

Audit Highlights



Nevada Transportation Authority

Department of Business and Industry

Highlights of performance audit on the Nevada Transportation Authority issued on January 7, 2014. Legislative Auditor report # LA14-07.

Background

The Nevada Transportation Authority (NTA) administers and enforces state laws pertaining to passenger transportation, household goods movers, and tow cars. Passenger transportation regulated by the NTA primarily includes limousines, taxicabs outside of Clark County, charter buses, and airport shuttle services. NTA was established in 1997. Prior to this date, the agency was part of the former Public Service Commission. NTA's mission is to administer economic regulation of fully regulated common carriers of passenger and household goods and protect the safety of consumers in intrastate transportation of passengers, household goods, and tow cars.

NTA has offices located in Las Vegas and Reno. In fiscal year 2012 expenditures were about \$2.9 million. NTA has 24 authorized positions, including 3 commissioners appointed by the Governor to 4-year terms. These commissioners serve as administrative hearing officers. The Governor designates one commissioner to serve as the chair or executive officer.

Purpose of Audit

The purpose of this audit was to: (1) evaluate the processes for selecting and conducting operational inspections, and (2) evaluate performance measures, including the reliability of reported results. Our audit focused on the processes used for selecting operational inspections during fiscal years 2008 – 2012, and included a review of inspections completed from January 1, 2010 through June 30, 2012. The audit also focused on performance measures and reported results for fiscal years 2010 – 2012.

Audit Recommendations

This audit report contains three recommendations to strengthen the process of selecting carriers for inspection, and four recommendations to improve the reliability and effectiveness of performance measures.

The Nevada Transportation Authority accepted the seven recommendations.

Recommendation Status

The Authority's 60-day plan for corrective action is due on April 3, 2014. In addition, the six-month report on the status of audit recommendations is due on October 3, 2014.

Summary

The Nevada Transportation Authority (NTA) can improve its process to select carriers for operational inspections. From our review of inspection reports, we identified 18 carriers that had not been inspected during the past 5 fiscal years, as required. In addition, NTA's selection procedures should be updated to better address staff responsibilities. Furthermore, carriers with a history of safety violations were not always selected for a follow-up inspection, while other carriers without deficiencies were inspected several years in a row.

The NTA can take steps to improve the effectiveness and reliability of its performance measures. The goals for some measures do not accurately reflect performance. For example, one measure addresses completing 80% of industry applications within 6 months. However, we found some applications on average could be processed within a few weeks while others required 8 to 12 months or more to process. In addition, policies and procedures for performance measures do not always clearly define what should be measured.

Key Findings

NTA's selection procedures do not ensure carriers are inspected periodically. For example, procedures require that each carrier receive an operational inspection at least once every 5 years. However, as of fiscal year 2012, we identified 18 of 315 carriers that were not inspected during fiscal years 2008 to 2012, or 5 years. (page 5)

NTA should revise its procedures addressing selecting carriers for inspection. While procedures outline several factors for staff to consider when selecting a carrier for inspection, we found procedures do not clearly identify all staff involved in the selection process, address the expected timeframe to develop a list of carriers for inspection, or define the reasons a carrier may be selected for an inspection. (page 6)

Although a process is in place to correct violations, NTA did not always conduct follow-up inspections of carriers after issuing a citation for safety violations. A follow-up inspection would verify if the carrier remains in compliance. This inspection could involve reviewing all aspects of compliance such as driver qualification and vehicle maintenance files, insurance, tariffs, and checking vehicles. Or, the inspection could focus on specific prior violations. NTA issued citations to 15 carriers during fiscal year 2012 for safety violations identified during an operational inspection. However, NTA did not select 10 of the 15 carriers for a follow-up inspection. Meanwhile carriers with no safety violations were selected 2 or 3 years in a row for an inspection. Of the five carriers subsequently selected for an inspection, three were ordered by the Commissioners as part of the administrative hearing process, and the other two were randomly selected by staff. (page 7)

Several NTA performance measures as currently written and reported do not provide management with the best information. For example, one measure addresses completing 80% of industry applications within 6 months. However, we found some applications on average could be processed within a few weeks while others required 8 to 12 months or more to process. As a result, the measure as currently reported does not provide specific information on the timeliness of key applications. In addition, another measure designed to identify potential financial problems does not include a review of all carriers. (page 11)

The goals for some measures understate performance. For example, one measure addresses the percentage of consumer complaints resolved within 6 months. NTA's goal for this measure is to resolve 90% of all complaints within 6 months. However, we found NTA resolves more than 90% of all complaints in 60 days or less. (page 14)

Although NTA has developed policies and procedures governing performance measures, some revisions are needed. Current procedures do not provide sufficient guidance to ensure performance measure results are consistently reported. As a result, incorrect information was reported in some cases. In addition, procedures need to be revised to define application completion timeframes, safety violations, and financial audits. (page 15)