



DEPARTMENT OF TRANSPORTATION EFFECTIVENESS OF THE MINOR PRIVILEGE PROCESS

Biennial Performance Audit for
Fiscal Years Ended June 30,
2023 and 2022

City Auditor, Josh Pasch
December 2, 2024



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Office of the Comptroller Josh Pasch, City Auditor

100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

We conducted a *Biennial Performance Audit of the Department of Transportation for the Fiscal Years Ended June 30, 2023, and June 30, 2022*. The objectives of our performance audit were to: (i) assess the effectiveness of the Minor Privileges process; and (ii) follow-up on finding and recommendation that was included as part of the previous biennial performance audit report of the Department of Transportation (DOT), dated July 18, 2023. The scope of our audit was fiscal years (FYs) 2023 and 2022; however, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify information during the audit period.

We concluded that there are areas that DOT needs to improve in: (i) serving customers more efficiently; (ii) segregating Minor Privilege Permit processing duties; and (iii) continuation of Minor Privilege Permit operation. We found that:

- The Minor Privilege Permit requirements are not effectively communicated to applicants. Specifically, DOT's Minor Privilege Permit procedures and relevant documents posted on their website are outdated and are not consistent with DOT's current practices. Also, application requirements communicated through the DOT's website is not available in multiple languages.
- The current system has limitations and DOT's unclear procedures hinder DOT from tracking and monitoring efficiency of the Minor Privilege Permit review and approval process. Our analysis of the population for:
 - FY 2023 shows that the Minor Privilege Permit application process took: minimum 3 days, maximum 113 days, and average 36 days; and
 - FY 2022 shows that the Minor Privilege Permit application process took: minimum 13 days, maximum 245 days, and average 29 days.
- We did not see evidence of consistent: (i) routing of applications to all required agencies; (ii) documentation of applicants' withdrawals of permit applications and applicants' notifications of adjoining property owners by certified mail (return receipt requested); and (iii) secondary approval.
- The DOT does not fully segregate Minor Privilege Permit processing duties (see textbox on next page). Specifically, the Minor Privilege Section (MPS) Office Support Specialist performs custody, issuance, and recording duties without sufficient oversight. This increases the risk of errors and misappropriation; specifically, permits (temporary and permanent permits) may be issued without payments to the City of Baltimore (City). Also, the City may not be able to collect subsequent payments if permits require annual renewals¹ (see the scenario on page 14).

¹ Permits are valid for a maximum of 25 years.

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- The DOT does not have a succession plan for the key role in the Minor Privilege permit process. The key individual for the Minor Privilege Permit process is the MPS Office Support Specialist, who has been serving the City for approximately 37 years. There are no back-up personnel for the MPS Office Support Specialist. Her many years of experience and institutional knowledge cannot be easily replaced if she separates from the City.
- Also, as discussed above, procedures shared with customers are conflicting with the DOT's current practice. The DOT does not have internal formal (written, dated, approved) policies and procedures defining roles and responsibilities of DOT personnel involved in the Minor Privilege Permit process. This further increased the risk to successful continuation of Minor Privilege Permits process.

Segregation of Duties

- Segregation of duties helps prevent fraud, waste, and abuse in the internal control system.
- If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.
- Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties.

Source: The *Standards for Internal Control in the Federal Government* issued by the Comptroller of the United States (Green Book)

There was one prior year finding that we followed up as part of this biennial performance audit (See Section II on page 17)². The finding noted monitoring of Federal Project Closeout is not effective. According to DOT, they have not fully implemented the Unifier system, which tracks closeout for construction projects. Therefore, this finding will be followed up in next audit in Calendar Year (CY) 2026.

To improve the operation of the Minor Privilege Permit process, we recommend the Director of DOT implement the recommendations made in this report. Management responses are included in Appendix I (see page 18).

We wish to acknowledge the cooperation DOT and Department of Finance (DOF) extended to us during our audit.

Respectfully,

Josh Pasch

Josh Pasch, CPA
City Auditor
Baltimore, Maryland
December 2, 2024

² The objective of the prior audit was to determine whether the DOT's Federal Project Closeout process is efficient and effective.

BACKGROUND INFORMATION

As the owner of the public right of way, the City has the right to protect itself, its citizens, and property by requiring permits and assessing fees for any encroachment onto that right of way. The Board of Estimates (BOE) has delegated the powers to administer the Minor Privilege Permit Program to DOT. The MPS is a section under the Right of Way Services Division of DOT.

Minor Privilege is a category of rights for which citizens can apply for a fee and falls under two categories: permanent and temporary. For FYs 2023 and 2022, Minor Privilege revenue was approximately \$1.11 M and \$1.10 M, respectively. This revenue includes the fees for new applications as well as the annual renewal fees.

In FY 2023 and FY 2022, the City issued 97 Minor Privilege Permits of 120 applications received (see Table I below).

Table I

Summary of Minor Privilege Application

FY	Received (Number)	Approved	
		(Number)	(Percentage)
2023	45	37	82
2022	75	60	80

Source: Auditors' analysis based on the data received from DOT's Access database on September 3, 2024.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our audit were to:

- Assess the effectiveness of Minor Privileges process; and
- Follow-up on the prior finding and recommendation included in the previous biennial performance audit report, dated July 18, 2023.

The scope of our audit is FYs 2023 and 2022; however, certain other matters, procedures, and transactions outside that period were reviewed to understand and verify the information during the audit period.

To accomplish our objectives, we:

- Reviewed applicable policies and procedures and other relevant information associated with the Minor Privilege application process, and evaluated processes and controls to confirm whether identified Minor Privilege Permit application process risks were properly addressed;
- Interviewed key individuals from DOT to obtain an understanding of the processes, procedures, and systems relevant to audit objectives;
- Stratified the Minor Privilege applications for FYs 2023 and 2022 and performed efficiency testing to determine the average number of days to process each type of permit;
- Randomly selected 40 samples to verify all supporting documentations, such as site plans, drawings and other required approvals, are included in the file.

SECTION I: CURRENT FINDINGS AND RECOMMENDATIONS

Finding I: The Department of Transportation Does Not Effectively Communicate Minor Privilege Permit Requirements to Applicants.

DOT's Minor Privilege Permit procedures and relevant documents posted on their website are outdated and are not consistent with DOT's current practices.

The DOT's [Application Procedures](#), which are attached to *the Application of Minor Privilege*, were revised on June 1, 2015. Some steps written in this *Application Procedures*, as well as some steps written in [Minor Privileges: Information for Businesses](#), do not align with DOT's current practices (see details below). Without periodically updating the *Application Procedures*, permits may be processed incorrectly, succession may be negatively affected when employees change, and unnecessary delays may arise in the Minor Privilege application process.

- **DOT's Current Practice:** There are certain Minor Privilege Permits that also require other permits such as Use & Occupancy Permit (U & O). The U & O permit approval process is managed by Department of Housing and Community Development (DHCD) and includes review by other agencies such as Board of Municipal and Zoning Appeals (BMZA), Department of Planning, and Baltimore City Fire Department. Prior to the outbreak of COVID 19, DOT forwarded the applications to DHCD and other relevant agencies for Minor Privilege applications that required other agencies' approval. However, since the outbreak of COVID 19, DOT has stopped forwarding the applications to other agencies for their approvals. Instead, before approving Minor Privilege Permits, DOT dedicated personnel periodically communicate with DHCD personnel to inquire whether the required U & O permits have been approved³. Once the required U & O permits are approved, DOT Minor Privilege Division reviews and approves Minor Privilege Permit applications. However, the documents discussed below does not reflect this practice.
- [Application Procedures](#)
 - Step 8: "The Minor Privilege Section staff forwards the application to various agencies for review. Below are the review times for each agency: Department of Transportation (various sections) – 4-6 weeks b. Police Department – 3 weeks c. Health Department – 3 weeks d. Fire Department – 3 weeks"
- [Minor Privileges: Information for Businesses](#): "Conditional Use Approvals: For uses that are not permitted outright in a given location and require conditional use approval, the user must seek approval from the Board of Municipal and Zoning

³ The reason for this change is unknown.

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Appeals (BMZA) to establish this use⁴. Certain Outdoor seating or Outdoor Displays of Merchandise will require BMZA approval. If applicable, applicants must include a copy of the BMZA decision in their application for a Minor Privilege.

- [Outdoor Seating Guidelines](#): “Meet with the Minor Privilege Staff for an initial review. Please provide one copy of a site plan, and evidence of the U & O Permit pending approval for outdoor seating. This evidence includes a copy of the BMZA approval if required.”
- [Outdoor Seating FAQ](#)
 - “The application is forwarded to various City agencies for review and comment. After all reviews are completed, the application is placed on the next available Board of Estimates agenda. All permit applications for Outdoor Seating must be heard before the Board of Estimates. The average timeframe is 6 to 8 weeks.”
 - “Each Outdoor Café request must include the following:
 1. A completed Minor Privilege Application
 2. Evidence that the Use and Occupancy (U & O) Permit incorporates or will incorporate outdoor table service. This evidence may include:
 - a) A copy of the valid U & O Permit incorporating outdoor table service; or
 - b) A copy of the “Filing Fee” papers indicating your request to include outdoor table service on your U & O.”

We also observed that frequency of BOE meeting has not been updated in the *Application Procedures*. Step 10 in the *Application Procedures* states that “The BOE letter is signed by the DOT Director and returned to the Minor Privilege Section. A staff member takes the BOE letter to the Comptroller’s Office to be placed on the BOE agenda. This letter must be submitted to the Comptroller’s Office at least one week before the BOE meeting.”

Application requirements communicated on the DOT’s website is not available in multiple languages.

The Baltimore City 2020 Census results show that from 2010 to 2020: (1) the Hispanic / Latino population increased by 77 percent from 4.2 percent of the City’s population to 7.8 percent of the City’s population; and (2) the Asian population increased by 46 percent, from 2.3 percent of the City’s population to 3.6 percent of the City’s population. Based on this significant change in the City’s demographics, a substantial percentage of the City’s population may be negatively impacted resulting from the Minor Privilege Permit application information availability in English only.

⁴ The first step in the U & O application process is BMZA’s review for zoning.

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The steps in processing Minor Privilege applications were modified during the COVID 19 pandemic and was not updated at that time. The DOT realized that modified documentation was needed and scheduled some sessions with staff to document processes, but a comprehensive process review was not completed yet. These activities were impacted by resource and time constraints.

According to the Green Book, management:

- “Documents in policies the internal control responsibilities of the organization”;
- “Communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities”; and
- “Periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks. If there is a significant change in an entity’s process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology.”

The Chief Administrative Officer’s directive, effective April 1, 2024, requires certain City Agencies that provide constituent-facing services to take steps to provide limited English proficiency persons with meaningful access to services and programs in their primary language, as well as to inform the public of the availability of language access services to assist them in obtaining and utilizing services.

“City agencies are required by federal law to make reasonable steps to: (i) serve city residents who do not speak English; and (ii) provide meaningful access to federally-funded programs and services for individuals who do not speak English. Meaningful access means accurate, timely, and effective communication provided via language assistance (both oral and written services) at no cost to the individual.”⁵

Recommendation I: We recommend the Director of DOT:

- Periodically (at a minimum annually): (i) review and update the Application Procedures and other relevant documentation posted on the [DOT's website](#); and (ii) communicate procedure changes to the dedicated personnel who review and approve Minor Privilege applications; and
- Consider making this information available in multiple languages in order to serve the diverse population.

⁵ Source: [Know Your Rights | Mayor's Office of Immigrant Affairs](#)

Finding II: System Limitations and Unclear Procedures Hinder DOT from Tracking and Monitoring Efficiency of Minor Privilege Permit Review and Approval Process.

The current DOT Access database has fields to record the dates when DOT refers applications to other agencies for their approval; however, these fields have not been consistently used. Other than the fields for the referral dates, there are no additional fields to record when DOT follows up with agencies and when DOT receives other agencies' approval. Additionally, as discussed in Finding I, it is not clear which permits require other agencies' approval. The DOT does not track relevant dates to monitor efficiency of the permit application process and identify bottlenecks.

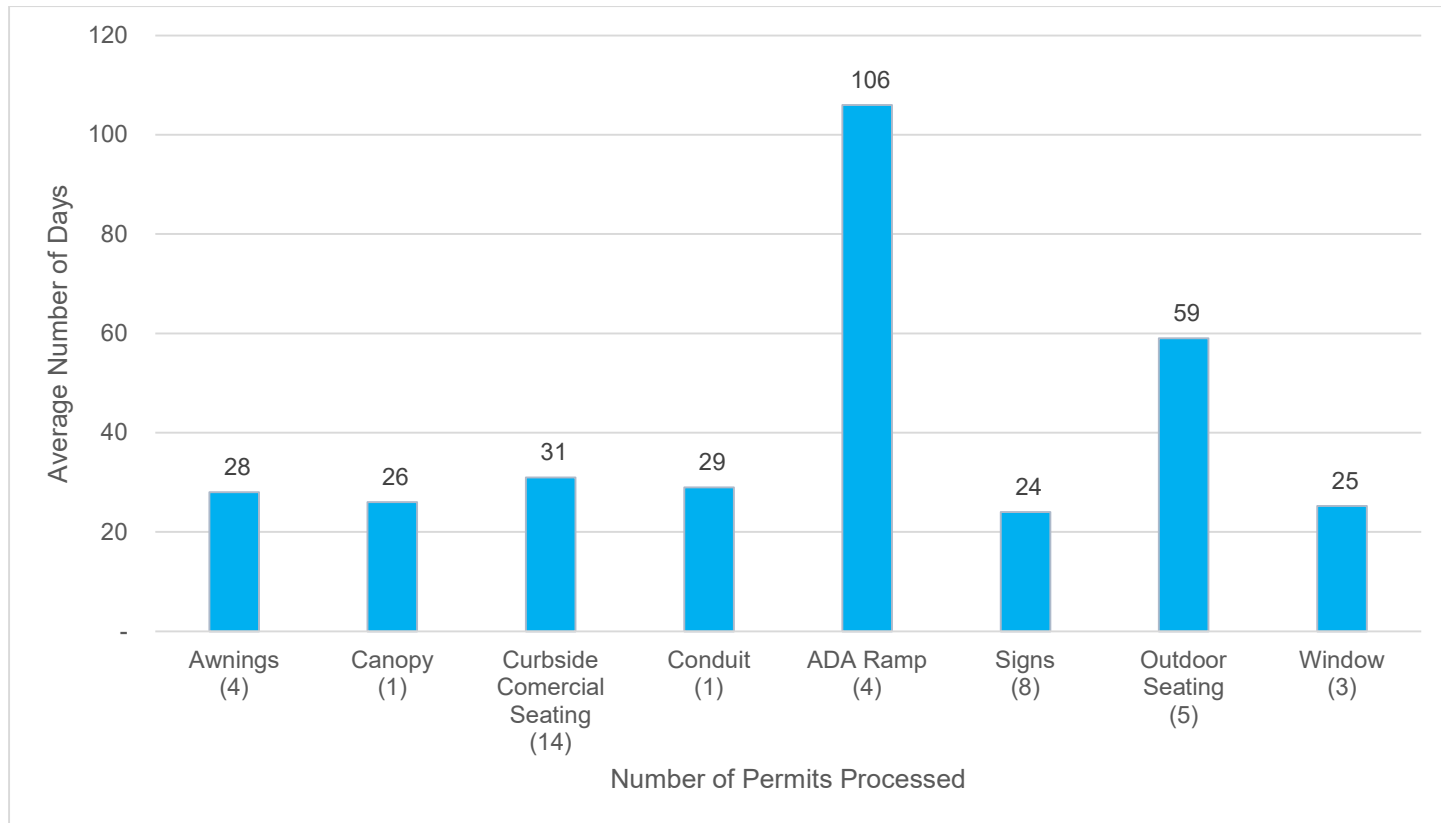
Without monitoring the efficiency of permits, DOT will not know how long it takes to complete permit review process and identify areas to improve. Our analysis of the population for:

- FY 2023 shows that the Minor Privilege Permit application process took: minimum 3 days, maximum 113 days, and average 36 days.
- FY 2022 shows that the Minor Privilege Permit application process took: minimum 13 days, maximum 245 days, and average 29 days.

Exhibits I and II on pages 9 and 10 show the average number of days for each Minor Privilege Permit type issued in FY 2023 and FY 2022.

Exhibit I

Average Number of Days for Minor Privilege Permit Processing for FY 2023

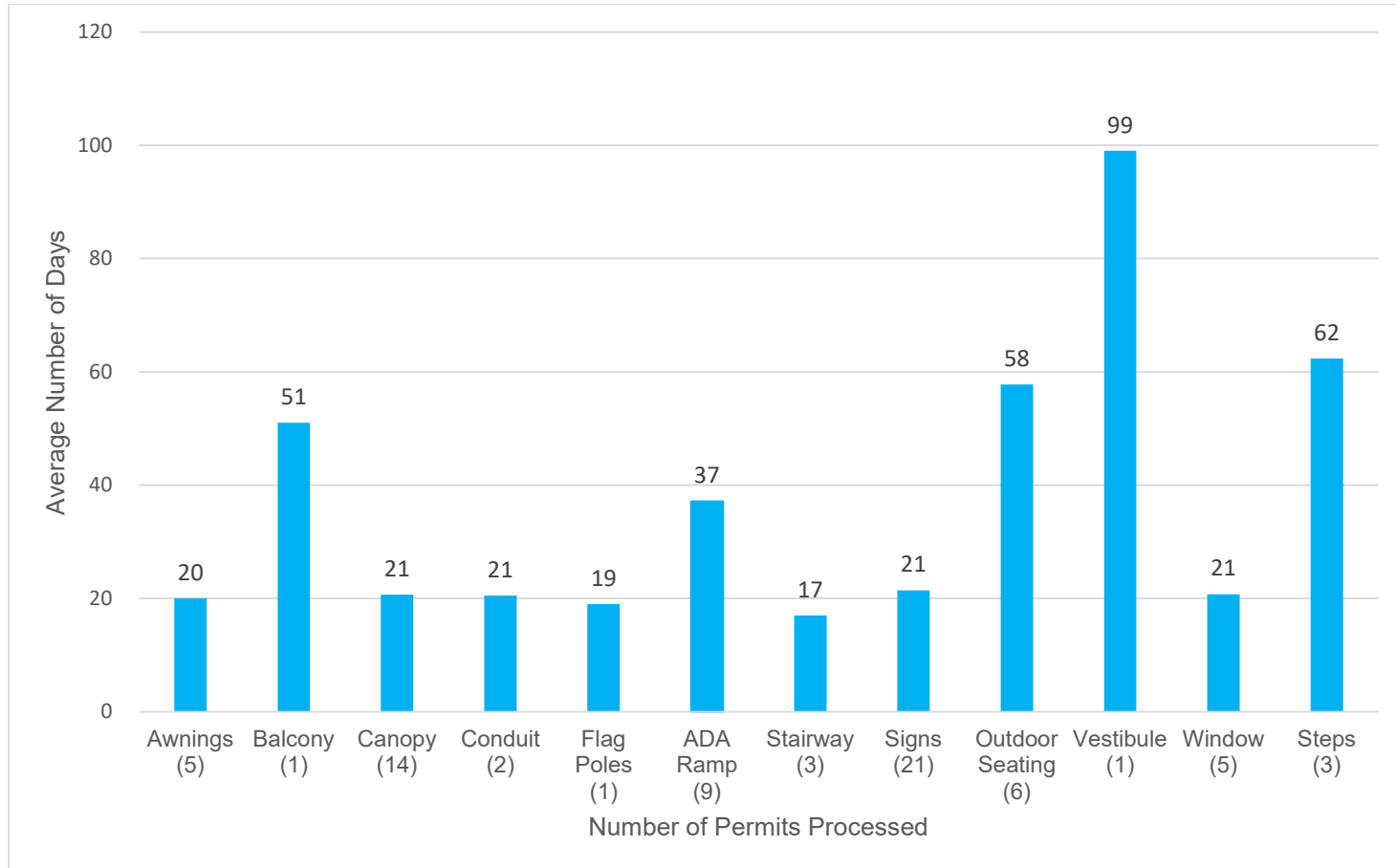


Source: Auditor's analysis of the population of Minor Privilege Permits issued in FY 2023. The data was run from the DOT Access database on September 3, 2024.

Note: The following Minor Privilege Permits do not have the BOE approved dates; as a result, we excluded them from our analysis: vestibule, steps, garage extension, cellar door and basement entrance.

Exhibit II

Average Number of Days for Minor Privilege Permit Processing for FY 2022



Source: Auditor’s analysis of the population of Minor Privilege Permits issued in FY 2022. The data was run by DOT Access database on September 3, 2024.

Note: The following Minor Privilege Permits do not have the approved dates; as a result, we excluded them from our analysis: box, bus shelters, dumpsters. One permit was identified as an outlier.

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The steps in processing Minor Privilege applications were modified during the COVID 19 pandemic and was not updated at that time. The DOT realized that modified documentation was needed and scheduled some sessions with staff to document processes, but a comprehensive process review was not completed yet. Adding additional verification of tracking database and document retention will need to happen going forward.

Mayor Brandon M. Scott Building a Better Baltimore, Pillar 5: Responsible Stewardship of City Resources, Goal 2: Deliver quality, efficient customer service to all residents through a lens of equity, accessibility, and accountability, Action Plan 2.1 states that “Enhance the customer experience of Baltimore residents and people conducting business with the City through annual customer service training and clearly-defined standards.”

Recommendation II: We recommend the Director of DOT:

- Start tracking all key dates including application submission date, referral date, follow up date, approval received date from other agencies, DOT’s approval date, and BOE approved date;
- Periodically identify bottlenecks; and
- Monitor efficiency of the Minor Privilege Permit process.

Finding III: The DOT Does Not Consistently Follow the Minor Privilege Review Process.

The purpose of issuing Minor Privilege Permit is to allow businesses and residents in the City to place private items in the public right of way. Without retaining documentation consistently for the Minor Privilege application reviews, DOT cannot demonstrate all applications that should have been approved were properly approved and all applications that should have been rejected were properly rejected. Specifically,

- **Evidence of routing applications to all required agencies:** Not all Minor Privilege Permits are U & O-related permits. Certain Minor Privilege Permits require DOT internal approval only. Certain Minor Privilege Permits (non-U & O) may require other agencies' approval; however, DOT was unable to answer the auditors' inquiries regarding which permits require which agencies' reviews. The Department of Audits (DOA) selected 40 of 120, or 33 percent, of Minor Privilege applications for FY 2023 and FY 2022. The DOA was unable to determine whether these applications required other agencies' approval. As a result, the DOA cannot test whether DOT correctly forwarded non-U & O related applications to other agencies.
- **Evidence of applicants' withdrawals:** Of the 40 applications reviewed, DOA was unable to:
 - Validate two applications⁶ withdrawn by applicants; and
 - Review four applications⁷ because DOT was unable to provide the auditors with application packages.
- **Evidence of notifying adjourning property owners:** Of the remaining 34 applications tested, DOA was unable to validate whether adjourning property owners were notified for 13 applications⁸, or 41 percent because DOT does not consistently retain certified mail receipts (green receipts)⁹.
- **Evidence of secondary approval:** Our review did not see evidence of consistent review and approval by the Chief of Right of Way.

⁶ Two samples from FY 2022.

⁷ Three samples from FY 2022 and one from FY 2023.

⁸ Seven samples in FY 2022 and six samples in FY 2024.

⁹ The United States Post Office (USPS) sends out certified mail to acknowledge to the sender that their letter was delivered by the USPS to the address on the letter envelope. The confirmation that the certified letter was received is a receipt returned by the USPS to the sender. This green receipt is signed by the recipient or marked non-deliverable and is returned to the sender. **Source:** USPS

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The steps in processing Minor Privilege applications were modified during the COVID 19 pandemic and was not updated at that time. The DOT realized that modified documentation was needed and scheduled some sessions with staff to document processes, but a comprehensive process review was not completed yet. Adding additional verification of tracking database and document retention will need to happen going forward.

According to the *Application Procedures* revised June 1, 2015,

- “After all reviews are completed and comments addressed, the Minor Privilege Section staff will type the letter to the Board of Estimates and send it to the Right of Way Services Division Chief for review. Once approved by the Chief, the BOE letter is forwarded to the DOT Director for his signature.”
- “The applicant notifies the adjoining property owners of their intent to apply for the Minor Privilege. Notification to the adjoining property owners shall consist of sending a copy of the completed application by Certified Mail, Return Receipt Requested.”

Recommendation III: We recommend the Director of DOT:

- Document which permit types require agencies’ approvals for proper routing;
- Consistently retain documentation to demonstrate DOT compliance with permit review requirements; and
- Formally sign or initial and date the approval of Chief of Right of Way on the application packages.

Finding IV: The Minor Privilege Permit Processing Duties Are Not Fully Segregated.

The Minor Privilege Permit process includes acceptance, review and approval, collection of payment, issuance of permit, and recording issued permits in the DOT's Access database. The DOT does not fully segregate these duties (see textbox on page 2). Specifically, the MPS Office Support Specialist performs custody, issuance, and recording duties without any oversight. The roles of the MPS Support Specialist in the Minor Privilege Permit process are described as below.

- **Acceptance and Initial Review:** The MPS Office Support Specialist receives permit applications, conducts the initial review, forwards site plans to the Office Support Specialist III from the Transportation, Engineering, and Construction (TEC) Division.
- **Review and Approval:** The Office Support Specialist III from the TEC Division forwards the site plans to the DOT Transportation Planning Division for their review. Depending on the permit types, other agencies may review and approve the Minor Privilege Permits as necessary. Once all required agencies provide their approval, the MPS Office Support Specialist prepares a package for the Chief of Right of Way to review and approve for the Minor Privilege Permits, which are subsequently approved by the DOT Director and BOE.
- **Fee Collection and Permit Issuance:** Once BOE approves the Minor Privilege Permits, the MPS Office Support Specialist notifies applicants to pick up the permits. First, the applicants take the unassigned Minor Privilege Permit to the cashier in the Abel Wolman Municipal Building lobby¹⁰. They return the Department of Finance (DOF) stamped permit, indicating receipt of cash, to the MPS Office Support Specialist. The MPS Office Support Specialist maintains blank permits stock (**custody**). After confirming the payment of receipt, the MPS Office Support Specialist assigns and records the permit number on the blank permit and issues the permit to the applicants (**issuance**). Then the MPS Office Support Specialist records issued permit numbers in the register and in the DOT Access database (**recording**).

This increases the risk of errors and misappropriation; specifically, permits (temporary and permanent permits) may be issued without payments to the City. Also, the City may not be able to collect subsequent payments if permits require annual renewals¹¹ (see the fraud scenario example below).

Scenario: An applicant pays the MPS Office Support Specialist \$500 for a permit that requires annual payment. The MPS Office Support Specialist takes the money and signs off on the permit with the Minor Privilege Permit number. The MPS Office Support Specialist records the permit in his / her register and Access database; however, he / she did not refer this permit to DOF for the current payment or for

¹⁰ The DOF is responsible for billing and collection of one-time and annual permit fees.

¹¹ All permits are valid for a maximum of 25 years.

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the subsequent collection of annual payment. It is a practice of the DOT's enforcement team to call the MPS Office Support Specialist to check if payment is current. Since he / she pocketed the money, he / she could state that the applicant paid.

The previous Supervisor of the Minor Privilege section retired in 2014 and the position was not backfilled. As a result, the position reported directly to the Chief of Right of Way or a Deputy Director. As a result, Minor Privilege daily job duties were not divided since the section had only one dedicated employee. However, applications sent to and approved by the BOE and the list sent to finance were reconciled annually.

According to the Green Book, "Management should divide or segregate key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

Recommendation IV: We recommend the Director of DOT segregate the custody, issuance, and recording duties. Specifically,

- The Chief of Right of Way, or his / her designee who is not involved in the Minor Privilege Permit process, maintain blank receipts; and
- The Chief of Right of Way assigns the permit number on the blank permit and issues the permit to the applicants after he / she or his / her designee confirms cash receipt by DOF.

Finding V: The DOT Does Not Have a Succession Plan for the Key Role in the Minor Privilege Permit Process.

The key individual for the Minor Privilege Permit process is the MPS Office Support Specialist, who has been serving the City for approximately 37 years. There are no back-up personnel for the MPS Office Support Specialist. Her many years of experience and institutional knowledge cannot be easily replaced if she separates from the City.

As discussed in Finding I, procedures shared with customers are conflicting with the DOT's current practices. Also, DOT does not have internal formal (written, dated, approved) policies and procedures defining roles and responsibilities of DOT personnel involved in the Minor Privilege Permit process.

The previous Supervisor of the Minor Privilege section retired in 2014 and the position was not backfilled. As a result, the position reported directly to the Chief of Right of Way or a Deputy Director. As a result, Minor Privilege daily job duties were not divided since the section had only one dedicated employee. However, applications sent to and approved by BOE and the list sent to finance were reconciled annually.

The Green Book states that management defines:

- "Succession and contingency plans for key roles to help the entity continue achieving its objectives. Succession plans address the entity's need to replace competent personnel over the long term, whereas contingency plans address the entity's need to respond to sudden personnel changes that could compromise the internal control system."
- "Succession plans for key roles, chooses succession candidates, and trains succession candidates to assume the key roles. If management relies on a service organization to fulfill the assigned responsibilities of key roles in the entity, management assesses whether the service organization can continue in these key roles, identifies other candidate organizations for the roles, and implements processes to enable knowledge sharing with the succession candidate organization."
- "Contingency plans for assigning responsibilities if a key role in the entity is vacated without advance notice. The importance of the key role in the internal control system and the impact to the entity of its vacancy dictates the formality and depth of the contingency plan."

Recommendation V: We recommend the Director of DOT:

- Establish formal (written, dated, approved) policies and procedures to define roles and responsibilities of DOT personnel involved in the Minor Privilege Permit process; and
- Develop job aids.

SECTION II: IMPLEMENTATION STATUS OF PRIOR AUDIT FINDING AND RECOMMENDATIONS

Table II

Summary of Implementation Status of Audit Finding and Recommendations from the Biennial Performance Audit Report for Fiscal Years Ending 2021 and 2020¹²

No.	Finding	Recommendations	Prior Management Response	Auditor’s Assessment
1.	<p>The DOT does not effectively monitor to make certain projects are closeout within reasonable timeframe, which results in delayed payments from the State Highway Administration (SHA). Specifically, we selected 18 samples for our analysis. DOT was not able to provide documentation for seven samples, or approximately 39 percent of samples selected for testing. Of the remaining 11 samples, we identified delays ranging from 16 months to 235 months (approximately 19.6 years) from the completion of construction to the reimbursement voucher sent to the SHA. Best practice is to bill when revenue is earned. The significant delays are because DOT does not: (1) have established timeframes to complete one key task to the other; and (2) task a division such as Contract Administration to track and monitor key tasks are completed within the established time frame.</p>	<p>(1) Establish timeframes to complete one key task to another;</p> <p>(2) Grant authority to Contract Administration to track and monitor key tasks are completed within the established timeframes; and</p> <p>(3) Maintain documentation to track and monitor the key dates.</p>	<p>The DOT accepts the finding and will establish policies and procedures to establish timeframes, to track and monitor the progression of the key task and to maintain a tracking system to monitor dates.</p> <p>Implementation Date: Mid-year, 2024</p>	<p>Partially Implemented.</p> <p>(1) The DOT established timeframes to complete each key task.</p> <p>(2) An informal standard operating procedure exists to grant authority to Contract Administration to track and monitor key tasks so that they are completed within the established timeframes.</p> <p>(3) The DOT intends to deploy Unifier as an improved system for collecting and tracking data related to closing construction projects. However, we were unable to test since Unifier has not been fully implemented. This finding will be followed up next audit in CY 2026.</p>

¹² The objective of prior audit was to determine whether the DOT’s Federal Project Closeout process is efficient and effective.

APPENDIX I - MANAGEMENT'S RESPONSE TO THE AUDIT REPORT

Date: November 25, 2024

To: Josh Pasch, City Auditor

Subject: Management Response to Audit Report:
Biennial Performance Audit Report on Department of Transportation
for the Fiscal Years Ended June 30, 2023 and 2022

Our responses to the audit report findings and recommendations are as follows:

Recommendation I

We recommend the Director of DOT:

- Periodically (at a minimum annually): (i) review and update the Application Procedures and other relevant documentation posted on the [DOT's website](#); and (ii) communicate procedure changes to the dedicated personnel who review and approve Minor Privilege applications; and
- Consider making this information available in multiple languages in order to serve the diverse population.

Management Response / Corrective Action Plan

Agree **Disagree**

During the COVID 19 pandemic, some processes were shifted that are not accurately represented on the Minor Privilege website. Prior to migrating our website information over to Drupal version 10, we will review our processes with relevant parties in DOT and DHCD to provide a clearer outline of the procedures and timelines based on application type. As an ongoing activity, policy and procedures documents will be reviewed annually. We will work toward providing information on the Minor Privilege application process in multiple languages.

Implementation Date: March 31, 2025

Responsible Personnel:

- Adam Cloud, Chief of Right of Way
- Jennie Woolsey, MPS Office Support Specialist

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Recommendation II

We recommend the Director of DOT:

- Start tracking all key dates including application submission date, referral date, follow up date, approval received date from other agencies, DOT's approval date, and BOE approved date;
- Periodically identify bottlenecks; and
- Monitor efficiency of the Minor Privilege Permit process.

Management Response / Corrective Action Plan

Agree **Disagree**

The Chief of Right of Way and Minor Privilege staff will review our processes with relevant parties in DOT and DHCD to provide a clearer outline of the procedures and timelines based on application type. The Chief and Minor Privilege staff will schedule monthly meetings to ensure proper documentation of milestones in the application database to ensure consistency. With this consistent data, we will be able to more easily identify potential bottlenecks. We will also update language for public guidance where appropriate.

Implementation Date: March 31, 2025

Responsible Personnel:

- Adam Cloud, Chief of Right of Way
- Jennie Woolsey, MPS Office Support Specialist

Recommendation III

We recommend the Director of DOT:

- Document which permit types require agencies' approvals for proper routing;
- Consistently retain documentation to demonstrate DOT compliance permit review requirements; and
- Formally sign or initial and date the approval of Chief of Right of Way on the application packages.

Management Response / Corrective Action Plan

Agree **Disagree**

A signoff sheet for each file will serve as acknowledgement of Chief review. The Chief of Right of Way and Minor Privilege staff will review our processes with relevant parties in DOT and DHCD to provide a clearer outline of the procedures and timelines based on application type. The Chief and Minor Privilege staff will schedule monthly meetings to ensure proper documentation of milestones in the application database to ensure consistency. We will also update language for public guidance where appropriate.

Implementation Date: March 31, 2025

Responsible Personnel:

- Adam Cloud, Chief of Right of Way
- Jennie Woolsey, MPS Office Support Specialist

Recommendation IV

We recommend the Director of DOT segregate the custody, issuance, and recording duties. Specifically,

- The Chief of Right of Way, or his / her designee who is not involved in the Minor Privilege Permit process, maintain blank receipts, and
- The Chief of Right of Way assigns the permit number on the blank permit and issues the permit to the applicants after he / she or his / her designee confirms cash receipt by DOF.

Management Response / Corrective Action Plan

Agree **Disagree**

The Minor Privilege staff and other Right of Way groups are currently engaging in discussion on how to reorganize staff to ensure additional oversight and redundancy. As an intermediate step, the MPS Office Support Specialist will be housed under an existing Right of Way group, and there will be scheduled monthly progress meetings to track application processing and associated documentation. The supervisor will maintain the blank stock of Minor Privilege Permits and release the permit form to the MPS Office Support Specialist for issuance once BOE approval is received. As a long-term goal, a new hire will be designated to be cross trained on the Minor Privilege Process to provide redundancy and plan for succession.

Implementation Date: December 31, 2025

- Action Plan Milestone (1): Move Office Support specialist to existing group March 31, 2025
- Action Plan Milestone (2): Designate Employee to cross train for position December 31, 2025

Responsible Personnel:

- Adam Cloud, Chief of Right of Way
- Jennie Woolsey, MPS Office Support Specialist

Recommendation V

We recommend the Director of DOT:

- Establish formal (written, dated, approved) policies and procedures to define roles and responsibilities of DOT personnel involved in the Minor Privilege Permit process; and
- Develop job aids.

Management Response / Corrective Action Plan

Agree **Disagree**

We will review our processes with relevant parties in DOT and DHCD to provide a clearer outline of the procedures and timelines based on application type. These activities will be documented and leveraged to update standard operating procedures documentation and assist in creating job aids. As a long-term goal, a new hire will be designated to be cross trained on the Minor Privilege Process to provide redundancy and plan for succession. These newly developed training materials will be leveraged in future onboarding.

Implementation Date: March 31, 2025

- Action Plan Milestone (1): Move MPS Office Support Specialist to existing group March 31, 2025
- Action Plan Milestone (2): Designate employee to cross train for position December 31, 2025
- Action Plan Milestone (3): Update standard operating procedures and job aids December 31, 2025

Responsible Personnel:

- Adam Cloud, Chief of Right of Way
- Jennie Woolsey, Office Support Specialist