



METRO

SEMI-ANNUAL FOLLOW-UP ON AUDIT RECOMMENDATIONS – NOVEMBER 2020 (21-02)

Terry Follmer, VP of Internal Audit

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Executive Summary

As part of our annual Audit Plan approved by the Capital Metro Board, we conducted the semi-annual status review of all open audit recommendations as of November 30, 2020. The follow up included 9 audit reports with a total of 37 recommendations. The audit objective and conclusion on the implementation of the corrective action plans follows.

Audit Objective & Scope

The objective of the audit was to determine whether Management has successfully implemented action plans in response to the recommendations provided in internal audit reports. In order to monitor the disposition of audit recommendations, the Internal Audit Department conducts two follow-up audits (semi-annual) per fiscal year (May and November). This Report reflects the status as of November 30, 2020, for the outstanding Corrective Action Plans (CAP's) resulting from internal audits projects.

Conclusion on Corrective Action Plans

We followed up on 37 recommendations from 9 different audit reports and have concluded that only 11 recommendations remain open and Management has action plans to implement the items listed as "In Process of Being Implemented". Table 1 listed below provides a summary breakdown of audit reports with open recommendations as of November 30, 2020.

Table 1: Summary Status of Open Recommendations							
Project #	Report Date	Report Name	Total # of Audit Recommendations	Implemented as Recommended	In Process of Being Implemented	Rejected/ Management Has Accepted the Risk	% Action Plan Implemented
19-01	12/11/2018	Commuter Rail - DMU Maintenance Program, Oversight of Herzog	7	7	0	0	100%
19-05	4/5/2019	Genfare Cash and Ticket Controls	5	4	1	0	80%
19-07	8/14/2019	Capital Project Expenditure Controls	4	4	0	0	100%
19-08	9/30/2019	Commuter Rail Operations- Contract Management & Oversight of Herzog	2	2	0	0	100%
19-09	10/31/2019	Sox Controls Audit- Miscellaneous Revenue	6	5	1	0	83%
20-02	4/24/2020	IT End Point Management	4	4	0	0	100%

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20-03	3/9/2020	OrbCAD Incident/Accident Process Review	3	0	3	0	0%
20-05	8/3/2020	Fuel Management & Controls Audit	4	0	4	0	0%
20-06	6/8/2020	OrbCAD Service Delays Process Review	2	0	2	0	0%
TOTAL:			37	26	11	0	70%

In our opinion, Management has made reasonable progress in implementing the recommendations and open Corrective Action Plans. Additional details related to all open recommendations can be found in Appendix A.

This audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

Sarah Daigle, Internal Auditor II (Project Lead)
 Jeannette Lepe, Internal Auditor II
 Terry Follmer, VP of Internal Audit

We want to thank Management for their support and good progress in implementing the open corrective action plans.

APPENDIX A – DETAILS OF OPEN AUDIT RECOMMENDATIONS

Prior Recommendations and Audit Results

As required by the Institute of Internal Auditors' International Professional Practices Framework, we have reviewed all open audit recommendations. Based on our review of 9 audits, we identified 11 open recommendations. Listed below are the open recommendations, along with the name of the audit report, report date, original recommendation, and Management's updated target completion date and comments.

19-05 GENFARE CASH AND TICKET CONTROLS AUDIT (4/5/2019 Report Issued with 5 Recommendations)

RECOMMENDATION 2 – (Compare Genfare Ticket Sales to Cash):

The Controller and Manager of Revenue should consider the following:

- a) Developing written standard operating procedures (SOP) covering the reconciliation and variance analysis related to farebox tickets and cash.
- b) The SOP should state the cadence as to how often the review is performed as well as establish tolerance levels to identify outliers.
- c) Ticket to cash variances outside tolerance levels are researched with action plans to remediate as applicable.

OPEN ACTION PLANS: (*Susan Renshaw – Controller*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 12/31/2020
Management has hired a consultant who is working on the procedures.

19-09 SOX CONTROLS AUDIT – MISCELLANEOUS REVENUE (10/31/2019 Report Issued with 6 Recommendations)

RECOMMENDATION 5 – (Update Advertising Policy for Discounts)

- a) The VP of Marketing should update the advertising policy to include discounts for-profit organizations, and identify the necessary executive approvals (e.g. CFO, President, Chief Counsel) from outside the Marketing Department for these advertising discount exceptions.

OPEN ACTION PLANS: (*Brian Carter, VP of Marketing*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** 5/31/2021
Management has recently outsourced advertising to a third-party company. As a result, management is in the process of implementing new controls to ensure

20-03 ORBCAD INCIDENT/ACCIDENT PROCESS REVIEW (03/09/2020 Report Issued with 3 Recommendations)

RECOMMENDATION 1 - (Disconnected Systems & No Comprehensive Database)

The Director of Contract Oversight, IT Director of Transit Technology Systems and the Director of Risk Management will consider the following improvements:

- a) Establishing a single comprehensive database for all incident/accident data.
- b) Require MV to enter all data into the chosen single comprehensive database.
- c) Automate the flow of data from OrbCAD into the required Excel templates (e.g., Operator Report, Supervisor Report, etc.) that are saved to Sharepoint, thus requiring the Supervisor to only record new data and not have to rekey all data that is already captured in OrbCAD.

OPEN ACTION PLANS: (*Rafael Villareal, Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** N/A – This action plan is not due until 9/30/21.

RECOMMENDATION 2 - (Improve QA Oversight, Analysis and Monitoring)

The Director of Contract Oversight, IT Director of Transit Technology Systems, and the Director of Risk Management should consider and evaluate the following process improvements:

- b) Ensure monitoring controls are established related to the accuracy and timeliness of data provided by MV. If possible, implement automated controls related to QA oversight, performance metrics and any PDC's (Performance Deficiency Credits).
- c) As part of the process redesign, identify critical fields (e.g. Incident #, Date, Operator ID, etc.) and ensure appropriate audit trail is captured as to who/when critical data is changed/updated in the system to ensure accountability. Determine which data fields should be: locked and cannot be updated in which fields are required to be completed in order to proceed, etc.
- d) Develop controls to ensure that data recorded in OrbCAD matches the data captured in the RiskMaster system. If events are reclassified from incident to accident or vice versa, ensure that both systems are updated with final classification between Incident or Accident.

OPEN ACTION PLANS: (*Rafael Villareal, Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** 5/31/2021 Management recently conducted brainstorming meetings, created a flowchart, and reviewed examples of issues to help improve the OrbCAD accident/incident process. Management is in process of developing additional OrbCAD controls.

RECOMMENDATION 3 – (Automate Reporting Out of Systems)

The Director of Contract Oversight, IT Director Transit Technology Systems and the Director of Risk Management, should consider and evaluate the following improvements:

- a) Request the IT Departments Report Writing Team to develop required pre-printed reports (e.g., monthly reports as well as daily Operator/Supervisor Reports, etc.) out of OrbCAD and/or RiskMaster based upon which system is designated the system of record with all comprehensive data.
- b) Review for additional monitoring needs (i.e., Capital Metro and MV) and develop additional reports as necessary to improve MV oversight and improve efficiencies.
- c) Ensure that the original Incident # automatically assigned by the OrbCAD system is properly captured in other reports and systems for appropriate tracking purposes

OPEN ACTION PLANS: (*Rafael Villareal, Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** N/A – This action plan is not due until 9/30/21.

20-05 FUEL MANAGEMENT & CONTROLS AUDIT (8/03/2020 Report Issued with 4 Recommendations)

RECOMMENDATION 1 – (Update Fueling Procedures & Improve Gasboy Controls):

The Chief Customer Officer/Chief Operating Officer, VP of Bus Operations & Maintenance, Director of Vehicle Maintenance, Director of Security & Emergency Management, and VP of Demand Response and Innovative Mobility should complete the following:

- a) Assign a single member of management with direct responsibility over the entire Capital Metro fuel system and program.
- b) Update the Fueling Procedures to reflect current practices and expectations for all users.
- c) Each department and respective service provider should determine which positions have a need to dispense fuel and formalize this into a written document. Additionally, review the Vehicle ID's and 434 Fueler ID's with access to pump fuel and eliminate any that are unnecessary.
- d) Request that the service providers send list of terminations to Gasboy administrators on at least a monthly basis to ensure they are removed from the system in a timely manner.
- e) Ensure the security camera facing the gas pump at 2910 is functioning and repaired.
- f) Establish monitoring controls for dispensing fuel at 817 Paratransit location since there is no Gasboy system.
- g) Identify a process for establishing a monthly review of fuel data for security vehicles to monitor consumption and review for reasonableness.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management

agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 3/31/2021.

RECOMMENDATION 2 – (Improve Data Analytics & Investigate Unusual Variances):

The VP of Bus Operations & Maintenance and Director of Vehicle Maintenance should complete the following:

- a) CMTA monitoring should include data analytics to identify unusual trends and outliers that might indicate theft or improper fueling on an annual basis and send results to each department for further investigation.
- b) Evaluate configuration of Gasboy system to prevent the following: wrong fuel (diesel or unleaded) for Vehicle ID; blank fueler ID; blank Vehicle ID; and vehicles with unusual odometer/hubodometer mileage.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 3/31/2021.

RECOMMENDATION 3 – (Special Equipment Code For Fueling Not Monitored):

The VP of Bus Operations & Maintenance, Director of Vehicle Maintenance, and VP of Demand Response and Innovative Mobility should complete the following:

- a) Appoint one CMTA employee responsible for reviewing and monitoring all three of the special equipment codes.
- b) If possible, set a quantity limit for the special equipment codes in Gasboy to help prevent improper fueling over 10 gallons.
- c) Location 509 data analytics and unusual usage of fuel should be shared with Paratransit for possible investigation.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 3/31/2021.

RECOMMENDATION 4 – (Improve Controls for Overrides):

The VP of Bus Operations & Maintenance and Director of Vehicle Maintenance should complete the following:

- a) Appoint a CMTA employee with responsibility for monitoring all overrides to ensure that the service providers and Cap Metro staff are tracking the reasons for overrides and working towards reducing overrides.
- b) If possible, add a system control to Gasboy that only allows overrides to be performed by supervisor Fueler ID's.
- c) Change the override codes on a yearly basis and delete the override code for test equipment since it was only used twice.

OPEN ACTION PLANS: (*Tangee Mobley – VP, Bus Operations & Maintenance*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 12/31/2020.

20-06 ORBCAD SERVICE DELAYS PROCESS REVIEW (6/8/2020 Report Issued with 2 Recommendations)

RECOMMENDATION 1 – (OTP Target Measurements Differ from MV Contract):

The Director of Contract Oversight, Manager of Service Analysis, and IT Director of Transit Technology Systems will consider the following improvements:

- b) Evaluate and consider whether Swiftly should be used as the OTP contract monitoring tool to measure OTP performance.

OPEN ACTION PLANS: (*Rafael Villarreal – Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 12/31/2020.

RECOMMENDATION 2 – (Service Delay Records & Monitoring):

The Director of Contract Oversight, Manager of Service Analysis, and IT Director of Transit Technology Systems will consider the following improvements:

- b) An OrbCAD report should be created to capture all incidents that are not coded by Dispatchers within 15 minutes of the occurrence, in accordance with the modified contract language per item a above.
- c) An OrbCAD report should be created to capture all incidents that are never recorded by Dispatchers with an explanation of the incident, in accordance with the modified contract language per item a above.
- e) Using the new OrbCAD reports in recommendations b & c above, analyze results to help minimize service delays, and understand Dispatcher training and staffing needs.

OPEN ACTION PLANS: (*Rafael Villarreal – Director of Contract Oversight*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 5/31/2021
Management recently hired a new Analyst III, made OrbCAD-related contract modifications, updated the OrbCAD manual, and requested refresher training for OCC Dispatchers. Management is in process of creating OrbCAD reports.