



Agenda - Final
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, March 11, 2026

11:00 AM

Rosa Parks Boardroom

This meeting will be livestreamed at capmetrotx.legistar.com

I. Call to Order

II. Public Comment

III. Action Items

1. Approval of minutes from the February 11, 2026 Finance, Audit and Administration Committee meeting.
2. Selection of a Finance, Audit and Administration Committee Vice Chair for the remainder of 2026.
3. Approval of a resolution affirming the Charter Statement for the Finance, Audit and Administration Committee.
4. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Verizon Wireless for telecommunication services, with a base term of four (4) years, in a total amount not to exceed \$3,393,738, of which \$500,000 is contingency.
5. Approval of a resolution affirming CapMetro's Internal Audit Charter.

IV. Presentations

1. Internal Audit FY26 Plan Status - March 2026
2. Internal Audit Advisory Project - Vehicle Maintenance data analytics

V. Items for Future Discussion

VI. Adjournment

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Matt Harriss, Chair; Becki Ross, Dianne Bangle and Jeffrey Travillion.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2026-1765

Agenda Date: 3/11/2026

Approval of minutes from the February 11, 2026 Finance, Audit and Administration Committee meeting.



Minutes
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, February 11, 2026

10:00 AM

Rosa Parks Boardroom

I. Call to Order

10:00 a.m. Meeting Called to Order

Present Becki Ross, Matt Harriss, Zo Qadri, and Dianne Bangle

II. Public Comment

Zenobia Joseph provided public comment following Presentation Item #4.

III. Action Items

1. Approval of minutes from the January 14, 2026 Finance, Audit and Administration Committee meeting.

A motion was made by Bangle, seconded by Ross, that this Minutes be adopted. The motion carried by the following vote:

Aye: Ross, Harriss, and Bangle

Away: Qadri

IV. Presentations

1. FY2026 Financial Report December 2025
2. Internal Audit Semi-Annual Follow-up on Open Recommendations
3. Internal Audit FY26 Plan Status - February 2026
4. Internal Audit Quarterly follow-up on Miscellaneous Revenue
5. American Bus Benchmarking Group (ABBG) Presentation
6. Executive Finance, Audit and Administration Update - February 2026
Update on key performance indicators.

V. Items for Future Discussion

VI. Adjournment

11:11 a.m. Meeting Adjourned

ADA Compliance

Reasonable modifications and equal access to communications are provided upon request. Please call (512) 369-6040 or email ed.easton@capmetro.org if you need more information.

Committee Members: Matt Harriss, Chair; Becki Ross, Dianne Bangle and Zo Qadri.

The Board of Directors may go into closed session under the Texas Open Meetings Act. In accordance with Texas Government Code, Section 551.071, consultation with attorney for any legal issues, under Section 551.072 for real property issues; under Section 551.074 for personnel matters, or under Section 551.076, for deliberation regarding the deployment or implementation of security personnel or devices; arising regarding any item listed on this agenda.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 3/11/2026

Item #: AI-2026-1777

Selection of a Finance, Audit and Administration Committee Vice Chair for the remainder of 2026.

Finance, Audit and Administration Committee
Agenda Date: 3/11/2026

Item #: AI-2026-1740

SUBJECT:

Approval of a resolution affirming the Charter Statement for the Finance, Audit and Administration Committee.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

- 1. Customer
- 2. Community
- 3. Workforce
- 4. Organizational Effectiveness

EXPLANATION OF STRATEGIC ALIGNMENT: CapMetro's two board committees assist the Board of Directors in providing strong governance and play a key advisory role to the full board. Their expertise and in-depth review of issues before the board are vital to our long-term strategic planning.

BUSINESS CASE: Does not apply.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on March 11, 2026.

EXECUTIVE SUMMARY: In 2010, each committee of the Board of Directors adopted a Committee Charter Statement defining its areas of responsibility. Upon adoption, the Board requested that the charters be reviewed periodically to ensure they continue to meet the needs and parameters of each committee. The Board last reviewed this charter in March 2025. Following a review of the current charter, staff does not recommend any updates to the charter.

SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Board of Directors

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2026-1740

WHEREAS, the Board of Directors has established committees made up of members of the Board to consider specified areas of interest to the Authority; and

WHEREAS, the Board of Directors has adopted Committee Charter Statements that define the roles and responsibilities of each of these committees; and

WHEREAS, the Board of Directors desires to review the Committee Charter Statement to ensure that it reflects current roles and responsibilities.

NOW, THEREFORE, BE IT RESOLVED that the Capital Metropolitan Transportation Authority Board of Directors hereby affirms the Committee Charter Statement for the Finance, Audit and Administration Committee.

Date: _____

**Secretary of the Board
Becki Ross**

**CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS
FINANCE, AUDIT AND ADMINISTRATION COMMITTEE CHARTER**

I. PURPOSE

The Finance, Audit and Administration Committee (the “FAA Committee”) has been established by the Capital Metropolitan Transportation Authority (“CapMetro”) Board of Directors (the “Board”) to assist in fulfilling its oversight responsibilities for accounting and financial reporting processes, the system of internal controls, the audit processes, and systems for monitoring compliance with laws, regulations, and the CapMetro Code of Ethics.

Executive management is responsible for preparing complete and accurate financial statements, managing business and financial risk, and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. The Board of Directors has oversight responsibility in these areas and is charged with establishing and supporting an adequate control environment within the organization for ensuring accountability and demonstrating proper stewardship over public funds.

II. AUTHORITY

The FAA Committee has authority to conduct or authorize investigations into and study any matter within its scope of responsibility and make recommendations for action to the full Board. It is empowered to:

1. Ensure the independence of any registered public accounting firm employed by CapMetro.
2. Resolve any disagreements between management and the external auditor regarding financial reporting.
3. Provide oversight and direction of the internal audit function.
4. Use independent counsel, accountants, auditors, or others to advise the FAA Committee or to assist in the conduct of an investigation.
5. Seek any information it requires from CapMetro staff—all of whom are directed to cooperate with FAA Committee requests—or external parties.

III. MEMBERSHIP

The FAA Committee shall consist of at least three (3) members of the Board of Directors.

The Chairperson of the Board will nominate the FAA Committee Chairperson and members annually, subject to confirmation by the Board. The FAA Committee shall elect a Committee Vice Chairperson from among its members at its first meeting following board action on annual committee appointments to perform the duties of the Chairperson in case of the absence, disability or disqualification of the Committee Chairperson.

Each member of the FAA Committee must be financially literate, as the Board interprets such qualification in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment. In addition, one member of the FAA Committee must be a metropolitan planning organization appointee with at least 10 years of experience as a financial or accounting professional.

Committee members shall be free of any relationship that would interfere with his or her individual exercise of independent judgment in accordance with CapMetro’s Code of Ethics and applicable law.

IV. EDUCATION

CapMetro executive management is responsible for providing the FAA Committee with educational resources related to accounting principles and procedures, risk management, ethics, employee health and benefit plans and other information that may be requested by the FAA Committee. CapMetro executive management shall assist the FAA Committee in maintaining appropriate financial and compliance literacy.

V. MEETINGS

The FAA Committee will meet at least four (4) times a year, with authority to convene additional meetings as circumstances require. All meetings will be conducted in accordance with the Texas Open Meetings Act, as applicable. FAA Committee members are expected to attend each meeting. The FAA Committee may direct members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. CapMetro staff will post meeting agendas and backup materials for Board members and the public to view no later than seven (7) calendar days before the committee meeting.

VI. RESPONSIBILITIES

The FAA Committee will carry out the following responsibilities:

1. **Financial & Other Reporting:** *The FAA Committee shall provide reasonable assurance to the Board that financial information reported by management substantively portrays CapMetro's financial condition, results of operations, plans, and long-term commitments. The FAA Committee may review other reports requiring Board approval prior to submission to public sector entities. The FAA Committee will:*
 - Review fiscal, investment, and other financial management policies and practices including but not limited to:
 - Operating & Capital Budgeting
 - Procurement and contracting
 - Revenue (e.g., grants, fare structure, new revenue opportunities including partnerships with external entities)
 - Debt and investments
 - Disadvantaged Business Enterprise (DBE) Program
 - Insurance and risk management
 - Review financial statements, including interim financial statements, auditors' opinions and management letters, and consider whether they are complete and consistent with information known to FAA Committee members, and reflect appropriate accounting principles.
2. **Internal Control:** *The FAA Committee shall understand CapMetro's key financial reporting risk areas and the internal control structure. The FAA Committee will:*
 - Consider the effectiveness of CapMetro's internal control systems, including information technology security and control.
 - Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

- Review and provide oversight for technology investments and processes that support the Authority's strategic financial goals and objectives.
 - Review the reports and results of internal and external audits.
3. Internal Audit: *The FAA Committee shall provide direct oversight of CapMetro's internal audit function. To facilitate the effectiveness and independence of the internal audit function, the internal audit function is ultimately accountable to the Board of Directors and the FAA Committee. The FAA Committee will:*
- Make recommendations to the full Board of Directors regarding the appointment, removal, or other personnel actions of the Chief Audit Executive (CAE).
 - Review annually with management and the CAE the charter, audit plans, activities, staffing, and organizational structure of the internal audit function.
 - Ensure there are no unjustified restrictions or limitations on the internal audit function.
 - Review audit results, reports, and recommendations and ensure adequate management follow-up and resolution.
 - Meet with the CAE to discuss any matters that the FAA Committee or internal audit believes should be discussed.
 - Request internal auditors to perform special studies, investigations, or other services in matters of interest or concern to the FAA Committee or Board that may be outside the scope of the approved Audit Services Plan. Such projects could include investigation of areas of high control risk, potential or suspected fraud or other irregularities, compliance with laws, regulations, policies and procedures, or evaluation of external auditors.
 - Conduct an annual performance review and evaluation of the CAE.
 - Review the effectiveness of the internal audit function through periodic external quality assurance reviews.
4. External Audit: *The FAA Committee shall assure independence in fact and in appearance of all external financial assurance services. External auditors are ultimately accountable to the Board of Directors and the FAA Committee. The FAA Committee will:*
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
 - Consider the facts and circumstances of each case in order to determine if firm or audit partner rotation is needed in order to ensure an independent financial audit in accordance with the Policy on Rotation of Auditors.
 - Approve in advance any non-audit services by external auditors or their consulting practice/affiliates.
 - Ensure that external auditors do not (1) provide non-audit services that involve performing management functions or making management decisions, or (2) audit their own work or provide non-audit services that are significant or material to the subject matter of the audits.
 - Meet with the external auditors to discuss any matters that the FAA Committee or auditors believe should be discussed in detail.
 - Review with management and the external auditors the results of the audit, including any serious difficulties or disputes with management encountered during assurance work.

5. Compliance: *The FAA Committee shall provide reasonable assurance to the Board of Directors that its policies are being carried out and that systems are in place to ensure compliance with laws and regulations. The FAA Committee will:*
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
 - Review the findings of any examinations by regulatory agencies, and any auditor observations.
 - Review the process for communicating the Code of Ethics to company personnel and for monitoring compliance therewith.
 - Obtain regular updates from the Board Ethics Officer and the Staff Ethics Officer regarding ethics and compliance matters.
6. Reporting Responsibilities: *The FAA Committee will:*
- Report and recommend action, as appropriate to the Board of Directors about FAA Committee activities, issues, and related recommendations.
 - Provide an open avenue of communication between internal audit, the external auditors, and the Board of Directors.
 - Review any other reports CapMetro issues that relate to FAA Committee responsibilities.
7. Other Responsibilities: *The FAA Committee will:*
- Perform other activities related to this charter as requested by the CapMetro Board of Directors.
 - Review and assess the adequacy of the FAA Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
 - Confirm annually that all responsibilities outlined in this charter have been carried out.

Finance, Audit and Administration Committee
Agenda Date: 3/11/2026

Item #: AI-2026-1771

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Verizon Wireless for telecommunication services, with a base term of four (4) years, in a total amount not to exceed \$3,393,738, of which \$500,000 is contingency.

FISCAL IMPACT:

Funding for this action is available in the FY2026 Operating Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

- 1. Customer
- 2. Community
- 3. Workforce
- 4. Organizational Effectiveness

EXPLANATION OF STRATEGIC ALIGNMENT: Maintaining and acquiring telecommunication services, to include circuits, private cellular network, cell phones, tablets, WiFi cellular service, and business-related adjunct telecommunications equipment and software will ensure stable and reliable systems as well as provide for the productivity and growth of employees, facilities, vehicles, and infrastructure.

BUSINESS CASE: This contract is for the term of April 2026 through March 2030 to continue telecommunication services with Verizon. Capital Metro uses these services in many ways to provide telecommunications such as data circuits, cell phones, tablets and cellular WiFi services for staff, infrastructure for vehicles that operate our services, WiFi for customer amenities, and in some cases redundancy to maintain communications during an outage.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on March 11, 2026.

EXECUTIVE SUMMARY: This is a routine purchase to provide a contract to support administration, transit operations and customer provided telecommunications services with Verizon to include circuits, private cellular network, cell phones, tablets, WiFi cellular service, and business-related adjunct telecommunications equipment and software.

SBE PARTICIPATION: A 0% SBE goal was assigned to this procurement, which did not include subcontract opportunities.

PROCUREMENT: CapMetro will utilize the Department of Information Resources (DIR) Contract No. DIR-TELE-CTSA-003 held by Verizon Wireless for Communications and Technology Offerings, to provide Telecommunication Services.

DIR awarded contracts are made available for use by Capital Metro via Title 7, Intergovernmental Relations Chapter 791, Interlocal Cooperation Contracts and The Texas Interlocal Cooperation Act. Purchases made using DIR contracts satisfy otherwise applicable competitive bidding requirements. Texas Government Code, Section 2054.0565 (b) states that DIR Contracts meet competitive requirements for all governmental entities.

The term is four (4) years, from April 1, 2026, through March 31, 2030. The following are annual not to exceed amounts with contingency to accommodate growth for Verizon Wireless Telecommunication Services:

Description	Verizon Wireless
Year 1 - Telecommunication Services	\$723,434.28
Year 2 - Telecommunication Services	\$723,434.28
Year 3 - Telecommunication Services	\$723,434.28
Year 4 - Telecommunication Services	\$723,434.28
Grand Total for 4 Years:	2,893,737.12
Contingency Amount to Accommodate Growth:	\$500,000.00
Total Board Approval Amount:	\$3,393,737.12

RESPONSIBLE DEPARTMENT: Information Technology

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2026-1771

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors (and/or CapMetro Management) recognize the need to provide highly available telecommunication systems for internal and external customers; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors (and/or CapMetro Management) endeavor to provide reliable and secure telecommunication systems solutions.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or her designee, is authorized to finalize and execute a contract with Verizon Wireless for telecommunication services, with a base term of four (4) years, in a total amount not to exceed \$3,393,738, of which \$500,000 is contingency.

Date: _____

**Secretary of the Board
Becki Ross**

Finance, Audit and Administration Committee
Agenda Date: 3/11/2026

Item #: AI-2026-1774

SUBJECT:

Approval of a resolution affirming CapMetro’s Internal Audit Charter.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

- 1. Customer
- 2. Community
- 3. Workforce
- 4. Organizational Effectiveness

EXPLANATION OF STRATEGIC ALIGNMENT: The mission of the Internal Audit department is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps CapMetro accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

BUSINESS CASE: Does not apply.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on March 11, 2026.

EXECUTIVE SUMMARY: The Internal Audit Charter identifies the purpose, authority, and responsibility of the CapMetro Internal Audit function, consistent with professional auditing standards, including those put forward by the Institute of Internal Auditors and the US Government Accountability Office through the Government Audit Standards.

The CapMetro Board of Directors asked that the Charter be reviewed periodically and updated as necessary. The last of these reviews was performed in February 2025.

There were no changes this year as significant changes were made last year due to the new professional practice standards updates.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Internal Audit

**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2024-1774

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors has adopted an Internal Audit Charter that identifies the purpose, authority, and responsibility of the CapMetro Internal Audit function, consistent with professional auditing standards; and

WHEREAS, the Institute of Internal Auditors has moved from the 2017 IPPF Framework to the 2024 Global Internal Audit Standards, making updates to the current charter necessary; and

WHEREAS, The U.S. Government Accountability Office (GAO) has issued the 2024 revision of Government Auditing Standards; further necessitating additional language and updates.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the board has reviewed the Internal Audit Charter attached hereto and hereby continues the Charter without modification.

Date: _____

**Secretary of the Board
Becki Ross**

Internal Audit Charter	
Approved by FAA Committee:	Last Approved: 2/12/2025 CMTA Resolution #: AI-2024-1371

Mission

To enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

Purpose

The purpose of the internal audit function is to strengthen Capital Metropolitan Transportation Authority’s (“**CapMetro**”) ability to create, protect, and sustain value by providing the Finance, Audit and Administration Committee (the “**FAA Committee**”) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances CapMetro’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

CapMetro’s internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA’s Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the FAA Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the IIA’s Global Internal Audit Standards and the Generally Accepted Government Auditing Standards

CapMetro’s internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, which are the Global Internal

Audit Standards and Topical Requirements. Also, the internal audit function must adhere to Generally Accepted Government Auditing Standards (the “GAGAS”), as issued by the U.S. Government Accountability Office (the “GAO”). The chief audit executive will report annually to the FAA Committee and senior management regarding the internal audit function’s conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

CapMetro’s internal audit function mandate is found in the Texas Transportation Code Sec. 451.458. INTERNAL AUDITOR. (a) This section applies only to an authority confirmed before July 1, 1985, in which the principal municipality has a population of less than 1.3 million.

(b) The board shall appoint a qualified individual to perform internal auditing services for a term of five years. The board may remove the auditor only on the affirmative vote of at least three-fourths of the members of the board.

(c) The auditor shall report directly to the board.

Authority

The internal audit function’s authority is created by its direct reporting relationship to the FAA Committee of CapMetro’s Board of Directors. Such authority allows for unrestricted access to the FAA Committee.

The FAA Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information as this access is subject to compliance with confidentiality and data privacy policies.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives.
- Obtain assistance from the necessary personnel of CapMetro and other specialized services from within or outside CapMetro to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships

The chief audit executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See “Mandate” section.) The Chief Audit Executive (CAE) shall report functionally to the Board of Directors (BOD) through the Finance, Audit and Administration (FAA) Committee, and administratively to the President & Chief Executive Officer (the “CEO”) to ensure independence and operational support. This positioning provides the organizational authority and status to bring matters directly to senior

management and escalate matters to the FAA Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the FAA Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the FAA Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Independence and Objectivity (GAGAS)

The internal audit function shall adhere to the independence requirements as outlined in the 2024 revision of the Generally Accepted Government Auditing Standards (GAGAS), Chapter 3, ensuring that auditors maintain both independence of mind and appearance. This includes applying the GAGAS conceptual framework to identify, evaluate, and address threats to independence, such as self-interest, self-review, bias, familiarity, undue influence, management participation, and structural threats. Auditors must document all independence evaluations, including the nature of the engagement, identified threats, safeguards applied, and conclusions regarding independence. Regular reassessment of independence is required throughout the audit process, especially when changes occur that could affect independence. Additionally, audit documentation must be sufficiently detailed to enable an experienced auditor, with no prior connection to the audit, to understand the nature, timing, extent, and results of the procedures performed, as well as the evidence supporting the audit findings and conclusions. This aligns with GAGAS 2024, Chapter 6, ensuring transparency and facilitating quality reviews.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, FAA Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the organization.
- Significant changes in the chief audit executive, FAA Committee, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

FAA Committee Oversight

To establish, maintain, and ensure that CapMetro's internal audit function has sufficient authority to fulfill its duties, the FAA Committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to and communicates and interacts directly with the FAA Committee, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Provide input to the internal audit function's human resources administration and budgets.
- Review the internal audit function's expenses.
- Provide input to senior management on the appointment and removal of the chief audit executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Review and provide input to senior management on the chief audit executive's performance.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the principles in the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.
- To align with the Generally Accepted Government Auditing Standards (GAGAS) 2024, Chapter 6, the internal audit function shall establish and maintain comprehensive documentation for each audit engagement. This documentation must provide a clear understanding of the work performed, evidence obtained, and conclusions reached. It should be sufficiently detailed to enable an experienced auditor, with no prior connection to the audit, to comprehend the nature, timing, extent, and results of the procedures performed, as well as the evidence supporting the audit findings and conclusions. This practice ensures transparency, facilitates quality reviews, and upholds the integrity of the audit process.
- Conform with the GAGAS's five ethical principles:
 1. Public Interest
 2. Integrity
 3. Objectivity
 4. Proper Use of Government Information, Resources, and Positions
 5. Professional Behavior
- Establish procedures for reporting and addressing ethical violations to foster an ethics-based culture within the organization.

Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an

unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for CapMetro or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any CapMetro employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, FAA Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the FAA Committee and senior management. Discuss the plan with the FAA Committee and senior management and submit the plan to the FAA Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the FAA Committee and senior management.

- Review and adjust the internal audit plan, as necessary, in response to changes in CapMetro’s business, risks, operations, programs, systems, and controls.
- Communicate with the FAA Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the FAA Committee and senior management semiannually and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact CapMetro and communicate to the FAA Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to CapMetro’s relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the FAA Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the FAA Committee.
- Ensure that each auditor completes at least 80 hours of Continuing Professional Education (CPE) every two years, with a minimum of 24 hours directly related to government auditing or the specific environment of the audited entity, as stipulated in Chapter 4 of the 2024 Generally Accepted Government Auditing Standards (GAGAS). This requirement should be consistently applied to all internal audit staff, with regular monitoring and documentation of compliance to uphold the quality and effectiveness of the audit function.

Communication with the FAA Committee and Senior Management

The chief audit executive will report annually to the FAA Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the FAA Committee that could interfere with the achievement of CapMetro's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond CapMetro's risk appetite

Quality Assurance and Improvement Program

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

The internal audit function shall establish and maintain a comprehensive system of quality control designed on risk-based process to provide reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, as stated in GAGAS Chapter 5. This system should encompass leadership responsibilities, ethical requirements, human resources, engagement performance, and monitoring, as specified in Chapter 5 of the 2024 GAGAS Revision. Annually, the chief audit executive will communicate with the FAA Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

Under the Generally Accepted Government Auditing Standards (GAGAS), audit organizations are required to undergo an external peer review at least once every three years by reviewers independent of the audit organization and in accordance with GAGAS requirements. Also the qualified, independent assessor or assessment team qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of CapMetro’s activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the FAA Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for CapMetro.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility as management responsibilities include “decision-making, policy creation, and operational oversight. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

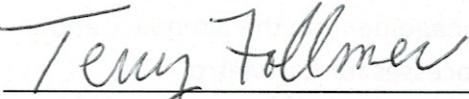
- Risks relating to the achievement of CapMetro’s strategic objectives are appropriately identified and managed.
- The actions of CapMetro’s officers, directors, management, employees, and contractors or other relevant parties comply with CapMetro’s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact CapMetro.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approved by the FAA Committee at its meeting on February 12, 2025.

Effective Date

This charter and the policies therein became effective immediately upon adoption by the Board of Directors of CapMetro.

Acknowledgments/Signatures



Chief Audit Executive

3-12-2025

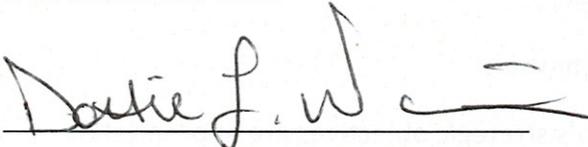
Date



FAA Committee Chair

3-12-2025

Date



CapMetro President & CEO

3-12-2025

Date



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 3/11/2026

Item #: AI-2026-1769

Internal Audit FY26 Plan Status - March 2026

FY26 INTERNAL AUDIT PLAN

Department Scorecard

Projects	Status & % Complete	Additional Details
FAA COMMITTEE & INTERNAL AUDIT CHARTER COMPLIANCE		
1 Finance, Audit & Administration (FAA) Committee Meetings: 10/8; 11/5; 12/10; 1/14; 2/11; 3/11; 4/8; 5/6; 6/10; 7/15; 8/10; 9/16; 10/14; 12/2	In Process	
2 Semi-annual Implementation Status Report - November 2025	Completed	February
3 Semi-annual Implementation Status Report - May 2026		
4 Quarterly - Implementation Status of Miscellaneous Revenue recommendations	In Process	February
5 FY2026 Risk Assessment & development of FY27 Audit Plan		
FY25 Audit Assurance & Advisory Projects		
1 Keolis Payroll Pass Through Charges - Ongoing Continuous Monitoring	Ongoing Monitoring	
2 MTM Payroll Pass Through Charges - Ongoing Continuous Monitoring	Ongoing Monitoring	
3 Oracle segregation of duties (DLT Solutions & Sikich) - build model & test	In Process	
4 Oracle Survey - User Satisfaction & Opportunities		
5 Capital Projects - Costs & Reporting Controls		
6 Inventory Controls - Bus Parts (Keolis)	Completed	November
7 Inventory Controls - Demand Response Parts (MTM)	Completed	December
8 Inventory Controls - Rail Parts (Herzog)	Completed	January
9 Inventory Controls - Facilities & Bus Stop Parts - Advisory Project	In Process	April/May
10 Fuel Inventory Controls (Unleaded, Diesel, & Red Diesel)	Draft Report	April
11 Brinks Contract and Outsourced Treasury Controls	In Process	UT Interns - Spring
12 Keolis - Bus Maintenance & Training (UT Interns - Fall)	Completed	March
13 MTM - Demand Response Maintenance & Training (UT Interns - Fall)	Completed	March
14 Automation of Bus Incident/Accident Reporting (TrackIt System)		
15 CLS System for Right of Way License Contracts (Completeness & Accuracy)	In Process	April/May
16 Bus Charging Infrastructure & EV Program	In Process	
17 UMO Contract (e-Tickets) & Administrative Fees	In Process	UT Interns - Spring
18 Real Estate - Life Cycle Management & Controls		
19 Safety Mgt System (SMS) - Safety Promotion via Competencies & Training	In Process	
20 NIST Cybersecurity Framework (CISA Facilitated Self Assessment) - re-assessment from 2024 baseline	On Hold	Delay - Fed Funding
21 Annual Cybersecurity Review (Verizon Penetration Test)	In Process	April/May
22 CISA Tabletop Exercise (Ransomware Attack)	On Hold	Delay - Fed Funding
NEW PROJECTS ADDED TO FY26 AUDIT PLAN by Terry Follmer		
1 Quadrennial Performance Report - Tracker until Completed		
2 FTA Triennial - closure on one remaining deficiency (Paratransit Vehicle Award Reporting form)	Completed	January
3 Revenue Mapping/RACI Chart (Transit Store & Revenue Team)	In Process	UT Interns - Spring
4 Bus Operations RACI Chart (Pull Out; Critical Incidents; Lost Time)	In Process	UT Interns - Spring
5 Rail RFP - Observation on Selection Process		



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee
Agenda Date: 3/11/2026

Item #: AI-2026-1779

Internal Audit Advisory Project - Vehicle Maintenance data analytics



Vehicle Maintenance – Bus & DR

UT Interns – Fall 2025

3/11/2026 FAA Committee Meeting

Objective & Scope

Use Data Analytics to achieve the following:

- Evaluate the Completeness & Accuracy of the Data
- Gather any insights or trends in the data.

Obtain management requests of desired reports and/or analysis and create as many deliverables as possible during the Fall semester.

Summarize observations and create recommendations.

Requested Deliverables from UT Interns

No.	Deliverable & Task	Deliverables	Comment
1	Life cycle costs for each Vehicle	-	Data not available – Labor Rate (\$36.78) loaded in 10/2025
2	Cost per mile	<i>Deliverable 2</i>	Parts only 2024 & 2025 - Labor Rate (\$36.78) loaded in 10/2025
3	Cost per year-category or manufacturer	<i>Deliverable 3</i>	Parts only 2024 & 2025 - Labor Rate (\$36.78) loaded in 10/2025
4	Repeat Failures - returning for the same issue or shortly after PM	-	Merged with 9
5	Mean Distance Between Failures (MDBF)	<i>Deliverable 5</i>	MDBF
6	Road Calls -Failed in Service	<i>Deliverable 6</i>	MDBF -Category-Month
7	Road Calls - analysis of types of road calls, root cause	<i>Deliverable 7</i>	Road Calls-MDBF-Chargeable and causes (System failure)
8	Labor hours cost analysis	-	Data not available – Labor Rate (\$36.78) loaded in 10/2025
9	Last PM per Vehicle	<i>Deliverable 9</i>	Miles for Last PM
10	Road Calls - trends, frequency, root causes	-	Merged with 6
11	Part cost analysis & trends-per vehicle	<i>Deliverable 11</i>	Parts only 2024 & 2025
12	Keolis metrics template-comprehensive	-	Data not available
13	Data Completeness and Accuracy	<i>Deliverable 13</i>	VMA list reports
14	Industry Benchmarking - APTA, ABBG, FMCSA	-	Did not have access to benchmarking
15	Quadrennial Performance Audit	-	Framework in process

Completeness & Accuracy Observations

- Identified some Work Orders (WO) that had unrealistically high hours. In some cases amount paid to third party vendor was recorded as maintenance hours. Note, now that a Labor Rate has been loaded it will be easier to identify anomalies in the data.
- Some WO's had zero activity hours. Note, standard hours for common maintenance activities have not been loaded.
- Mean Distance Between Failures (MDBF) is better than what has been reported. Some accidents were incorrectly being included as a Chargeable Road Call in the MDBF calculations which reduces MDBF miles.
- Many extended "waiting for parts" WO's are the result of supervisors failing to update the work order status after the parts have arrived.

Findings and Recommendations- Data governance

Observations/Findings:

- EAM is not configured (hard coded) to drive completeness and accuracy (e.g. which fields are required or conditional, edit or reasonableness checks, etc.).
- Lack of exception reports, monitoring and data governance. For example, what data quality checks are done by Keolis/MTM and formal process to correct data errors.
- Some compliance issues (e.g. clock in/out on WO; updating “waiting for parts” on WO when part received; etc.)

Recommendations:

- Evaluate available fields and determine which fields are required and/or conditional. Consider locking or removing unnecessary fields to streamline the process. Create data dictionary, glossary and data owners with governance.
- As part of data governance, create exception reports with clear thresholds and assigned owners (Keolis/MTM and CapMetro). Add quality control checks for work orders (Keolis/MTM) and require a documented process from opening through closing each work order.
- Identify ways to prevent and detect data compliance issues, and incentives/penalties for right behaviors.

CapMetro

Questions?