CapMetro

SEMI-ANNUAL FOLLOW-UP ON AUDIT RECOMMENDATIONS MAY 2024 (#24-14)

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 29, 2024. The follow-up included 4 audit reports with a total of 19 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 29, 2024, for the outstanding Corrective Action Plans (CAP's) resulting from internal audit projects.

Conclusion on Corrective Action Plans

We followed up on 19 recommendations from 4 different audit reports and have concluded that 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 for May 2024.

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
20-03	3/9/2020	**OrbCAD Incident/Accident Process Review**	3	0	3	0	0%
21-07	8/20/2021	**Payroll & Benefit Controls Audit**	5	3	2	0	60%
21-09	12/1/2021	**Transit Store and Ticket Controls Audit**	6	3	3	0	50%
22-05	9/22/2022	**Public Transportation Agency Safety Plan (PTASP) Audit**	5	2	3	0	40%
TOTAL:			**19**	**8**	**11**	**0**	**42%**

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, including the recommendations and open Corrective Action Plans. This audit was conducted in accordance with the US Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing. The audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

Joy Qi, Internal Auditor II (Project Lead)

Terry Follmer, VP of Internal Audit

We want to thank Management for their support and satisfactory 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 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.

20-03 ORBCAD INCIDENT/ACCIDENT PROCESS REVIEW (3/09/2020 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, Senior Director of Contract Oversight; Daryl Weinberg, Transit Systems Architect*) Management agreed with the recommendation above.
> - **Management's Updated Target Completion Date and Comments:** 5/01/2025. Keolis staff investigate and manually enter accident/incident information into Excel forms as required by contract terms. Note, we are currently evaluating a replacement of our OrbCAD (Computer-Aided Dispatch) system which will allow interface to other systems like TrackIt and automation of initial Incident/Accident records coming from the Dispatch system. In the meantime, with the change in vendors to Keolis the accident reporting is being done in TrackIt (https://trackittransit.com/) which went live on 4/22/2024 and is currently running in parallel with the historical manual recordkeeping including saving each Incident/Accident form to Sharepoint. Only Accident reporting is in TrackIt and research is being done regarding Incidents. Complete automation of incidents/accidents will not be possible until OrbCAD is replaced.

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:

    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, Senior Director of Contract Oversight; Daryl Weinberg, Transit Systems Architect)* Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** 5/01/2025. Keolis staff investigate and manually enter accident/incident information into Excel forms as required by contract terms. Note, we are currently evaluating a replacement of our OrbCAD (Computer-Aided Dispatch) system which will allow interface to other systems like TrackIt and automation of initial Incident/Accident records coming from the Dispatch system. In the meantime, with the change in vendors to Keolis the accident reporting is being done in TrackIt (https://trackittransit.com/) which went live on 4/22/2024 and is currently running in parallel with the historical manual recordkeeping including saving each Incident/Accident form to Sharepoint. Only Accident reporting is in TrackIt and research is being done regarding Incidents. Complete automation of incidents/accidents will not be possible until OrbCAD is replaced.

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.

OPEN ACTION PLANS: *(Rafael Villareal, Senior Director of Contract Oversight; Daryl Weinberg, Transit Systems Architect)* Management agreed with the recommendation above.

- **Management's Updated Target Completion Date and Comments:** 5/01/2025. Keolis staff investigate and manually enter accident/incident information into Excel forms as required by contract terms. Note, we are currently evaluating a replacement of our OrbCAD (Computer-Aided Dispatch) system which will allow interface to other systems like TrackIt and automation of initial Incident/Accident records coming from the Dispatch system. In the meantime, with the change in

vendors to Keolis the accident reporting is being done in TrackIt (https://trackittransit.com/) which went live on 4/22/2024 and is currently running in parallel with the historical manual recordkeeping including saving each Incident/Accident form to Sharepoint. Only Accident reporting is in TrackIt and research is being done regarding Incidents. Complete automation of incidents/accidents will not be possible until OrbCAD is replaced.

21-07 PAYROLL & BENEFIT CONTROLS AUDIT (8/20/2021 Report Issued with 5 Recommendations)

RECOMMENDATION 2 – (Improve Accuracy of Benefit Calculations)
The Controller and Senior Director of People & Culture should consider the following improvements:
    a) Create an internal P&C Department Procedures Guide for staff to follow, which should include each benefit category offered by CapMetro, internal processes that staff should follow, deadlines, specific calculations, review and approval process, etc. (part of recommendation 1b above).

OPEN ACTION PLANS: (*Donna Simmons, EVP of Administration, Diversity and Inclusion Officer*) Management agreed with the recommendation above.
- **Management's Updated Target Completion Date & Comments:** 8/01/2024.
  Payroll Process Checklist and Billing Process are part of Procedure Guide. Payroll Process Checklist has been completed, however, Billing Process is still in progress and will be completed by 8/1/2024.

RECOMMENDATION 3 – (P&C Policies – Compliance & Approved Exceptions)
The Controller and Senior Director of People & Culture should consider the following improvements to Leave Policy (HRC-440):
    d) Ensure parental and other types of leave are timely communicated to the payroll personnel so that time and attendance records can be properly updated.

OPEN ACTION PLANS: (*Donna Simmons, EVP of Administration, Diversity and Inclusion Officer*) Management agreed with the recommendation above.
- **Management's Updated Target Completion Date & Comments:** 8/01/2024.
  People and Culture department is currently in progress working on the Leave Policy. They also have a standard operating procedure in progress that P&C has been working with Payroll and Benefits regarding some of Leave process, especially FMLA, short-term, and long-term leave. Management has implemented the Oracle system that will further automate Payroll and Benefit processes. The process still needs to be tested in the Oracle system to ensure the way that's coded in Oracle is appropriate.

21-09 TRANSIT STORE AND TICKET CONTROLS AUDIT (12/1/2021 Report Issued with 6 Recommendations)

RECOMMENDATION 2 – (Risk Management of Tickets & Ticket Vendor)
The Chief Risk Officer, the Senior Director/Chief Contracting & Compliance Officer, and the Controller should consider the following improvements:
  - b) Update the Procurement Manual to ensure that contracts that impact safety or handle financial instruments (e.g. tickets) with a monetary value require the vendor to do annual criminal background and credit checks on their employees.
  - e) Perform an inspection of the ticket factory to ensure CapMetro tickets and printing controls are adequate.

OPEN ACTION PLANS: (*Rick Medina, Manager of Cash Operations, Finance Department*) Management agreed with the recommendation above.
  - **Management's Updated Target Completion Date & Comments:** 8/31/2024. Management will be traveling to the factory.

RECOMMENDATION 5 – (Define E-Ticket Policies, Procedures, and Responsibilities)
The Controller and Cash Operations Manager should consider the following improvements:
  - a) Develop an E-ticket policy defining the roles and responsibilities related to e-tickets in the Bytemark system.
  - b) Develop SOPs defining the roles and responsibilities of the employees with administrative access to the Bytemark system to ensure only required employees have that level of access.
  - c) Update the job descriptions to support the procedures outlined in sections a and b.

OPEN ACTION PLANS: (*Rick Medina, Manager of Cash Operations, Finance Department*) Management agreed with the recommendation above.
  - **Management's Updated Target Completion Date & Comments:** 5/31/2024. The process recommendations have been addressed through implementation in the Oracle ERP system and documentation is in progress and will be completed by 5/31/2024. Job descriptions have been updated in the system.

RECOMMENDATION 6 – (**Develop SOP for Each Type of Ticket and Distribution Method**)
The Controller, Manager of Cash Operations, and the Manager of Accounting & Revenue should consider implementing the following improvements:
a) Develop Standard Operating Procedures for the following ticket types:
1. General Fare Tickets
2. Consigned Inventory
3. Returned Tickets
4. Cash on Delivery
5. Stored Value Cards
6. Free Passes
7. Discount Pass Program
8. MetroWorks
9. Ticket Vending Machines
10. Mobile App
11. Family Passes
12. Web Portal

b) Develop and define responsibilities for the Square system (point-of-sale) and Flowbird system (TVM's).
c) Update employee job descriptions to ensure key ticket and system controls have been assigned and defined.

OPEN ACTION PLANS: (*Rick Medina, Manager of Cash Operations, Finance Department*)
Management agreed with the recommendation above.
- **Management's Updated Target Completion Date & Comments:** 5/31/2024.
  SOPs have been mostly completed, but still need to be formatted to the right form to have it all consistent throughout the entire document.
  Square System has been replaced by Core BTI Payment. Core BTI Payment is integrated with our Oracle ERP system. Cash Operations Manager and Transit Store Supervisors are responsible for the inventory management and reporting of the sales. All of that is administered through Core BTI Payment and Flowbird System. No other responsibilities needed. Job descriptions have been updated in the system.

22-05 PUBLIC TRANSPORTATION AGENCY SAFETY PLAN (PTASP) AUDIT (9/22/2022 Report Issued with 5 Recommendations)

RECOMMENDATION 2 – (Update and Further Develop the Safety Plan)
The Director of Safety should complete the following:
   c) Send out yearly safety risk surveys to members of management as outlined in the Safety Plan.

OPEN ACTION PLANS: (*Sean Cagan, Director of Safety*) Management agreed with the recommendation above.
   - **Management's Updated Target Completion Date & Comments:** 9/01/2024.
     2(c) has been implemented this year. June is National Safety Month; Safety Department will work with service provider to issue out the survey. Safety Department will update the Safety Plan to make it a biennial survey.

RECOMMENDATION 3 – (Enhance Controls Related to Employee Safety Reporting System "ESRS")
The Director of Safety should complete the following:
   b) Assign and document the ESRS operations process owner in the Safety Plan for further clarification. The process owner should work towards lowering the time it takes to resolve safety concerns, so it is closer to the 14-day goal or, alternatively, revise the target goal.

OPEN ACTION PLANS: (*Sean Cagan, Director of Safety*) Management agreed with the recommendation above.
   - **Management's Updated Target Completion Date & Comments:** 12/31/2024
     Management has removed reference to the 14-day goal resolution because some items may require a long lead to mitigate. Safety Department will update ESRS process owner (Rory Oldham) during this year's revision period and expected to be completed by the end of year 12/31/2024.

RECOMMENDATION 5 – (Further Develop the Safety Training Program)
The Director of Safety should complete the following:
   a) Further formalize the safety training program by defining and documenting the safety curriculum within the standard training program. Additionally, define and document the frequency, type of training by position, and any refresher trainings.
   b) Change the training process to include input from the Safety Department every year to ensure current safety issues are addressed and implemented in the training program, as necessary.

OPEN ACTION PLANS: (*Sean Cagan, Director of Safety*) Management agreed with the recommendation above.
   - **Management's Updated Target Completion Date & Comments:** 12/01/2024.

5a) & 5b) Safety will be collaborating with the new bus contractor, Keolis, and CapMetro Bus Operations and Bus Maintenance departments, to further the efforts in this area. To be completed by or before December 2024.