enforcing traffic laws and safety on highways, but they also respond to calls for aid and enforce all state, local and federal laws.

State police recruits receive an annual salary of \$41,151 during training. This salary increases to \$48,278 upon entering the force as a full-time patrol officer, which is similar to that of a first-year DRPA Police Officer.

The DSP has a number of divisions. Top salaries by rank in each division are shown below:

**Figure 7.31: Comparison of Top Salaries by Division for Delaware State Police**

DSP Division	Rank	DSP Salary	DRPA 2012 Range High
DSHS/DSP/Criminal Investigatio	Captain	\$121,833	\$123,765
DSHS/Del State Police/Patrol	Captain	\$118,284	\$123,765
DSHS/State Police/Executive	Captain	\$118,284	\$123,765
DSHS/Del State Police/Aviation	Captain	\$104,227	\$123,765
DSHS/DSP/Special Investigation	Captain	\$104,227	\$123,765
DSHS/Del State Police/Traffic	Captain	\$104,227	\$123,765
DSHS/Del State Police/Patrol	Lieutenant	\$112,864	\$110,278
DSHS/DSP/Criminal Investigatio	Lieutenant	\$112,864	\$110,278
DSHS/Del State Police/Traffic	Lieutenant	\$109,577	\$110,278
DSHS/DSP/Special Investigation	Lieutenant	\$109,577	\$110,278
DSHS/State Police/Executive	Lieutenant	\$101,354	\$110,278
DSHS/DSP/Special Investigation	Sergeant	\$106,385	\$85,746
DSHS/Del State Police/Patrol	Sergeant	\$105,530	\$85,746
DSHS/DSP/Criminal Investigatio	Sergeant	\$105,530	\$85,746
DSHS/Del State Police/Aviation	Sergeant	\$102,456	\$85,746
DSHS/Del State Police/Traffic	Sergeant	\$102,456	\$85,746

This table showing a salary comparison for DSP with the top of the 2012 salary ranges for DRPA does not take account of the fact that none of the DRPA holders are at the top of the salary ranges. In all cases the DRPA salaries for the rank are below the corresponding DSP salaries by a significant amount, for example, up to about \$25,000 in the case of Sergeants.

In addition, DSP has higher ranks. The rank of Major has salaries up to \$125,682. Colonel has a salary of \$151,531. The highest rank at the DRPA is the Chief of Police. As with administrative salaries, it can be expected that the higher levels in larger organizations will command higher salaries.

### Local Municipal Police

#### ***Atlantic City Police Department, New Jersey***

The Atlantic City Police Department has about 300 police officers. The starting salary for an entry-level police officer is \$58,883. Base salaries for police officers in other police agencies in Atlantic City range from about \$38,000 to about \$61,000. Median pay for Police Officers is reported as \$55,192 and for a Sergeant is \$70,432.

The starting salary at the Atlantic City Police Department is higher than the 2012 entry salary, \$46,134, for a DRPA police officer, but the median salaries are lower than those at DRPA.

#### ***Audubon Police Department, New Jersey***

Audubon has about 17 police officers. The salary range for a police officer in Audubon is from \$48,547 to \$83,423, for a Sergeant it is \$82,075 to \$88,230, for a Lieutenant it is

\$89,896 to \$96,639, and for a Captain it is \$92,334 to \$99,259. Audubon salaries are considerably higher than those of the DRPA. At the top of the range, a Lieutenant's and a Captain's salary at DRPA can be higher than that of Audubon.

### ***Camden Police Department, New Jersey***

The City of Camden Police Department had a few hundred officers but was disbanded in 2012. It has been replaced by the Camden County Police Department. Police Officers have a salary range from \$52,637 to \$87,640, while the median salary for a Sergeant is \$95,489. Both of these are higher than corresponding DRPA salaries.

### ***Gloucester City Police Department, New Jersey***

Gloucester City has a police force of about 27 officers. They have a starting salary of \$44,326 as a recruit, advancing to \$80,518 in the 25th year of service. The starting salary is very similar to that of DRPA but the top of the range is considerably higher.

### ***Township of Haddon, New Jersey***

In 2011, the Chief of Police of this small police force has a salary range from \$80,000 to \$120,000. This is considerably lower than the salary range of the Chief of Police at DRPA.

A police recruit in the Academy for six months earns \$28,293 and for the first year is paid \$33,858. As a Patrol Officer the pay ranges from \$60,074 to \$81,794. This is significantly above a Police Officer at the DRPA where the range is \$46,134 to \$69,200.

### ***Lindenwold Police Department, New Jersey***

Lindenwold Police Department has 43 law enforcement officers and three civilians. During this audit, two police officers were being recruited with a starting salary of \$55,552 and a top salary of \$80,252. These salaries are higher than those for an entry-level DRPA Police Officer.

### ***Pennsauken Township Police Department, New Jersey***

Pennsauken Township Police Department has 87 uniformed officers. Patrol Officers salaries for 2012 range from \$46,331 to \$99,241. The low end of the range is similar to that of the DRPA but the top end is over \$30,000 higher.

### ***Philadelphia Police Department, Pennsylvania***

The Philadelphia Police Department has over 6,600 sworn members and 800 civilian personnel. Police Officer recruits in the Academy are paid a salary of \$42,474 which increases on graduation to \$45,420. The top of the range is \$58,989. Philadelphia PD describes its benefits package as "exceptionally competitive." The same salary range applies at Logan Township Police Department, which has 20 sworn officers. This salary range is somewhat lower than that of a Police Officer at DRPA.

### ***Other Municipal Police Departments***

Median salaries in the following police departments are:

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**Figure 7.32 – Other Municipal Police Department Median Salaries**


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<b>New Jersey Police Departments</b>	<b>Police Officer</b>	<b>Sergeant</b>
Middlesex	\$57,794	\$73,752
Newark	\$58,096	\$74,137
Paramus	\$56,632	\$72,269
Trenton	\$57,969	\$73,976
Vineland	\$54,555	\$69,619

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These compare with \$63,482 for a Police Officer and \$80,607 for a Sergeant at DRPA.

### **Police Agencies Responsible for Roads, Bridges and Transit**

This section compares salaries with other agencies that maintain police forces.

#### ***Delaware River and Bay Authority Police (DRBA Police)***

The DRBA operates a 50-person police department which enforces the law at its facilities which include the Delaware Memorial Bridge, ferries, and airports. Its work in relation to the Memorial Bridge is similar to that of DRPA on its bridges. In 2011 the Authority signed a three-year contract with its police force to provide 2% annual pay raises.

A comparison of 36 police officer and corporal salaries at the DRBA with corresponding salaries at DRPA showed that all but two of the salaries at the DRBA were lower than those at DRPA. Differences averaged \$4,612 and ranged up to \$9,498.

#### ***Maryland Transit Administration Police***

During this audit, the position of Chief of Police at a flat rate salary of \$132,651 was also advertised at this agency. The salary is less than \$2,000 higher than the midpoint for a grade E3 Chief of Police at DRPA. In other words, it is very comparable to the DRPA salary range.

Maryland Transit Administration Police has more than 600 uniformed and civilian staff. They are responsible for law enforcement at the Authority's highways, tunnels and bridges, as well as sea and air ports.

The salary range for a police officer is \$40,207 to \$65,812. A recent open position offered an entry-level police officer \$41,326 rising to \$44,176 when Maryland Police and Correctional Training Commission qualified. This is comparable to DRPA's salary range for a police officer which is \$46,134 to \$69,200.

**Port Authority of New York and New Jersey**

The Port Authority of New York and New Jersey has a police force nearly 1,800 strong. A comparison of the Port Authority of New York and New Jersey salaries for police is shown below:

**Figure 7.33 – Comparison of Port Authority of NY & NJ Salaries to DRPA**

Title	Actual Low Salary	Actual High Salary	DRPA Actual Low Salary as a %	DRPA Actual High Salary as a %
Police Officer	\$59,158	\$99,000	82.9%	69.1%
Sergeant	\$95,921	\$124,098	79.8%	65.8%
Lieutenant	\$113,397	\$146,684	78.2%	60.4%
Captain	\$153,530	\$153,530	63.5%	63.5%
Inspector	\$157,404	\$157,404	-	-

The figures above indicate that the police at the Port Authority of New York and New Jersey have significantly higher salaries than the police at DRPA, particularly at the high end of each range and at the higher ranks.

**7.3 Salary Survey Conclusions**

There is no doubt that salary and benefits issues at the DRPA have been exacerbated by three consecutive years without raises among non-represented employees. It is noted that there are similar pay freezes at the federal level and the States of New Jersey and Pennsylvania in response to the economic situation. At the DRPA, it has even resulted in some people being paid below the minimum for their grade.

There is also no doubt that many staff could leave the DRPA for higher salaries elsewhere. However, this is always likely to be the case as salaries vary between public organizations; and private firms typically pay more than public organizations.

**Administrative and Support Salaries**

There is a considerable body of evidence that on the administrative side, DRPA 2012 salary ranges, which have not yet been adopted, compare reasonably well against the salary ranges in other local organizations. We therefore conclude that salary ranges in most Administrative and Support departments are reasonable.

This does not mean that all actual salaries at DRPA are reasonable. For actual salaries to be reasonable, personnel policies have to be applied in a fair and reasonable manner. That is to say, individual employees need to be in appropriate grades and to step through the salary levels in those grades in addition to any cost of living increases applied to the ranges for the grades.

An indication that this is not the case is given by the fact that three-quarters or more of the staff in grades 5, 11, E1, E3 and E4 are paid below the mid-point for their grades. 94% of Engineering Department employees, for example, which was a particular focus of this analysis as a result of the remarks made in the 2010 audit, are paid below the

midpoint of their salary ranges. This is not due to a rush of new recruits or promotions at starting salaries. Any sense that salaries are unreasonable that may be felt by staff in grades 5, 11, E1, E3 and E4 and by engineers may come from an inability to escape from the lower salaries in their grades.

### **Public Safety Salaries**

In respect to Public Safety, a comparative analysis of law enforcement agencies throughout the region including state police departments, local police municipalities, and other agencies that provide police services at roads, bridges and transit, does not suggest that members of the DRPA Department of Public Safety are underpaid. The salary ranges at DRPA are lower than some of the larger agencies but are in line with the smaller, local agencies and are consistent with the salaries of most surveyed road, bridge and transit police departments.

The primary concern in respect to Public Safety salaries is the absence of a labor contract and the perception that the DRPA officer salaries are not keeping up with other law enforcement agencies or the cost of living.

# Appendices

## Appendix A. Glossary/Acronyms

This appendix provides a glossary of terms used in this final report.

Bulletin	Notice of changes to bid documents
CAC	Citizens Advisory Committee
CEO	Chief Executive Officer
CFS	Calls for Service (Public Safety). A measure or workload.
DBE	Disadvantaged Business Enterprise
DCEO	Deputy Chief Executive Officer
DMAIC	Define-Measure-Analyze-Improve-Control. The process for Lean Government process improvement.
EAM	Enterprise Asset Management
ERM	Enterprise Risk Management, a risk-based approach to managing an enterprise
ERP	Enterprise Resource Planning, an integrated enterprise-wide IT application
E-ZPass	System for multi-agency electronic toll collection.
F.O.P.	Fraternal Order of Police, a Public Safety union.
FMLA	Family Medical Leave Act
FTA	Federal Transit Administration
GCL	Glassboro Camden Line, a prospective New Jersey light rail line.
GEC	General Engineering Contractor
GIS	Geographic Information System
HART	High Angle Rescue Team (Public Safety)
HIDTA	High Intensity Drug Trafficking Agency
IFR	Injury Frequency Rate
JTTF	Joint Terrorism Task Force
Master Plan	A required report describing DRPA plans for regional development.
MBE/WBE	Minority-Owned/Women-Owned Businesses
NTP	Notice to Proceed
O&M Committee	DRPA Board committee that reviews capital projects.
OBD&EO	Office of Business Development & Equal Opportunity
OCIP	Owner Controlled Insurance Program.
OPC	One Port Center/DRPA headquarters building.
PATCO	Port Authority Transit Corporation
PE	Professional Engineer
PIRA	Personnel and Industrial Relations Association
PMA	Project Management Assistance
PMBOK	"Project Management Body of Knowledge," the standard for managing projects.
PMI	Project Management Institute, an organization that maintains standards for project management.
Portfolio	A collection of projects or programs and other work that are grouped together to facilitate effective management of that work to meet strategic business objectives.
PPC	Port of Philadelphia and Camden
Program	A group of related projects managed in a coordinated way to obtain benefits and control not available from managing them individually. (PMI)
Project	A temporary endeavor undertaken to create a unique product, service, or result. (PMI)
RFP	Request for Proposal
SHRM	Society for Human Resource Management
SIPOC	Suppliers, Inputs, Processes, Outputs, Customers. A tool for process analysis and characterizing a process

SOQ	Statement of Qualifications
Task	Usually defined as the lowest activity level in a project. (PMI)
VIPR	Visible Intermodal Prevention and Response. A program to increase safety near PATCO rail stations and on trains.

## Appendix B. Audit Interviewees

The following over 90 are employees, Board members, and others interviewed in the course of the audit. The format included both one-on-one and forum (group) settings. Some of those listed were interviewed multiple times. The listing is alphabetical by last name.

Anderson	Bill	Finance - Budget
Armbruster	Mark	DRPA Safety Specialist
Basilio	John	Public Safety, WWB
Bollendorf	George	Public Safety, WWB (Lieutenant Level)
Box	Robert	General Manager, PATCO
Brown	Richard	Corporate Secretary, General Counsel
Brown	Toni	Chief Administrative Officer
Camp	Leila	Claims Administration
Caruso	Alfred	Finance, Revenue
Conallen	Michael	Deputy Chief Executive Officer
Crean	Robert	Public Safety, Transit Unit
Cruz	Joanna	Commissioner - Pennsylvania
Cruz	Jacob	Supervisor, Mail Room
DeBeaumont	Darcy	Finance - Senior Accountant
Farthing	Nancy	Finance - Time Keeper
Fentress	Charles	Commissioner - New Jersey
Finnegan	Robert	Public Safety, BRB (Lieutenant Level)
Fisher	James	Public Safety, Training Unit/Evidence Officer
Forbes	Kelly	Director, Human Resource Services
Fulton	David	PATCO Systems Safety
Garnette	Urselle	Equal Employment Opportunity
Gasperoni	Larry	Finance, Revenue Audit
Gilbert	Ron	Finance - Accounting
Gorman	Mack	Public Safety, WWB, F.O.P.
Gorman	Bob	Finance - Payroll Manager
Green	Brenda	Claims Administration
Griffey	Patty	Finance, Revenue
Hanson	John	Chief Financial Officer
Hitchner	Dennis	Operations, CM Mechanic
Hoagland	Tim	Public Safety, Patrol, F.O.P.
Howard	Michael	Engineering, Planning & Design
Ireland	Tim	Director, Corporate Communications
Kmiec	Lisa	General Counsel's Offices
Korsen	Howard	Contract Administration
Kriza	Patricia	Finance - Accounts Payable
LaMarca	Kevin	Information Systems
Lopez	Mark	Government Relations/Grants Administration
Lotierzo	John	Director, PATCO Finance
Luongo	Matthew	Lieutenant Public Safety, Police Administration
Lusa	Paulita	Finance - Accounts Payable
Maroney	Christina	Manager, Special Projects
Matheussen	John	Chief Executive Officer
McClintock	David	Chief of Police
McCullough	Patrick	Engineering, Construction Section

McNichol	Danielle	General Counsel
Milstead	Don	DRPA Safety Specialist
Mondile	Maria	Customer Service & Community Relations
Montgomery	Edward	Engineering
Nottingham	Jim	Public Safety, Court Liaison Officer
Novick	Laurie	Benefits Administration
O'Connor	Bill	Engineering, Administration Section
O'Neill	Joe	Public Safety, CBB (Lieutenant Level)
Only	Robert	Director, Emergency Management & Homeland Security
Pandya	Vijay	Engineering, Construction & Maintenance
Pap	Sal	Public Safety, BRB
Parker	Orville	Finance - Budget
Patel	Ashok	Engineering Administration
Paterno	Raymond	Public Safety, Police Administration
Paz	Patrick	Public Safety, Transit Unit
Price	Charles	Public Safety, WWB, F.O.P.
Quesada	Wayne	Engineering
Quinn	James	Director, Revenue Audit, Purchasing, Contract Adm
Raftery	Tom	Inspector General
Reher	Mike	Public Safety, Technology Sergeant
Rink	John	PATCO, General Manager
Rogale	John	Director, Labor Contract Compliance
Santiago	John	Public Safety, Police Administration (Lieutenant Level)
Santry	John	Public Safety, CALEA Certification, HART Team
Sasso	William	Commissioner - Pennsylvania
Shanahan	William	Director, Customer Service & Community Relations
Simon	David	Commissioner - Pennsylvania
Sims	Fritz	Supervisor, Printing Services
Smith	Gary	Captain, Administration, PATCO
Spicer	Cheryl	PATCO, Assistant General Manager
Squillace	Susan	Purchasing
Staszewski	Marianne	Director, Risk Management & Safety
Stief	Jack	Captain, Patrol Operations, Acting Chief
Sullivan	Allen	Internal Auditor
Sullivan	John	Lieutenant, Los Angeles County Sheriff's Department
Teplitz	Robert	Primary Alternate Commissioner for Auditor General Wagner
Trowbridge	Jeff	Public Safety, Marine Unit
Venuto	Michael	Director, Engineering, Chief Engineer
Viniski	John	Engineering Administration
Wagner	Jack	Auditor General of Pennsylvania/Ex-Officio Commissioner
Weachter	Matthew	Public Safety, WWB
White	James	Director, Finance
Williamson	Ethridge	Public Safety, BFB
Woolley	Stephanie	Training
Yip	Michael	Public Safety, CBB
Young	Chong	Internal Audit
Zito	Joe	Public Safety, Commercial Vehicle Unit

## **Appendix C. Recommendation Summary**

Due to its size, Appendix C is provided in a separate volume.

## **Appendix D. Status of Prior Initiatives**

Due to its size, Appendix D is provided in a separate volume.

## **Appendix E. Document List**

Due to its size, Appendix E is provided in a separate volume.

## **Appendix F. DRPA Responses to Audit Recommendations**

This appendix provides the Authority's response to the final draft of the Audit Report.



DELAWARE RIVER PORT AUTHORITY  
of Pennsylvania & New Jersey

PATCO  
Port Authority Transit Corporation

Board of Commissioners

January 8, 2013

CGR Management Consultants  
2451 Midtown Avenue  
Suite 1226  
229 Finance Building  
Alexandria, VA 22303

**Re: Response to CGR 2012 Yellowbook Management Audit**

Dear Sir/Madam:

On behalf of the Board of Commissioners of the DRPA and PATCO, thank you for this comprehensive and frank review of agency operations. The board made the decision in 2010 to subject the agency to more frequent independent performance audits than required by our interstate compact, and we have been looking forward to receiving the results of this first engagement. We appreciate the time and effort involved in conducting the audit and issuing this report, and we will make it a priority to review all of the findings and recommendations with staff and take corrective action as appropriate.

Thank you for the professionalism with which you conducted this audit.

Sincerely,

Hon. Jack Wagner  
Auditor General  
Ex-Officio Commissioner - PA  
Chairman, Audit Committee

Ricardo V. Taylor, Jr.  
Vice Chairman, Audit Committee  
Commissioner - NJ

on behalf of  
The Board of Commissioners

DRPA is an equal opportunity employer

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