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MEMORANDUM

September 14, 2020

TO: The Highway Commission Review and Advisory Subcommittee

FROM: The Arkansas Highway Commission

SUBJECT: Oversight of the Arkansas Department of Transportation and State Highway Commission - Guidehouse Efficiency Review Recommendation Implementation

Introduction:

Reference is made to the Highway Commission Review and Advisory Subcommittee (HCRAS) discussions regarding the proposed recommendation to create an oversight or advisory body of the Arkansas Department of Transportation (ARDOT) and the Arkansas State Highway Commission through legislation in the 2021 General Session.

It is our understanding that the function of the additional subcommittee of the HCRAS subcommittee will be to ensure that ARDOT's Responses to the Guidehouse Efficiency Review Recommendations will be implemented as soon as practical within budgetary and staffing constraints.

Background:

Act 298 of the 92nd General Assembly (see attached):

- Authorized a study of the ARDOT's processes, procedures, procurement processes, projects, appeals procedures and expenditures; and
- Established an annual review of the ARDOT.

Discussion:

Act 1 of the 92nd General Assembly, which established the HCRAS, states that HCRAS "*shall review other State Highway Commission matters the HCRAS considers necessary to perform its duties under this section*" and "*HCRAS of the Legislative Council shall perform such other duties as may be assigned to it by the Legislative Council*".

Progress reporting on the Final Guidehouse Efficiency Review Recommendations Report and ARDOT Responses can easily and efficiently be made to the HCRAS on a quarterly schedule as an addition to the required reporting of projects greater than \$10 million.

In addition, Act 298 states the following:

- The Internal Audit Section shall conduct an annual project review and efficiency study of the Arkansas Department of Transportation to include without limitation a review of the processes, procedures, procurement processes, projects, appeals procedures and expenditures.
- The results [of] a study under this section shall be reported to the Legislative Council no later than October 1 of each year, with the first report to be submitted by October 1, 2021.

It is implied that this annual review and efficiency study will be directly tied to the Final Guidehouse Efficiency Review Recommendations Report and ARDOT's Responses. This study will provide an independent evaluation of ARDOT's progress on an annual basis.

Response:

The Arkansas Highway Commission considers the Guidehouse Efficiency Review as an opportunity to find ways to improve operations at ARDOT, as well as confirmation that many of our in-flight efficiency efforts are on the right track.

As the constitutional authority responsible for the administration of ARDOT, the Arkansas Highway Commission is committed to making sure that ARDOT's Responses to the Recommendations are implemented as soon as practical within budgetary and staffing constraints.

As discussed above, the structure is already in place for quarterly reporting to HCRAS on ARDOT's progress in implementing their Responses to the Final Guidehouse Efficiency Review Recommendations that are ultimately adopted by the Arkansas Legislative Council. In the spirit of efficiency, transparency, accountability and collaboration, we recommend that ARDOT submit a quarterly progress report to HCRAS. In addition, Act 298 requires an annual review and efficiency study by the Internal Audit Section of the Inspector General's Office, which will provide an additional layer of transparency and accountability.

Therefore, we respectfully request any review of the Efficiency Study Recommendations and Responses implementation be assigned to HCRAS at large or another existing agency or legislative committee that ARDOT already reports to without the creation of an additional subcommittee.

Attachment

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

SENATE BILL 385

5 By: Senators J. Dismang, B. Ballinger, Bledsoe, Caldwell, E. Cheatham, A. Clark, J. Cooper, B. Davis, L.
6 Eads, Elliott, J. English, Flippo, T. Garner, K. Hammer, J. Hendren, Hester, Hill, Irvin, B. Johnson, M.
7 Johnson, G. Leding, Rapert, J. Sturch, Teague, D. Wallace
8 By: Representatives A. Davis, Clowney, Cozart, Della Rosa, Eaves, Gonzales, Hawks, Hollowell, L.
9 Johnson, Love, Lundstrum, Maddox, J. Mayberry, Richmond, Scott, Speaks, Sullivan, Vaught, Bentley,
10 Cloud, Beck, Brown, Capp, Cavanaugh, Crawford, Evans, Gates, M. Gray, G. Hodges, Kelly, Ladyman,
11 Lynch, McNair, Rye, B. Smith, Wing, Dotson, Richardson
12

For An Act To Be Entitled

13
14 AN ACT TO CONDUCT A STUDY OF THE ARKANSAS DEPARTMENT
15 OF TRANSPORTATION'S PROCESSES, PROCEDURES,
16 PROCUREMENT PROCESSES, PROJECTS, APPEALS PROCEDURES
17 AND EXPENDITURES; TO ESTABLISH AN ANNUAL REVIEW OF
18 THE ARKANSAS DEPARTMENT OF TRANSPORTATION; AND FOR
19 OTHER PURPOSES.
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21

Subtitle

22
23 TO REQUIRE A STUDY AND ANNUAL REVIEW OF
24 THE FUNCTIONS AND PROCESSES OF THE
25 ARKANSAS DEPARTMENT OF TRANSPORTATION.
26
27

28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
29

30 SECTION 1. TEMPORARY LANGUAGE. DO NOT CODIFY. Arkansas Department of
31 Transportation – Legislative Council study.

32 (a)(1) The Legislative Council or the Executive Subcommittee of the
33 Legislative Council shall hire one (1) or more consultants to assist it in
34 conducting a study of the processes and functioning of the Arkansas
35 Department of Transportation, including without limitation the department's
36 processes, procedures, procurement procedures, projects, expenditures, and



1 appeals processes.

2 (2) The purpose of the study is to examine and identify areas of
3 potential improvement within the overall functioning of the department and to
4 recommend legislation to the General Assembly for consideration in order to:

5 (A) Maximize the department's use of taxpayer dollars;

6 (B) Improve the efficiency and overall functioning of the
7 department; and

8 (C) Ensure responsiveness of the department to the needs
9 of the State of Arkansas and its citizens with regard to improvement of the
10 state highways and roads.

11 (3) In order to achieve the purposes of the study as set forth
12 in subdivision (a)(2) of this section, the Legislative Council shall:

13 (A) Compare the procurement processes of the department
14 with the requirements of the Arkansas Procurement Law, § 19-11-201, et seq.;

15 (B) Study and consider the best practices for functioning
16 of state highway departments through consideration of practices in
17 surrounding or comparable states;

18 (C) Audit the expenditures and procurement processes of
19 the department in order to find ways to improve or create efficiencies in
20 those areas; and

21 (D) Consider and adopt recommended legislation based on
22 the results of the study by the Legislative Council and its consultant.

23 (4) The Director of State Highways and Transportation shall
24 fully cooperate in the conduct of the study by providing:

25 (A) Access to the Legislative Council, a consultant of the
26 Legislative Council, and the Bureau of Legislative Research to any requested
27 documents and records for purposes of the study; and

28 (B) Timely responses to requests of the Legislative
29 Council, a consultant of the Legislative Council, and the Bureau of
30 Legislative Research.

31 (b) On or before December 1, 2020, the Legislative Council shall file
32 with the Governor, the President Pro Tempore of the Senate, and the Speaker
33 of the House of Representatives a final report of its activities, findings,
34 and recommendations, including recommended legislation related to the study.

35
36 SECTION 2. Arkansas Code § 19-4-105, concerning continuing studies and

1 investigations of state agencies, is amended to add an additional subsection
2 to read as follows:

3 (g)(1) The Internal Audit Section shall conduct an annual project
4 review and efficiency study of the Arkansas Department of Transportation to
5 include without limitation a review of the processes, procedures, procurement
6 processes, projects, appeals procedures and expenditures.

7 (2) The results a study under this section shall be reported to
8 the Legislative Council no later than October 1 of each year, with the first
9 report to be submitted by October 1, 2021.

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APPROVED: 3/5/19