



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

2910 East 5th Street
Austin, TX 78702

Wednesday, May 8, 2024

10:00 AM

Rosa Parks Boardroom

Items marked with an * have been revised or added.

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 March 18, 2024 Finance, Audit and Administration Committee meeting.
2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract for State Legislative Consulting Services with the offices of Marc A. Rodriguez for a base term of three (3) years, with one (1) two-year extension option, in a total amount not to exceed \$648,000.

IV. Presentations:

1. FY2025 Proposed Budget Calendar
- *2. Key Performance Indicators
3. Internal Audit UT Spring Interns Advisory Projects: Keolis Contract Invoice & Payroll Controls; and McKalla Station Expenditure Controls.
4. Internal Audit FY2024 Audit Plan Status
5. Internal Audit Miscellaneous Revenues Tracking Update

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; Leslie Pool, Becki Ross and Dianne Bangle.

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-2024-1164

Agenda Date: 5/8/2024

Approval of minutes from the March 18, 2024 Finance, Audit and Administration Committee meeting.

Minutes
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee

2910 East 5th Street
Austin, TX 78702

Monday, March 18, 2024

11:00 AM

Rosa Parks Boardroom

I. Call to Order

11:01 a.m. Meeting Called to Order

Present	Leslie Pool, Becki Ross, Matt Harriss, and Dianne Bangle
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II. Public Comment

There were no public comments this month.

III. Action Items:

1. Approval of minutes from the February 14, 2024 Finance, Audit and Administration Committee meeting.

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

Aye: Pool, Ross, Harriss, and Bangle

2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Bright Horizons Family Solutions, LLC for the management of the Childcare and Learning Center operations for one base year for a total contract amount of \$597,090.

The committee went into Executive Session on this item under Texas Government Code Section 551.071 for Consultation with an Attorney for legal issues.

Into Executive Session: 11:10 a.m.

Out of Executive Session: 11:24 a.m.

After discussion, no vote was taken on this item.

IV. Presentations:

1. Internal Audit FY2024 Audit Plan Status

2. Internal Audit Miscellaneous Revenue Tracking System Update

V. Items for Future Discussion

VI. Adjournment

1142 a.m. Meeting Adjourned

ADA Compliance

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Committee Members: Matt Harriss, Chair; Leslie Pool, Becki Ross and Dianne Bangle.

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Finance, Audit and Administration Committee
Agenda Date: 5/8/2024

Item #: AI-2024-1118

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract for State Legislative Consulting Services with the offices of Marc A. Rodriguez for a base term of three (3) years, with one (1) two-year extension option, in a total amount not to exceed \$648,000.

FISCAL IMPACT:

Funding for this action is available in the FY2024 Operating Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> 1. Customer | <input checked="" type="checkbox"/> 2. Community |
| <input type="checkbox"/> 3. Workforce | <input checked="" type="checkbox"/> 4. Organizational Effectiveness |

Strategic Objectives:

- | | | |
|--|--|--|
| <input type="checkbox"/> 1.1 Safe & Reliable Service | <input type="checkbox"/> 1.2 High Quality Customer Experience | <input type="checkbox"/> 1.3 Accessible System |
| <input checked="" type="checkbox"/> 2.1 Support Sustainable Regional Growth | | |
| <input type="checkbox"/> 2.2 Become a Carbon Neutral Agency | | |
| <input type="checkbox"/> 2.3 Responsive to Community and Customer Needs | <input type="checkbox"/> 2.4 Regional Leader in Transit Planning | |
| <input type="checkbox"/> 3.1 Diversity of Staff | <input type="checkbox"/> 3.2 Employer of Choice | <input type="checkbox"/> 3.3 Expand Highly Skilled Workforce |
| <input checked="" type="checkbox"/> 4.1 Fiscally Responsible and Transparent | <input type="checkbox"/> 4.2 Culture of Safety | <input type="checkbox"/> 4.3 State of Good Repair |

EXPLANATION OF STRATEGIC ALIGNMENT: This contract aims to help CapMetro achieve its Strategic Priority of building *Agency Trust, Presence, and Reputation*, by engaging with elected officials, stakeholders, and the community proactively and strategically all Central Texas. This engagement is designed to address the requirements, challenges, and benefits of public transportation as an integral part of the overall regional transportation system, promoting the agency's role, presence, and goodwill.

BUSINESS CASE: CapMetro has augmented in-house resources with specifically skilled consultants to assist with state legislative consulting services for several years previously. By retaining a consultant to assist the agency with state legislative consulting services, we help to ensure that during the regular and interim sessions of the Texas Legislature, the agency is promptly notified of issues which may impact current capital projects or other operations. During the interim, consultants will work with CapMetro staff to develop and

maintain relationships with state leaders that are crucial to the continued success of the agency.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on May 8, 2024.

EXECUTIVE SUMMARY: Staff is requesting approval for the President & CEO, or their designee, to finalize and sign a contract with the offices of Marc A. Rodriguez for state legislative services. The cost of the contract should not exceed \$648,000.

The purpose of this contract is to provide lobbying and other professional and governmental relations services. These services aim to advance and protect CapMetro's interests at the state level. The contractor will advise and assist CapMetro with developing and maintaining constructive relations and providing continuous communications with members of the State Legislature and other relevant entities. The contractor will also provide additional related services, including communicating on the agency's behalf with state agency executives and industry counterparts on state matters.

Currently, CapMetro is contracting with K&L Gates. However, their contract is expiring on May 31, 2024. Therefore, on December 26, 2023, a Request for Proposal was issued and advertised for the performance of State Legislative Consulting Services. By the deadline of February 06, 2024, four proposals were received.

After a five-member staff review team evaluated the proposals, the Office of Marc A. Rodriguez was chosen as the best value proposer to represent CapMetro.

If approved by the board, a contract with the Offices of Marc A. Rodriguez will be finalized for a base term of three years. The contract will have one two-year extension option that can be exercised by CapMetro.

DBE/SBE PARTICIPATION: The contractor will exceed the goal utilizing the following SBE contractors. The goal is 3% and the contractor is a certified SBE and will perform 100% of the work.

PROCUREMENT: On Dec 26, 2023, a Request for Proposal was issued for State Legislative Consulting Services, with four proposals received by the closing date, Feb 06, 2024. Evaluation factors included expertise in the Texas Transportation Code (Ch. 451), relevant work experience, demonstrated ability to interact with key state legislators and executives, and an understanding of the project scope. The proposal from Marc A. Rodriguez's Offices, totaling \$648,000.00, was deemed the best value, considering price and other factors. Contract term: three years from the Notice of Proceed (NTP) with a two-year option period from the Notice to Proceed (NTP).

RESPONSIBLE DEPARTMENT: Government Affairs

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

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2024-1118

WHEREAS, the Capitol Metropolitan Transportation Authority Board of Directors recognizes the importance of effective representation at the state legislative level to advance its mission and objectives; and

WHEREAS, CapMetro desires to develop and maintain constructive relationships and continued communications with members of the state legislature, agency executives, and state leadership; and

WHEREAS, securing legislative services is vital for building these relations, advocating for CapMetro's interests, and ensuring alignment with state transportation policies.

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 the offices of Marc A. Rodriguez for state legislative services in an amount not to exceed \$648,000.

Date: _____

**Secretary of the Board
Becki Ross**



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2024-1125

Agenda Date: 5/8/2024

FY2025 Proposed Budget Calendar



FY2025 Budget Development Calendar

Board Committees 5/8/2024

FY2025 Budget Development Calendar

- Feb 7 Operating and Capital Budget kick-off meeting with departments
- Apr 12 Capital and Operating Budget requests received from departments
- May 8 Board Committees review proposed budget calendar
- Jun 5 Initial review with Access Advisory Committee
- Jun 12 Board Committees initial review and discussion
- Jun 12 Initial review with Customer Satisfaction Advisory Committee
- Jun 28 Initial review with Public Safety Advisory Committee
- Jul 10 Budget proposal presented to Board Committees
- Jul 22 Budget proposal presented to Board of Directors

FY2025 Budget Community Engagement

- Aug 7 Presentation to Access Advisory Committee
- Aug 12 Update Board Committees
- Aug 14 Presentation to Customer Satisfaction Advisory Committee
- Aug 23 Presentation to Public Safety Advisory Committee
- Aug 23 Proposed budget document is published online
- Aug 26-30 Budget public outreach and webinar
- Sep 11 Update Board Committees
- Sep 11 Public hearing on proposed budget and capital improvement plan
- Sep 23 Board of Directors considers budget proposal for adoption

FY2025 Budget Development Calendar

- Early Oct Approved budget is posted online
- Early Dec Approved budget document submitted for consideration by the Government Finance Officers Association –
“Distinguished Budget Presentation” recognition

CapMetro

Thank you!



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2024-1147

Agenda Date: 5/8/2024

Key Performance Indicators



KPI Presentation

May 8, 2024

KPI Presentation Agenda

- Update the Board on Key Performance Indicators
- Indicators support agency priorities and CEO Scorecard
- KPIs are built to highlight a balanced scorecard approach including:
 - Operational KPIs
 - Financial KPIs
 - Workforce KPIs
 - Safety KPIs
 - DBE/SBE
- Continuing data driven decision making journey to collect critical data

FY2024 Priorities



Stand up a Transit Police Department

Gardner Tabon

Create the CapMetro Transit Police Dept.



Fare Strategy

Catherine Walker

Establish an equitable and ultramodern fare system architecture to reduce confusion and inefficiencies and ensure our riders' access.



Project Connect

Sharmila Mukherjee

Continue implementation of the Project Connect program through mindful and transparent delivery of capital projects and services, and coordination with partners.



Service Excellence » Customer Experience

Andy Skabowski

Develop and implement procedures, initiatives and programs to enhance service delivery and, therefore, drive improvements to customer experience.



Digital Transformation

Catherine Walker

Transform our use of technology into an influential catalyst, driving process improvement and enhancing reliability across the organization.



Agency Trust, Presence and Reputation

Leroy Alloway

Proactively and strategically engage with elected officials, stakeholders, and the community across Central Texas to address needs, challenges, and value of public transportation as part of the overall regional transportation system; helping to promote the agency's role, presence, and goodwill.



Invest in Talent

Benjamin Sims

Support our organization by equipping the CapMetro family with the skills they need to succeed and grow; cultivate a leadership culture centered on accountability, inclusivity, and respect; and ensure our organization is recruiting and retaining needed talent.



Safety & Emergency Management

Gardner Tabon

Elevate CapMetro's safety culture by equipping the organization with the skills to lean into and take ownership of their role in Safety Management Systems and Emergency Management.



Strengthen Organizational Foundations

Kerri Butcher

Promote continuous improvement throughout the organization by optimizing processes, strengthening cross-functional collaboration, and strategically formulating a comprehensive implementation roadmap encompassing all agency multiyear projects and plans.



Project Delivery

Dave Kubicek

Amplify CapMetro's project delivery efficiency by ensuring timely and budget-conscious execution through enhanced communication and seamless collaboration.

CapMetro

Ridership

Systemwide Ridership

Monthly Boardings for CapMetro Services

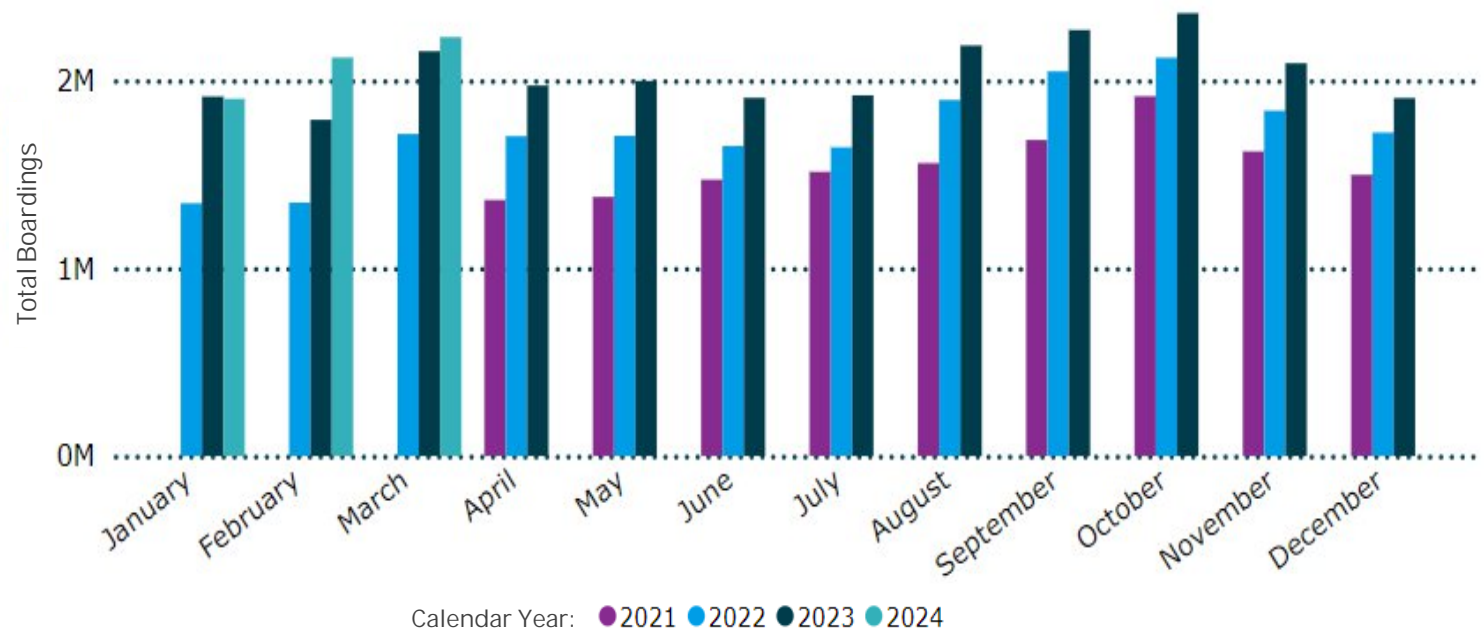
Number of passengers that board a CapMetro vehicle for all Bus services, Rail service, and CapMetro Access. This chart displays the past two calendar years and the current year-to-date.

Overall Percent
Change in
Ridership from
Prior 12-month
Period

12.1%

Overall Ridership
in the
Past 12 Months

24.9M



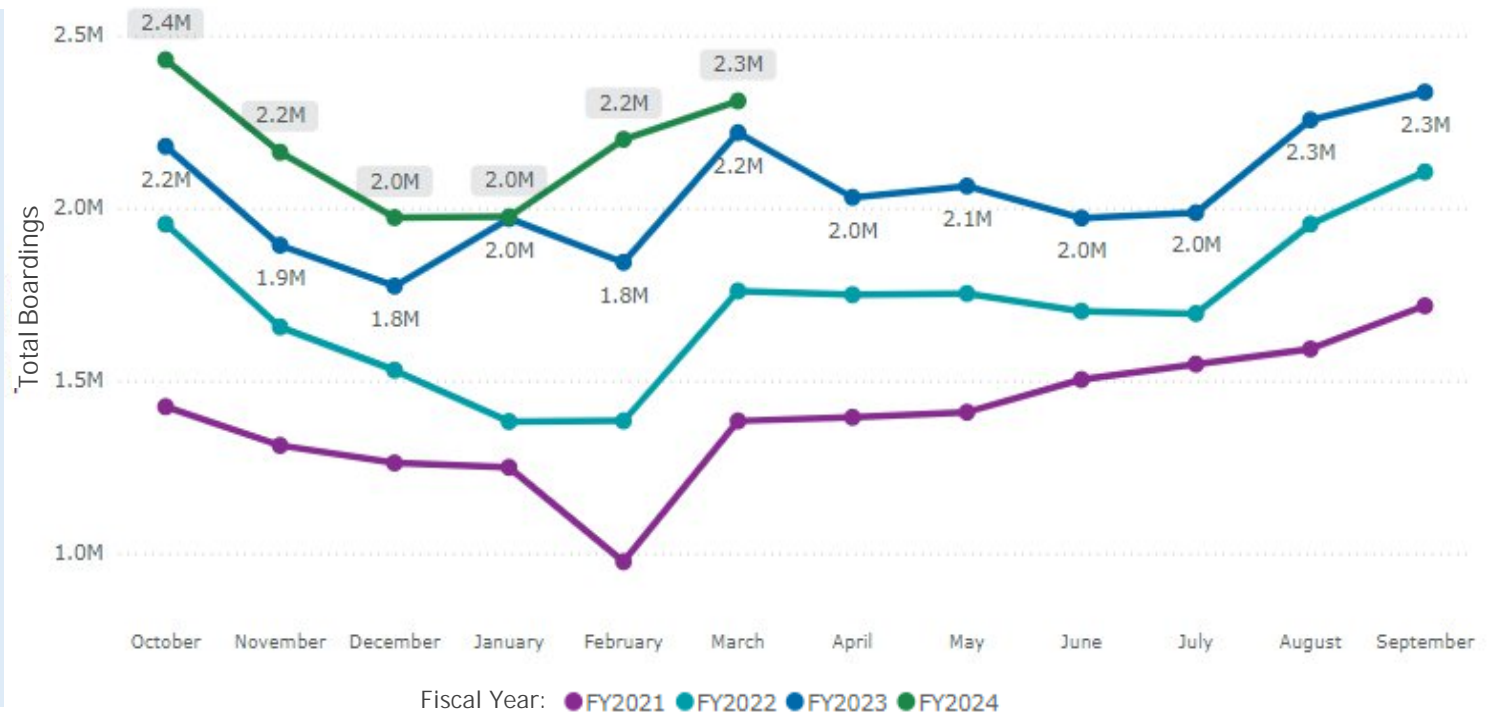
Systemwide Ridership

Monthly Boardings for CapMetro Services

Number of passengers that board a CapMetro vehicle for all Bus services, Rail service, and CapMetro Access. This chart displays the last three fiscal years and the current year-to-date.

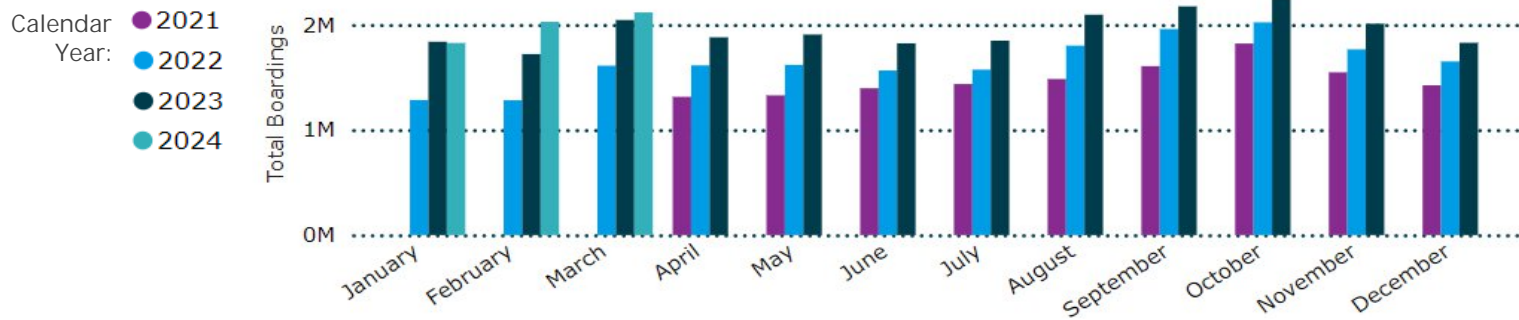
Total Boardings in March 2024

Bus	1,663,669
Rapid	345,869
UT Shuttle	99,256
Rail	65,918
Access	48,231
Pickup	43,906
Rideshare	31,715
Express	10,519
Special Service	1,283
Total	2,310,366

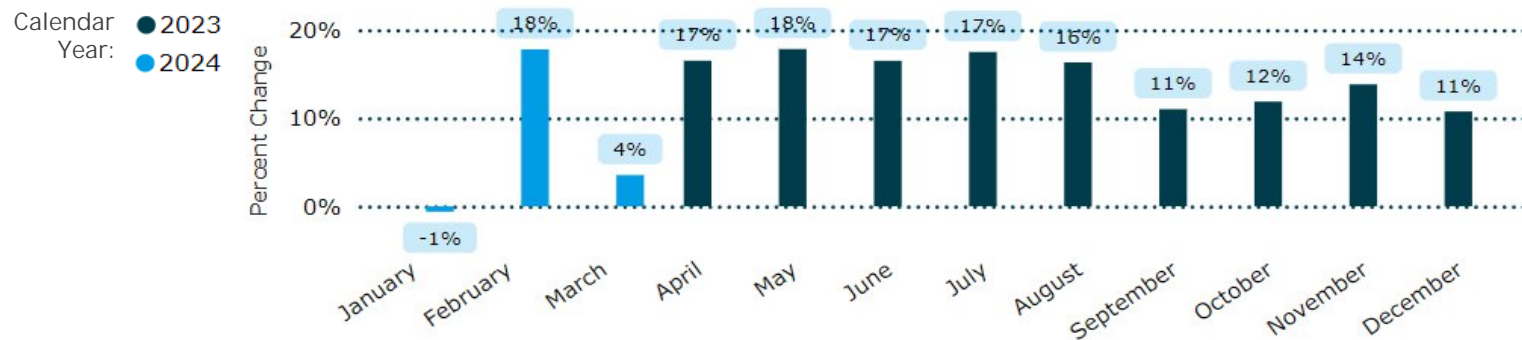


Ridership by Mode: Bus

Boardings for All CapMetro Bus Services by Month

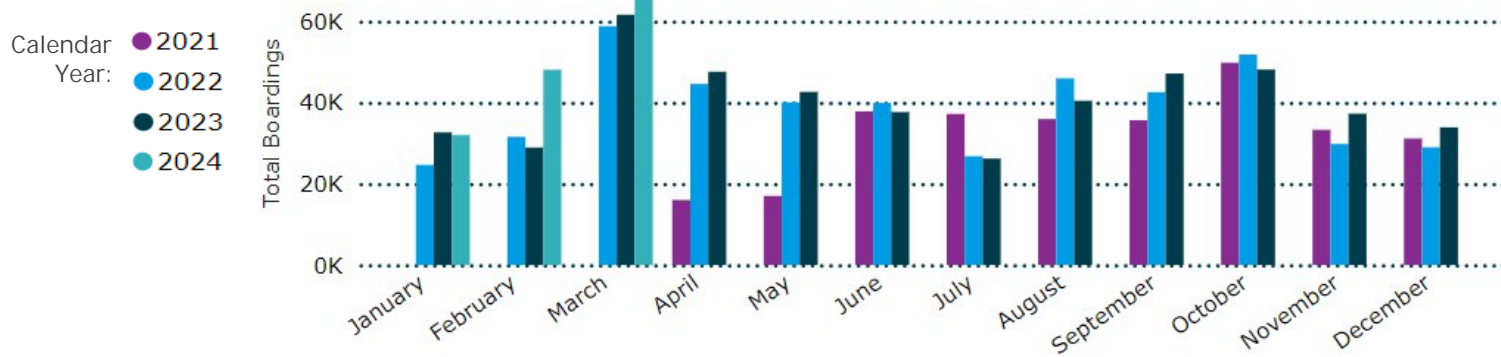


Monthly Percent Change in Boardings for All CapMetro Bus Services from the Prior Year

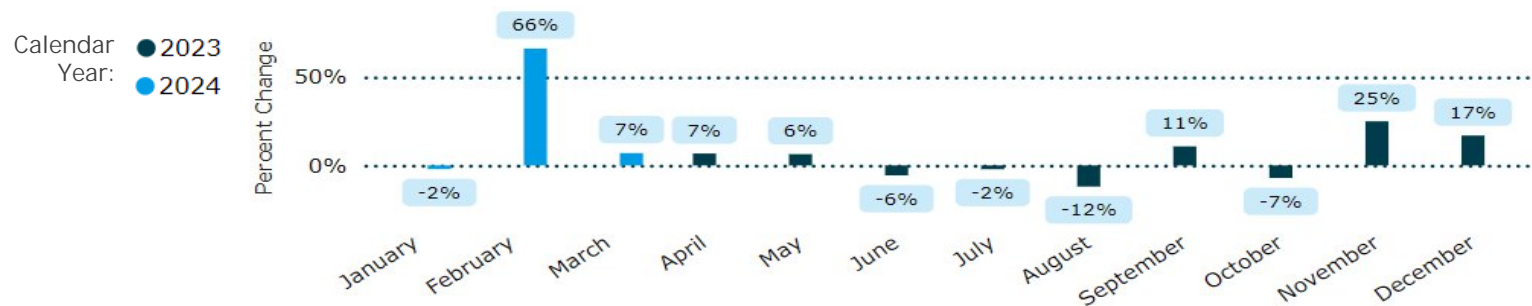


Ridership by Mode: Rail

CapMetro Rail Boardings by Month

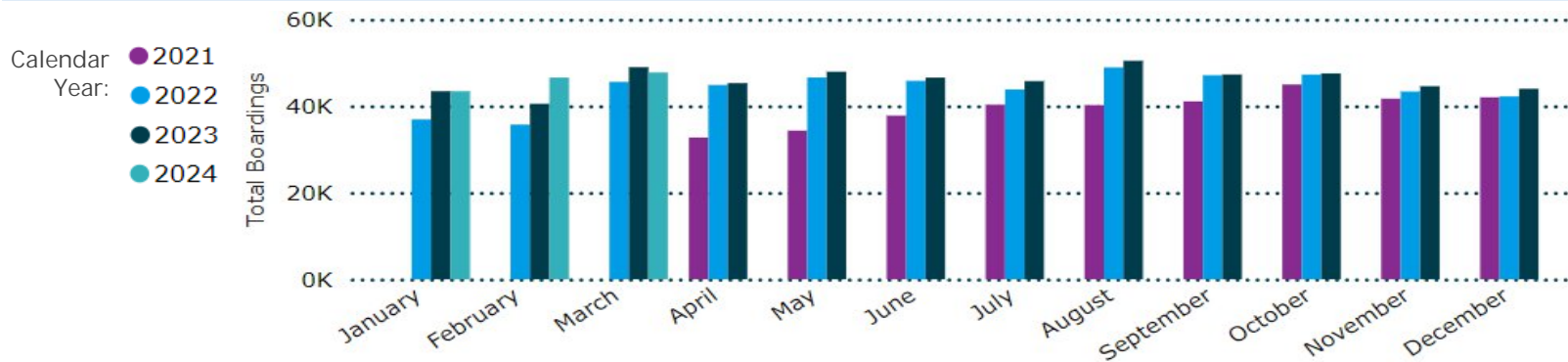


Monthly Percent Change in CapMetro Rail Boardings from the Prior Year

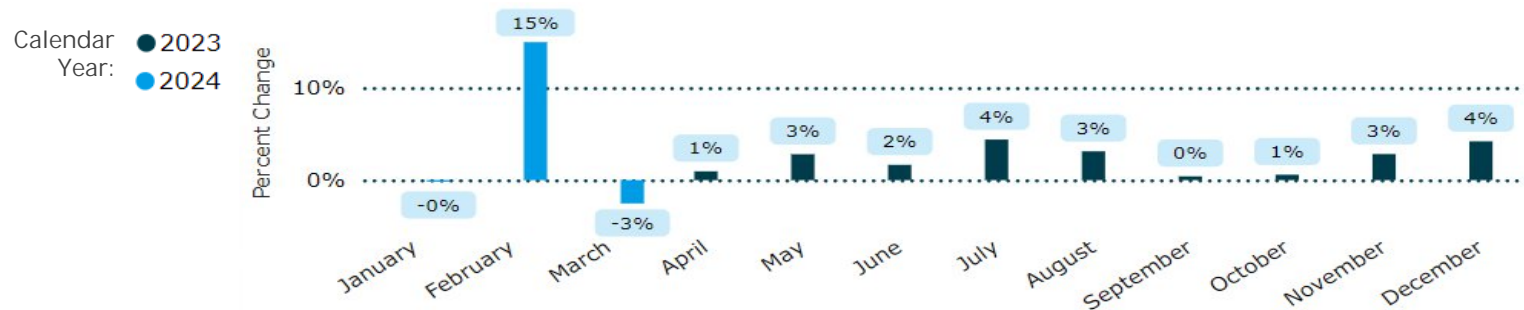


Ridership by Mode: Access

CapMetro Access Boardings by Month

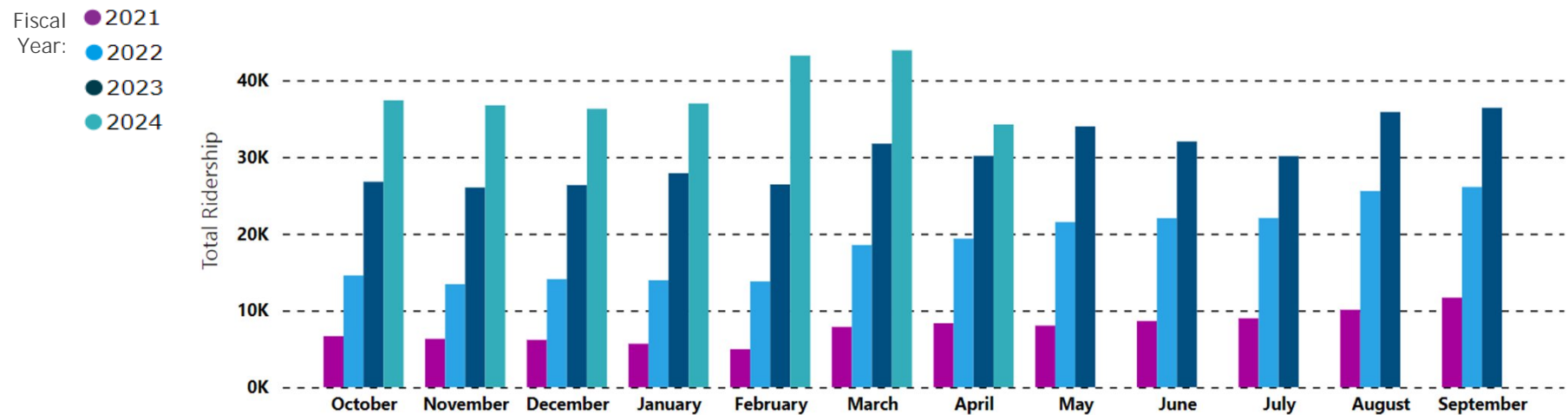


Monthly Percent Change in CapMetro Access Boardings from the Prior Year



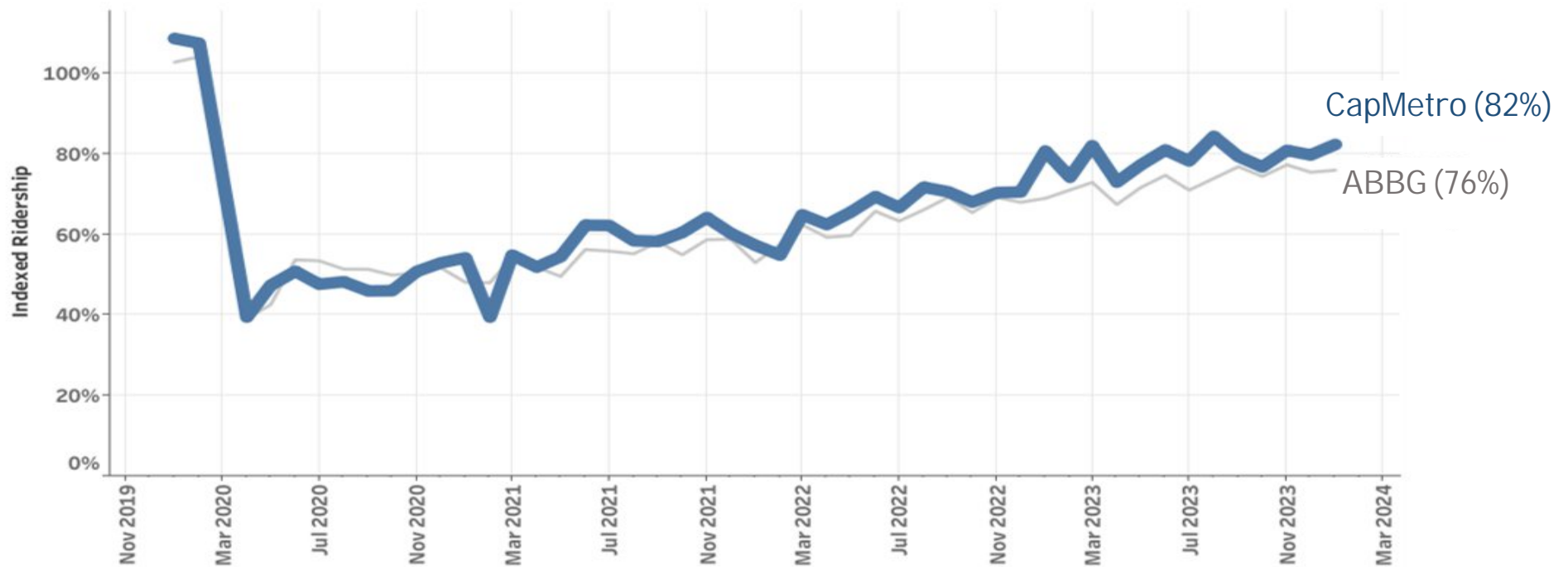
Ridership by Mode: Pickup

CapMetro Pickup Boardings by Month



Ridership Recovery Bus: Benchmark

Fixed Route Total Monthly Ridership
Indexed to the same month in Calendar Year 2019.



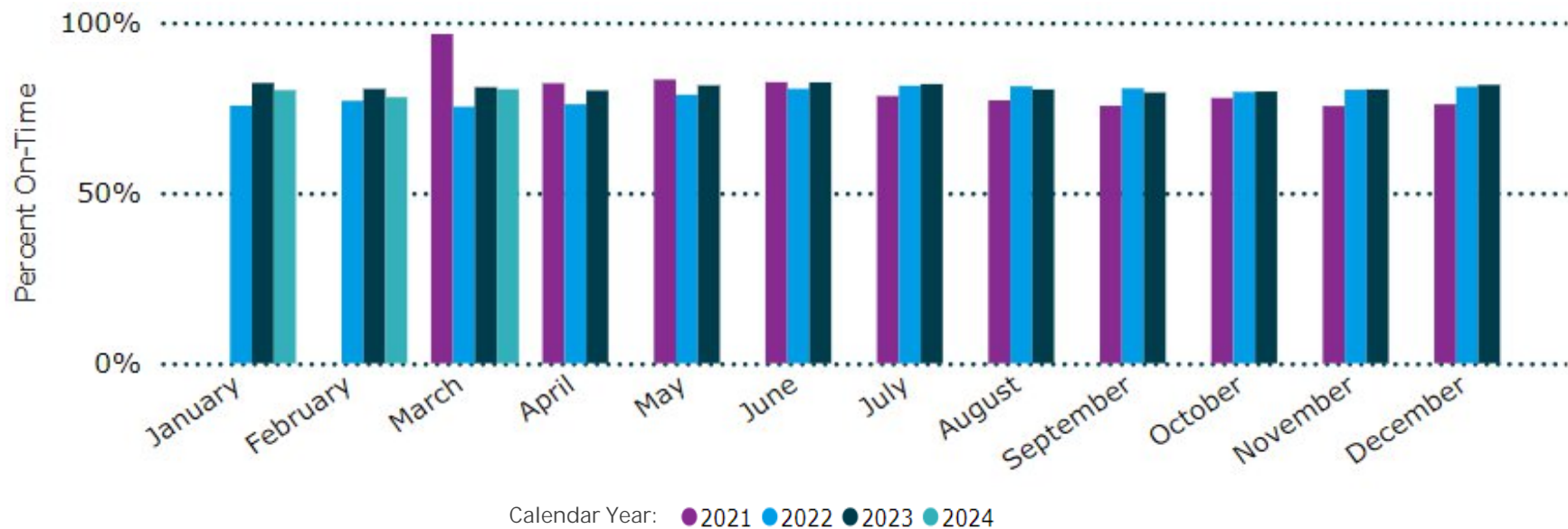
CapMetro

On-Time Performance

On-Time Performance Systemwide

Monthly On-Time Performance (OTP) for CapMetro Service

The percentage of timepoints for all Bus services, Rail service, and CapMetro Access that were serviced on-time each month.



OTP in the
Past 12 Months

80.6%

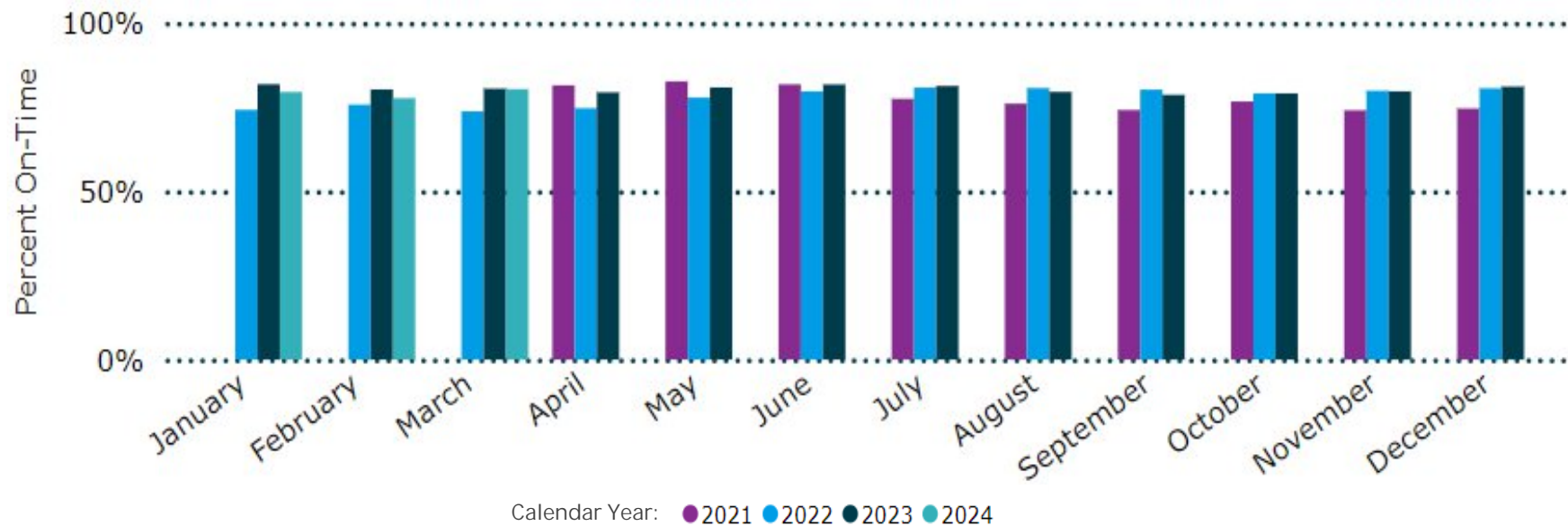
CapMetro

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On-Time Performance: Bus

Monthly On-Time Performance (OTP) for All CapMetro Bus Service

The percentage of Bus timepoints that were serviced on-time each month. Includes CapMetro Bus, CapMetro Express, and CapMetro Rapid.



OTP in the
Past 12 Months

79.9%

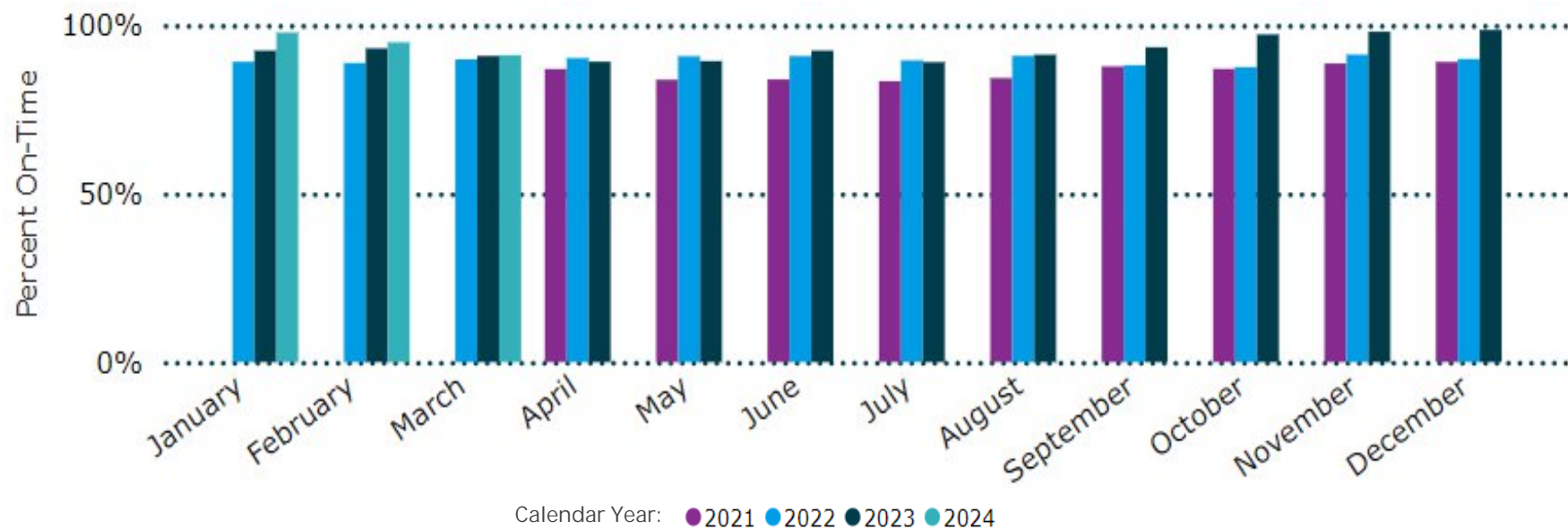
CapMetro

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On-Time Performance: Rail

Monthly On-Time Performance (OTP) for CapMetro Rail Service

The percentage of Rail timepoints that were serviced on-time each month.



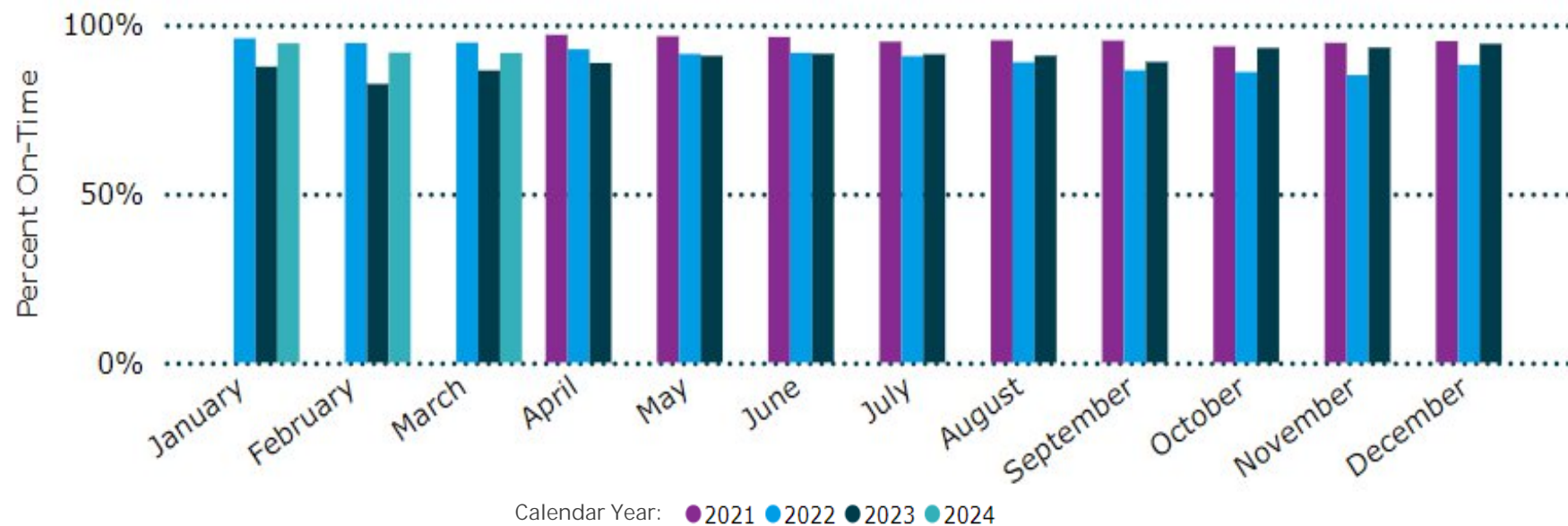
OTP in the
Past 12 Months

93.4%

On-Time Performance: Access

Monthly On-Time Performance (OTP) for CapMetro Access

The percentage of CapMetro Access trips that were serviced on-time each month.



OTP in the
Past 12 Months

91.7%

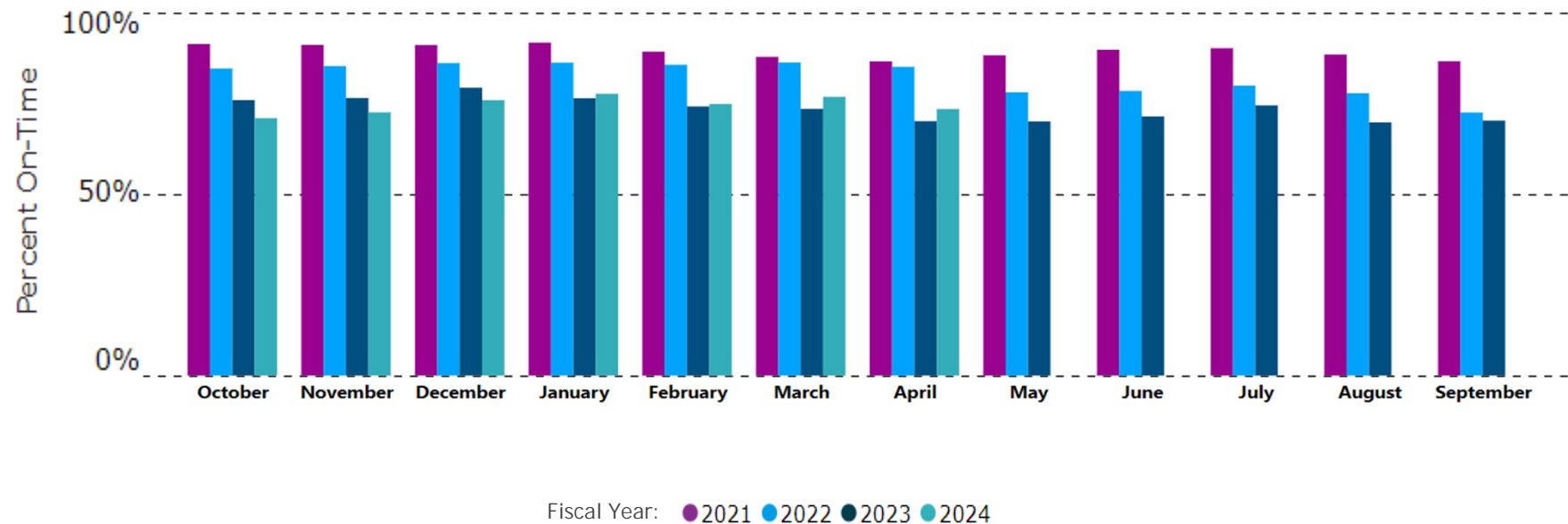
CapMetro

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On-Time Performance: Pickup

Monthly On-Time Performance (OTP) for Pickup

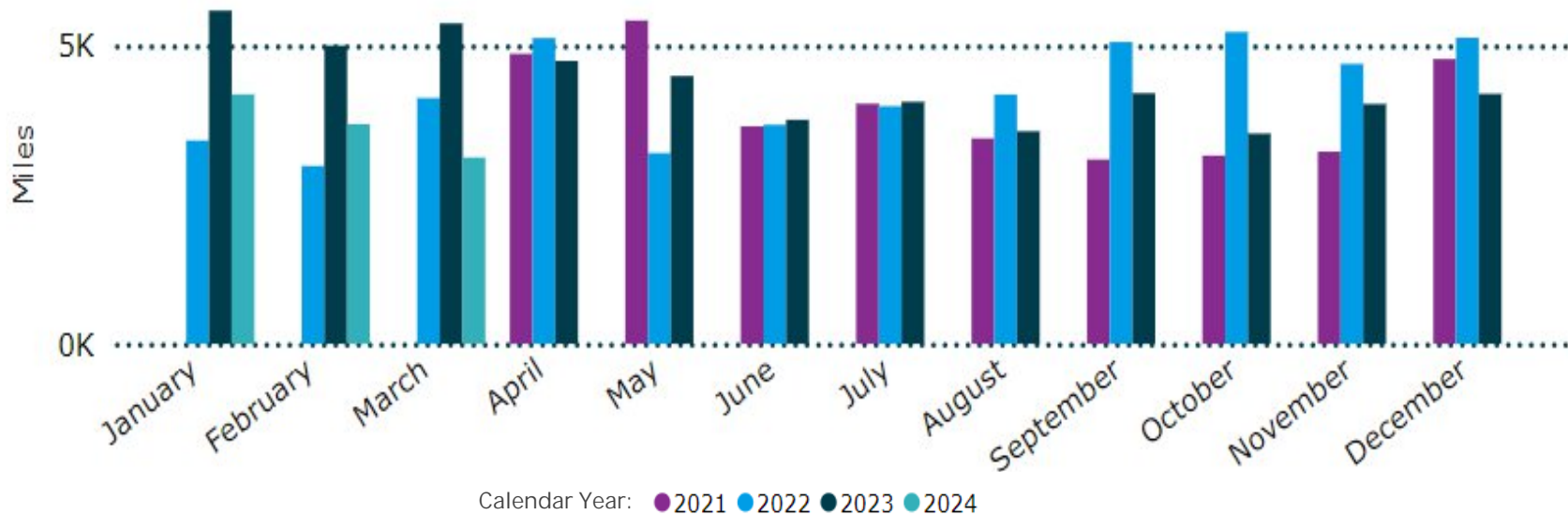
The percentage of CapMetro Pickup trips that were serviced on-time each month.



Mean Distance Between Failure: Bus

Mean Distance Between Failure (MDBF) for All Bus Services by Month

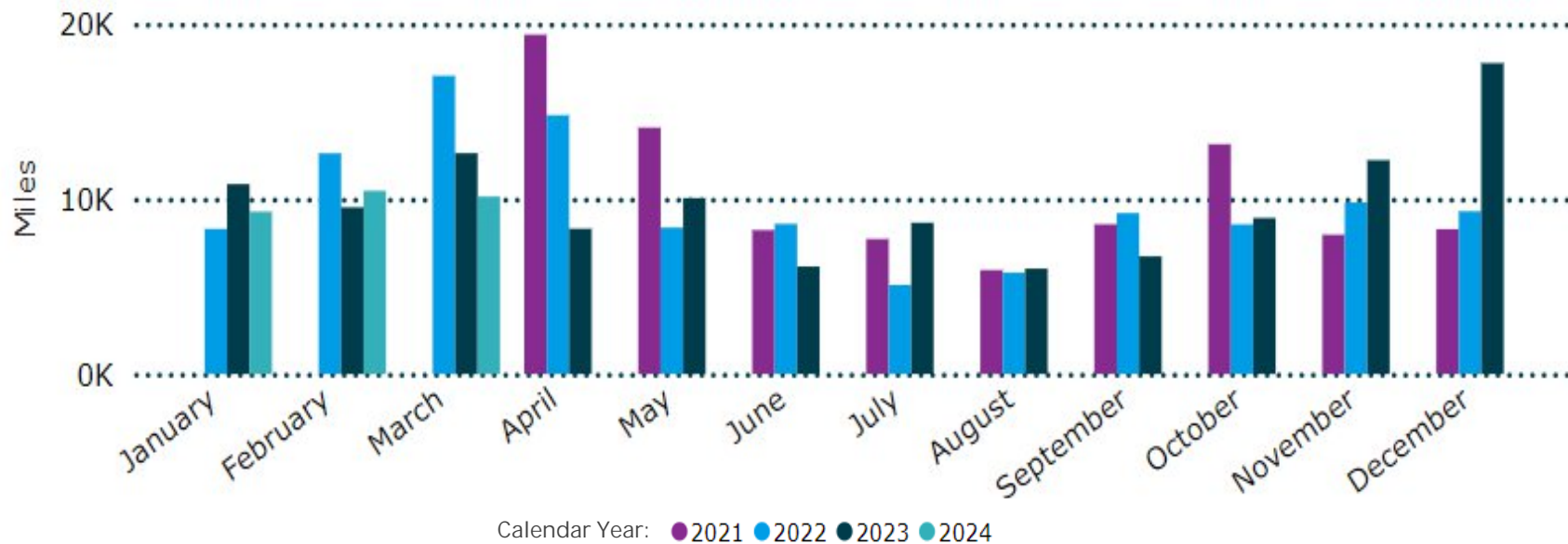
MDBF is a reliability metric that measures the mean number of miles traveled between the failure of a mechanical element that prevents the vehicle from completing a scheduled revenue trip or starting the next scheduled revenue trip.



Mean Distance Between Failure: Access

Mean Distance Between Failure (MDBF) for CapMetro Access by Month

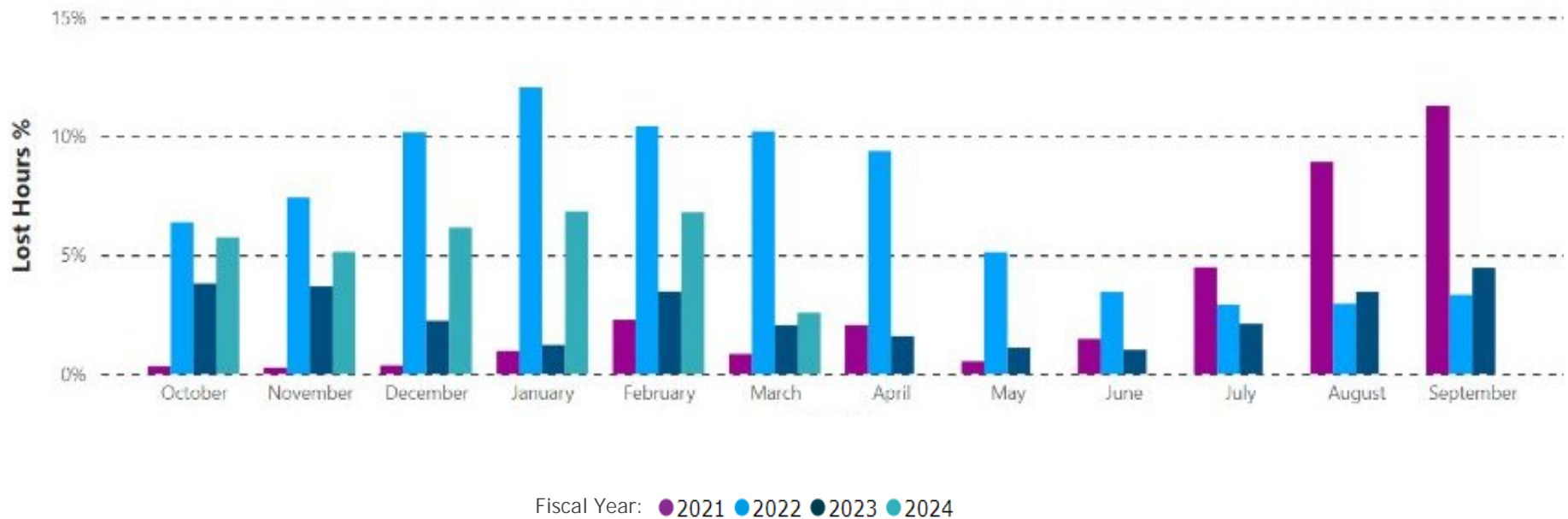
MDBF is a reliability metric that measures the mean number of miles traveled between the failure of a mechanical element that prevents the vehicle from completing a scheduled revenue trip or starting the next scheduled revenue trip.



Lost Time: Bus

Scheduled Revenue Hours Lost: Bus

The percent of hours that CapMetro buses are scheduled to be in revenue service but are not in operation.



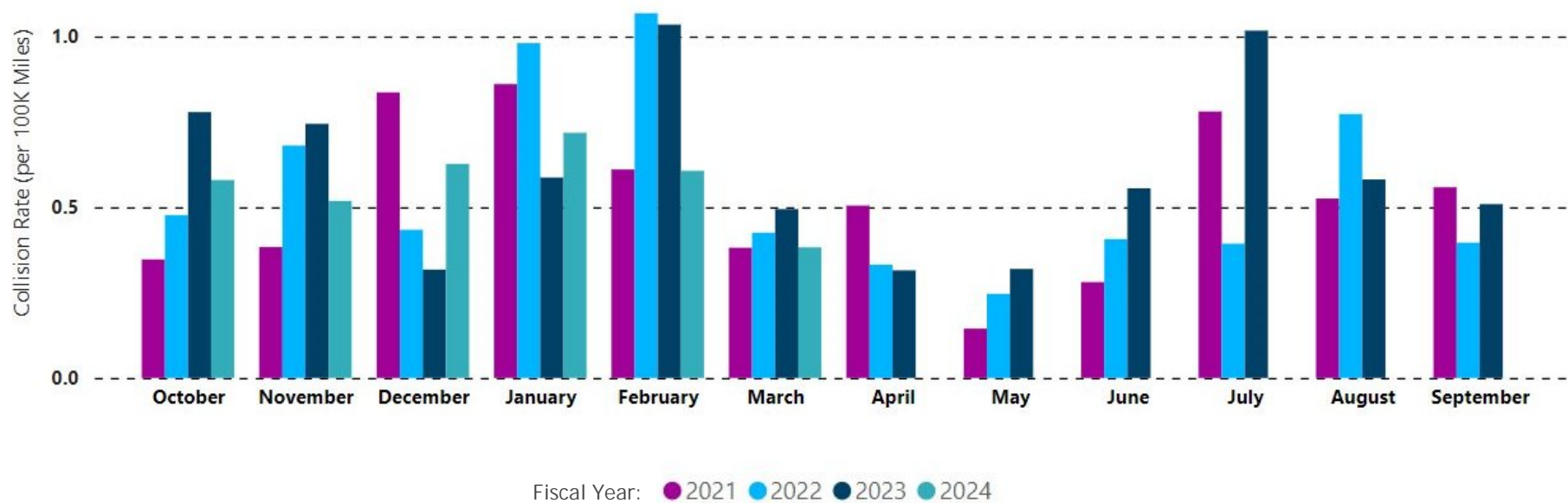
CapMetro

Safety

Vehicle Collisions: Bus

Collision Rate per 100,000 Miles

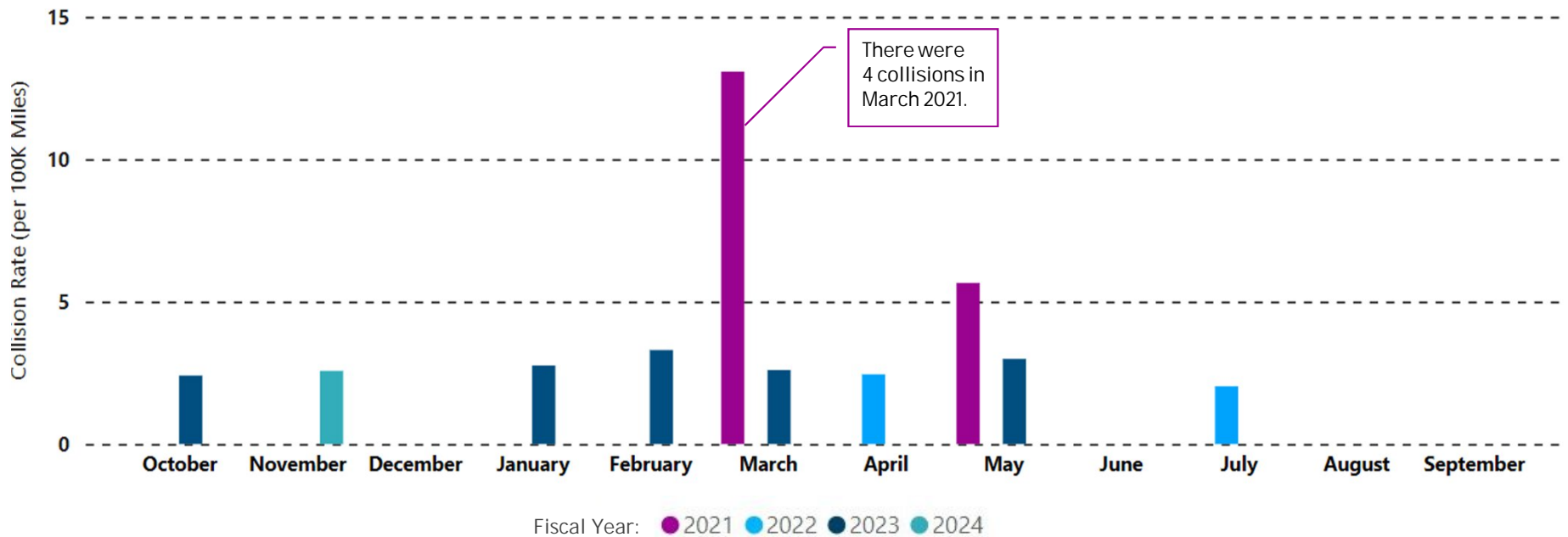
Number of NTD-reported collisions by CapMetro Buses divided by standardized revenue miles.



Vehicle Collisions: Rail

Collision Rate per 100,000 Miles

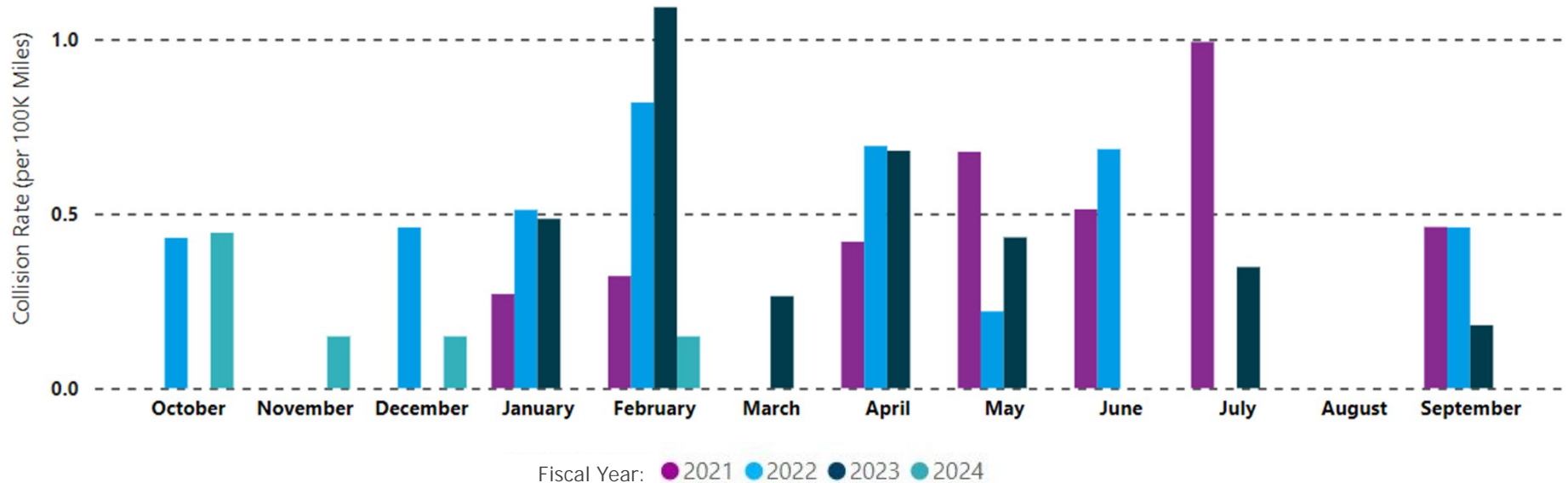
Number of NTD-reported collisions by CapMetro Trains divided by standardized revenue miles. Missing bars indicate the value '0'.



Vehicle Collisions: Demand Response

Collision Rate per 100,000 Miles

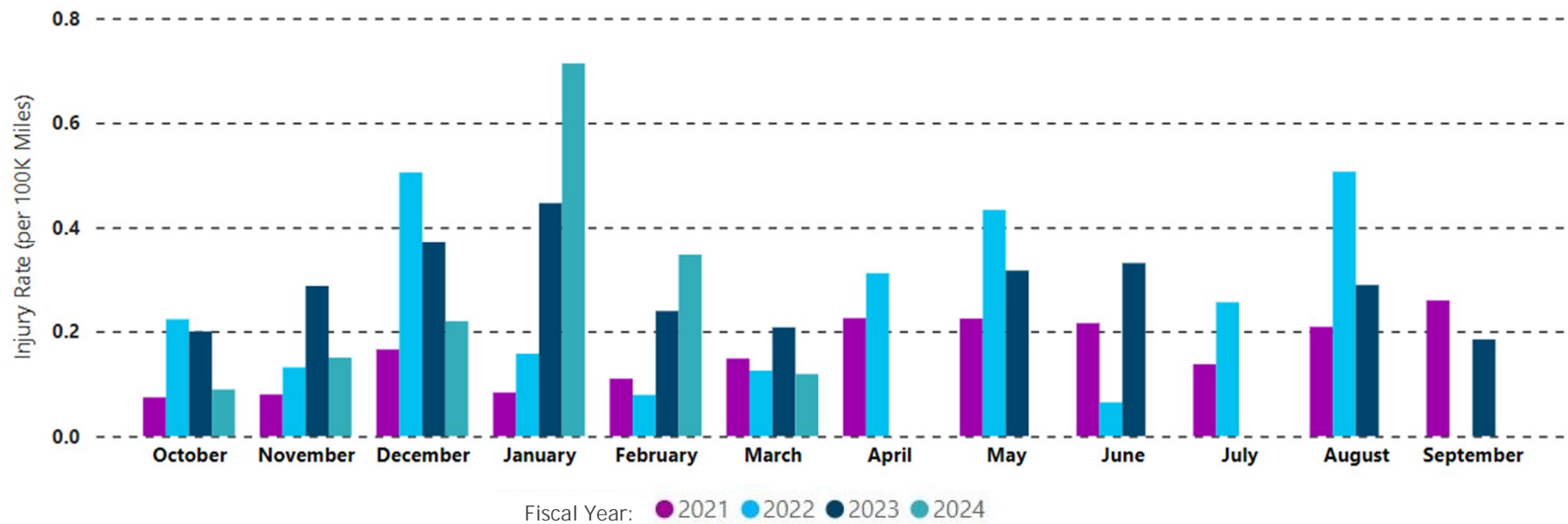
Number of NTD-reported collisions by Demand Response vehicles divided by standardized revenue miles. Missing bars indicate the value '0'.



Injuries: Bus

Injury Rate per 100,000 Miles

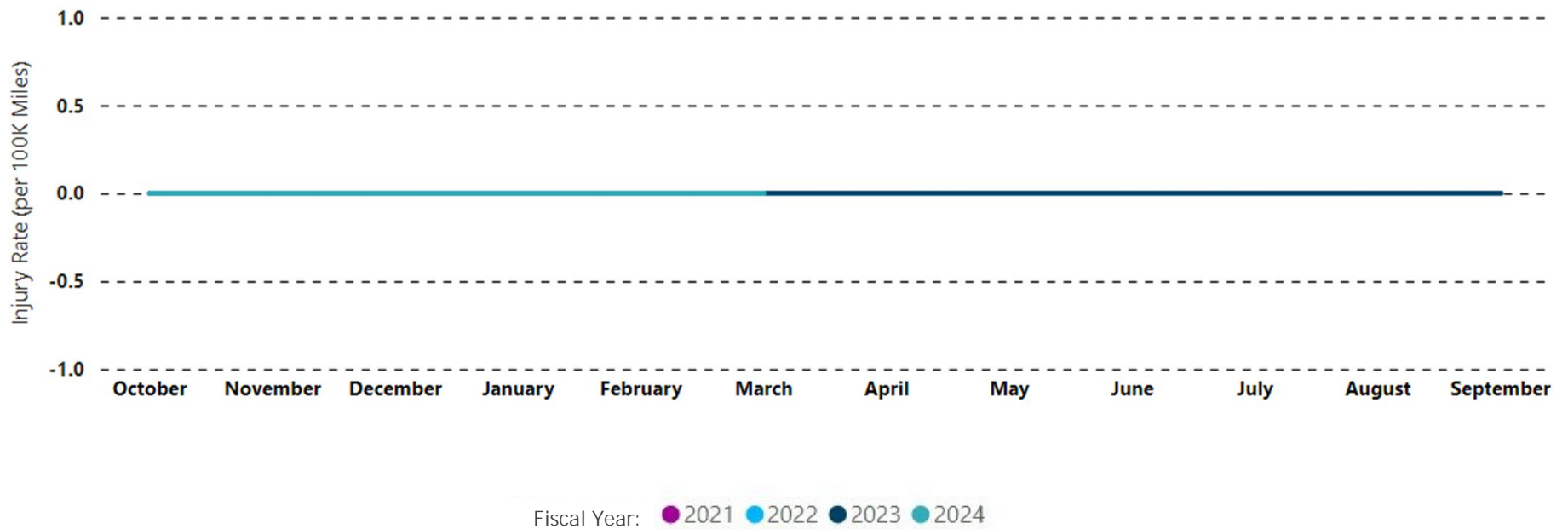
Number of NTD-reported injuries on CapMetro Buses divided by standardized revenue miles. Missing bars indicate the value '0'.



Injuries: Rail

Injury Rate per 100,000 Miles

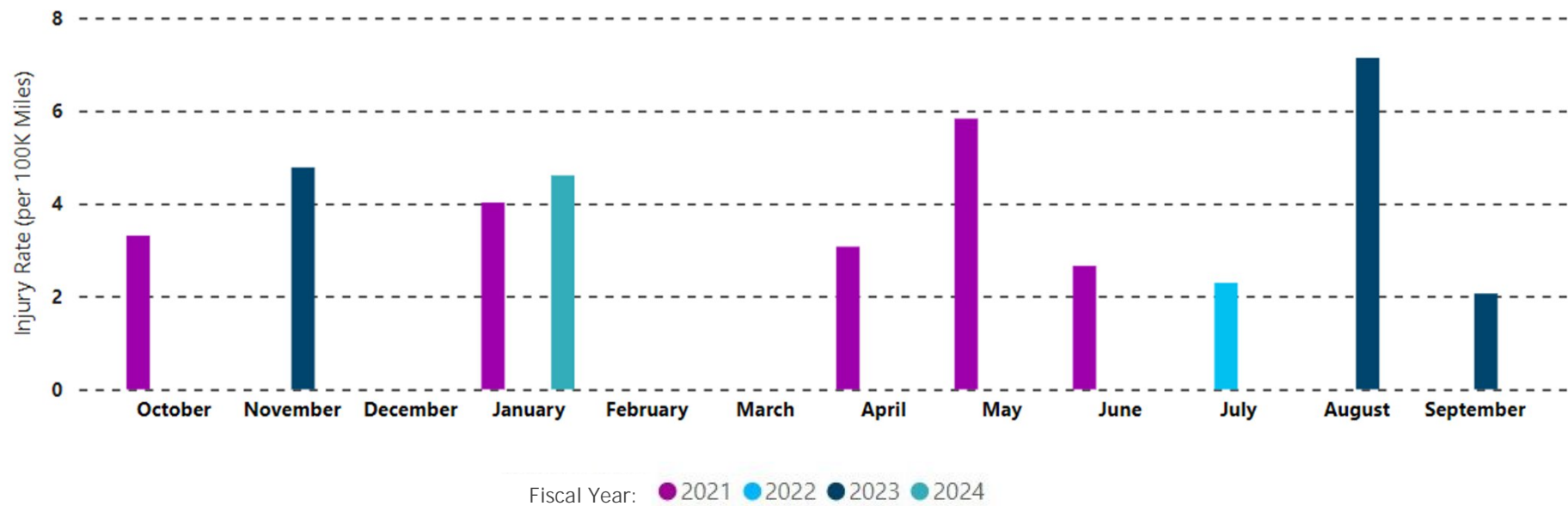
Number of NTD-reported injuries on CapMetro Trains divided by standardized revenue miles. Missing bars indicate the value '0'.



Injuries: Demand Response

Injury Rate per 100,000 Miles

Number of NTD-reported injuries on Demand Response vehicles divided by standardized revenue miles. Missing bars indicate the value '0'.



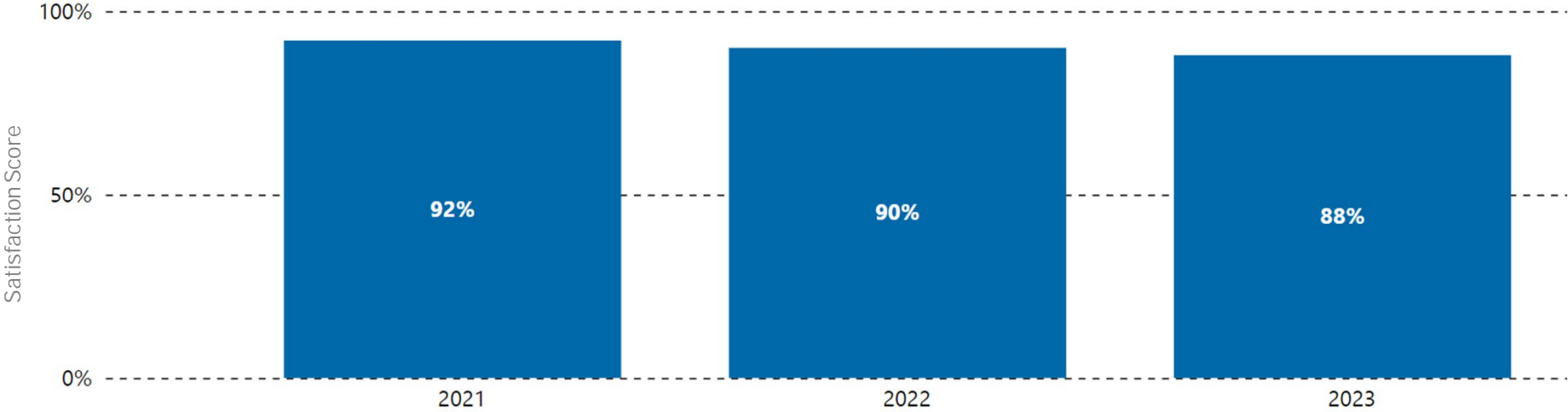
CapMetro

Customer Satisfaction

Customer Satisfaction

Overall Rider Satisfaction

Rider satisfaction tracks the percentage of CapMetro riders who reported they were satisfied with the agency's services. This measure is collected annually through a customer satisfaction survey.



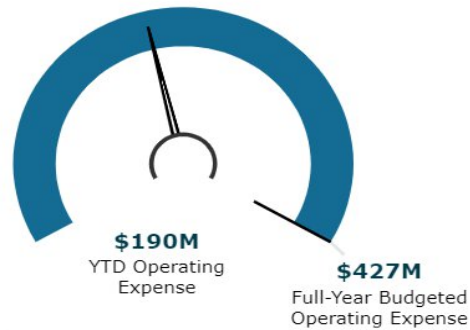
CapMetro

Finance

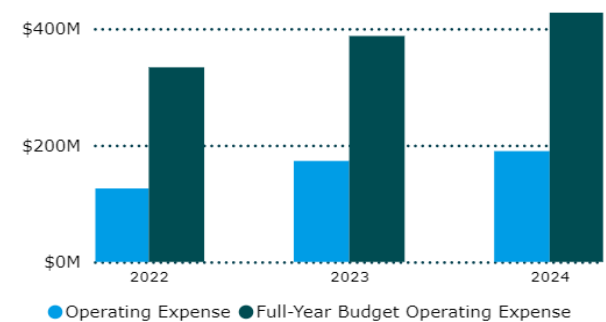
Operating Expenses to Date (Unaudited)

YTD Operating Expense to Full-Year FY2024 Budget
Year-to-date (YTD) Operating Expense compared to full-year budgeted Operating Expense.

Budget Utilized in
Current Fiscal Year
44.4%

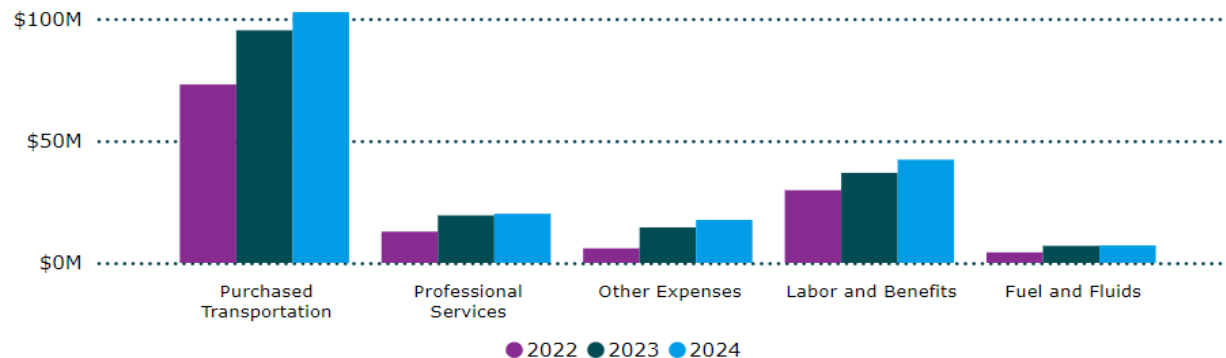


YTD Operating Expense to Full-Year Budget Trend



YTD Operating Expense by Category

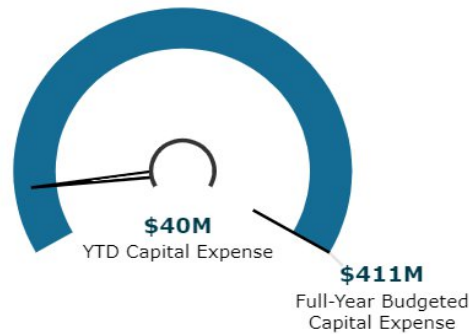
YTD operating expense trend segmented by account categories. Chart displays data for respective fiscal years, October to March.



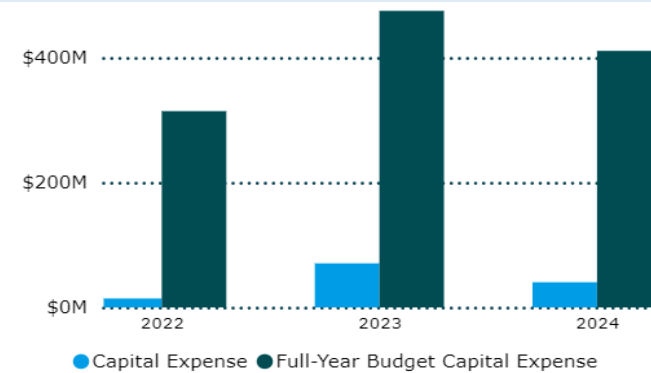
Capital Expenses to Date (Unaudited)

YTD Capital Expense to Full-Year FY2024 Budget
Year-to-date (YTD) Capital Expense compared to full-year budgeted Capital Expense.

Budget Utilized in
Current Fiscal Year
9.8%

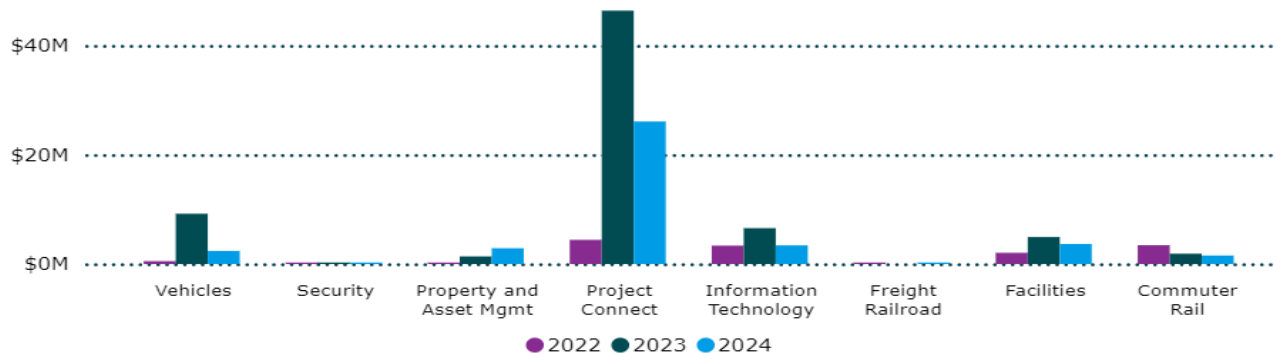


YTD Capital Expense to Full-Year Budget
Trend



YTD Capital Expense by Category

YTD capital expense trend segmented by account categories. Chart displays data for respective fiscal years, October to March.



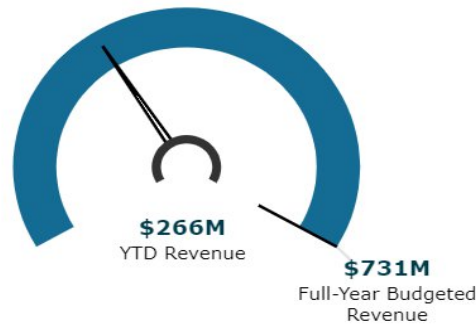
Revenue to Date (Unaudited)

YTD Revenue to Full-Year FY2024 Budget

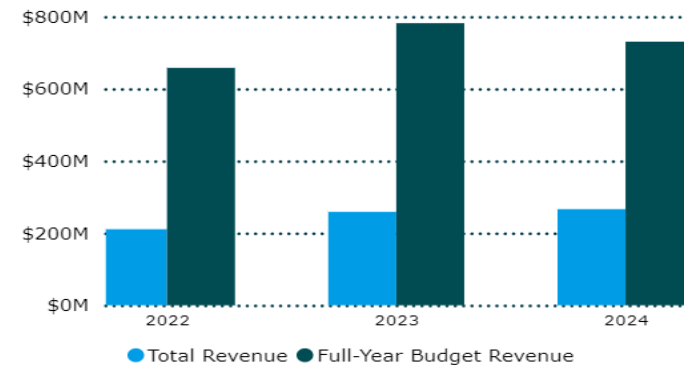
Year-to-date (YTD) Revenue compared to full-year budgeted Revenue.

Collected vs. Budget in
Current Fiscal Year

36.5%

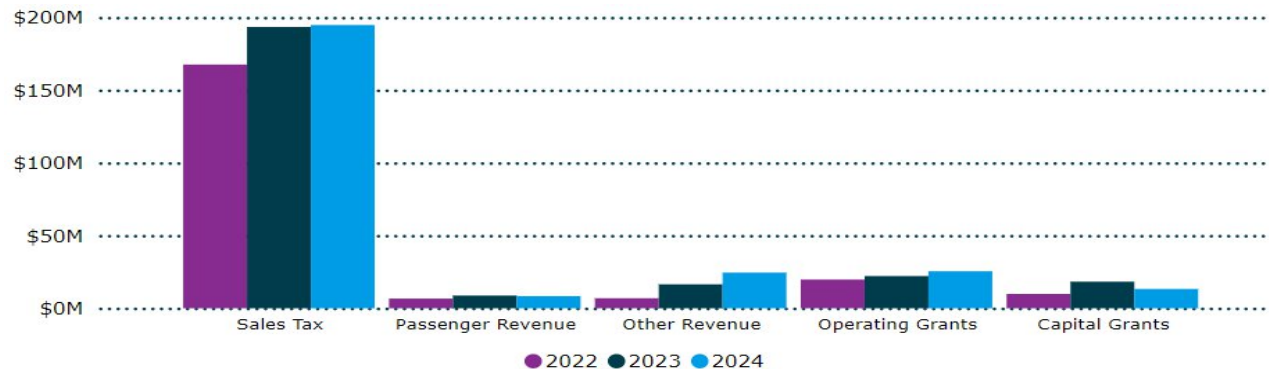


YTD Revenue to Full-Year Budget Trend



YTD Revenue Comparison by Category

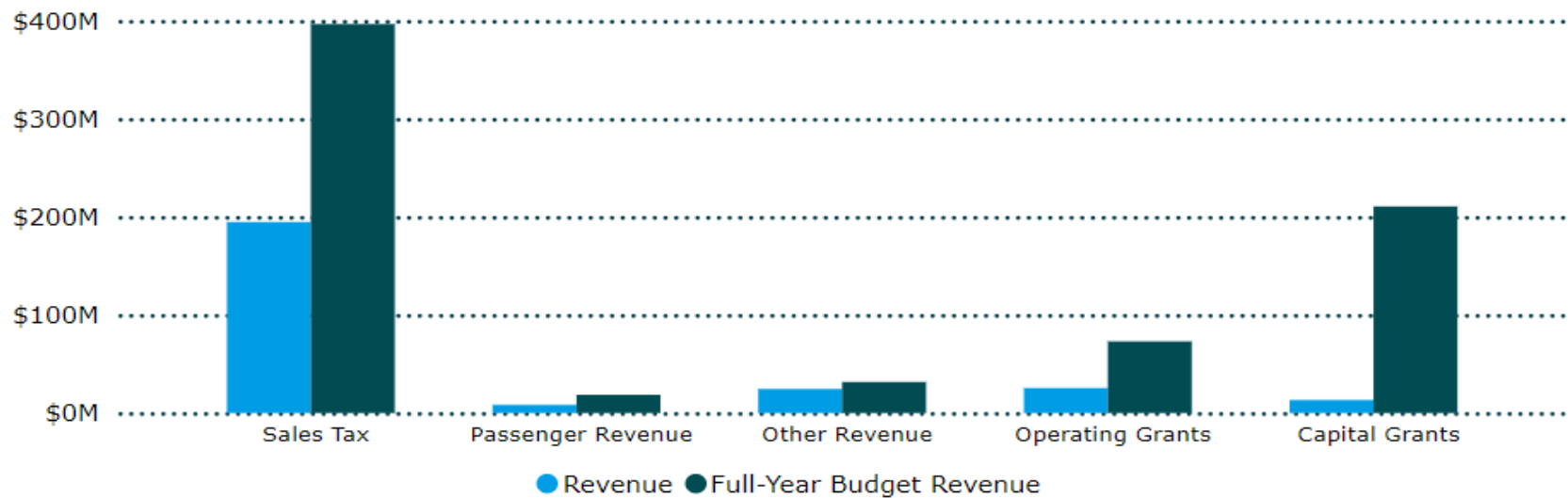
YTD revenue trend segmented by account categories. Chart displays data for respective fiscal years, October to March.



Revenue to Date (Unaudited)

YTD Revenue to Full-Year FY2024 Budget Comparison by Category

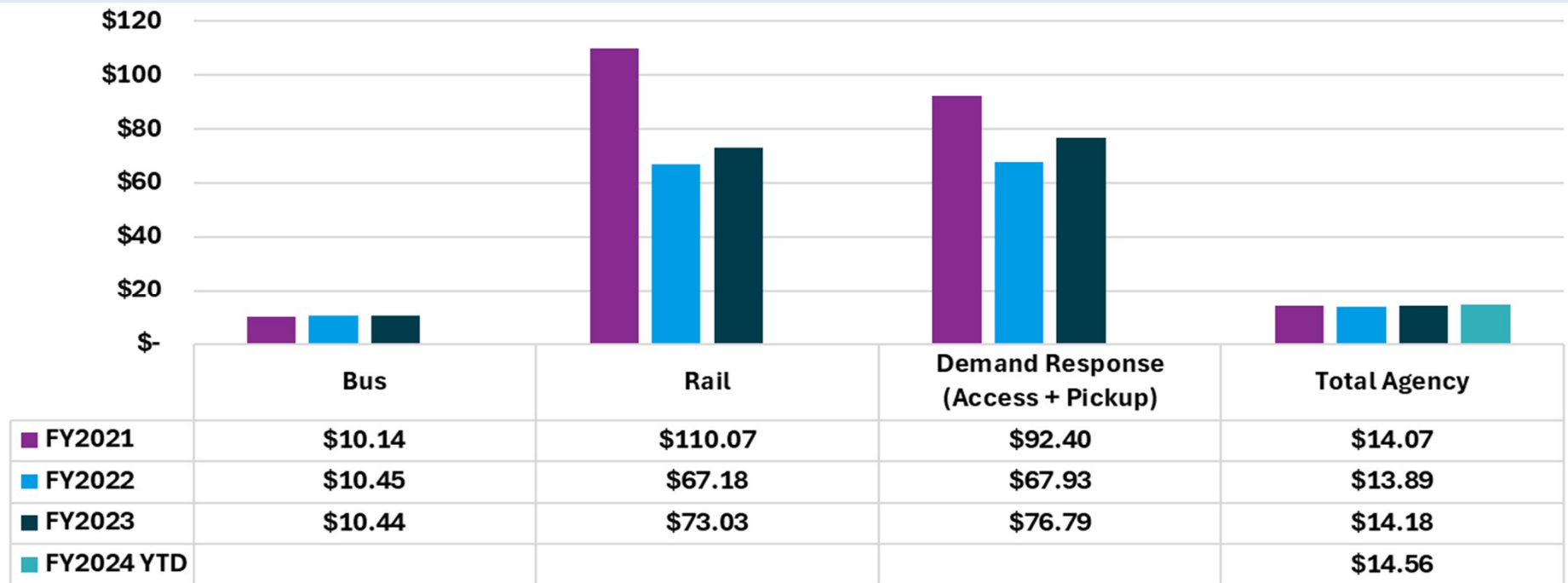
Total Revenue segmented by categories. Chart displays data for current fiscal year from October to March.



Cost Per Passenger

Cost Per Passenger

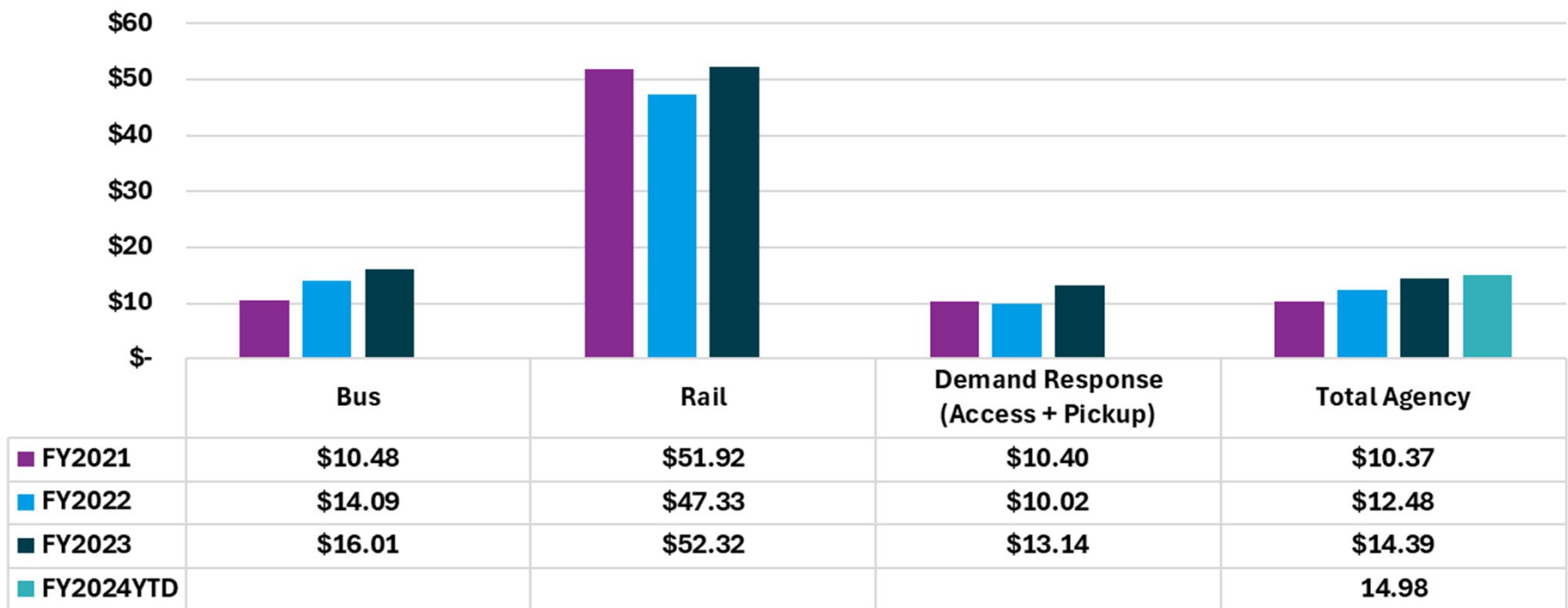
Customer-based cost effectiveness measure dividing total Operating Costs by total Ridership. Monthly costs are not allocated so YTD rates are only shown at the agency level.



Cost Per Revenue Mile

Cost Per Revenue Mile

Schedule-based cost effectiveness measure dividing total Operating Costs by scheduled Revenue Miles. Monthly costs are not allocated so YTD rates are only shown at the agency level.



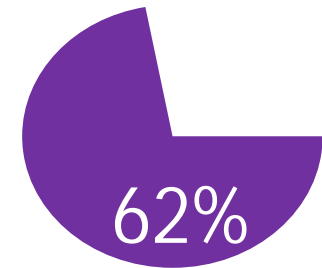
CapMetro

Workforce

Workforce Diversity as of 9/30/2023

Diversity of Staff

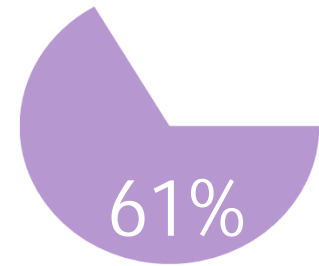
- More racially diverse than the Austin market, both for CapMetro and service providers: 62% compared to 40% of Austin workforce availability
- CapMetro has similar gender diversity to the Austin market (42% Females compared to 44% in Austin workforce availability)
- Service Provider workforce less gender diverse than (30% Females compared to 44% Female) than the Austin workforce availability



New hires in 2023 identified as minority

Diversity in Promotions and Hiring

- New hires were more racially diverse than the Austin market.
- Promotion opportunities distributed equitably by gender and race.
- 58% Female
- 61% Minority



Staff promoted in 2023 identified as minority

NOTE: Diversity is achieved through recruiting diverse candidates, NOT hiring targets

Total Promotions 57

* Austin Data is provided by US Census

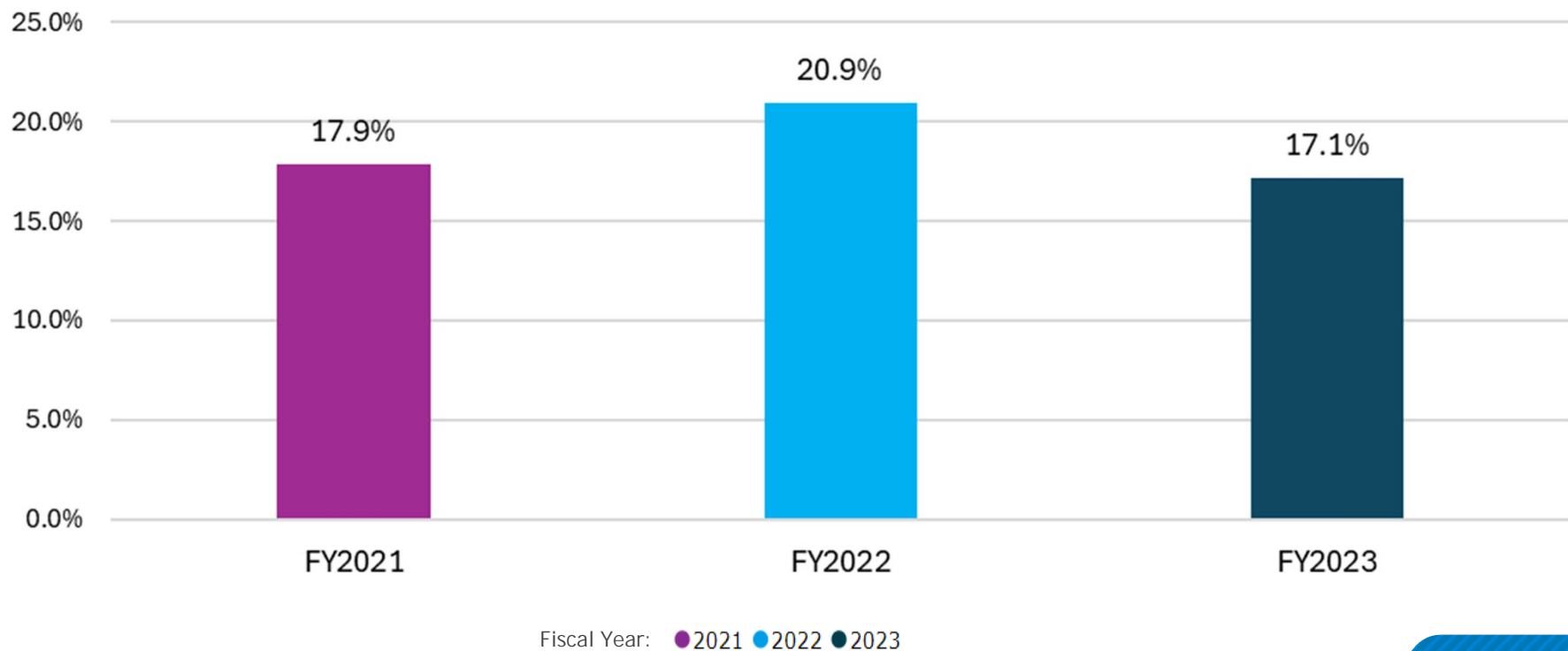
CapMetro

38

Employee Turnover

Turnover Rate

The turnover rate is the number of terminations over the average count of employees in a year.



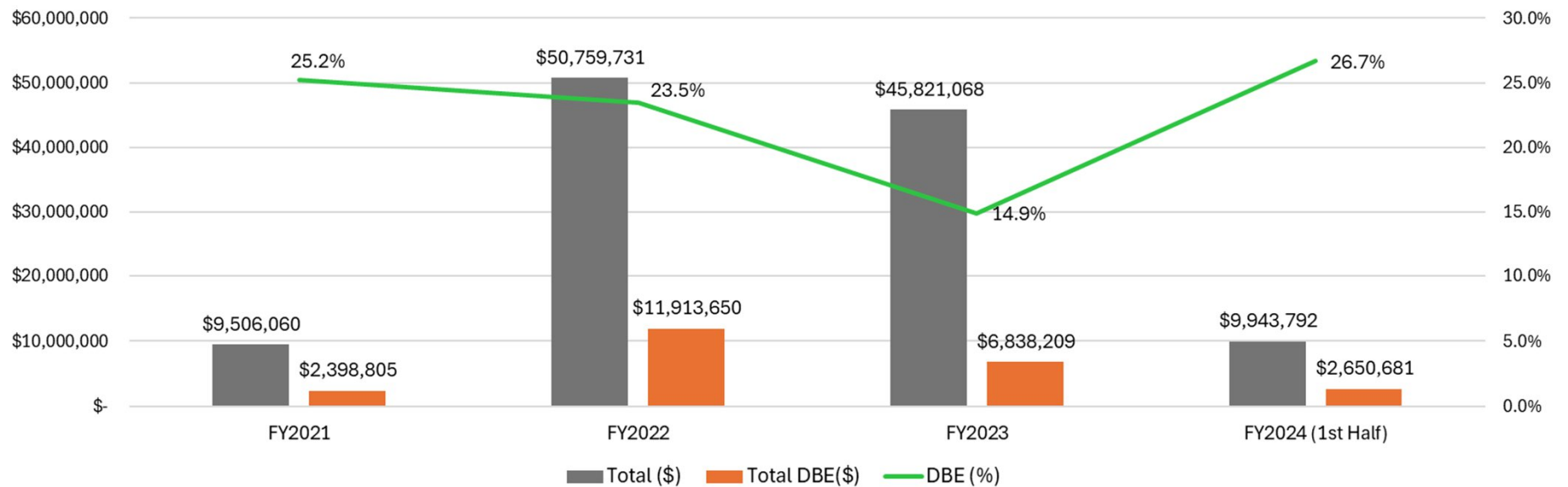
CapMetro

Vendor Diversity

Vendor Diversity

Disadvantaged Business Enterprise Commitments

Total commitments to Disadvantaged Business Enterprises (DBE) for goods and services on contracts with FTA funding.



Payments to DBE/SBE Contractors

	FY2021	FY2022	FY2023	FYTD2024
Black American	\$5,751,503	\$5,171,455	\$8,916,804	\$5,256,813
Hispanic American	\$2,005,256	\$4,484,440	\$2,843,030	\$1,659,750
Native American	\$0	\$46,433	\$2,602,886	\$0
Asian American	\$2,275,954	\$1,334,439	\$1,526,178	\$46,836
Non-Minority	\$7,987,441	\$15,316,993	\$6,555,684	\$1,178,599
Total	\$18,020,154	\$26,353,760	\$22,444,581	\$8,141,997

Data Management

- Continue the data journey to automate business metrics for public reporting
- Continue to research and implement business solutions to improve data accessibility and reporting
- Continue to benchmark best practices for data reporting

CapMetro

Thank you!



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2024-1157

Agenda Date: 5/8/2024

Internal Audit UT Spring Interns Advisory Projects: Keolis Contract Invoice & Payroll Controls; and McKalla Station Expenditure Controls.

CapMetro Internal Audit

UT Intern Audit Projects:
Keolis Payroll & Invoice Controls
McKalla Station Contract Testing

Spring 2024

May 8, 2024

CapMetro – UT Audit Intern Program

- CapMetro joined UT Audit Intern Program in the 2018 Fall semester.
- UT's #1 ranked Masters of Professional Accounting Audit class requires volunteer audit work at about 5 hours per week on assigned projects.
- Course Syllabus Objective: "...introduce students to the current scope of internal auditing that extends far beyond the traditional external audit attestation of financial statements."
- Teams of three students are assigned to each audit project.
- Audit project objectives and deliverables are identified and set at the beginning of the project in the planning stage.
- The audit projects require a combination of auditing skills, business acumen, and consulting and advisory capability.
- UT Audit Interns work under the guidance of the VP of Internal Audit and staff.

Deliverables from UT Interns

	Process Review	Flowcharting	Contract/Policy Review	Invoice Testing	Presentation with Recommendations
Keolis Contract – Payroll & Invoice Controls	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
McKalla Station Contract Testing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Keolis Contract & Costs - Overview

CapMetro changed Bus service providers from MV Transportation to Keolis effective 1/1/2024. Keolis Transit Services, LLC contract for bus operations and maintenance services for a base period of three (3) years, plus two (2) one-year options, with a 5% contingency, in an amount not to exceed \$753,651,081.

- The Bus workforce is large at 1,300 plus Operators (Drivers) and Non-Operators (Mechanics & Other) and the union Collective Bargaining Agreement (CBA) is complex as it relates to pay and benefits.
- Changes to the CBA were made as part of the change-over from MV to Keolis which further complicated the payroll processes.
- Keolis payroll system is UKG and CapMetro's Trapeze system captures Operators (89% of CBA) and UKG time & attendance used for Non-Operators (Mechanics & Others).
- Monthly Invoice approximately \$12 million: Fixed Cost \$1.9m ~ 16% and Variable (Pay & Benefits) \$9.7m ~ 81% plus other variable costs. The Keolis Invoice is a complex Excel file with 17 tabs, various pivot tables, etc..

Audit Objective and Scope

Objectives:

- Flowchart the new processes used by Keolis and CapMetro for Payroll & Invoicing.
- Review completeness and accuracy of Keolis Invoices which is in Excel file based upon contract and spreadsheet controls.
- Identify opportunities for process improvement and internal control enhancements.

Scope:

- Reviewed the following: Keolis contract; Keolis Invoices which are in Excel and related spreadsheet controls; updated prior MV Transportation flowcharts to reflect new Keolis processes and systems.

Recommendations

Monthly Keolis Excel Invoice Enhancements

- For all 17 Excel tabs: document source and extraction process for all data as well as logic and calculations (especially payroll, benefits and taxes).
- Leverage Spreadsheet Best Practices & SOX 404 Guidance to enhance Excel file controls through:
 - Change Controls - Locking formula cells so only authorized personnel can modify formulas. Creating Controlled process for requesting, making, and testing changes to Excel file, with formal sign-off between CapMetro and Keolis.
 - Version Control: Ensuring only spreadsheet versions tested and approved by both CapMetro and Keolis are used.
 - Archiving: Maintaining historical files in read-only mode.
 - Logic Inspection: Formal review of critical spreadsheet logic by independent parties.
 - Segregation of Duties: Defining and implementing roles, responsibilities, and procedures.
 - Overall Analytics: Using analytics to detect errors in spreadsheet calculations, recognizing limitations.

Recommendations

Leverage Technology (e.g. UKG Payroll System; Power BI; etc.) to analyze bi-weekly payroll:

- Automate CapMetro's analysis of bi-weekly and year to date payrolls.
- Perform payroll data analytics and analysis (by date, employee, position, hours, payrates, overtime, bonuses, paid time off, payroll taxes, etc.), identify unusual and abnormal data, data visualization, trend analysis, forecasting future payrolls, etc.
- Obtain from Keolis an HR Roster for each bi-weekly payroll showing effective dates of employment status (i.e. hire and termination dates) for ingestion into the analysis.

McKalla Station Project



McKalla Station Project

- Total project budget was approximately \$58.8 million comprised of four contracts:
 1. McKalla Station contract – Stacy Witbeck \$21 million
 2. Track & Drainage contract - Jay Reese \$25 million
 3. Advance Culvert Construction contract - Jay Reese \$3.7 million
 4. Domain Quiet Zone contract – Jay Reese \$1 million
- Other components such as betterments, real estate and construction management were also included in total project budget.
- Construction was substantially completed when the station opened on February 24, 2024.
- The UT interns agreed all invoices received to date for two largest contracts to Board-approved budget amounts and Oracle payment disbursements. No exceptions were noted.
- Internal Audit staff will review subsequent invoices for March and April 2024 and final project closeout.

Audit Objectives and Scope

Objectives:

- Analyze payments made for the design and construction of McKalla Station to ensure payments were made in accordance with contract terms
- Ensure 5% retention was held on every invoice
- Analyze the invoice approval process and ensure system approval levels are properly configured
- Develop recommendations on ways to make processes more efficient and transparent

Scope:

- We reviewed and evaluated invoices and supporting documentation for the period from June 2022 to February 2024 for both the Stacy Witbeck McKalla Station "Design-Build" Contract and Jay Reese Track and Drainage Contract.

*Invoices for March and April and final closeout payment are still pending subsequent to this review.

Control Findings

Our testing did not discover any exceptions. We noted an opportunity for process improvement.

- Capital Project Policy and Procedures Manual is specific on required Board-level approvals but does not elaborate on internal invoice approval processes.

Recommendations

Update Capital Projects Policy and Procedures Manual to specify invoice workflow and approval limits.



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2023-1004

Agenda Date: 5/8/2024

Internal Audit FY2024 Audit Plan Status

FY24 INTERNAL AUDIT PLAN

Department Scorecard

	Projects	Status & % Complete	Additional Details
	FAA COMMITTEE & INTERNAL AUDIT CHARTER COMPLIANCE		
1	Finance, Audit & Administration (FAA) Committee Meetings: 10/11; 11/8; 12/4; 1/17; 2/14; 3/18; 4/10; 5/8; 6/12; 7/10; 8/12; 9/11	In-Process	
2	Semi-annual Implementation Status Report - November 2023	Completed	December
3	Semi-annual Implementation Status Report - May 2024	In-Process	
4	FY2024 Risk Assessment & development of FY25 Audit Plan		
	FY24 Audit Assurance & Advisory Projects		
1	CapMetro/ATP Billing Processes		
2	Keolis Contract - Payroll Pass Through Controls	In-Process	UT Interns - May
3	Hexagon (Infor) Enterprise Asset Mgt System - post go live review	In-Process	Draft Report
4	Paratransit & Demand Response Operations	In-Process	June
5	Analyze Oracle segregation of duties (switch to Oracle GRC)	In-Process	
6	MV Contract - Payroll Pass Through Charges	Completed	
7	Miscellaneous Revenue Controls (11 different areas)	In-Process	6 In Process
8	Automate Incidents/Accidents Reporting (Bus - switch to TrackIt system)	In-Process	
9	GHG & Carbon Footprint Reporting	Completed	UT Interns - Jan
10	Sales Taxes - Revenue Controls	Completed	UT Interns - Dec
11	Investment Income - Revenue Controls	Completed	UT Interns - Dec
12	Watco Freight Revenue - Revenue Controls	Completed	UT Interns - Dec
13	GRC - Contract Performance Management System Advisory (Bus, Rail, DR) - Quadrennial Performance Audit recommendations		
14	GRC (Governance Risk & Compliance) System Implementation (Risk Register; Safety Dept; Internal Audit Dept; etc.)		
15	Safety Management System (SMS) - Management of Change		
16	Bus Charging Infrastructure & EV Program		
17	AMP Cards & New Fare Systems		
18	United Healthcare & Other Self-Insured Benefits (TPA Payments)	In-Process	Planning an RFP
19	McKalla Station - Design Build Effectiveness	In-Process	UT Interns - May
20	NIST Cybersecurity Framework (CISA Facilitated Self Assessment) - re-assessment from 2023 baseline	In-Process	CISA follow-up review (Spring)
21	Annual Cybersecurity Review (Mandiant)	In-Process	
22	Quadrennial Performance Audit - Selection Process but FY25 Budget/Execution	In-Process	RFP being developed
	CONTINGENT AUDIT PROJECTS - FY24		
1	Microsoft Sharepoint & Active Directory		
2	Salary Adjustment & Merit Process		
3	Rail-FRA PTC Change Management Requirements (Herzog)		
4	Board Policies/Goals - Monitoring & Reporting (e.g., OTP; Fare Recovery; DBE; Title 6 Equity Analysis; etc.)		
5	Capital Project Controls (McKalla Station; MetroRapid; DR N Facility Build;)		
6	Spare Labs.com - Demand Response System Implementation		
7	Lease Vehicle Program - non-Revenue Vehicles		
	NEW PROJECTS ADDED TO FY24 AUDIT PLAN by Terry Follmer		
1	Miscellaneous Revenues - Tracking & Reporting on Implementation Status	In-Process	May
2	Delegations of Authority - Advisory Project with Legal Department	In-Process	
3			



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2024-1159

Agenda Date: 5/8/2024

Internal Audit Miscellaneous Revenues Tracking Update

Project Number	Project Name	Report Date	Issue & Risk	Recommendation	Management Action Plan	Target Completion Date	Status
1 23A-17	RideShare Program - Revenue Compliance Review	2/6/2024	1. Implement Contract Testing by CapMetro: Internal Audit noted that CapMetro management is not performing any verification or validation of the following data provided by Enterprise (Appendix B): <ul style="list-style-type: none"> • Vanpool counts, new additions, or terminations which impacts the Enterprise monthly Invoice. • NTD submission for participation. 	a) The RideShare Program Manager should consider periodic (e.g. semi-annual) validation, analysis, and testing of the van pools and related participants/coordinators via sampling contracts and related details. This could include but is not limited to reviewing contracts, proof of participants (e.g. signed contract, driver's license on file, etc.).	The RideShare PM will review contracts with individuals during the Satisfaction Survey in October and April.	10/1/2024	In Process
2				b) CapMetro Customer Care could call at least annually some of the Vanpool Coordinators to discuss their experience as well as validate their participation and other RideShare participants. See recommendations 3a) below.	RideShare PM to send survey to all participants with questions addressed to coordinators and riders in July. Customer care will assist as needed with contacting participants requesting a callback.	7/31/2024	In Process
3			2. Ensure All Reports & Deliverables are Received Internal Audit noted that there are some reports and deliverables (Appendix C) that are not received or not received timely: <ul style="list-style-type: none"> • Biennial Safety Training Reports - To be conducted on Base Year 2 and Option Year 2 and report due upon request. • Accident/Incident Reports - To be provided as they occur. • Periodic Safety Refresher Training - To be provided quarterly in October, January, April and July of each contract year. 	a)The RideShare Program Manager should ensure that all the deliverables are received and on time.	RideShare PM working on updating the contract and includes new dates for deliverables to be received. PM will monitor going forward and let Contract Administrator know if any help is needed.	5/1/2024	In Process
4			3. Increase CapMetro Automation & Cross-functional Collaboration: Internal Audit noted that there are opportunities to collaborate with other CapMetro teams to achieve the program goals in an efficient and effective way.	The RideShare Program Manager should consider collaborating with: a) Customer Care should call some of the RideShare participants at least annually to gauge their satisfaction with the program and to benchmark performance of the program over time. This survey could also be used to satisfy recommendation in #1b) listed above.	RideShare PM to send survey to all participants with questions addressed to coordinators and riders in July. Customer care will assist as needed with contacting participants requesting a callback.	7/31/2024	In Process
5				b) Initiate a Power BI database and dashboard reports where the monthly Enterprise RideShare reports can be loaded, which automatically updates the database and displays various graphs/charts and performance over time. The Contractor datasets could be integrated into EDAP for internal analysis and to automate the reporting and generate timely and consistent data across all RideShare reports.	RidesShare PM to open up a ServiceNow ticket to get the EDAP request in queue. PM will also work with Enterprise for some of the data corrections needed.	6/1/20024	In Process
6 24-04A	Watco Freight Contract Revenue	2/6/2024	1. Not Receiving & Analyzing Watco's Annual Audit Financial Statements When requested by the Internal Audit Department, Watco was reluctant to share their annual audited financial statements which is required to be provided per contract. Through the help of the Legal, Procurement and Rail Operations Departments we were able to obtain their audited financial statements from Grant Thornton for the years 2013 to 2022. Internal Audit did a simple analysis of the Balance Sheet and Income Statement, and our analysis identified some concerns.	a) Annually, the Rail Operations should obtain Watco's parent company annual audited financial statements and should perform at least a five year analysis on key financial metrics (e.g. liquidity; solvency; etc.) and discuss performance with Watco management and ensure any concerns are addressed.	Rail Operations has obtained the 2023 Watco audited F/S.	3/29/2024	Completed

7				b) Rail Operations should compare/contrast (e.g. revenue changes; profitability changes; etc..) of the Watco's parent company audited financial statement against the Austin Western Railroad (AWRR) statements that are reported to CapMetro monthly to understand any trends and why the AWRR performance may be significantly different than Watco's consolidated financial statements. CapMetro management should use this analysis to ask questions of Watco for things that don't make sense and/or may be a risk to CapMetro.	A Quarterly meeting between Finance and Rail Ops will occur in the future to discuss Watco financial performance and any risks that they see.	By 6/30/2024 and Qtrly thereafter	In Process
8			2. Lack of Independent Revenue Validations by CapMetro The last attempt by CapMetro to independently validate Watco Revenues was performed by RSM accounting firm for the books and records for the period ending 12/31/2019, which was one of the recommendations in the CapMetro internal audit report dated 4/25/2019.	a) At least once every two years CapMetro should hire a CPA firm to perform "agreed upon procedures" related to testing the completeness and accuracy of the revenues that are reported and shared with CapMetro per the revenue sharing agreement.	Controller will look at developing Agreed Upon Procedures to be performed at least every two years.	12/1/2024	In Process
9				b) Continue to obtain annual audit financials and analyze for risks, trends and correlation with the revenues being shared with CapMetro. Unusual and flagged items should be discussed with Watco management.	Rail Operations will obtain annual audited financials and has already provided 2023 audited F/S. The new Director of Revenue will work with Procurement Department will obtain the annual Dunn & Bradstreet Report and review for risks.	12/1/2024	In Process
10				c) Obtain car counts from the AEI readers which will help independently validating approximately 1/3 of the revenues that Watco shares with CapMetro.	Rail Operations will buy two new AEI readers. One at McNeil Road (Interchange) MP69.42 and one at McNeil Round Rock MP 71.57.	4/30/2024	In Process
11				d) The Railcom system (www.railinc.com) is the official clearing house of all freight rail records, so CapMetro should consider subscribing to this database and performing independent checks. Additionally, this database could be shared with the CPA firm for the reviews listed in 2a) above.	Muriel will research if there is a data set that we can buy to help in the validation of Watco revenues reported.	4/30/2024	In Process
12			3. Unexplained Changes in Cash Flows, Expenses & Broken AEI Reader We analyzed the cash flows and expenses for the last five years and noted the following unexplained variances that requires more analysis by CapMetro and a clear explanation from Watco as follows: - Watco's Investment in Giddings & Recoupment Time - UP Asset Utilization Offset - Broken AEI Reader	Perform ongoing analysis of Watco freight revenues and at least quarterly have formal meetings to discuss variances and forecasted changes in revenues and expenses, as well as any changes in the equipment and data sources that are used to prepare the financials that are shared with CapMetro. In particular, the following financial and operational matters need to be resolved: a) Giddings recoupment by Watco of \$3 million has almost doubled in time from the original estimate of 5.5 years to 9 years, so ongoing monitoring and discussions should continue.	Quarterly meeting between Finance and Rail Ops to discuss financial performance and any risks that they see. Create an agenda of standard items to be discussed plus any unusual or new items.	By 6/30/2024 and Qtrly thereafter	In Process
				b) The UP (Union Pacific) Asset Utilization Offset has resulted in UP locomotive pass through charges to CapMetro of \$3.5 million since 11/2019 which has impacted CapMetro cash revenue received by about \$583,000. CapMetro management should obtain support for the \$3.5 million in pass through locomotive charges.	Internal Audit Department is waiting for Watco to provide invoices to support the UP locomotive pass through charges. After testing is completed we will setup meeting with Rail Ops to discuss the results.	In Process	In Process

				c) The AEI Reader should be repaired and used to validate the monthly car counts reported by Watco, thus allowing CapMetro to independently verify approximately one-third of the revenues shared with CapMetro.	Rail Operations will buy two new AEI readers. One at McNeil Road (Interchange) MP69.42 and one at McNeil Round Rock MP 71.57. AEI Reader will be used to validate monthly car counts and related revenues.	4/30/2024	In Process	
13	24-09A	Bright Horizons	12/23/2023	1. Risk of Loss Collections The Internal Audit and the Legal Departments interpretation of the contract is that Bright Horizon has all risk of loss as it relates to the collection of student tuition, therefore the collection and deposit process should change with Bright Horizons taking full responsibilities related to the collection and deposit process.	1) CapMetro should receive a single payment each month from Bright Horizons for the monthly gross tuition billed regardless of what is collected. CapMetro should no longer be involved in depositing individual tuition checks to the CapMetro Account since Bright Horizons has all risk of loss.	Contract model revised to make contractor responsible and at risk for tuition collection	4/1/2024	Completed
14				2. Management Fee Increases Internal audit noted that the contract states that management fee is subject to a "minimum escalation by no more than 5%". The management fee increased by 22% from FY 22 to FY23, however, there was no change in tuition rates.	2) As part of the annual budget process, an agreed upon "Management Fee" is agreed upon between CapMetro and Bright Horizons. CapMetro management should consider both the management fee rates and tuition rates before agreeing to terms. Management should evaluate the effects of management fee increases on operations prior to accepting terms.	One year contract only awarded. Management fee was negotiated and BH agreed to reduce by \$25,000	4/1/2024	Completed
15				3. Revenue Unreconciled Difference for FY22 & 23 For FY22 and FY23, tuition and fees charged per the Bright Star records exceeded the accounts receivable amounts in Oracle by approximately \$18,000. There is no reconciliation of the revenues by Bright Horizons or CapMetro .	3) Management should reconcile the revenues in Bright Horizons "Bright Star" system to the revenues recorded in CapMetro's Oracle system on at least a quarterly basis if not monthly.	Contract model revised to make contractor responsible and at risk for tuition collection; CapMetro will only pay a fixed monthly fee	4/1/2024	Completed
16				4. Lack of Monthly Financial Reporting From Bright Horizons At the time of the audit, Bright Horizons had not been providing monthly financial reports per the contract.	4) Management should obtain the monthly financial statements to monitor the financial status of the childcare center and ensure Bright Horizons operates within the approved annual budget.	Contract model revised to make contractor responsible and at risk for tuition collection; CapMetro will only pay a fixed monthly fee.	4/1/2024	Completed
17	24-05A Presentation	Investment Income	12/4/2023	1. Oracle Utilization Oracle Enterprise Resource Planning system is not fully utilized to process all outgoing wires.	1) Utilize Oracle Enterprise Resource Planning system to process all outgoing wires since it goes through a more thorough workflow approval process and matching of invoices to the relevant Purchase Orders.	For non-Investment wire transfers a check request should be initiated within Oracle only going forward.	Completed	Completed
18				2. Authorizations Initiations, approvals and account changes need to be reviewed.	2) Review the signers and authorizations for JP Morgan to ensure that only appropriate individuals are responsible for initiations, approvals and account changes.	All signers and authorizers have been reviewed and are appropriate.	Completed	Completed
19				3. Segregation of Duties Segregation of duties and daily cash wire limits along with appropriate levels of authorization should be reviewed.	3) Review the segregation of duties and daily cash wire limits along with appropriate levels of authorization.	A \$30 million limit is in place and requires three individuals is required to process.	Completed	Completed
20				4. Overnight Sweeps Surplus cash at Cash Concentration account is not invested overnight.	4) Implement end of day automatic overnight sweep from Cash Concentration account to a designated money market fund to invest surplus cash. The invested funds are automatically returned the morning of the next trade day.	An overnight sweep has been setup and is in place.	Completed	Completed
21				5) FDIC Collateralization Collateralization for amounts exceeding FDIC covered amount (\$250,000, Total DDA) need to be reviewed.	5) Review if cash deposits are adequately collateralized by National Collateral Management Group (NCMG) for amounts exceeding FDIC covered amount (\$250,000, Total DDA).	JPMorgan checks to make sure we are properly collatorized and they coordinate any adjustments.	Completed	Completed
22	24-03A Presentation	Sales Tax	12/1/2023	1. No Verification of Avenu Insights invoice Invoices received after non-compliant taxpayer paid appropriate taxes.	a) Use the UT Intern model or build a new model to perform quarterly spot tests on Avenu Insights' quarterly invoices in order to recalculate Avenu Insights contingency fee.	Internal Audit will work with Accountant for the next quarterly bill to train and knowledge transfer how the validation works.	6/1/2024	In Process

23				b) An employee in the Finance Department should trace the Avenu Insights memo for delinquent taxpayers to the Confidentiality Report from the Texas Comptrollers Office before making payments to Avenu Insights for the contingency fee.	Internal Audit will work with Accountant for the next quarterly bill to train and knowledge transfer how the validation works.	6/1/2024	In Process
24			2. Validation of Texas Comptroller Payments CapMetro does not have procedures in place to confirm Texas Comptroller's Office payments are timely and the appropriate amount.	a) A Finance Department employee should periodically trace the gross amount of taxes due to CapMetro from the Confidentiality Report prepared by the Texas Comptroller's Office to the amount deposited to CapMetro's bank account for sales and use taxes collected.	Internal Audit will work with Accountant for the next quarterly bill to train and knowledge transfer how the validation works.	6/1/2024	In Process
25							