Objective

Summary Results
Testing consisted of an evaluation of 5 MAPs to determine if corrective actions were implemented as agreed.

<table>
<thead>
<tr>
<th>MAP Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Open</td>
<td>Corrective actions that require completion to address identified risks from the original audit report.</td>
</tr>
<tr>
<td>2 Closed</td>
<td>Corrective actions have been completed.</td>
</tr>
</tbody>
</table>

Scope
The audit engagement was performed with the Professional Engineering Procurement Services Division (PEPS). Fieldwork included testing of PEPS contracts within fiscal year 2016 and work authorization data from October 2014 to May 2016 for Fort Worth District, Design Division, and Bridge Division.

The engagement was performed by Albert T. Bourque and Jill Emery (Engagement Lead). The engagement was conducted during the period from February 22, 2016 to May 10, 2016.

Methodology
The methodology used to complete this engagement included:
- Interviewed key personnel within PEPS (Director and Deputy Director) to discuss status and purpose of MAPs
- Reviewed PEPS Contracting: Selection Process Manual and PEPS Contracting: Contract Management and Administration Manual to determine if revisions were made for consultant selection and signature authority
- Verified Consultant Selection Team (CST) members completed required training if they were reviewing contracts over $1 million
- Reviewed if Statement Of Qualifications (SOQ) were completed for the four consultant contracts selected and approved per signature authority
- Confirmed if documentation existed for the primary provider’s (i.e., consultant) completed and signed certification (TxDOT form) required for SOQs
- Obtained contracts and work authorizations to determine if signature authority was appropriate
- Reviewed if work authorization date and amount complied with the contract terms
- Verified scoring from SOQs matched the information in the PEPS database

Background
This report is prepared for the Texas Transportation Commission and for the Administration and Management of TxDOT. The report presents the results of the Professional Engineering Procurement Services Division (PEPS) Contract and Work Authorizations MAP Follow-Up engagement which was conducted as part of the Fiscal Year 2016 Audit Plan.
PEPS Contract and Work Authorizations   TxDOT Internal Audit Division – MAP Follow-Up

PEPS was formed in October 2013 as a redesigned program for procuring engineering, architectural, and surveying services under consultant contracts. PEPS was redesigned to reduce the time to process contracts and provide quality selection outcomes. Prior to the PEPS formation, the procurement for professional engineering services was under the consultant contracting program.

PEPS has six divisional service centers in the TxDOT metro and urban districts (Austin, Dallas, El Paso, Houston, Fort Worth, and San Antonio) and a central office that supports the additional 19 TxDOT districts and the divisions. PEPS oversees the selection process for engineering, surveying, and architectural contracts to ensure providers are selected based solely on their qualifications. PEPS is also responsible for providing general oversight, guidance, and support to districts and divisions for work authorizations.

We conducted this follow-up engagement in accordance with Generally Accepted Government Auditing Standards and in conformance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our engagement objective. Recommendations to mitigate risks identified were previously provided to management during the original engagement to assist in the formulation of the management action plans referenced in this report. The Internal Audit Division uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework version 2013.
Detailed MAP Follow-Up Status

MAP Status: Open
Corrective actions that require completion to address identified risks from the original audit report.

Original Audit Finding Number 2: Statement of Qualification (SOQ) Screening Process

MAP Owners: Martin L. Rodin, Director, PEPS Division
Lucio Vasquez, Deputy Director, PEPS Division
Dan Neal, Manager, Center of Excellence, PEPS Division

MAP 2.1: Management agrees with the findings and is committed to ensuring the SOQ screening process is performed in accordance with the PEPS Contracting: Selection Process Manual. The following tasks will be performed during this period:

- PEPS will revisit the procedures for the SOQ screening in the PEPS Contracting: Selection Process Manual to ensure it fits within best-practices in consultant selection, making revisions, if needed.*
- PEPS Management will provide guidance to division to promote adherence to the division’s manuals.
- On verifying whether CST members have taken required courses: a new procedure will be included in the PEPS Contracting: Selection Process Manual to have contract specialists perform verification of CST member’s training through the Professional Services Contract Administration Management System (PS-CAMS). *

*Items that are italicized were considered performed, although testing showed risk is still occurring at a 22% exception rate; therefore, client will reinforce this MAP.

Original Completion Date: May 2015
Revised Completion Date: November 15, 2016

Original Audit Finding Number 3: Work Authorization Assignment

MAP Owners: Martin L. Rodin, Director, PEPS Division
Lucio Vasquez, Deputy Director, PEPS Division
Dan Neal, Manager, Center of Excellence, PEPS Division

MAP 3.1 (as amended by audit client):
- PEPS will create and implement a standard operating procedure for the assignment of work authorization for Indefinite Deliverable contracts.
- PEPS will work with the Contracts & Purchasing Division to ensure the signature authority compliance rules are made available to the districts and divisions.

Original Completion Date: March 15, 2015
Revised Completion Date: September 15, 2016

MAP 3.2:
- PEPS will include signature authority reviews by service center managers as part of the current review process that is performed over work authorizations.
- PEPS will finalize the PEPS Contracting: Contract Management and Administration
Manual to provide Districts/Divisions guidance on best practices for work authorization assignment and development.

**Original Completion Date:** March 15, 2015  
**Revised Completion Date:** September 15, 2016

**MAP Status: Closed**  
Corrective actions have been completed.

**Original Audit Finding Number 1:** Provider Evaluation and Selection Process

**MAP Owners:** Martin L. Rodin, Director, PEPS Division  
Lucio Vasquez, Deputy Director, PEPS Division  
Dan Neal, Manager, Center of Excellence, PEPS Division

MAP 1.1: Management agrees with the findings and is committed to ensuring the provider evaluation process used in the selection process is performed in accordance with the Professional Engineering Procurement Services (PEPS) procedures. The following tasks will be performed during this period:

- A central server is currently under development to provide the division with one main location to store and retrieve documents. At this time, PEPS Service Centers are working on individual servers as per the previous Region model.
- PEPS will revisit the procedures for the scoring process in the PEPS Contracting: Selection Process Manual to ensure it fits within best-practices in consultant selection, making revisions, if needed.
- PEPS will work with TxDOT’s third-party service provider to create an automated mechanism to alert appropriate individuals on actions required for performing provider evaluations.
- On verifying whether the Consultant Selection Team (CST) members have taken required courses: a new procedure will be included in the PEPS Contracting: Selection Process Manual to have contract specialists perform verification of CST member’s training through the Professional Services Contract Administration Management System (PS-CAMS).

**Original Completion Date:** May 15, 2015

**MAP 1.2:**  
PEPS will finalize the PEPS Contracting: Contract Management and Administration Manual. Language concerning the provider evaluation procedure will be included.

**Original Completion Date:** May 15, 2015
Closing Comments
The results of this MAP Follow-Up engagement were discussed with the Professional Engineering Procurement Services Division, on August 11, 2016. The Internal Audit team appreciates the cooperation and assistance received from the PEPS Division during this engagement.