

**CENTRAL CORRIDOR LIGHT RAIL
TRANSIT
(GREEN LINE)**

**DISADVANTAGED BUSINESS ENTERPRISE
(DBE) REVIEW FOLLOW UP**

PROGRAM EVALUATION AND AUDIT



June 25, 2014

Summary

In January 2014, Audit provided a Central Corridor Light Rail Transit (CCLRT) Disadvantaged Business Enterprise (DBE) Review containing four recommendations that required corrective action. The Office of Equal Opportunity (OEO) oversees the Council's DBE program. The recommendations provided to OEO were designed to ensure appropriate monitoring/recording procedures on contractor payment reports and timely site visits to appropriate DBE firms. In addition, the recommendations sought to ensure a correct list of DBEs actively participating on the project and the incorporation of field office staff taking a more active role in monitoring contractor DBE activity. Audit has reviewed OEO's progress concerning each recommendation and found that corrective action or progress to mitigate risk has been taken and is ongoing. The OEO's corrective action on the recommendations was designed to be implemented on the CCLRT Green Line Project and all future New Starts Projects. This review only focuses on the follow up actions taken in response to the initial CCLRT DBE Review. Audit will review final DBE close out figures for the Green Line in a later audit.

1. **(Essential) The Council's OEO department should ensure that DBE participation on the Green Line and other construction projects having DBE goals is adequately monitored.**
 - a) **OEO personnel should perform reviews of contractor Monthly DBE progress/Payment Reports in such a manner to ensure that participation percentages and other reported data are accurate, paying close attention to suppliers, brokers and trucking firms.**
 - b) **OEO personnel should perform construction project site visits in a timely manner and in the frequencies required by procedures, and must verify that required adjustments are made to the Monthly DBE Progress/Payment reports.**

Corrective Action:

- a. *The OEO no longer focuses a review on DBE achievement by collecting contractor provided data when invoices are submitted, but rather focus on payments made by the Council to prime contractors and DBE sub tiers. Payments to DBEs are only counted towards project goals when OEO 1) verifies that payments are received by the DBE, 2) a Commercial Useful Function (CUF) site visit has been performed for that DBE firm and 3) a review of that particular activity has been finished and any DBE credit adjustments (supplier broker/ trucking, etc) has been made. The CCLRT Green Line DBE final reports were developed with this process adjustment in place.*
- b. *CFR 49 Part 26.37 states the "DBE program must also include a monitoring and enforcement mechanism to ensure that work committed to DBEs at contract award is actually performed by the DBEs to which the work was committed. This mechanism must include a written certification that you have reviewed contracting records and monitored work sites in your state for this purpose." In February 2014, the OEO staff developed a new methodology for guiding the frequency and number of CUF site visits on large construction projects. This new process was chosen for greater efficiency in visiting and monitoring DBE firms. The new methodology takes into consideration firms with multiple construction contracts.*

- 2. (Essential) – The OEO should identify a mechanism and, if necessary, contract language to assist the Council and DBE contractors in recording and maintaining payment information**

Corrective Action:

The OEO met with the Council's Information Services (IS) and Finance (PeopleSoft) departments along with construction staff to define, map and scope a construction monitoring application. The system will automate and capture all required payment information from DBEs participating on any Council projects. The monitoring tool will be built from the Council's existing PeopleSoft system. The Council's Finance and IS departments have committed to develop the application with an expected test by the end of March 2015. Audit has verified with IS personnel on the department's project commitment. All future monitoring of DBE firms will be captured manually until the new PeopleSoft monitoring system is online. OEO considers this as a manageable task due to the lack of large project construction activity during this time frame.

- 3. (Significant) Office of Equal Opportunity personnel should maintain informative lists of those DBE firms actively participating on the Green Line project.**

Corrective Action:

The OEO has developed and is in the process of finalizing work instructions on the process and criteria of a DBE firms list.

- 4. (Significant) Contract field office personnel should play a more direct role in monitoring contractor DBE activity.**

Corrective Action:

OEO has been in discussions with Metro Transit's Transit System Development (TSD) personnel concerning field office staff taking a more involved role in monitoring contractor DBE activity. Since construction has ended on the CCLRT Green Line Project, the effects of this recommendation will be introduced on future large construction projects.



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