



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

2910 East 5th Street
Austin, TX 78702

Wednesday, October 8, 2025

10:00 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 September 10, 2025 Finance, Audit and Administration Committee meeting.
2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Plante Moran, PLLC for external audit services, with a base term of three years and two option years, in a total amount not to exceed \$1,383,200.
3. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an Interlocal Agreement with City of Austin for employee transit passes for a one (1) year base period from January 1, 2026, to December 31, 2026, and four (4) optional extension periods for a not-to-exceed amount of \$200,000 per year.
4. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an Interlocal Agreement with the University of Texas at Austin to subsidize annual passes on CapMetro Bikeshare for staff and students at a reimbursement rate to CapMetro of \$45.00 per student and \$90.00 per staff member, with up to three (3) optional one-year extension periods.
5. Approval of a resolution adopting the FY2026 Annual Internal Audit Plan.

IV. Presentations

1. Internal Audit FY2025 Final Audit Plan Status - October 2025
2. Executive Finance, Audit and Administration Update - October 2025
Update on fiscal year-end close, Strategic Plan 2030, key performance indicators, financial performance, personnel changes, communications and public outreach.

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 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

Item #: AI-2025-1626

Agenda Date: 10/8/2025

Approval of minutes from the September 10, 2025 Finance, Audit and Administration Committee meeting.

Minutes
Capital Metropolitan
Transportation Authority
Finance, Audit and Administration
Committee

2910 East 5th Street
Austin, TX 78702

Wednesday, September 10, 2025

10:00 AM

Rosa Parks Boardroom

I. Call to Order

10 a.m. Meeting Called to Order

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

II. Public Comment

Zenobia Joseph provided public comment.

III. Action Items

1. Approval of minutes from the July 16, 2025 Finance, Audit and Administration Committee meeting.

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

Aye: Ross, Bangle, and Harriss

2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an amendment to the Interlocal Agreement with Austin Transit Partnership for capital reimbursement of the Expo Center and Pleasant Valley MetroRapid Projects for the Project Connect System Plan.

A motion was made by Bangle, seconded by Ross, that this Resolution be recommended for the action item agenda to the Board of Directors, due back on 9/22/2025. The motion carried by the following vote:

Aye: Ross, Bangle, and Harriss

3. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an Interlocal Agreement with the Austin Transit Partnership to provide reimbursement of capital costs for certain CapMetro Components of Project Connect through Fiscal Year 2031, in a total amount not to exceed \$148,600,000.

A motion was made by Ross, seconded by Bangle, that this Resolution be recommended for the action item agenda to the Board of Directors, due back on 9/22/2025. The motion carried by the following vote:

Aye: Ross, Bangle, and Harriss

4. Approval of a resolution adopting the CapMetro Investment Policy.

A motion was made by Bangle, seconded by Ross, that this Resolution be recommended for the action item agenda to the Board of Directors, due back on 9/22/2025. The motion carried by the following vote:

Aye: Ross, Bangle, and Harriss

5. Approval of a resolution adopting the Fiscal Year 2026 Operating and Capital Budget and Five-Year Capital Improvement Plan.

Committee elected to make no recommendation pending the Public Hearing following this meeting.

IV. Presentations

1. Federal Transit Administration (FTA) - Fiscal Year FY 2025 Triennial Review - Final Report
2. Internal Audit External Quality Control Report issued by the Association of Local Government Auditors.
3. Internal Audit Review of Bikeshare deliverables between CapMetro and City of Austin.
4. Internal Audit Management Memo - Police Department Standup advisory project
5. Internal Audit Management Memo - Miscellaneous Revenues Follow-up
6. FY2025 Internal Audit Plan Status - September 2025
7. Executive Finance, Audit and Administration Update - September 2025
Update on key performance indicators, financial performance, personnel changes, communications and public outreach.

This item was deferred until next month per staff recommendation.

V. Items for Future Discussion

VI. Adjournment

10:42 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.

Finance, Audit and Administration Committee
Agenda Date: 10/8/2025

Item #: AI-2025-1609

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract with Plante Moran, PLLC for external audit services, with a base term of three years and two option years, in a total amount not to exceed \$1,383,200.

FISCAL IMPACT:

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

Strategic Goal Alignment:

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

EXPLANATION OF STRATEGIC ALIGNMENT: Completion of the annual financial and compliance audits helps ensure that CapMetro is operating as a fiscally responsible and transparent steward of public funds.

BUSINESS CASE: The financial audit reports include a report on internal controls which informs the Board of Directors and management about areas of the organization that could benefit from improvements in policy and processes.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration committee on October 8, 2025.

EXECUTIVE SUMMARY: This contract is for professional auditing services including financial statement audits of CapMetro and its retirement plans, Federal Single Audit, and the application of agreed-upon procedures related to compliance with the National Transit Database (NTD) reporting requirements and the Public Funds Investment Act. The financial audit reports include a report on internal controls, which informs the Board of Directors and management about areas of the organization that could benefit from improvements in policy and processes. The Single Audit evaluates the organization's compliance and internal control over federal financial assistance programs in accordance with guidance published by the U.S. Office of Management and Budget.

DBE/SBE PARTICIPATION: A 10% SBE goal was assigned to this procurement. The contractor has committed to

10% during the term of the contract and will be monitored.

PROCUREMENT: On May 27, 2025, a Request for Proposal was issued and formally advertised for External Auditing Services. By the closing date of June 30, 2025, a total of nine (9) proposals were received. The technical evaluation factors included demonstrated commitment to allocating adequate resources to ensure adherence to target deadlines, as well as the qualifications, experience, and capabilities of the proposed audit team. These factors also considered relevant work experience and capabilities, especially experience with transit authorities, and demonstrated past performance. As a result of the team's thorough evaluation of all 9 proposals, the proposal received from Plante Moran, PLLC was deemed the best value, considering price and other factors, including technical capability. The resulting contract term will have a three-year base period with two one-year option periods. The contract will be fixed price with a total not-to-exceed amount of \$1,383,200.00 for the three-year base period and two one-year option periods.

RESPONSIBLE DEPARTMENT: Finance

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

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1609

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and CapMetro Management recognize the need to procure external audit services.

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 Plante Moran, PLLC for external audit services, with a base term of three years and two option years, in a total amount not to exceed \$1,383,200.

**Secretary of the Board
Becki Ross**

Date: _____

Finance, Audit and Administration Committee
Agenda Date: 10/8/2025

Item #: AI-2025-1617

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an Interlocal Agreement with City of Austin for employee transit passes for a one (1) year base period from January 1, 2026, to December 31, 2026, and four (4) optional extension periods for a not-to-exceed amount of \$200,000 per year.

FISCAL IMPACT:

This agreement will generate up to \$200,000 annually in revenue for CapMetro, based on actual usage by City of Austin employees.

Strategic Goal Alignment:

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

EXPLANATION OF STRATEGIC ALIGNMENT: The ILA with City of Austin maintains a strong community partnership and supports CapMetro's mission and vision. The agreement promotes sustainability through transportation alternatives and has the potential to increase both ridership and fare revenue for CapMetro.

BUSINESS CASE: The current ILA with City of Austin for employee transit passes expires at the end of the year. That agreement generated 57,451 trips in FY2024, resulting in approximately \$85,746 in fare revenue for CapMetro. This new ILA replaces the agreement and continues the employee pass program under updated terms, with a one-year base period and four optional extension periods. Based on historic performance, CapMetro anticipates approximately 50,000 - 70,000 trips annually. Under the terms of the ILA, the City of Austin will reimburse CapMetro for actual employee transit usage, not to exceed \$200,000 annually.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on October 8, 2025.

EXECUTIVE SUMMARY: As part of CapMetro's desire to build strong community partnerships that further CapMetro's mission and vision and as part of CapMetro's and City of Austin's continued joint effort to promote sustainability through transportation alternatives, this agreement is an Interlocal Agreement (ILA) with City of Austin for employee transit passes for a one (1) year base period, January 1, 2026, to December 31, 2026, and

four (4) optional extension periods for a not-to-exceed amount of \$200,000 per year.

DBE/SBE PARTICIPATION: Does not apply

PROCUREMENT: Does not apply

RESPONSIBLE DEPARTMENT: Finance

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

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1617

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and CapMetro management endeavor to build strong community partnerships that further CapMetro's mission and vision; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and CapMetro management recognize the need to build ridership and increase market share of alternate transit use.

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 an interlocal agreement with City of Austin for employee transit passes for a one (1) year base period, January 1, 2026, to December 31, 2026, and four (4) optional extension periods for a not-to-exceed amount of \$200,000 per year.

Date: _____

**Secretary of the Board
Becki Ross**

AGREEMENT BETWEEN
THE CITY OF AUSTIN
AND
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
FOR
TRANSIT SERVICES

This agreement by and between the City of Austin, a home rule municipal corporation, (“**City**”) and Capital Metropolitan Transportation Authority (“**CapMetro**”) a transportation authority organized under the provision of the Texas Transportation code, Chapter 451, (“**Agreement**”), dated effective January 1, 2026 (“**Effective Date**”), is an Interlocal Agreement authorized and governed by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. CapMetro and the City are referred to in this Agreement individually as a “Party” and collectively as the “Parties”.

Each Party represents and warrants that in the performance of its respective obligations as set forth in this Agreement, it is carrying out a duly authorized governmental function, which it is authorized to perform individually under the applicable statutes of the State of Texas and/or its charter. Each Party represents and warrants that the compensation to be made to the performing Party contemplated in this Agreement are in amounts that fairly compensate the performing Party for the services or functions described in this Agreement and are made from current revenues available to the paying Party.

Recognizing the importance of a regional mobility system, and the desire to encourage access to public transportation, the Parties enter into this Agreement as follows:

SECTION 1. GRANT OF AUTHORITY, SERVICES AND DUTIES

- 1.1 **Engagement of CapMetro.** Subject to the provisions of the terms and conditions contained herein, CapMetro is to provide the services set forth in Section 2, Scope of Work.
- 1.2 **Responsibilities of CapMetro.** CapMetro shall provide all technical and professional expertise, knowledge, management, and other resources required for accomplishing all aspects of the tasks and associated activities identified in the Scope of Work. If the need arises for CapMetro to perform services beyond those stated in the Scope of Work, CapMetro and the City shall negotiate mutually agreeable terms and compensation for completing the additional services.
- 1.3 **Responsibilities of the City.** The City’s Contract Manager shall be responsible for exercising general oversight of the activities and services under this Agreement. Specifically, the Contact Manager shall represent the City’s interests in resolving day-to-day issues that may arise during the term of this Agreement. The City shall participate regularly in conference calls or meetings for status reporting, promptly review any written reports submitted by CapMetro, and approve all invoices for payment, as appropriate. The City’s Contract Manager shall provide CapMetro timely feedback on the acceptability of progress and task reports.
- 1.4 **Designation of Key Personnel.** CapMetro’s Contract Manager for this Agreement is Derek Heino, 512-826-5739, (derek.heino@capmetro.org). The City’s Contract Manager for the engagement is David Sifuentes 512-974-3316, (david.sifuentes@austintexas.gov). Each Party will give written notice to the other Party of any changes to the foregoing information.

SECTION 2. SCOPE OF WORK

- 2.1 **CapMetro’s Obligations.** CapMetro shall fully and timely provide all deliverables described herein in accordance with the terms, covenants, and conditions of the Agreement and all applicable Federal, State, and local laws, rules, and regulations.
- 2.2 **Purpose.** Employees of the City (“**City Employees**”) shall have access and use of CapMetro’s transit services which consist of bus service and rail service, vanpool service, and CapMetro Access paratransit service (collectively, the “**Services**”) upon presentation of a valid transportation pass.

2.3 **Tasks.**

- 2.3.1 CapMetro shall allow City Employees to have unlimited use of CapMetro's bus, rail, Pickup and CapMetro Access services upon presentation of a valid transit pass and, if requested by a CapMetro service operator or representative, a City identification badge. The City will distribute digital transit passes through the CapMetro's merchant portal website. CapMetro shall deliver Reloadable Fare Cards for bus service, and rail service service to the City's Human Resources Department who shall distribute the cards to City Employees. CapMetro shall deliver up to 5,000 Reloadable Fare Cards for bus and rail services and up to 100 Transit Passes for CapMetro Access services to the City no later than December 1, 2025, and December 1 each subsequent year of the Agreement. Upon the City's request, CapMetro shall deliver additional Transit Passes to the City on dates agreed by the Parties throughout the Term of the Agreement.
- 2.3.2 CapMetro shall allow City Employees to have unlimited use of CapMetro Vanpool services upon approval by the City and CapMetro. Vanpool subsidies shall be applied to all approved riders. Vanpool riders approved after the fifth of any month shall have subsidies applied the month following.
- 2.3.3 CapMetro shall monitor, compile, and analyze bus, rail, and vanpool ridership through the use of transit passes, bus and rail validators, and vanpool participant data. CapMetro shall provide monthly agreed upon reports to the City based on this data. Monthly reports must be received by the 20th of the month following the month in which ridership data is collected. CapMetro and the City shall reconcile services and City Employee eligibility each quarter. Notwithstanding the foregoing, CapMetro Access ridership analysis is available upon request, contingent on the City providing a list of employee names/client IDs.
- 2.3.4 The City shall promote transit use to their City Employees with the assistance of the CapMetro Community Engagement Office.
- 2.3.5 City Employees eligible for CapMetro Access service must follow CapMetro's process for reservations and services.
- 2.3.6 CapMetro and the City mutually understand the need for coordination and prior approval(s) of their respective governing bodies regarding services, activities and initiatives that involve additional funds.

SECTION 3. COMPENSATION

3.1 **Agreement Amount.**

- 3.1.1 For the Initial Term (as set forth in Section 4.1 of this Agreement), the City will pay CapMetro an amount not to exceed \$200,000 for the services provided under this Agreement at the rates set forth in this Section 3.1. For each extension period of the Term, the City will pay an amount not to exceed \$200,000 for the services provided under this Agreement at the rates set forth in this Section 3.1.
- 3.1.2 The City shall pay CapMetro for Transit Passes at a cost that is discounted by thirty percent (30%) off standard fare pricing for all Local bus services (Bus, UT Shuttle, Rapid and High-Frequency Routes, and Pickup) and all Commuter service (All Local services, plus Express Routes and Rail).
- 3.1.3 For Initial Term, the City shall reimburse CapMetro \$85.00 a month per City Employee for access to CapMetro Vanpool services, and City Employees shall reimburse CapMetro (or a designated contractor) for any fees exceeding the \$85.00 paid by the City for vanpool services. For any extensions to the Term after the Initial Term, CapMetro reserves the right to change the rates for access to vanpool services by providing not less than one hundred twenty days (120) days written notice to the City defining the terms of the rates.

- 3.1.4 For the Initial Term, the City shall reimburse CapMetro \$46.50 a month per City Employee for access to CapMetro Access paratransit services, and City Employees shall reimburse CapMetro (or a designated contractor) for any fees exceeding the \$46.50 monthly fee paid by the City for paratransit services. For any extensions to the Term after the Initial Term, CapMetro reserves the right to change the rates for access to CapMetro Access paratransit services by providing not less than one hundred twenty (120) days written notice to the City defining the terms of the rates.
- 3.1.5 The City shall reimburse CapMetro for the cost of printing up to 5,000 Transit Passes for Services at a rate of \$3.00 per pass for an annual cost of approximately \$15,000.00. If additional Transit Passes are required, the City shall reimburse CapMetro \$3.00 per Transit Pass.

3.2 **Invoices**

- 3.2.1 CapMetro shall submit to the City quarterly invoices with ridership data for the final month of the quarter no later than the 25th of the month, following quarter end.
- 3.2.2 Based upon reconciled ridership services and City Employee eligibility each quarter, CapMetro shall submit itemized invoices including ridership data reports for the Services.
- 3.2.3 Invoices shall contain a non-duplicated invoice number, the purchase order or delivery order number and the master agreement number if applicable, the Department's Name, and the name of the point of contact for the Department. Invoices shall be itemized and submitted no later than 30 days after the end of each quarter. Unless otherwise instructed in writing, the City may rely on the remittance address specified on the CapMetro's invoice. Invoices received without all required information cannot be processed and shall be returned to CapMetro. Invoices shall be mailed to the address below:

City of Austin
Human Resources Department,
Employee Benefits Division
Attn: David Sifuentes
P. O. Box 1088
Austin, Texas 78767

3.3 **Payment.**

- 3.3.1 Correct invoices received by the City shall be paid within thirty (30) calendar days of the City's receipt of the invoice and ridership data reports.
- 3.3.2 If payment is not made timely (per this Section 3.3), interest shall accrue on the unpaid balance at the lesser of one percent (1%) per month or the maximum lawful rate; except, if payment is not timely made for a reason for which the City may withhold payment hereunder, interest shall not accrue until ten (10) calendar days after the grounds for withholding payment have been resolved.
- 3.3.3 Notice is hereby given of Article VIII, Section 1 of the Austin City Charter which prohibits the payment of any money to any person, firm or corporation who is in arrears to the City for taxes, and of §2-8-3 of the Austin City Code concerning the right of the City to offset indebtedness owed to the City.

- 3.4 **Non-Appropriation.** The awarding or continuation of this Agreement is dependent upon the availability of funding. The City's payment obligations are payable only and solely from funds appropriated and available for this Agreement. The absence of appropriated or other lawfully available funds shall render the Agreement null and void to the extent funds are not appropriated or available and any deliverables delivered but unpaid shall be returned to CapMetro. The City shall provide CapMetro written notice of the failure of the City to make an adequate Appropriation for any fiscal year to pay the amounts due under the Agreement, or the reduction of any appropriation to an amount insufficient to permit the City to pay its obligations under the Agreement. In the event of non- or inadequate appropriation of funds, there shall be no penalty nor removal fees charged to the City. The City shall be responsible for payment for all Services through the date of the termination, and upon termination, City Employees shall cease to utilize the Transit Passes for the Services.

SECTION 4. TERM AND TERMINATION

- 4.1 **Term.** The term of this Agreement (“**Term**”) shall become effective from January 1, 2026 (“**Effective Date**”) through December 31, 2026 (“**Initial Term**”) and may be extended thereafter for up to four (4) twelve (12) month extension periods. The Parties may exercise an extension period by written agreement executed by CapMetro’s President/CEO or her/his designee and the City Purchasing Officer or his/her designee.
- 4.2 **Right to Assurance.** Whenever one Party to the Agreement in good faith has reason to question the other Party’s intent to perform, demand may be made to the other Party for written assurance of the intent to perform. If no assurance is given within the time specified after demand is made, the demanding Party may treat this failure as an anticipatory repudiation of the Agreement.
- 4.3 **Default.** Either Party shall be in default under the Agreement if either Party (a) fails to fully, timely and faithfully perform any of its material obligations under the Agreement, or (b) fails to provide adequate assurance of performance under the Right to Assurance paragraph contained herein.
- 4.4 **Termination.** Either Party shall have the right to terminate the Agreement, in whole or in part, without cause any time upon thirty (30) calendar days’ prior written notice. Upon receipt of a notice of termination, CapMetro shall promptly cease all further work pursuant to the Agreement, with such exceptions, if any, specified in the notice of termination. The City shall pay CapMetro, to the extent of funds appropriated or otherwise legally available for such purposes, for all goods delivered and services performed, and obligations incurred prior to the date of termination in accordance with the terms hereof. Upon termination of the Agreement, City Employees shall cease to utilize the Transit Passes for the Services.

SECTION 5. OTHER DELIVERABLES

5.1 Insurance

5.1.1 General Requirements.

- 5.1.1.1 CapMetro shall at, a minimum, carry insurance in the types and amounts indicated herein for the duration of the Agreement.
- 5.1.1.2 CapMetro shall provide a Certificate of Insurance as verification of coverage required below to the City at the below address prior to Agreement execution and within fourteen (14) calendar days after written request from the City.
- 5.1.1.3 CapMetro shall forward a Certificate of Insurance to the City whenever a previously identified policy period has expired as verification of continuing coverage.
- 5.1.1.4 CapMetro shall not commence work until the required insurance is obtained and has been reviewed by the City. Approval of insurance by the City shall not relieve or decrease the liability of CapMetro hereunder and shall not be construed to be a limitation of liability on the part of CapMetro.
- 5.1.1.5 CapMetro shall submit certificates of insurance to the City for all subcontractors prior to the subcontractors commencing work on the Agreement.
- 5.1.1.6 CapMetro’s and all subcontractors’ insurance coverage shall be written by companies licensed to do business in the State of Texas at the time the policies are issued and shall be written by companies with A.M. Best ratings of B+VII or better.
- 5.1.1.7 All endorsements naming the City as additional insured as well as the Certificate of Insurance shall contain the Agreement contract number, the Buyer’s name and address, and shall be mailed to the address below:
- City of Austin
Purchasing Office
Attn: Cindy Reyes
P. O. Box 1088
Austin, Texas 78767
- 5.1.1.8 The “other” insurance clause shall not apply to the City where the City is an additional insured shown on any policy. It is intended that policies required in the Agreement, covering both the City and CapMetro, shall be considered primary coverage as applicable.
- 5.1.1.9 If insurance policies are not written for the amounts specified in this section, CapMetro shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability Insurance is provided, it shall follow the form of the primary coverage.

- 5.1.1.10 The City shall be entitled, upon request, at an agreed upon location, and without expense, to review certified copies of policies and endorsements thereto and may make any reasonable requests for deletion or revision or modification of particular policy terms, conditions, limitations, or exclusions except where policy provisions are established by law or regulations binding upon either of the Parties hereto or the underwriter on any such policies.
 - 5.1.1.11 The City reserves the right to review the insurance requirements set forth during the effective period of the Agreement and to make reasonable adjustments to insurance coverage, limits, and exclusions when deemed necessary and prudent by the City based upon changes in statutory law, court decisions, the claims history of the industry or financial condition of the insurance company as well as CapMetro.
 - 5.1.1.12 CapMetro shall not cause any insurance to be canceled nor permit any insurance to lapse during the term of the Agreement or as required in the Agreement. CapMetro shall be responsible for providing to City immediate notice of its receipt of a notice of cancellation, termination, material change, or non-renewal relating to any insurance policy required herein. This requirement may be satisfied by providing a copy of the carrier notice received by CapMetro to the City within two business days or by endorsement of the policies to require notice to the City to be provided by the insurer.
 - 5.1.1.13 CapMetro shall be responsible for premiums, deductibles and self-insured retentions, if any, stated in policies. All deductible or self-insured retentions shall be disclosed on the Certificate of Insurance.
 - 5.1.1.14 CapMetro shall endeavor to provide the City thirty (30) calendar days written notice of erosion of the aggregate limits below occurrence limits for all applicable coverage indicated within the Agreement.
- 5.1.2 **Specific Coverage Requirements.** CapMetro shall at a minimum carry insurance in the types and amounts indicated below for the duration of the Agreement. These insurance coverages are required minimums and are not intended to limit the responsibility or liability of CapMetro.
- 5.1.2.1 **Commercial General Liability Insurance.** The minimum bodily injury and property damage per occurrence are \$500,000 for coverage A (Bodily Injury and Property Damage) and B (Personal and Advertising Injuries). The policy shall contain the following provisions and endorsements.
 - 5.1.2.1.1 Blanket contractual liability coverage for liability assumed under the Agreement and all other Contracts related to the project.
 - 5.1.2.1.2 Independent Contractor's Coverage.
 - 5.1.2.1.3 The City of Austin listed as an additional insured, Endorsement CG 2010, or equivalent coverage.
 - 5.1.2.2 **Business Automobile Liability Insurance.** CapMetro shall provide coverages for all owned, non-owned and hired vehicles with a minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. Alternate acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence and at least \$100,000 property damage liability per accident. The policy shall contain the following endorsements:
 - 5.1.2.2.1 The City of Austin listed as an additional insured, Endorsement CA 2048, or equivalent coverage.
 - 5.1.2.3 **Endorsements.** The specific insurance coverage endorsements specified above, or their equivalents must be provided. If endorsements, which are the equivalent of the required coverage, are proposed to be substituted for the required coverage, copies of the equivalent endorsements must be provided for the City's review and approval.
 - 5.1.2.4 **Certificate.** The following statement must be shown on the Certificate of Insurance.

The City of Austin is an Additional Insured on the general liability and the auto liability policies.

5.2 **Equal Opportunity.**

5.2.1 **Equal Employment Opportunity.** This Agreement does not abrogate CapMetro's responsibility to comply with all applicable federal, state and local non-discrimination laws.

5.2.2 **Americans with Disabilities Act (ADA) Compliance.** CapMetro or CapMetro's agent shall engage in any discriminatory employment practice against individuals with disabilities as defined in the ADA.

5.3 **Rights to Contractual Material.** All material submitted by CapMetro to the City shall become property of the City upon receipt. Any portions of such material claimed by CapMetro to be proprietary must be clearly marked as such. Determination of the public nature of the material is subject to the Open Records Act, Chapter 552, of the Texas Government Code.

SECTION 6. MISCELLANEOUS

6.1 **Compliance with Health, Safety, and Environmental Regulations.** CapMetro, its subcontractors, and their respective employees, shall comply fully with all applicable federal, state, and local health, safety, and environmental laws, ordinances, rules and regulations in the performance of the Services. In case of conflict, the most stringent safety requirement shall govern.

6.2 **Right to Audit.** CapMetro agrees that the representatives of the Office of the City Auditor or other authorized representatives of the City shall have access to and the rights to audit, examines, or reproduce, any and all records of CapMetro related to the performance under this Agreement. The Parties shall retain all such records for a period of four (4) years after final payment on this Agreement or until all audit and litigation matters related to the Agreement are resolved, whichever is longer. CapMetro agrees to refund to the City any overpayments disclosed by any such audit.

6.3 **Claims.** If any claim, demand, suit, or other action is asserted against a Party which arises under or concerns the Agreement, or which could have a material adverse effect on the other Party's ability to perform thereunder, the accused Party shall give written notice thereof to the other Party within ten (10) calendar days after receipt of notice by the accused Party. Such notice shall state the date of notification of any such claim, demand, suit, or other action; the names and addresses of the claimant(s); the basis thereof; and the name of each person against whom such claim is being asserted. Such notice to the City shall be delivered personally or by mail and shall be sent to the City and to the Austin City Attorney. Personal delivery to the City Attorney shall be to City Hall, 301 West Second Street, Fourth Floor, Austin, Texas 78701, and mail delivery shall be to P.O. Box 1088, Austin, Texas 78767. Such notice to CapMetro will be in accordance with Section 6.4 of this Agreement.

6.4 **Notices.** Unless otherwise specified, all notices, requests, or other communications required or appropriate to be given under the Agreement shall be in writing and shall be deemed delivered three (3) business days after postmarked if sent by U.S. Postal Service Certified or Registered Mail, Return Receipt Requested. Notices delivered by other means shall be deemed delivered upon receipt by the addressee. Routine communications may be made by first class mail, telefax, or other commercially accepted means. Notices to the City and CapMetro shall be addressed as follows:

To the City:	To CapMetro:
City of Austin, Purchasing Office	Capital Metropolitan Transportation Authority
Attn: Cindy Reyes, Contract Management Specialist III	Attn: Vice President Marketing and Communications Additional copy to: Brad Bowman, Chief Counsel
P.O. Box 1088	3100 East 5th Street
Austin, TX 78767	Austin, Texas 78702

6.5 **Advertising.** Neither Party shall advertise or publish works without the other Party's prior consent nor the fact that both Parties have entered into this Agreement, except to the extent required by law.

6.6 **Independent Contractor.** The Agreement shall not be construed as creating an employer/employee relationship, a partnership, or a joint venture. Capital Metro's services shall be those of an independent

contractor. Capital Metro agrees and understands that the Agreement does not grant any rights or privileges established for employees of the City.

- 6.7 **Modifications.** The Agreement can be modified or amended only by written documentation signed by both Parties. No pre-printed or similar terms on any Capital Metro invoice, order or other document shall have any force or effect to change the terms, covenants, and conditions of the Agreement. The City Manager and the Capital Metro President/CEO shall have the authority to negotiate and execute amendments to this Agreement without further City Council action or action from the Capital Metro Board of Directors, but only to the extent necessary to implement and further the clear intent of the respective City substantive modification of the terms and conditions hereof or otherwise violate Chapter 791 of the Texas Government Code or as otherwise provided in this Agreement. Except as otherwise provided in this Agreement, any amendments that would constitute a substantive modification to the Agreement must be approved by the governing bodies of the Parties.
- 6.8 **Interpretation.** The Agreement is intended by the Parties as a final, complete and exclusive statement of the terms of their agreement. No course of prior dealing between the Parties or course of performance or usage of the trade shall be relevant to supplement or explain any term used in the Agreement. Although the Agreement may have been substantially drafted by one Party, it is the intent of the Parties that all provisions be construed in a manner to be fair to both Parties, reading no provisions more strictly against one Party or the other. Whenever a term defined by the Uniform Commercial Code, as enacted by the State of Texas, is used in the Agreement, the UCC definition shall control, unless otherwise defined in the Agreement.
- 6.9 **Dispute Resolution.** If a dispute arises out of or relates to the Agreement, or the breach thereof, the Parties agree to negotiate prior to prosecuting a suit for damages. However, this section does not prohibit the filing of a lawsuit to toll the running of a statute of limitations or to seek injunctive relief. Either Party may make a written request for a meeting between representatives of each Party within fourteen (14) calendar days after receipt of the request or such later period as agreed by the Parties. Each Party shall include, at a minimum, one (1) senior level individual with decision-making authority regarding the dispute. The purpose of this and any subsequent meeting is to attempt in good faith to negotiate a resolution of the dispute.
- 6.10 **Jurisdiction and Venue.** The Agreement is made under and shall be governed by the laws of the State of Texas, including, when applicable, the Uniform Commercial Code as adopted in Texas, V.T.C.A., Bus. & Comm. Code, Chapter 1, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. All issues arising from this Agreement shall be resolved in the courts of Travis County, Texas and the Parties agree to submit to the exclusive personal jurisdiction of such courts. The foregoing, however, shall not be construed or interpreted to limit or restrict the right or ability of the City to seek and secure injunctive relief from any competent authority as contemplated herein.
- 6.11 **Invalidity.** The invalidity, illegality, or unenforceability of any provision of the Agreement shall in no way affect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion or provision held to be void. The Parties further agree to reform the Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this section shall not prevent this entire Agreement from being void should a provision which is the essence of the Agreement be determined to be void.
- 6.12 **Waiver; Consents.** No consent or waiver, express or implied, by either Party hereto or of any breach or default by the other Party in the performance by the other of its obligations hereunder shall be valid unless in writing, and no such consent or waiver shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such Party hereunder. Failure on the part of either Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder. The granting of any consent or approval in any other instance by or on behalf of any Party hereto shall not be construed to waive or limit the need for such consent in any other or subsequent instance.
- 6.13 **Force Majeure.** Neither Party shall be liable for any default or delay in the performance of its obligations under this Agreement if, while and to the extent such default or delay is caused by acts of God, fire, riots, civil commotion, labor disruptions, sabotage, sovereign conduct, or any other cause beyond the reasonable control of such Party. In the event of default or delay in contract performance due to any of the foregoing

causes, then the time for completion of the services shall be extended; provided, however, in such an event, a conference shall be held within three (3) business days to establish a mutually agreeable period of time reasonably necessary to overcome the effect of such failure to perform.

- 6.14 **Remedies.** All rights, powers and remedies granted to either Party by any particular term of this Agreement are in addition to, and not in limitation of, any rights, powers or remedies which it has under any other term of this Agreement, at common law, in equity, by statute, or otherwise. All such rights powers and remedies may be exercised separately or concurrently, in such order and as often as may be deemed expedient by either Party. No delay or omission by either Party to exercise any right, power or remedy shall impair such right, power or remedy or be construed to be a waiver of or an acquiescence to any breach or default. A waiver by either Party of any breach or default hereunder shall not constitute a waiver of any subsequent breach or default.
- 6.15 **Assignment.** No Party here to shall have the right, power or authority to assign this Agreement, or any portion hereof or any monies due or to become due hereunder, without the prior written approval of the other Party.
- 6.16 **Successor in Interest.** All of the rights, benefits, duties, liabilities, and obligations of the Parties hereto shall inure to the benefit of and be binding upon the Parties and their permitted successors and assigns and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provisions of this Agreement; this Agreement and conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Parties and for the benefit of no other person.
- 6.17 **Right to Sue.** Capital Metro and the City have the exclusive right to bring suit to enforce this Agreement, and no other Party may bring suit, as a third-party beneficiary or otherwise, to enforce this Agreement.
- 6.18 **Sovereign Immunity.** The Parties to this Agreement are governmental entities within the State of Texas and nothing in this Agreement waives or relinquishes the right of the Parties to claim any exemptions, privileges and immunities as may be provided by law.
- 6.19 **Execution in Counterparts/Electronic Transmission.** This Agreement may be executed in any number of counterparts with the same effect as if all Parties had signed the same document. All counterparts will be construed together and constitute one agreement. A facsimile or other electronic transmission of a Party's signature page binds that Party with the same force and effect as if signed and delivered in original.
- 6.20 **Entire Agreement.** This Agreement represents the complete and entire Agreement between the Parties respecting the matters addressed herein, and supersedes all prior negotiations, agreements, representations, and understanding, if any, between the Parties to the subject matter contained in this Agreement.
- 6.21 **Contracting Authority.** The Parties' execution of this Agreement is authorized and governed by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code.

In witness whereof, the Parties have caused duly authorized representatives to execute this Agreement on the dates set forth below to be effective as of the Effective Date.

**CAPITAL METROPOLITAN
TRANSPORTATION AUTHORITY**

By: _____
Signature

Name: _____
Printed Name

Title: _____

Date: _____

Approved as to Form

CMTA Legal Department

CITY OF AUSTIN

By: _____
Signature

Name: _____
Printed Name

Title: _____

Date: _____

Approved as to Form:

Assistant City Attorney

Finance, Audit and Administration Committee
Agenda Date: 10/8/2025

Item #: AI-2025-1619

SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an Interlocal Agreement with the University of Texas at Austin to subsidize annual passes on CapMetro Bikeshare for staff and students at a reimbursement rate to CapMetro of \$45.00 per student and \$90.00 per staff member, with up to three (3) optional one-year extension periods.

FISCAL IMPACT:

Refer to business case and executive summary for clarification.

STRATEGIC PLAN:

Strategic Goal Alignment:

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

EXPLANATION OF STRATEGIC ALIGNMENT: This revenue-generating agreement establishes a cost-sharing arrangement to expand bikeshare access. It strengthens a longstanding partnership with the University of Texas at Austin, improves campus mobility, addresses parking demand, and increases bikeshare ridership.

BUSINESS CASE: Earlier this year CapMetro adjusted bikeshare fares for students and staff, which increased the cost of annual passes. CapMetro offers a 50% discount on annual bikeshare passes for currently enrolled students over 18. To reduce the financial impact of this fare change, the University of Texas (UT) at Austin Parking and Transportation Services department agreed to provide a direct subsidy for UT students and staff. Under the agreement, UT will reimburse CapMetro \$45.00 per student pass and \$90.00 per staff pass annually. Under this agreement UT students will pay \$30 for an annual pass, and UT staff will pay \$60. Subsidy payments under this ILA are estimated to generate approximately \$75,000 in annual revenue based on historic participation.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on October 8, 2025.

EXECUTIVE SUMMARY: CapMetro and the University of Texas at Austin have partnered since 1989 to provide transportation services for the benefit of the University and the Austin community. Under this agreement, UT

Agenda Date: 10/8/2025

will reimburse CapMetro \$45.00 per student and \$90.00 per staff member for bikeshare annual passes. The agreement has an initial one-year term beginning August 1, 2025, with up to three optional one-year extensions.

The subsidy amount is funded by UT Parking and Transportation Services as part of its broader strategy to manage parking demand and promote sustainable transportation options. This agreement expands access to bikeshare for UT students and staff and generates new revenue for CapMetro while supporting ridership growth in one of our system's highest demand service areas.

DBE/SBE PARTICIPATION: Does not apply

PROCUREMENT: Does not apply

RESPONSIBLE DEPARTMENT: Finance

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

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1619

WHEREAS, since 1989 CapMetro and the University of Texas at Austin have partnered to provide transportation services benefiting both the University and the community; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and management recognize the benefit of discounted bikeshare passes for students and staff to support CapMetro's mission of promoting public transportation and reducing single-occupancy vehicle use.

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 an Interlocal Agreement with the University of Texas at Austin to subsidize annual passes on CapMetro Bikeshare for staff and students at a reimbursement rate to CapMetro of \$45.00 per student and \$90.00 per staff member, with up to three (3) optional one-year extension periods.

Date: _____

**Secretary of the Board
Becki Ross**

Finance, Audit and Administration Committee
Agenda Date: 10/8/2025

Item #: AI-2025-1622

SUBJECT:

Approval of a resolution adopting the FY2026 Annual Internal Audit Plan.

FISCAL IMPACT:

This action has no fiscal impact.

STRATEGIC PLAN:

Strategic Goal Alignment:

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

EXPLANATION OF STRATEGIC ALIGNMENT: This plan will ensure good stewardship and internal controls for the agency and supports the CapMetro Strategic Plan.

BUSINESS CASE: Does not apply.

COMMITTEE RECOMMENDATION: This item was presented and recommended for approval by the Finance, Audit and Administration Committee on October 8, 2025.

EXECUTIVE SUMMARY: The Institute of Internal Auditor’s International Standards for the Professional Practice of Internal Auditing require risk-based audit plans be developed to determine the priorities of an internal audit activity, consistent with the organizational goals. The proposed FY2026 Internal Audit Plan (the Plan) summarizes the proposed audits and projects that were identified during a comprehensive risk assessment performed by CapMetro’s Internal Audit Department. The Plan presents audit activities in two categories: Assurance Services, and Advisory & Consulting Services. The CapMetro Internal Audit Charter requires that the Chief Audit Executive “present for approval to the Finance Audit & Administration Committee a risk-based Audit Plan which documents the priorities of the internal audit function and is consistent with the Authority’s strategic goals and objectives.” After FAA Committee consideration, the Plan is taken to the full Board for its review and approval.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

RESPONSIBLE DEPARTMENT: Internal Audit Department

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

**STATE OF TEXAS
COUNTY OF TRAVIS**

AI-2025-1622

WHEREAS, the FY2026 Internal Audit Plan considers the potential risks and the opportunities of the Authority; and the FY2026 Internal Audit Plan was prepared in accordance with the professional internal auditing standards; and

WHEREAS, the FY2026 Internal Audit Plan provides a mix of audit projects to mitigate risks, develop recommendations for improvement and/or costs savings, and monitor the progress toward implementing past recommendations.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the FY2026 Internal Audit Plan is adopted and sets a program to provide relevant and useful information to the Board of Directors.

**Secretary of the Board
Becki Ross**

Date: _____

To: Matt Harriss, Member, Chair, Finance, Audit & Administrative (FAA) Committee
Dianne Bangle, Member, Vice Chair, FAA Committee
Zo Qadri, Member, FAA Committee
Becki Ross, Member, FAA Committee

CC: Dottie Watkins, President/CEO

From: Terry Follmer, CPA, MBA, CIA, CISA, CISSP
Chief Audit Executive

Date: October 1, 2025

Subject: **Proposed FY2026 Internal Audit Plan & Annual IIA Governance Requirements**

Purpose

The purpose of this memo is to summarize the process taken to develop the Proposed FY2026 Internal Audit Plan and request the Board's approval via resolution to approve the plan. This memo also covers the Institute of Internal Auditors (IIA) and Government Auditing Standards annual governance and communication requirements. During 2025, both the IIA and the Comptroller General of the United States have revised their International Standards for the Professional Practice of Internal Auditing (the Standards) and Government Auditing Standards respectively. Global Internal Audit Standard 9.4 states that the chief audit executive must create an internal audit plan based upon an organization-wide risk assessment that is also designed to support the achievement of the organization's objectives. The internal audit plan is based on a documented assessment of the organization's strategies, objectives, and risks and is informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. This memo highlights key requirements to be approved by the Board and senior management, some of which are new. Additionally, this memo contains the proposed FY2026 Internal Audit Plan (Audit Plan) and summarizes the planning methodology and the audit projects to be performed during FY2026.

Board Governance of Internal Audit Function

The CapMetro Internal Audit Department follows two sets of internal audit standards, one from the IIA (Red Book), and the other from Comptroller General of the United States (Yellow Book), which are very similar in requirements. One of the main differences between the two standards is that the Government Auditing Standards requires an external quality assessment every three years versus the IIA which only requires the assessment every five years. Additionally, the Government Auditing Standards are structured to include financial audits because some

government auditing departments issue opinions on financial statements, but CapMetro's auditing department does not perform financial statements audits. The revised IIA standards require that the following specific items be discussed and reviewed by the Board at least annually:

- Internal Audit Department Charter
- Internal Audit Mandate from the Board
- Annual Audit Plan and any significant changes
- Annual Budget and resource plan
- The Chief Audit Executive's appointment and removal
- The Chief Audit Executive's Remuneration
- The external quality assessment plan
- The results of the external quality assessment and any action plans

FY2026 Audit Plan & Updates

The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing* require that risk-based plans be developed to determine the priorities of the internal audit activity, consistent with the organization's goals.

The proposed FY2026 Internal Audit Plan ([Table 1](#)) was developed by reviewing CapMetro's goals and objectives, and performing a comprehensive risk assessment. This included a risk assessment survey sent to management and Board members, management interviews, and discussions with Board members. The Internal Audit Department also reviewed CapMetro's operating and capital budgets, organization charts, and Strategic Plan as well as prior external consulting and audit reports (e.g., FTA Triennial, Quadrennial Performance Audit, etc.), to help ensure other potential risks and opportunity areas were identified and proposed projects are aligned to address the strategic risks of the Authority. The proposed Audit Plan has been designed with a special focus on CapMetro's Strategic Plan with input from the Board and President on down through the organization. Additionally, we collaborated with other Texas transit agencies and reviewed the proposed FY2026 audit plans of Houston METRO, VIA in San Antonio, and DART in Dallas.

This year's Risk Assessment ([Table 3](#)) identified the top 17 risks facing CapMetro in 2025 and there were four new risks (Monitoring Payroll Pass-Through Charges; Employee Retention & Succession Planning; Lack of Policies/Procedures; Real Estate Contract Controls) identified in this year's survey. The other thirteen risks were all noted in the prior year risk assessment, however, the risks categories had quite a bit of movement in the shuffling up/down. Some of the more notable movements are that "Managing Projected Costs vs Revenues" came in at #1 in light of sales taxes increasing at a decreasing rate, and Safety of Operations is at #2. Additionally, the continuation of large capital projects, including the electric bus program, establishing new transit facilities and offices, MetroRapid delivery program was notably

reflected in the risk survey results. Some key FY2026 financial drivers of risks are noted as follows: Capital Projects budgeted at \$155 million (e.g., Project Connect MetroRapid Stations; North Base Demand Response Facility; Bus Electrification Infrastructure; and new Fifth & Tillery headquarters); Total Expenses at \$625 million (\$442 million Operating Expenses and \$183 million Capital Expenses and Other); and Total Revenues budgeted at \$561 million (\$399 million Sales Taxes; \$162 million Grants and Other).

The proposed FY2026 Audit Plan was put together using the annual risk assessment and other activities (e.g. interviews of Board and management; annual risk assessment survey suggestions; review of FY2026 budgets and strategic plan; benchmarking with other APTA transit agencies; etc.) and contains 25 projects. The proposed Plan also considers information technology governance, fraud risks, the effectiveness of the organization's compliance and ethics programs, and other high-risk areas. The Plan includes nine projects that are already "in-process" as follows: 5 Inventory Control projects (i.e. Bus, Demand Response, Rail, Facilities & Bus Parts, and Fuel); two are the continuous monitoring of payroll pass-through charges (Keolis/Bus and MTM/Demand Response); and the Bus Charging Infrastructure & EV Program, and Oracle Segregation of Duties. The payroll pass through charges from Keolis/Bus and MTM/DR are CapMetro's largest expenses so ongoing continuous monitoring using data analytics and full population review will be performed. Payroll process improvement opportunities will be identified to ensure adequate controls are in place to validate accurate and timely payments to service provider staff and related invoicing to CapMetro. In the Fall semester unpaid University of Texas interns will assist in performing data analytics on the maintenance data in the Hexagon Enterprise Asset Management system. The proposed plan also includes two IT projects which include a follow-up on the cybersecurity assessments conducted by CISA (Cybersecurity & Infrastructure Security Agency) to benchmark against prior year results, and the Annual Cybersecurity Review (i.e., IT Penetration and Vulnerability Assessments) which is performed by a third party. Some other highlights from the Plan are projects in the following areas: Capital Projects - Costs & Reporting Controls; new Brinks contract and reconciliation of cash collected; and a Survey of Oracle Users to identify opportunities for improvement.

The FY2026 Audit Plan also includes a list of contingent projects ([Table 2](#) - four projects listed as Contingent Audit Projects) that will serve as backup projects that will be performed if the original plan is running ahead of schedule or if some of the projects must be delayed or cancelled. Furthermore, the Audit Plan is meant to be a risk-based, flexible, and dynamic audit plan so that as emerging risks arise or priorities change, the Internal Audit Department will bring these future project changes to management and the Finance, Audit, and Administration Committee (FAA Committee) for approval.

Internal Audit Budget & Resource Plan

Staffing for the FY2026 Audit Plan will use a combination of internal and external resources to perform the projects. This past year the Internal Audit Department completed seventeen audit projects, six are in process and six have not started. The FY26 plan includes twenty-six assurance/advisory projects, and Internal Audit believes these additional projects can be completed because nine of the projects are already “in-process” and through better planning, scoping and coordination with management. The department is currently short one employee from the five full time auditors, and we continue to mature the UT Audit Intern program which started in 2018. This Fall semester we will have six graduate Accounting students from UT’s #1 ranked Masters of Professional Accounting program who will be assisting on two advisory projects as part of their required Auditing-2 class. This is our fifteenth semester participating in this highly successful program, and we plan on continuing the UT Audit Intern program with a fresh class in the Spring. Each student in the intern program provides up to 60 hours per semester (about 5 hours per week for 12 weeks) of volunteer project time for the semester as part of their Auditing-2 class. Additionally, on the IT security side we have registered with CISA to follow-up on this year’s cybersecurity assessments, and the external Annual Cybersecurity Review (i.e. IT Penetration and Vulnerability Assessment) is performed by a consulting firm which is funded by the IT Department. We believe this mix of internal and external resources is sufficient to perform the projects listed in the FY2026 Audit Plan (see [Table 1](#)).

The proposed Plan will take approximately 10,000 hours to complete and includes 1,000 hours for administrative and non-audit services which include paid time off (e.g. vacation, training, sick, etc.). The FY26 Internal Audit Department budget of \$710,000 is largely composed of salary and benefits for five full-time employees, which is sufficient to support the proposed FY26 Audit Plan.

Audit Performance Measures & Quality Assessments

Standard 12.2 requires both quantitative and qualitative performance measures to be reported to the Board and senior management in order to report on the Internal Audit Department’s performance. The approved FY2026 Audit Plan will serve as a performance scorecard to measure the Internal Audit Department’s ability to complete the plan. Additionally, the recommendations issued in audit reports will be tracked and reported to the FAA Committee on at least a semi-annual basis. The department has developed strategic initiatives to make progress in the following leading practice areas: application of artificial intelligence (AI); identifying controls/processes that allow for continuous monitoring; leveraging Microsoft Power BI to analyze big data and allow for quick analysis and identification of anomalies in the data. Progress on the strategic initiatives serves as a qualitative performance metric while the completion of the Plan and implementation status of the audit recommendations serves as a quantitative measure.

Standards 12.1 and 8.4 require both internal quality and external quality assessments respectively, which must be reported to the Board and senior management. Every 3 years an external quality assessment is performed as required by the Government Auditing Standards (GAS), and the results of the 2025 external quality assessment were a “generally conforms” rating for the IIA standards and a “pass” rating for the GAS, which is the highest rating you can receive. An internal quality assessment occurs on every audit project and once a year a formal Quality Assurance Improvement Program checklist is completed by the Chief Audit Executive.

Professional Requirements & Auditor Independence

The Internal Audit Department conducts its audits in conformance with Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States and the IIA’s Global Internal Audit Standards and the International Professional Practice Framework. These standards require that auditors be independent from any entity or person that we audit or may audit and be objective when conducting such audits. Furthermore, IIA Standard 7.1 (Organizational Independence) requires that the CAE confirm to the board, at least annually, the organizational independence of the internal audit activity. CapMetro Internal Audit is organizationally independent of management and, as such, remains objective when conducting audits, and our staff have no conflicts of interest with the proposed FY2026 Audit Plan. Additionally, the Internal Audit Department conforms with the Global Internal Audit Standards and the Code of Ethics.

TABLE 1 - FY2026 Audit Assurance & Advisory Projects

	Audit Project	Risk Area	Audit Type	Audit Purpose/Objective & Scope	Estimated Hours	Original Background / Rational, and updated Key Notes from interviews related to scope/timing
1	Semiannual Implementation Status Updates - November 2025	Compliance	Advisory	Monitor and report on implementation status of previously agreed-upon corrective action plans (CAPs). Status updates are performed twice each year (Spring and Fall.)	200	Required by Charter and IIA best practices.
2	Semiannual Implementation Status Updates - May 2026	Compliance	Advisory	Monitor and report on implementation status of previously agreed-upon corrective action plans (CAPs). Status updates are performed twice each year (Spring and Fall.)	200	Required by Charter and IIA best practices.
3	Quarterly - Implementation Status of Miscellaneous Revenue recommendations	Compliance	Advisory	Monitor and report on implementation status of previously agreed-upon corrective action plans (CAPs). Status updates are performed quarterly (Dec/March/June/Sept.)	300	Requested by FAA Committee at 9/10/2025 FAA Committee meeting.
4	FY2026 Risk Assessment & FY2027 Audit Plan Development	Governance	Continuous Improvement & QC	Develop the annual risk based internal audit services plan to identify audit and non-audit projects and effectively allocate resources. Update and align the plan with changing organizational risks/opportunities.	350	IIA Standards require risk-based plans be developed to determine the priorities of the internal audit activity, consistent with the organization's goals
5	Keolis Payroll Pass Through Charges - Ongoing Continuous Monitoring	Financial & Compliance	Assurance & Advisory	Build data analytics model to identify potential payroll errors, and ensure controls are appropriate to validate. Ensure Keolis employees are paid in compliance with the Collective Bargaining Agreement and CapMetro is properly billed.	500	Evaluate Keolis payroll compliance with the Collective Bargaining Agreement (CBA) and verify the accuracy of payroll-related billing to CapMetro through advanced data analytics. Coordinate with Operations to proactively identify and resolve anomalies before or after payroll processing and invoicing. Leverage Power BI for advanced payroll analysis, real-time data visualization, reporting, and reconciliation of payroll records and invoices. Help management develop a model to track errors, root cause and remediation done by Keolis.
6	MTM Payroll Pass Through Charges - Ongoing Continuous Monitoring	Financial & Compliance	Assurance & Advisory	Ensure controls are appropriate to validate the MTM employees are paid in compliance with the Collective Bargaining Agreement and CapMetro is properly billed.	500	New contract with MTM effective 1/1/2024 with payroll becoming a "pass through" charge.
7	Oracle segregation of duties (DLT Solutions & Sikich)	Financial	Advisory / Consulting	FastPath software has been purchased to analyze segregation of duties (SOD) across the financial transactions (e.g. Payments; Payroll; etc.)	300	Fastpath (www.gofastpath.com) - Appropriate segregation of duties in Oracle is necessary to prevent and detect fraud, waste, abuse and accounting errors.
8	Oracle Survey - User Satisfaction & Opportunities	Operational	Advisory / Consulting	Post implementation survey of users across all department to measure user satisfaction and determine opportunities for improvement.	250	Leverage and update prior FORMS survey used on the Hexagon survey and customize questions for Oracle.
9	Capital Projects - Costs & Reporting Controls	Financial & Operational	Advisory / Consulting	Review the efficiency, completeness and accuracy of Capital Projects data across Oracle, Planview, and Hexagon. Evaluate whether the training, and policies/procedures are adequate.	400	FIXED ASSETS CAPITALIZATION & DISPOSAL POLICY FIN-104; CAPITALIZATION OF LABOR ON CAPITAL PROJECTS FIN-105; Grant Management Policy FIN-114; CAPITAL PROPERTY AND ASSET USE POLICY PM-101; Asset Management and State of Good Repair Policy PM-101
10	Inventory Controls - Bus Parts (Keolis)	Financial & Operational	Assurance	Evaluate policies, procedures and systems (i.e. Oracle, Hexagon, etc.) to monitor and control Bus Parts	400	Asset Management and State of Good Repair Policy PM-101. There are no Finance Policy/Procedures on Inventory. Operations has developed some Cycle Count SOP's.
11	Inventory Controls - Demand Response Parts (MTM)	Financial & Operational	Assurance	Evaluate policies, procedures and systems (i.e. Oracle, Hexagon, etc.) to monitor and control DR Parts	300	Asset Management and State of Good Repair Policy PM-101. There are no Finance Policy/Procedures on Inventory. Operations has developed some Cycle Count SOP's.
12	Inventory Controls - Rail Parts (Herzog)	Financial & Operational	Assurance	Evaluate policies, procedures and systems (i.e. Oracle, Hexagon, etc.) to monitor and control Rail Parts	300	Asset Management and State of Good Repair Policy PM-101. There are no Finance Policy/Procedures on Inventory. Operations has developed some Cycle Count SOP's.
13	Inventory Controls - Facilities & Bus Stop Parts	Financial & Operational	Assurance	Evaluate policies, procedures and systems (i.e. Oracle, Hexagon, etc.) to monitor and control Facilities and Bus Stop Parts	300	Asset Management and State of Good Repair Policy PM-101. There are no Finance Policy/Procedures on Inventory. Operations has developed some Cycle Count SOP's.
14	Fuel Inventory Controls (Unloaded, Diesel, & Red Diesel)	Financial & Operational	Assurance	Evaluate policies, procedures and systems (i.e. Oracle, Hexagon, GasBoy, etc.) to monitor and control Bus Parts	300	Asset Management and State of Good Repair Policy PM-101. There are no Finance Policy/Procedures on Inventory. Operations has developed some Cycle Count SOP's.
15	Brinks Contract and Outsourced Treasury Controls	Financial & Compliance	Assurance	Review Brinks contracts and controls related to the collection, deposit and reconciliation of cash collected on buses.	200	PM, Brandi Mohler; 3 Contracts with Brinks (TVM live Feb-24; Cash Vaulting - live at 2910 5-24; and live at 9315 in 6-24; Cash in Transit). Reconcile cash collected on buses to the Genfare System.
16	Keolis - Bus Maintenance & Training	Operations & Compliance	Advisory / Assurance	Review records related to maintenance training and preventive maintenance plans.	300	Asset Management and State of Good Repair Policy PM-101;
17	MTM - Demand Response Maintenance & Training	Operations & Compliance	Advisory / Assurance	Review records related to maintenance training and preventive maintenance plans.	300	Asset Management and State of Good Repair Policy PM-101;

	Audit Project	Risk Area	Audit Type	Audit Purpose/Objective & Scope	Estimated Hours	Original Background / Rational, and updated Key Notes from interviews related to scope/timing
18	Automation of Bus Incidents/Accidents Reporting	Operations & Compliance	Advisory / Consulting	Evaluate new automation controls for Bus incident/accident reporting.	400	The incident/accident reporting process is currently a manual and Bus has approximately 50,000 incidents/accidents per year.
19	Bus Charging Infrastructure & EV Program	Strategic, Operations, Compliance	Assurance	Review project plans related to the EV Bus Program and evaluate where policies/procedures will need to be defined to properly support the EV fleet. Assess the reliability, integration, and maintenance of the charging systems. Review operational responsibilities and identify lessons learned to improve efficiency and system integration.	400	Evaluate the overall progress and challenges in infrastructure development and installation, with a focus on Contract No. 500031 HOLT Renewables Bus Electrification Phase 2 Project - North Ops. Assess the reliability, integration, and maintenance of the charging systems. Review operational responsibilities and identify lessons learned to improve efficiency and system integration.. Maintenance of the buses is more complex and needs to be "condition based" instead of the traditional preventive maintenance which is time/mileage based.
20	UMO Contract (e-Tickets) & Administrative Fees	Operations, Financial, IT Assurance	Assurance & Advisory	Review process and technology controls to ensure the reloadable fare cards have appropriate internal controls over card administration and related UMO fees.	400	During FY2024 reloadable fare cards were rolled out and during FY2025 Bytemark contract ended and UMO contract started 3/2025. Need to review administrative controls over the reloadable fare cards and charges from UMO.
21	Real Estate - Life Cycle Management & Controls	Financial & Compliance	Advisory	Evaluate controls from cradle to grave as it relates to both purchased and leased properties. Review how the Hexagon EAM and other systems support the maintenance life cycle of the property.	400	For leased and purchased properties, review process and controls and Hexagon EAM system to ensure proper policies, procedures and systems are in place to monitor the lifecycle of each piece of real estate.
22	Safety Mgt System (SMS) - Safety Promotion via Competencies & Training	Operations & Compliance	Advisory	Compliance with FTA requirements related to "safety promotion".	300	https://www.transit.dot.gov/regulations-and-guidance/safety/public-transportation-agency-safety-program/safety-promotion-fact
23	NIST Cybersecurity Framework (CISA Facilitated Self Assessment) - re-assessment from 2025 baseline	Cybersecurity	Assurance	CISA will re-perform two reviews (Cyber Resilience Review and External Dependency Mgt) which checks for compliance with best practices as listed in the NIST Cybersecurity Framework	300	Review conducted by CISA using a detailed online questionnaire which evaluates IT controls based on the 108 controls listed in the NIST Cybersecurity Framework.
24	Annual Cybersecurity Review (Verizon)	Cybersecurity	Assurance	Annual Cybersecurity Assessment with outsourced IT Penetration & Vulnerability Assessment	200	Outsourcing the annual review of cybersecurity with a focus on internal/external IT Penetration and Vulnerability Assessments.
25	Tabletop Exercise (Ransomware Attack)	Cybersecurity	Advisory	CISA will facilitate a realistic ransomware attack scenario, and management will respond in this mock exercise with the intent to identify opportunities for improvement.	200	The purpose of the CISA Cyber Incident Response Tabletop Exercise is to provide organizations an opportunity to assess their level of readiness to respond to and recover from a cybersecurity incident impacting their operating environment.
26	Support to Transit Industry & Professional Organization	Strategic	Continuous Improvement & QC	Internal special projects including support of local and industry professional associations (ISACA, IIA, APTA, ALGA, Toastmaster, etc.), responding to professional exposure drafts, internal training and other internal quality improvement opportunities as needed. UT Audit Intern Program (Fall & Spring).	240	Community engagement through support of local audit and IT security organizations including APTA, ALGA, and UT. Terry is a member of APTA's Enterprise Cybersecurity Working Group (ECSWG) as well as the Committee of Audit Professionals (CAP). As a member of these APTA working groups, we help author and review best practice standards issued by APTA. Cap Metro volunteer support for events (e.g., SXSW, ACL, etc.)
27	Management ad hoc Requests, Consulting & Special Projects 1) Advisor on various Committees; 2) Investigations; 3) Emerging Risks & Special Projects as requested, etc. 4) Contingency Audit Project list (Table 2)	Multiple	Advisory / Consulting	Internal auditing best practices include allocating an undesignated contingency for management requests and other unanticipated special projects.	600	Examples of the types of activities in this category include: * Senior Management Team - biweekly meetings * Participation on Policy Committee, including review of new and updated policies. * Enterprise Risk Management (ERM) * Quadrennial Review * IT Security - Vendor Risk Assessments * Assist, as needed, with external audits or reviews * Respond to potential allegations of fraud and/or abuse * Review and provide input into procurement scope of services development * Vendor Interview panels (non-voting only) * Review and input on FAA Committee Charter and check for compliance * EPPM Steering Committee * Safety Mgt System Committee
28	Administrative & Non-Audit Services	Strategic & Compliance	Continuous Improvement & QC	Training, PTO, QAIP, IA Strategic Plan, and initiatives focused on improving the internal audit function.	1,000	Hours based upon 5 FTE's (5 x 2,000 hours per year), with estimated 10% of time each week for training, PTO, etc. .
TOTAL ESTIMATED HOURS					9,840	
Project started in FY2025 UT Intern projects Fall 2025						

TABLE 2 - FY2026 Contingency Audit Projects (To Be Used as Backups)

	Audit Project	Audit Type	Audit Objective & Scope	Estimated Hours	Original Background / Rational, and updated Key Notes from interviews related to scope/timing
1	Microsoft Sharepoint & Active Directory	Assurance	The confidentiality, integrity and availability of the Microsoft Active Directory and Sharepoint.	250	User access to CapMetro's systems is controlled through Microsoft's Active Directory. Sharepoint is used to control all files on the network.
2	Lease Vehicle Program - non-Revenue Vehicles	Assurance & Advisory	Review lease contract, fleet utilization, and related controls to ensure contract compliance and proper asset management.	400	In 2023-24, CapMetro moved to a leased vehicle program for non-revenue vehicles (e.g. Security, Pick-up Trucks, Leafs, etc.), instead of owning these vehicles.
3	Board Policies/Goals - Monitoring & Reporting (e.g. OTP; Fare Recovery; DBE; Title 6 Equity Analysis; etc.)	Assurance	Review Board policies/goals to ensure that they are periodically reviewed and updated, and that related performance metrics are being tracked and reported.	300	The Board approves metrics and goals related to OTP; Fare Recovery; DBE; Title 6 Equity Analysis; etc.. Review controls and reporting related to these areas.
4	Grant Reporting Process (Small Starts, Single Audit, Subrecipients)	Advisory	Evaluate grant reporting controls from cradle to grave as it relates to identification to final disposition on every grant application. Review Oracle and other system controls used to monitor and report grant status.	250	Evaluate the systems and processes used to track grant requests and final results
TOTAL ESTIMATED HOURS				1,200	

TABLE 3 - FY2025 Risk Assessment Survey Results

Risk Assessment - Top 17 Risks from 67 Surveys (4 Board Members & 63 in Senior Management)								
No.	Response	(A) Impact 1 to 10	(B) Likelihood 1 to 10	(A x B) Residual Risk	(D) Mitigating Controls	Count of Accept Risk	Count of Requires Plan	"Requires Plan" Recommendations to improve Risk Management Activities
1	Managing Projected Costs vs Revenues (Sales Taxes Flat)	8.1	7.7	62.4	Annual Budgets by Department approved by mgt and Board. Monthly tracking of Actual vs Budget with reporting to Mgt/Board. Budget Dept that is separate from Actual accounting that works on ST/LT forecasts and challenges mgt on assumptions. All material expenditures and commitments require approval from the Board. FY26 we developed a target FTE limit of 625. There is a structured approach to evaluating vacancies. The Senior Executive Team conducts a monthly review of operating and capital actual expense vs budget.	3	6	Strengthen Project review processes and procedures to avoid scope creep. In light of ATP being the FTA direct recipient of new starts grants and light rail delivery, a thorough and critical review of workforce needs and FTE growth is needed. The Strategic Plan 2030 includes an organizational assessment. Inclusion of fiscal responsibility as a performance measure for all budget managers. Setting up monthly operational and financial key performance indicator tracking could potentially be beneficial with tracking efficient use of funds. Updating the agency Scorecard to be focused on the strategic plans critical results.
2	Safety of Operations (Customers & Operators)	7.7	6.8	52.4	Safety Policies & Training; Ops Procedures; Ops Mgt; Safety Plans; Oversight from Mgt, Fed, State & Contractors; Accountability & PDCs; Reg Requirements for Safety Plan; SMS in place; SMS plan in development for new FTA Requirements; Passenger Safety Initiatives planned. To further enhance system security, the CapMetro Transit Police Department became operational in June. Since their deployment, we've observed a notable decrease in incidents, thanks to their visible presence and proactive measures to deter and address unlawful activity. Battery Electric Bus training continues for both bus operators and technicians which will include rules about its operation and maintenance requirements.	3	6	Improved driver training & mgt; Continued focus on safety systems/policies; Complete required Safety Plan; Develop System Safety Program Plan; Develop improved safety plans, procedures, protocols, policies, and training programs. Continue rollout of Battery Electric bus safety training. Ensure safety plans evolve with technology in a timely manner. The University of South Florida's Center for Urban Transportation Research has been hired to evaluate the Bus Operator Training Program which will cover defensive driving, fatigue awareness, boarding and alighting passengers, bicycle and pedestrian awareness, the Americans with Disabilities Act, pre- and post-trip inspections, distracted driving and more. The Passenger Transportation Agency Safety Plan (PTASP) has been completed and will go live on 1/1/2026.
3	Service Provider Performance & Contract Management	7.7	6.5	50.1	Continue to refine Contract & Oversight programs; PDC; Employee engagement; QA in contracts & periodic audits; Contract Management Plans; Contract Monitoring Plans created by PMs; Mode-specific oversight in place.	3	6	Develop Contract oversight plans to cover all elements within the new model. Focus on pass-through cost and refine performance measures of service providers on how the workforce is managed per the CBA. Use existing tools to develop methods to verify invoicing. Track all costs. Develop revised KPIs with more focus on workforce management (FMLA, Safety, Grievance performance, etc.). The Quadrennial Performance audit recommended a Framework for contract management and a draft is under review. Operations will have interdepartmental (Bus and Demand Response) meetings to leverage experience and lessons learned.
4	New Fare & Collection Systems (Cash & Cards)	7.3	6.8	49.7	A Director of Revenue & Fares was hired during FY24 in the Finance Dept to help lead the development and implementation of the New Fare Structure. Developed a 3 year plan including implementation for Fare collections system and fare structure compaction. In March 2025, Capmetro implemented a new Fare collection system for Bus and Rail. With the implementation of the new system, compaction of the Fare structure includes the retirement of the 31 and 7 day passes, replaced by a Pay Per Ride System that allows for fare capping at a daily and monthly rate. This system has been implemented for 6 months and already shows an increased amount of usage over the old system by 33% (in August).	2	7	Future improvements for the Fare system will include the replacement of the Cash Collecting Fareboxes on the buses. With this change will come with further compaction of the Fare Structure by retiring the One Day Pass. As well as adding Tap to Pay on the validators and in the Transit App for convenience and ease of paying a fare. A three-year plan has been developed for raising fares before the end of 2028, giving CapMetro time to further align the Fare Structure where needed.
5	ATP/CapMetro - ILA, Alignment & Business Process Optimization	6.6	7.2	47.6	JPA, amendments and ILAs manage and mitigate the risk. An ILA to reimburse for current and near-term capital costs for the CapMetro components of Project Connect was approved by CapMetro and ATP in September 2025, along with a 1-year extension of the existing ILA for capital cost reimbursement for BRT lines. In addition, a regular cadence of continuing meetings between CapMetro and ATP to ensure alignment between the two agencies has been established.	3	7	Plans for the next investment will be developed through the Transit 2035 Plan and in coordination with our Project Connect partners ATP and the City.

Risk Assessment - Top 17 Risks from 67 Surveys (4 Board Members & 63 in Senior Management)								
No.	Response	(A) Impact 1 to 10	(B) Likelihood 1 to 10	(A x B) Residual Risk	(D) Mitigating Controls	Count of Accept Risk	Count of Requires Plan	"Requires Plan" Recommendations to improve Risk Management Activities
6	Oracle (ERP) Performance & Business Process Optimization	6.5	7.2	46.8	The risk of Oracle ERP performance and process deficiencies is being actively managed through a successful, multi-phase mitigation program. Over the last fiscal year, the IT team has executed key projects that significantly improved system stability and user experience. These accomplishments include: a major system-wide stability update; a required upgrade of our Integration platform (Oracle Integration Cloud Service Gen 2 to Gen 3) to enhance system communication and security; the implementation of key financial process optimizations (e.g., PO and Invoice management); and the deployment of the Redwood UI interface to modernize user adoption across core modules. Furthermore, we successfully transitioned to Oracle Customer Success Services (CSS) for proactive performance and incident management.	0	9	To complete the strategic review, the project "Oracle Managed Services Review of Oracle System Configuration" is included in our top FY26 capital projects. It will be presented to the Steering Committee for prioritization, followed by the development of a detailed execution plan led by the Oracle CSS team.
7	Monitoring Pass Thru Charges (Bus & Demand Response)	7.5	6.2	46.5	Power BI models have been built to aid in analyzing biweekly Keolis payroll charges. Ops mgt spot checks payroll support for Keolis and MTM payroll charges. Regular meetings are held with Keolis/MTM to discuss any anomalies.	3	7	MTM will get a time and attendance system in FY26 which will allow for more real time info and transparency. During FY26, a Power BI model will be built for MTM payroll analysis. Demand response has worked with internal audit to develop the power-bi tool for automating part of the payroll audit. MTM is in the final stages of testing a physical punch in / punch out device. As of last week, the timeline was 6 weeks out to get a vendor on board. Additionally, have been working with MTM bi-weekly to get MTM access to Spare & Via raw data for automating a large portion of the payroll timestamps. The final plan will be a hybrid where most of the data comes from the physical punch in/out, and the raw data from snowflake (spare/via) and a few sheets of paper for handling cost codes such as training, etc.. Operations will have interdepartmental (Bus & Demand Response) meetings to leverage experience and lessons learned.
8	Electric Buses - Strategy/Delivery/Mgt	6.7	6.9	46.3	Bus Infrastructure has been scheduled and has been shared with the FTA for MetroRapid (Expo & Pleasant Valley). Implementation of N Ops expansion with solar grid and bus charging is underway with close coordination with Austin Energy. The FTA required Fleet Transition Plan which is routinely updated. Good contract and OEM management with the bus builders to prevent defects. Additional Field Service Techs have been added to contracts to ensure availability/reliability. New EV specialty shop to address diagnostics and repairs and related training. CapMetro has been actively working with New Flyer, the primary OEM for our remaining battery-electric fleet. We are addressing numerous fleet issues with them, and ongoing campaigns are in place to tackle these challenges. We're seeing a gradual improvement in reliability as these efforts continue.	5	5	Develop a technology of choice fleet Plan allowing us to look at various zero to near zero emission propulsion system. Use of Hybrid electric vehicles in the future as we review emerging technologies, such as Hydrogen fuel cell buses, keeping an eye on the advances in battery power density and ensuring we stay on course to be carbon neutral in 2040. Continue to work with the newly formed Phoenix Motor Car as the prime OEM for 46 of our delivered battery electric buses working through warranty, parts, and service issues. CapMetro has continued its collaboration with Phoenix Motor Cars, the primary OEM for 46 of our delivered battery-electric buses. Recently, Phoenix Motor Car has made several significant management changes with a focus on identifying sources of capital to invest in the company. These changes are expected to help agencies like CapMetro place buses back into service, improving both reliability and parts availability.
9	Employee Retention & Succession Planning	5.8	6.8	39.5	A Talent Review Process has occurred with all leaders and the executives did a succession plan exercise. P&C is assisting EVPs with structuring successor development plans. To address employee retention more holistically, CapMetro hired a Program Manager for Employee Experience. The P&C Total Rewards Team continues to evaluate compensation and benefits programs to remain competitive with the market.	1	8	Two goals in the 2030 Strategic Plan under workforce: 1) Enhance our employee value proposition to support the continued attraction and retention of talent. 2) Ensure CapMetro has the talent and structure needed to achieve our Critical Results by completing an organizational assessment and developing and implementing a workforce plan. In FY2026 an Employee Survey will be conducted to identify what employees value that contributes to retention. To address workload concerns in the current resource constrained environment, we are developing tools to assist managers with filling skill gaps when not able to fill a vacant position.
10	Ridership Levels & Creating a Culture of Ridership	6.9	5.5	38.0	While focusing on reliable rider segments that has included students (with a 15% increase in UT ridership and a 320% increase in "Kids ride free"); agency should simultaneously expand ridership to other markets and riders with mobility options. The introduction of Rapid routes in East Austin provides an opportunity to build ridership in an area that has a mix of reliable riders and potential commuters. The new Decker Pickup zone will be promoted to build a ridership base for the on-demand service. Customer Experience monitoring. Customer Experience (CX) testing has been a longer-term mitigation plan for understanding and addressing the customer experience through research, the identification of pain points and corrective actions budgeted and taken that can be publicly shared.	5	4	Balance between transit dependent and transit riders of choice in our Service Plan and reflect that in our fare strategy. Marketing strategy targeting commuters and appealing to the low price of transit as compared to car ownership; sustainable plan for the unhoused and non-destination rides, re-open dialogue with employers. Development of long-term strategy for Pickup service. Develop the new baseline for bus service (local and commuter) based on Transit Plan 2035 recommendations and data from CapMetro's 2024 trip patterns model that would offer a better understanding of service levels we are offering based on service demands and unmet needs.

Risk Assessment - Top 17 Risks from 67 Surveys (4 Board Members & 63 in Senior Management)								
No.	Response	(A) Impact 1 to 10	(B) Likelihood 1 to 10	(A x B) Residual Risk	(D) Mitigating Controls	Count of Accept Risk	Count of Requires Plan	"Requires Plan" Recommendations to improve Risk Management Activities
11	Workforce Shortage, Competition & Development	6.4	5.6	35.9	Over the past two years CapMetro has approved Increases in starting pay for frontline bus and maintenance employees. In 2023-24 CapMetro completed a comprehensive salary structure and competitive pay review to remain competitive with the market. The P&C Department has launched several key initiatives, including Management Essentials, Trust and Accountability training, succession planning, and talent reviews, to identify high-potential employees and address critical skill gaps and retention risks. In parallel, the department continues to partner with service providers to support frontline recruitment efforts through targeted outreach and marketing campaigns.	3	6	P&C Department is developing updated leadership development training, succession planning and high potential programs to fill leadership and skill gaps and enhance employee retention. Also continuing collaboration with service providers to recruit frontline employees through outreach and marketing campaigns.
12	Political Risks (Federal & State) - Funding & Project Connect	5.6	5.9	33.1	CapMetro will continue to be a supportive voice for continuing the voter approved program of projects from November 2020 and will continue to highlight/educate elected offices on the impact of public transit on the regional economy. Regular updates will be provided to the SET and SMT throughout the Congression session for information and identification of areas / hearings where a CapMetro perspective may be beneficial to offer. Government Affairs will continue to work closely with APTA, SWTA, TTA, TEX-21, The Bus Coalition, and Transportation Advocates of Texas to highlight the need for continued, sustained and dependable funding contributions. These advocacy organizations will supplement the work being undertaken by the federal Government Affairs team to bring awareness and attention to the impact of federal funding.	5	4	In addition to working with traditional stakeholders, including APTA, the Austin Chamber, AARO, and others, Government Affairs has forged new relationships with leadership at the U.S. Department of Transportation and the Federal Transit Administration to underscore our partnership with ATP in the delivery of Project Connect. Furthermore, we continue to collaborate with ATP on advocacy, both legislatively and in regulatory changes. Government Affairs also looks to conduct further education with our state and federal delegations. Lastly, Item 2.1 in the Strategic Plan 2030 is a significant focus for Government Affairs, and further engagement with our region can be a key enabler in the building of coalitions to understand the importance of transit across Central Texas.
13	Lack of Policies/Procedures Across CapMetro	5.7	5.7	32.5	CapMetro maintains a Meta-Policy that establishes standards for the development, approval, and review of policies. Defined review schedules are in place, and all Administrative and Board policies are posted on SharePoint. Standardized approval forms and a clear sign-off process (EVP, Legal, Deputy CEO) ensure consistency across the organization. The Program Manager tracks review schedules, maintains the official Directory of Policies, and coordinates communication of updates. All approved policies and procedures are posted to SharePoint for staff access and communicated through staff announcements via TimePoint emails. In addition, employees are assigned quarterly "journeys" in Oracle to review and acknowledge any policies that have changed over the prior quarter.	5	4	Department Procedure Guidelines are being developed to establish required standards for documenting and maintaining all agency procedures, in line with recommendations from CapMetro's Quadrennial Review. Staff is identifying other processes and procedures for review and update in FY26 and Strategic Plan 2030 Action Item 4.2 will include additional process review in FY27.
14	IT Risks & Cybersecurity	6.6	4.2	27.8	The Cybersecurity team has now been staffed with seasoned security professionals, and have external monitoring in place to watch for malicious threats. CapMetro is diligently following the cybersecurity mitigation plan that includes annual cybersecurity risk assessments where the Cyber Team incorporates findings from the assessments into existing security framework, ensuring that comprehensive plans for mitigation along with appropriate completion dates.	4	5	Continue to work the current plan, which includes yearly cyber security risk assessments and incorporate any findings into the current security framework with a plan and appropriate dates for completion, by the CapMetro CISO and team. Additionally, with the growing integration of AI in our systems, the Cyber Team has proactively addressed advanced risks and data loss prevention measures and are performing monthly penetration tests, which allows the ability to proactively identify and remediate potential threats and vulnerabilities in a timelier manner. This proactive approach helps CapMetro stay ahead of emerging risks and maintain the integrity of our systems.
15	Fuel & Inventory Controls	5.5	4.8	26.4	CapMetro uses the following systems to capture the fuel inventory and expenditure cycle: Oracle; Gasboy; Hexagon; and Veeder Root. For parts, CapMetro uses the following systems: Oracle and Hexagon. PO's are required for purchases and physical inventories and reconciliations occur on a monthly basis.	4	4	The Internal Audit Department has scheduled a FY2025 audit of this area to evaluate the adequacy of internal controls and see if there is any opportunities for improvement. Management is working on: 1. Update VM SOP to improve upon efficiency and accuracy as a base practice. 2. Develop a systematic solution within Hexagon to differentiate true inventory stock takes from all other stock adjustments. 3. Adjust inventory schedules to increase inventory count frequency for high value, high priority, and frequently adjusted parts. 4. Continuously evaluate the adequacy of internal controls always seeking opportunities for improvement.

Risk Assessment - Top 17 Risks from 67 Surveys (4 Board Members & 63 in Senior Management)								
No.	Response	(A) Impact 1 to 10	(B) Likelihood 1 to 10	(A x B) Residual Risk	(D) Mitigating Controls	Count of Accept Risk	Count of Requires Plan	"Requires Plan" Recommendations to improve Risk Management Activities
16	Establishing Transit Facilities & Offices	5.1	4.9	25.0	Facility Catalogue to support the Facility Master Plan. SOG in Hexagon and required NTD reporting in compliance with FTA. Facilities costs is included in the long range financial plan.	5	4	Facility Master Plan has been drafted to guiding facility capacity and improvements. Plan includes initiative to map integration between facilities and technology (Hexagon, GIS, BIM). Facility catalogue developed to identify all agency owned and leased properties. Special Flood Hazard map layer added to catalogue to demonstrate to FTA that no federally funded facilities lay within a flood hazard zone. BIM models for North Ops and 3100 E. 5th Street Administration building in development.
17	Real Estate Contracts (Lifecycle Controls)	4.2	5.5	23.1	Facility Catalogue database in electronic form, master file focus to centralize, current software is CLS. This also includes contract terms. Interfaces with Hexagon enterprise asset management system for records and re-occurring events. Contract payment(s) for processes, Oracle interfaces will also be required.	4	5	



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1618

Agenda Date: 10/8/2025

Internal Audit FY2025 Final Audit Plan Status - October 2025

FY25 INTERNAL AUDIT PLAN

Department Scorecard

	Projects	Status & % Complete	Additional Details
	FAA COMMITTEE & INTERNAL AUDIT CHARTER COMPLIANCE		
1	Finance, Audit & Administration (FAA) Committee Meetings: 10/16; 11/13; 12/9; 1/15; 2/12; 3/12; 4/14; 5/7; 6/11; 7/16; 8/13; 9/10; 10/8	Completed	Ongoing
2	Semi-annual Implementation Status Report - November 2024	Completed	December
3	Semi-annual Implementation Status Report - May 2025	Completed	June
4	FY2025 Risk Assessment & development of FY26 Audit Plan	Completed	October
	FY25 Audit Assurance & Advisory Projects		
1	Keolis Payroll Pass Through Controls	Ongoing Monitoring	Continuous Improvement
2	MTM Payroll Pass Through Controls - New Contract in Demand Response	Ongoing Monitoring	Continuous Improvement
3	Oracle Risk Mgt module - Analyze Oracle segregation of duties	In-Process	
4	Oracle Survey - User Satisfaction & Opportunities		
5	Capital Projects - Costs & Reporting Controls		
6	Police Dept Standup (Recordkeeping & Compliance Requirements)	Completed	September
7	Inventory Controls - Bus Parts (Keolis)	Draft Report	November 2025
8	Inventory Controls - Demand Response Parts (MTM)	In-Process	
9	Inventory Controls - Rail Parts (Herzog)	In-Process	
10	Inventory Controls - Facilities & Bus Stop Parts	In-Process	
11	Fuel Inventory Controls (Unleaded, Diesel, & Red Diesel)	In-Process	
12	A/P Non-PO Payments (P-Cards & Check Requests) Controls	Completed	June
13	Brinks Contract and Outsourced Treasury Controls		
14	Bus Maintenance & Training		
15	Automation of Bus Incidents/Accidents Reporting (TrackIt System)		
16	Safety Management System (SMS) - Management of Change	Completed	March
17	Bus Charging Infrastructure & EV Program	Draft Report	November 2025
18	Bytemark & UMO Contract for e-Tickets & Collections - Administrative Fees		
19	United Healthcare - Eligibility & Payment Support	Completed	July
20	McKalla Station - Capital Project Controls	Completed	January
21	CLS System for Right of Way Revenues (Permits, RWIC, Licenses)	Completed	February
22	BikeShare Program - RACI Chart based upon ILA with City of Austin	Completed	September
23	NIST Cybersecurity Framework (CISA Facilitated Self Assessment) - re-assessment from 2024 baseline	In-Process	October 2025 - Assessment Begins
24	Annual Cybersecurity Review (Verizon Penetration Test)	In-Process	Testing Sept/Oct
25	FTA Triennial Audit	Completed	Onsite 6/2-6/6; 7/11 Draft
26	QAR (Quality Assessment Review) - IIA and GAS Standards	Completed	September
27	Quadrennial Performance Audit	Completed	February

	NEW PROJECTS ADDED TO FY25 AUDIT PLAN by Terry Follmer		
1	Quadrennial Performance Report - Tracker until Completed	In-Process	
2	CLS System for Right of Way License Contracts (Completeness & Accuracy)	In-Process	November 2025
3	RFP on External Audit Services	Completed	
4	Miscellaneous Revenues - follow-up on prior recommendations	In-Process	September
5	CISA Tabletop Exercise (Ransomware Attack)	In-Process	11/6/2025



Capital Metropolitan Transportation Authority

2910 East 5th Street
Austin, TX 78702

Finance, Audit and Administration Committee

Item #: AI-2025-1627

Agenda Date: 10/8/2025

Executive Finance, Audit and Administration Update - October 2025

*Update on fiscal year-end close, Strategic Plan 2030, key performance indicators, financial performance,
personnel changes, communications and public outreach.*