

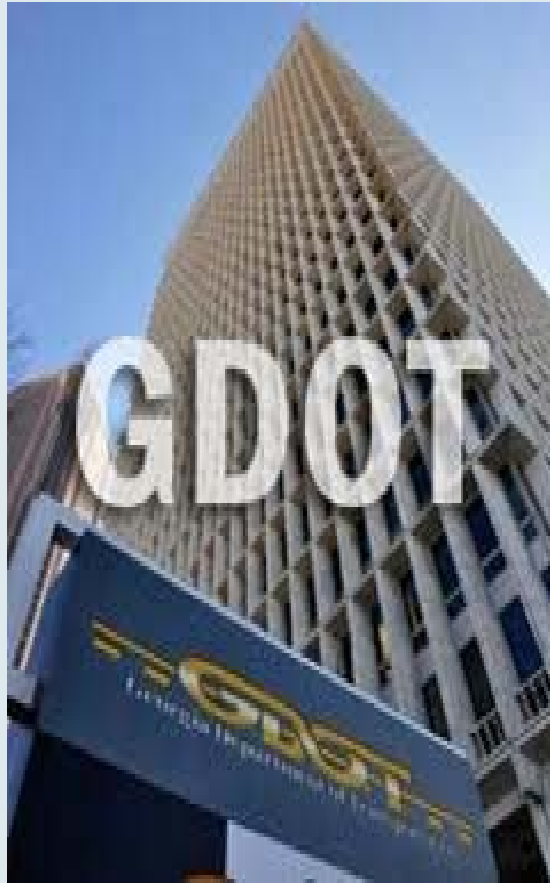


Phil Copeland
State ROW Administrator
Georgia Department of Transportation



Right of Way Program Management- “Through the Eyes of a State Auditor”





- Why was Audit Performed?
- Who performed the Audit
- Overview of Audit Process and Team Members
- Performance Audit 08-28
Results/Findings
- Implementation Plan and Actions
- 3-Year Follow Up Review 11-28
- Outcomes



WHY WAS AUDIT PERFORMED

- ❑ 2007 New Commissioner was Appointed by Governor
- ❑ Public Trust of Agency was eroded
- ❑ ROW was charged with delivering a program with Annual Budget of \$230,000,000



WHO PERFORMED THE AUDIT



Georgia Department of Audits and Accounts Performance Audit Division

Russell Hinton, State Auditor
Leslie McGuire, Director



AUDIT PURPOSE

“The purpose of this audit was to assess the effectiveness and efficiency of the GDOT Office of Right of Way’s efforts in acquiring and managing the property necessary for the construction of Georgia’s public roads.”



AUDIT PROCESS

- ▶ Authorized Independent Access to Transportation Data Management System: T-Pro
- ▶ Provided Right of Way Operational and Procedural Manual
- ▶ Group and individual meetings with ROW Managers over all functions of ROW Process
- ▶ Crash course in ROW process, policies, state laws, and Federal Regulations



AUDIT PROCESS- Con't

- ▶ Directed Audit Team on how data compiled and analyzed
- ▶ Visits to District Offices for interviews
- ▶ Compile results and allow Agency cursory review for feedback or rebuttal
- ▶ Completion and Presentation of Performance Audit Report to Agency Leadership
- ▶ Post report on DOA web-site



Audit Process and Team Members

▶ Department of Audits -

- ▶ Team Lead- Liaison with ROW Administrator
- ▶ 3 Team Members - Directly engaged with Central Office Staff and District Staff through out process



▶ Department of Transportation -

- ▶ ROW Administrator- Liaison with Audit Team Lead
- ▶ Unit Managers for all ROW Disciplines- Relocation, Acquisition, Appraisal, Property Management, Records/Retention, and Accounting
- ▶ District Acquisition Managers



PERFORMANCE AUDIT RESULTS/FINDINGS

4 FOCUS AREAS

- 1) Overall Program Management- 2 Findings
- 2) Acquisition- 11 Findings
- 3) Property Management- 8 Findings
- 4) Data and Records Management- 2 Findings



PERFORMANCE AUDIT RESULTS/FINDINGS

Overall Program Management- 2 Findings

- Finding 1- The Office has not developed business processes with the level of sophistication required for an operation that annually acquires approximately \$230 million in property and costs approximately \$20 million to administer.
 - Comprehensive system of internal controls, systematic management, monitoring to prevent or detect operational problems
 - Insufficient Management Informational System
 - Office management of District ROW Teams-Shift focus to more global view of systematic management and monitoring to ensure function is operating effectively and efficiently



PERFORMANCE AUDIT RESULTS/FINDINGS

Overall Program Management- 2 Findings

- Finding 2- Office should develop better metrics for assessing its efficiency and effectiveness
 - There are no objectives or performance metrics designed to measure timeliness, appraisal accuracy, effectiveness of negotiations, or cost effectiveness
 - Office should establish objectives and performance measures



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 1- GDOT has not established procedures to ensure that it is in compliance with both state and federal law which limit the time period between the acquisition of property and the commencement of construction on that property
 - O.C.G.A 32-3-1(c) 10 year requirement from authorization of funds necessary for the acquisition of ROW
 - CFR 23 108(a)(2) 20 year requirement from the request for funding



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 2- Property owners have no recourse when GDOT condemns their property but fails to use in a timely manner
 - O.C.G.A 32-3-1(c) 10 year requirement from authorization of funds necessary for the acquisition of ROW
 - CFR 23 108(a)(2) 20 year requirement from the request for funding



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 3- The Office should strengthen its internal controls over its property appraisal process
 - Poor performing Appraisers
 - Thoroughness of Appraisal Review
 - Outdated Appraisals
 - Inconsistent Requirement of Second Opinion Appraisals
 - No Compilation or Analysis of Previous Acquisition Data



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 4- The Office should strengthen its internal controls over both negotiated settlements and administrative appeal settlements to ensure that they are sufficiently justified
 - Negotiated Settlements at District Acquisition Manager Level
 - Settlements at the Administrative Appeals Officer Level



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 5- The Office should routinely analyze condemnation rate trends and track data on both the status of condemnation cases and the final settlement amounts
 - Oversight of Condemnation Cases- complete or up-to-date list of all open cases assigned to the Court Coordinators
 - Incomplete Outcome Data- negotiated settlement, mediation, or jury trial rates
 - Condemnation Filing Rates- District Comparisons and Consultant vs. Staff Comparisons



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 6- In order to minimize acquisition costs, the Office should develop a method to determine the maximum amount offered to a property owner through the administrative settlement process in order to avoid proceeding to condemnation
 - Filing Costs
 - Legal Fees
 - Settlement Amounts



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 7- The Office is not meeting internal deadlines for the acquisition of property. As a result, construction let dates are frequently being postponed
 - Benchmarks- Target milestones and expected duration of specific activities
 - Performance Measures-Office has not developed specific performance measures to assess efficiency
 - Management Information System-Office does utilize the database to identify where delays in the process are commonly occurring and the reason for these problems
 - Let Date Changes Due to ROW



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 8- To reduce acquisition time and costs, the Office should establish specific procedures for determining when to utilize Appraisal Waivers on low-valued parcels
 - Negotiating from a Cost Estimate
 - Negotiating from a Data Book



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 9- Office should improve its oversight and procurement of ROW Consultants
 - Qualifications- Not adequately collecting sufficient documentation regarding licensure and consultant qualifications (resumes)
 - Performance Evaluations- Process to ensure evaluations are completed, inadequate evaluation format, and incomplete evaluations in files
 - Bidding Procedures-Has not established bidding procedures to procure services from all consultants. Some utilize competitive bidding and some do not require this method.



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 10- Office does not hold its Fee Appraisers accountable for meeting established due dates
 - Appraisal Contracts- Appraisal Contracts due not include Liquidated Damages for failure to meet established deadlines
 - Monitoring Due Dates- No specific guidelines concerning when Managers should contact appraiser about due dates or when General Office staff should be notified. No policy for regarding action to be taken against appraiser.
 - Fee Appraiser Evaluation- Process to ensure evaluations are completed, inadequate evaluation format, and incomplete evaluations in files



PERFORMANCE AUDIT RESULTS/FINDINGS

Acquisition- 11 Findings

- Finding 11- The Office should improve its training program for district staff in order to increase the number of Certified General Appraisers in District Offices
 - Increasing the number of Staff Appraisers would allow for greater flexibility
 - GDOT currently utilizes one external training resource to complete required hours of study
 - Implement training program that requires staff to take and pass required courses within a set time frame and offer a formal on-the-job training program



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 1- The Office should develop a procedure to review long-range acquisitions to ensure the property is still required
 - If determination is made that property is no longer required then the property should be sold. Monies received from the sale can be applied toward any federally eligible transportation project included in the current STIP.
 - O.C.G.A 32-3-1(c) 10 year requirement from authorization of funds necessary for the acquisition of ROW
 - CFR 23 108(a)(2) 20 year requirement from the request for funding



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 2- Because GDOT stopped protecting the corridor for the Northern Arc and the loan funds for the ROW are due to be repaid, GDOT should assess the property that was acquired and sell the property that is not needed for future construction projects
 - GDOT did not protect the Northern Arc Corridor from development
 - The Federal Gov't is requiring repayment of the \$32.6 million in funds loaned for the Northern Arc beginning in January 2009



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 3 – GDOT should maintain a complete inventory of assets
 - Currently maintains an inventory of ROW; however, due to past and current deficiencies in record keeping and property management practices, the inventory of excess ROW is incomplete
 - Change in policy in 1985 to use (R) Parcel deeds to identify parcel as remnant and seller waive first right of refusal
 - No process for capturing excess land created by obliteration of abandoned or re-routed roadways



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 4 – The Office should more actively market its excess properties
 - Current disposals are initiated by private individuals interested in property. GDOT does not actively market its excess property. No process to identify parcels that are marketable in order to make the parcels available for sale
 - GDOT will be contracting with an external company to assist in marketing and disposal of surplus property identified by the Inventorying initiative



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 5 – The Office should determine the marketability of remnant parcels at the time they are acquired to facilitate their sale in a timely manner after the completion of construction
- Inventory of remnant parcels (R) is continuing to increase



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 6 – The Office should develop guidelines for selling properties prior to the completion of construction
 - Current guideline that property will not be sold until construction has ended. Guideline is intended to prevent property that may be needed prior to construction completion is not sold
 - Guideline was inconsistently followed



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 7 – The Office should ensure that all property sales are in compliance with state statute and all requests receive equal level of consideration
 - O.C.G.A 32-7-4 requires previous owner/successor in title offered first right of refusal. Ruby-Forest, Inc. successor in title negotiations conducted with Bowen Family Homes. Funds provided by Bowen Family Homes, property conveyed in title to Ruby-Forest, Inc. Transaction completed in 7 months
 - GDOT did not ensure that subsequent requests to sell Northern Arc property received a similar level of consideration



PERFORMANCE AUDIT RESULTS/FINDINGS

Property Management- 8 Findings

- Finding 8 – GDOT does not adequately maintain or monitor its unused ROW properties
 - Has not developed policies and procedures related to monitoring or maintaining its unused ROW properties
 - District Offices should have a list of all their properties and prepare a maintenance schedule and plan for each to ensure they are properly maintained



PERFORMANCE AUDIT RESULTS/FINDINGS

Data and Records Management- 2 Findings

- Finding 1 – Both computer and paper-based ROW data is not complete
 - T-Pro system does not have controls over data entry to ensure that all necessary information is entered. As a result, the information in system is incomplete and cannot be relied upon
 - Paper based parcel file records are to include minimum of 8 required documents. Sampling audit of files indicated some lacked the minimum requirements. Some requested files were missing entirely



PERFORMANCE AUDIT RESULTS/FINDINGS

Data and Records Management- 2 Findings

- Finding 2 – GDOT should improve its management information system to increase the efficiency and effectiveness of the Office's operations
 - GDOT should consider moving to an Internet-based operating system
 - GDOT should consider allowing its consultants to directly enter parcel appraisal and acquisition information
 - GDOT should scan all historical parcel file documents and provide other divisions with direct access to the scanned documents
 - The Office should increase and improve its use of data in T-Pro by developing more routine management reports



IMPLEMENTATION PLAN AND ACTIONS TAKEN

- 2009 Statewide Presentation on Audit and Implementation plan
 - Manager and Employee Awareness
 - Become part of Solution and Buy-In
 - Specific Finding Actions



3 Year Follow Up Review 11-28

- ▶ Agency receives letter for Corrective Actions taken
- ▶ Audit Team reviews and concludes status of each Finding
- ▶ Issues “Draft Response” for Agency review
- ▶ Agency responds with rebuttal of conclusions
- ▶ Department of Audits issues final report and conclusions
- ▶ Post Report on DOA web-site



3 Year Follow Up Review 11-28 Final Report

- ▶ **Categorize each 23 Findings as:**
 - ▶ **10 Fully Implemented**
 - ▶ **13 Partially Implemented**
 - ▶ **0 Not Implemented**



3 Year Follow Up Review 11-28 Final Report

QUESTIONS/COMMENTS

