



METRO

SEMI-ANNUAL FOLLOW-UP ON AUDIT RECOMMENDATIONS MAY 2021 (21-06)

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 May 31, 2021. The follow-up included 8 audit reports with a total of 27 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 May 31, 2021, for the outstanding Corrective Action Plans (CAP's) resulting from internal audit projects.

Conclusion on Corrective Action Plans

We followed up on 27 recommendations from 8 different audit reports and have concluded that only 16 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 for May 31, 2021.

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
19-05	4/5/2019	Genfare Cash and Ticket Controls	5	4	1	0	80%
19-09	10/31/2019	Sox Controls Audit - Miscellaneous Revenue	6	6	0	0	100%
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%
21-01	4/2/2021	PTC Expenditures Audit	2	0	2	0	0%
21-03	4/2/2021	DBE/SBE Program	4	0	4	0	0%
21-05	12/23/2020	Petty Cash Controls	1	1	0	0	100%
TOTAL:			27	11	16	0	41%

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:

Jeannette Lepe, Internal Auditor II (Project Lead)
Sarah Daigle, 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 audits, we identified 16 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:** 09/30/21
Management has drafted an analysis and formalized the process with cadence, tolerance levels, and escalation guidelines.

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).
- 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:** 11/01/2021
Management is in the process of developing additional analysis and 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.
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- 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 Fueller 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.
- f) Establish monitoring controls for dispensing fuel at 817 Paratransit location since there is no Gasboy system.

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

- **Management's Updated Target Completion Date & Comments:** 12/31/21
Management has taken steps to improve Gasboy controls, such as repairing a broken security camera and establishing a monthly review process for security vehicles. However, management is in the process of working with a third-party company, HNTB, to rewrite the Fueling Procedures, identifying terminated employees who need to be removed from Gasboy access, and adding other Gasboy controls.

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 fueller 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:** 12/31/2021
Management has implemented a Gasboy system control to limit gallons pumped based on vehicle/fluid type, however, is still in the process of installing a new Infor system (asset management system) which has various tracking and analytic mechanisms and developing other Gasboy system controls.

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:

- 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:** 12/31/21
Management has taken steps to increase monitoring of the special equipment codes such

as assigning responsibility to one employee, monitoring monthly special code usage, and sending data to each respective department head. However, management is in the process of upgrading the 509-location fueling equipment/system and identifying ways to perform data analytics at this location.

RECOMMENDATION 4 – (Improve Controls for Overrides)

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

- c) Change the override codes on a yearly basis and delete the override code for test equipment since it was only used twice.
- d) Ensure the service providers properly train staff on when/how overrides are used (e.g. make 3 attempts before overriding, only supervisors can complete overrides, etc.)

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

- **Management’s Updated Target Completion Date & Comments:** 12/31/21
Management has taken steps to increase monitoring of the special equipment codes such as assigning responsibility to one employee, monitoring monthly special code usage, and sending data to each respective department head. However, management is in the process of upgrading the 509-location fueling equipment/system and identifying ways to perform data analytics at this location.

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:** 11/1/2021
Management is collaborating with Planning Data Analyst to evaluate the opportunity to use Swiftly to report OTP.

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:** 11/1/2021. Management is working with OMO Data Analysts to develop OrbCAD reports to ensure compliance.

21-01 PTC Expenditures Audit (Issued 04/02/2021 Report Issued with 2 Recommendations)

RECOMMENDATION 1 – (Update Policy & Procedures for Workflow Approval Exceptions)

The Controller, together with the AX Administrator in the IT Department, should consider:

- a) Identify opportunities to improve segregation of duty controls in AX so invoices must be approved by separate personnel in accordance with AP Policy (FIN-106) at various levels (e.g. PM, Manager; Director, Chief/EVP). Alternatively, if AX cannot be configured to remediate this delegation weakness, then a compensating control should be put in place. For example, a monthly or quarterly list of invoices approved with limited segregation of duties should be reviewed by the Controller/departments to ensure oversight and transparency on these workflow exceptions.
- b) When segregation of duties is not possible in the system (e.g. vacation, sick, etc.) but appropriate approval is granted through a separate means (e.g. email approval), this documentation should be saved to AX. If a separate and duly authorized means of approval cannot be obtained within that department hierarchy, the Controller should be consulted for either the Controller’s approval or one of their designees.
- c) c) Update AP policy (#FIN-106) to define acceptable ways to document appropriate approval to strengthen segregation of duties (e.g. email approval attached to transaction in AX.)

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

- **Management’s Updated Target Completion Date & Comments:** N/A – This action plan is not due until 12/31/21.

RECOMMENDATION 2 – (Update AX Approvals & Workflow)

The Controller, together with the AX Administrator in the IT Department, should complete the following:

- a) In AX workflow, review by department (see Appendix D) and ensure it aligns with Cap Metro’s AP policy (#FIN-106).
- b) In AX workflow, ensure a first level Project Manager level approval is required for all active projects at CapMetro as identified by the EPPM system (project management software).
- c) Remove any old departments or employee numbers listed in the AX system.

- d) In AX workflow, ensure every department has identified a Chief level approval and review the Manager and Director level approvals to ensure this appropriately reduces the risk of unauthorized payments.
- e) In AX workflow, review dollar thresholds in the configuration and make any necessary adjustments.

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

- **Management's Updated Target Completion Date & Comments:** N/A – This action plan is not due until 12/31/21.

21-03 DBE/SBE Program Controls & Analysis Audit (Issued 04/08/2021 Report Issued with 4 Recommendations)

RECOMMENDATION 1 – (B2Gnow System – Data Completeness and Accuracy)

The OOD's Compliance Manager should implement the following improvements:

- a) Identify mandatory fields (e.g., contact info, contract type, etc.) in the B2Gnow system and configure the system to require mandatory fields to be populated; otherwise, an error code will be provided. Alternatively, if this cannot be automated in B2Gnow, then perform periodic manual checks (e.g., quarterly) to ensure all mandatory fields are being completed for vendors.
- b) Require prime contractors and subcontractors to periodically validate the completeness and accuracy of their data in the B2Gnow, which is relevant to their company and contract.

OPEN ACTION PLANS: (*Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity*) Management agreed with the recommendation above.

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

RECOMMENDATION 2 – (Accuracy of Contractual Required Forms)

The Director of Diversity, Equity, and Inclusions and the OOD's Compliance Manager will consider the following improvement.

- a) During the Post Solicitation, the OOD Department should work with the bidder to ensure contractual forms are accurately completed.
- b) Periodically (e.g., semi-annually), complete a review of the contracts in B2Gnow to ensure all documents are accurately completed and match the data in B2Gnow.

OPEN ACTION Plans: (*Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity*) Management agreed with the recommendation above.

- **Management's Updated Target Completion Date & Comments:** 9/30/21
Management is in the process of defining Standard Operating Procedures, including reviewing the Contractual Required Forms.

RECOMMENDATION 3 – (Develop SOPs and Improve Oversight)

The Director of Diversity, Equity, and Inclusion and the Compliance Manager will consider the

following improvement:

- a) Develop Standard Operating Procedures defining the processes to ensure DBE compliance.
- b) Define the reporting requirements to be completed monthly and biannual.
- c) Identify and develop the B2Gnow compliance reports and define the processes and actions to be taken.

OPEN ACTION Plans: (Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity) Management agreed with the recommendation above.

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

RECOMMENDATION 4 – (No Reconciliation is performed of the Systems)

The Director of Diversity, Equity, and Inclusion and the OOD’s Program Manager will consider the following improvements:

- a) Define the process of the AX to B2Gnow system reconciliation (i.e., which contracts have DBE/SBE participation; and all prime payments are imported to B2Gnow) and included it in the standard operating procedures.
- b) Periodically (e.g., quarterly or semi-annually), perform a complete reconciliation of the systems to ensure the payments are accurately imported in B2Gnow.

OPEN ACTION Plans: (Diponker Mukherjee – Program Manager, Compliance Gov Affair/Ofc. Diversity) Management agreed with the recommendation above.

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