**CapMetro** 

Agenda - Final Capital Metropolitan Transportation Authority

### Finance, Audit and Administration Committee

2910 East 5th Street Austin, TX 78702

Wednesday, June 11, 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 May 7, 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 by utilizing the OMNIA Partners cooperative, Contract No. R240201, held by DLT Solutions, for Oracle Products and Services, to provide Oracle Managed Customer Success Services in support of our Oracle Enterprise Resource Planning (ERP) system, for a term of one (1) year, in a total amount not to exceed \$973,000.
- 3. Approval of a resolution adopting the CapMetro Civil Rights Policy Statement.
- 4. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an amendment to the Memorandum of Understanding with the City of Round Rock authorizing Round Rock to be a direct recipient of a portion of CapMetro's FY2025 and FY2026 Federal Section 5339(a) Program funds.

#### IV. Presentations

- 1. Semi-Annual Follow-up on Open Audit Recommendations
- 2. Discussion on Internal Audit's Management Memo on Purchasing Cards and Check Requests
- 3. FY2025 Internal Audit Plan Status June 2025
- 4. Executive Finance, Audit and Administration Update June 2025 Update on CapMetro's 40th Anniversary, 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

Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1503

Approval of minutes from the May 7, 2025 Finance, Audit and Administration Committee meeting.

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# Minutes Capital Metropolitan Transportation Authority

# Finance, Audit and Administration Committee

2910 East 5th Street Austin, TX 78702

Wednesday, May 7, 2025	10:00 AM	Rosa Parks Boardroom

#### I. Call to Order

10:02 a.m. Meeting Called to Order

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

#### II. Public Comment

Ms. Zenobia Joseph provided public comment (after Action Item #2).

#### III. Action Items

1. Approval of minutes from the April 14, 2025 Finance, Audit and Administration Committee meeting.

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

Aye: Ross, Bangle, Harriss, and Qadri

2. Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an interlocal agreement with the City of Austin for the reimbursement of CapMetro expenses up to \$10,000,000, for a term of five years, for the implementation of the U.S. Environmental Protection Agency Climate Pollution Reduction Grant received by the City of Austin, as part of the regional approach to transportation demand management.

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 5/19/2025. The motion carried by the following vote:

Aye: Ross, Bangle, Harriss, and Qadri

#### **IV.** Presentations

- 1. FY2024 Annual External Audit Results
- 2. FY2025 Financial Report March 2025

- 3. FY2026 Proposed Budget Calendar
- 4. FY2025 Internal Audit Plan Status May 2025
- 5. Internal Audit UT Intern Projects: Parts Controls (Cycle Counts); Police Department Record Keeping and Reporting Requirements; and MTM Payroll Controls
- 6. Executive Finance, Audit and Administration Update May 2025 Update on key performance indicators, financial performance, personnel changes, communications and public outreach.

Memo: Q2 Fiscal Year 2025 Performance Update (May 1, 2025)

#### V. Items for Future Discussion

#### VI. Adjournment

11:37 a.m. Meeting Adjourned

#### **ADA Compliance**

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

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

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



# Capital Metropolitan Transportation Authority

# Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1494

#### SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute a contract by utilizing the OMNIA Partners cooperative, Contract No. R240201, held by DLT Solutions, for Oracle Products and Services, to provide Oracle Managed Customer Success Services in support of our Oracle Enterprise Resource Planning (ERP) system, for a term of one (1) year, in a total amount not to exceed \$973,000.

#### FISCAL IMPACT:

Funding for this action is available in the FY2025 Operating Budget.

#### STRATEGIC PLAN:

Strategic Goal Alignment:

□ 1. Customer □ 2. Community

EXPLANATION OF STRATEGIC ALIGNMENT: As part of our strategic commitment to fiscal responsibility and operational transparency, transitioning to Oracle Managed Services for our Oracle Fusion platform ensures clear visibility into service performance, and improves governance over system operations and expenditures. This move supports our long-term objective to optimize IT investments, enhance financial oversight, and deliver reliable, high-quality services that meet the evolving needs of the organization.

BUSINESS CASE: Engaging Oracle Managed Services for Oracle Fusion Applications enables CapMetro to maximize the return on Oracle Fusion investment. This strategic move aligns our support model directly with the software creator, ensuring deeper platform expertise, faster access to updates and innovations, and more seamless integration across the Oracle ecosystem. Oracle's direct oversight enhances accountability, reduces complexity in support escalations, and improves our ability to stay ahead of compliance and security standards. This shift not only strengthens service quality and system resilience but also enables our internal teams to focus more on transformation and less on day-to-day maintenance, delivering higher value to the business with greater efficiency.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit & Administration Committee on June 11<sup>th</sup>, 2025.

# Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

EXECUTIVE SUMMARY: CapMetro has successfully implemented multiple modules across Financial Management, Human Capital Management, and Payroll within Oracle Fusion. To ensure ongoing business continuity, optimal system performance, and proactive support, CapMetro is planning to transition its application support to Oracle Managed Services. This move aims to leverage Oracle's deep platform expertise, streamline issue resolution, and enhance the long-term value and reliability of the Fusion environment.

DBE/SBE PARTICIPATION: A 0% DBE/SBE goal was assigned to this procurement, which did not include subcontract opportunities and was purchased through a cooperative purchasing agreement.

PROCUREMENT: CapMetro will utilize the OMNIA Partners cooperative, Contract No. R240201, held by DLT Solutions for Oracle Products and Services, to provide Oracle Managed Customer Success Services in support of our Oracle Enterprise Resource Planning (ERP) system.

OMNIA Partners awarded contracts are made available for use by CapMetro via Title 7, Intergovernmental Relations Chapter 791, Interlocal Cooperation Contracts and The Texas Interlocal Cooperation Act. Purchases made using OMNIA Partners contracts satisfy otherwise applicable competitive bidding requirements.

Pricing for Oracle Managed Customer Success Services was determined to be fair & reasonable by the OMNIA Partners organization during its solicitation and award process. The following is DLT Solutions lump sum pricing for one (1) year of Oracle Managed Customer Success Services:

DESCRIPTION	Lump Sum Price
Oracle Managed Customer Success Services	\$973,000.00

The contract is a fixed price contract.

RESPONSIBLE DEPARTMENT: Information Technology

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

#### STATE OF TEXAS COUNTY OF TRAVIS

#### AI-2025-1494

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors (and/or CapMetro Management) recognize the importance of optimizing IT investments, enhancing financial oversight, and ensuring the long-term value and reliability of the Oracle Fusion environment; and

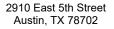
WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors (and/or CapMetro Management) recognize the need to transition Oracle Fusion application support to Oracle Managed Services to leverage Oracle's deep platform expertise, streamline issue resolution, maximize return on investment, and allow internal teams to focus on strategic initiatives.

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 by utilizing the OMNIA Partners cooperative, Contract No. R240201, held by DLT Solutions, for Oracle Products and Services, to provide Oracle Managed Customer Success Services in support of our Oracle Enterprise Resource Planning (ERP) system, for a term of one (1) year, in a total amount not to exceed \$973,000.

Date: \_\_\_\_\_

Secretary of the Board Becki Ross

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## Capital Metropolitan Transportation Authority

Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1510

SUBJECT:

**CapMetro** 

Approval of a resolution adopting the CapMetro Civil Rights Policy Statement.

FISCAL IMPACT: This action has no fiscal impact.

 STRATEGIC PLAN:

 Strategic Goal Alignment:

 ☑ 1. Customer
 ☑ 2. Community

 ☑ 3. Workforce
 ☑ 4. Organizational Effectiveness

EXPLANATION OF STRATEGIC ALIGNMENT: The Board's Civil Rights Policy Statement aligns with all goals in the CapMetro Strategic Plan because compliance with civil rights laws, regulations and principles affects our customers, the community, and our workforce and contributes to organizational effectiveness.

BUSINESS CASE: The Policy Statement replaces the Diversity, Equity and Inclusion Policy statement adopted by the board of directors on July 19, 2021. The proposed policy statement is in alignment with U.S. Department of Transportation guidance to transit agencies as a condition of receiving federal funding. The policy statement affirms and clarifies the CapMetro Board's commitment to adherence to civil rights laws and regulations including Title VI of the Civil Rights Act of 1964, as amended, Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Rehabilitation Act of 1973, as amended, Code of Federal Register 49, Part 26 (Participation of Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs) and related guidance from the U.S. Department of Transportation.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on June 11, 2025.

EXECUTIVE SUMMARY: By adopting a Civil Rights Policy Statement, the Capital Metro Board of Directors reaffirms the mission of the Capital Metro Transportation Authority (CapMetro) to empower, enhance and serve the region and its communities through delivery of high-quality public transportation services. The Policy Statement also acknowledges the role that transportation systems and infrastructure play in supporting

civil rights, through adherence to the provisions of the Civil Rights Act of 1964, as amended and to provisions of Federal Transit Administration guidance on Title VI, Equal Employment Opportunity, Americans with Disabilities Act (ADA) and Disadvantaged Business Enterprise (DBE) programs.

DBE/SBE PARTICIPATION: Does not apply.

PROCUREMENT: Does not apply.

**RESPONSIBLE DEPARTMENT: Administration** 

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

#### STATE OF TEXAS COUNTY OF TRAVIS

#### AI-2025-1510

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors recognizes the requirements of the U.S. Department of Transportation to follow civil rights laws as a condition of receipt of federal transit funding; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors is committed to following provisions of the Civil Rights Act of 1964, as amended, the American's with Disabilities Act Of 1990, Section 504 of the Rehabilitation Act of 1973, as amended, Code of Federal Register 49, Part 26 (Participation of Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs) and related guidance from the U.S. Department of Transportation.

NOW, THEREFORE, BE IT RESOLVED that the Capital Metropolitan Transportation Authority Board of Directors approves the attached Civil Rights Policy Statement to replace the Diversity, Equity and Inclusion Policy Statement.

Date: \_\_\_\_\_

Secretary of the Board Becki Ross

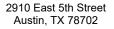
#### CapMetro Board of Directors Policy Statement Commitment to Civil Rights

The CapMetro Board of Directors reaffirms the mission of the Capital Metropolitan Transportation Authority (CapMetro) to empower, enhance and serve the region and its communities through delivery of high-quality public transportation services. CapMetro provides transit as an essential public service, that connects workers to economic opportunity and provides access to healthcare, education, and essential services.

The policy statement affirms and clarifies the CapMetro Board's commitment to adherence to civil rights laws and regulations including Title VI of the Civil Rights Act of 1964, as amended, Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Rehabilitation Act of 1973, as amended, Code of Federal Register 49, Part 26 (Participation of Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Programs) and related guidance from the U.S. Department of Transportation.

We acknowledge the role that transportation systems and infrastructure play in supporting civil rights. In the delivery of our programs, projects, and services, we commit to the following:

- We pledge to ensure that our transit services, including fares and service planning, do not discriminate based on race, color or national origin and income level, in accordance with Title VI of the Civil Rights Act of 1964.
- Recognizing that the CapMetro service area is a complex region, with varying views and perspectives, CapMetro strives to create educational and engaging community dialogues to provide fair access for underserved communities in accordance with applicable law. We commit to furthering this work by providing opportunities for all members of the public to engage with and be heard in Board decisions.
- We will seek to include opportunities for small businesses to do business with CapMetro. CapMetro engages the community to develop disadvantaged businesses in line with the Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) programs, as amended, and provide opportunities for small-business owners to attain upward economic mobility through business with CapMetro. We will meet the federal and local requirements for our DBE and SBE programs in accordance with applicable law. The Board commits to being mindful of the value these opportunities can provide for small businesses.
- Concerning CapMetro employment opportunities, we support the President and CEO's Equal Employment Opportunity Policy which notes, "[CapMetro] strives to have a workforce that reflects the community we serve and commits to non-discrimination based on any protected class."
- We are dedicated to ensuring full compliance with the Americans with Disabilities Act (ADA) across all of our programs, services, activities, and benefits and affirm that no qualified individual with a disability shall be excluded from participation in, denied the benefits of, or subjected to discrimination under any program, service, or activity provided by CapMetro, solely on the basis of their disability.



## Capital Metropolitan Transportation Authority

CapMetro

Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1513

#### SUBJECT:

Approval of a resolution authorizing the President & CEO, or her designee, to finalize and execute an amendment to the Memorandum of Understanding with the City of Round Rock authorizing Round Rock to be a direct recipient of a portion of CapMetro's FY2025 and FY2026 Federal Section 5339(a) Program funds.

FISCAL IMPACT: This action has no fiscal impact.

#### STRATEGIC PLAN:

Strategic Goal Alignment:

- $\Box$  1. Customer  $\boxtimes$  2. Community
- □ 3. Workforce □ 4. Organizational Effectiveness

EXPLANATION OF STRATEGIC ALIGNMENT: CapMetro coordinates with non-members cities in the Austin urbanized area to meet transit needs in their communities and build a regional system. These efforts will result in a more robust transit network that can eventually be brought together through regional planning efforts.

BUSINESS CASE: As the Designated Recipient of the grant, CapMetro must concur with the use of federal funds allocated for the Austin urbanized area, which extends beyond the service area. CapMetro's goal is to collaborate with these local communities to meet their transit needs now and in the future. By receiving a formulated portion of 5339(a) funding, the City of Round Rock will be able to seek funding for their bus and bus facility needs.

COMMITTEE RECOMMENDATION: The item was presented and recommended for approval by the Finance, Audit and Administration Committee on June 11, 2025.

EXECUTIVE SUMMARY: As the public transit provider of the Austin urbanized area, CapMetro is the Designated Recipient of Federal Section 5307 and 5339(a) Program funds for the urbanized area. Per Federal Transit Administration (FTA) guidelines, Section 5307 funds can be used for transit capital and operating assistance in urbanized areas and transportation planning and Section 5339(a) funds can be used to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. In the past, CapMetro provided Round Rock with a portion of 5307 funds that were apportioned to the agency by the FTA as part of a pass-through arrangement outlined in an interlocal agreement (ILA). In FY2011, the ILA that authorized this arrangement was not renewed and Round Rock elected to become a Direct Recipient of FTA funds, coordinating directly with the FTA to submit independent grant applications.

In FY2013, an agreement was signed for FY2013 and FY2014 Section 5307 funds to be directly distributed to Round Rock. This agreement has been renewed on a biennial basis since that time. CapMetro is not required to provide technical support or assistance beyond any that may be required by the FTA when a Designated Recipient authorizes another public entity to be a Direct Recipient.

Round Rock is permitted to apply for a share of CapMetro's FY2025 and FY2026 Section 5307 funds based upon the distribution formula that will be published in the federal register for the FTA FY2025 and FY2026 Section 5307 apportionments. This amendment will allow Round Rock also now to apply for 5339(a) funds.

The distribution of any 5307 and 5339(a) funds to Round Rock will be contingent upon the apportionment and distribution of 5307 and 5339(a) funds to CapMetro. If the FTA does not apportion or distribute 5307 and 5339 (a) funds to CapMetro, Round Rock would not be eligible to receive 5307 or 5339(a) funds as a Direct Recipient. If the FTA reduces the amount of Section 5307 or Section 5339(a) Program Funds available to CapMetro as the Designated Recipient, Round Rock's share of funding will be based upon the reduced amount.

These terms are included in the attached MOU between CapMetro and Round Rock. The MOU expires on September 30, 2026 and applies only to Section 5307 and Section 5339(a) funds appropriated in FY2025 and FY2026.

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-2025-1513

WHEREAS, the CapMetro is the Designated Recipient of Section 5307 and Section 5339(a) Program funds apportioned by the Federal Transit Administration for the Austin urbanized area; and

WHEREAS, the City of Round Rock receives a portion of CapMetro's Section 5307 funds in order to support the planning, capital development and operation of transit services for the Round Rock community, including demand response bus service, express bus service and reverse commute bus service; and

WHEREAS, the City of Round Rock has requested a portion of CapMetro's Section 5339(a) funds in order to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities for the Round Rock community.

NOW, THEREFORE, BE IT RESOLVED by the Capital Metropolitan Transportation Authority Board of Directors that the President & CEO, or their designee, is authorized to finalize and execute a Memorandum of Understanding with the City of Round Rock that authorizes Round Rock to continue to be a Direct Recipient of a portion of CapMetro's FY2025 and FY2026 Federal Section 5307 Program funds and now Section 5339(a) Program funds.

Date: \_\_\_\_\_

Secretary of the Board Becki Ross

#### Memorandum of Understanding between the Capital Metropolitan Transportation Authority and the City of Round Rock Regarding the Provision of Federal Transit Administration Section 5307 and Section 5339(a) Program Funds

This Memorandum of Understanding ("<u>MOU</u>") regarding the provision of Federal Transit Administration Section 5307 and Section 5339(a) Program Funds is executed by and between the City of Round Rock ("<u>City</u>") a local government public entity and the Capital Metropolitan Transportation Authority ("<u>CapMetro</u>"), a political subdivision of the State of Texas organized under Chapter 451 of the Texas Transportation Code, each a "Party" and collectively referred to as "the Parties." Accordingly, the Parties set forth their intent and understandings as follows:

#### I. PURPOSE

CapMetro is the designated recipient ("<u>Designated Recipient</u>") of funding under the Urbanized Area Formula Funding program (49 U.S.C. 5307 or Section 5307) and the Bus and Bus Facilities Funding program (49 U.S.C. 5339(a) or Section 5339(a)) apportioned by the Federal Transit Administration ("<u>FTA</u>") for the Austin urbanized area. This MOU outlines the Parties' mutual intent and understanding with respect to CapMetro's authorization of City as a direct recipient of FTA Section 5307 and Section 5339(a) funds. City and CapMetro agree to work cooperatively and in good faith in the manner set forth herein.

#### II. KEY TERMS

- **A.** The Parties will comply with the requirements of the Urbanized Area Formula Funding Program (49 U.S.C. 5307 and 49 U.S.C. 5339(a)).
- **B.** Since City is not a member city of the CapMetro transit system, City intends to be a direct recipient ("<u>Direct Recipient</u>") of a share of the Section 5307 and Section 5339(a) funding apportioned to the Austin urbanized area ("<u>FTA Section 5307 and Section 5339(a) Program Funds</u>").
- C. During the term of this MOU, City is authorized to apply for a share of Section 5307 and Section 5339(a) Program Funds apportioned and distributed to CapMetro as Designated Recipient for the Austin urbanized area, based upon the distribution formula established by the FTA for fiscal years 2025 (October 1, 2024 September 30, 2025) and 2026 (October 1, 2025 September 30, 2026) (each an "FTA Fiscal Year").
- D. The distribution of any amounts payable to City as a Direct Recipient is contingent upon the successful apportionment and distribution of Section 5307 and Section 5339(a) funds to CapMetro as the Designated Recipient for the Austin urbanized area for FTA Fiscal Years 2025 and 2026. If the FTA does not apportion or distribute Section 5307 or Section 5339(a) Program Funds to CapMetro as the Designated Recipient, City will not be eligible to receive Section 5307 or Section 5339(a) Program Funds as a Direct Recipient. If the FTA reduces the amount of Section 5307 or Section 5339(a) Program Funds available to CapMetro as the Designated Recipient, City's

share of funding will be based upon the reduced amount. CapMetro will not be liable to City for any damages, which are caused or associated with any FTA changes to the amounts apportioned or distributed to the Austin urbanized area under Section 5307 or Section 5339(a).

- **E.** CapMetro is not obligated to provide any technical assistance or technical support to City beyond the requirements of FTA Circular 9030.1E.
- **F.** City's designation as a Direct Recipient requires approval by the CapMetro Board of Directors and the Round Rock City Council.

#### **B.** CapMetro's Responsibility:

- **A.** CapMetro will remain the Designated Recipient of Section 5307 and Section 5339(a) Program Funds apportioned by the FTA for the Austin urbanized area;
- **B.** CapMetro authorizes City to be a Direct Recipient of a share of the Section 5307 and Section 5339(a) Program Funds apportioned to the Austin urbanized area based on the distribution formula established by the FTA for FTA Fiscal Years 2025 and 2026; and
- **C.** CapMetro authorizes this designation once to include all grant applications for FTA Section 5307 and Section 5339(a) Program Funds submitted by City to FTA during the term of this MOU.

#### C. Round Rock Responsibility:

- **A.** City will remain an eligible FTA grantee for the provision of transit services and construction of transit facilities throughout the term of this MOU;
- **B.** As a Direct Recipient, City will use FTA Section 5307 and Section 5339(a) Program Funds to support the planning, capital development, and operation of transit services for the Round Rock community in accordance with the terms of this MOU;
- **C.** City shall comply with all provisions of FTA Circular 9030.1E, Urbanized Area Formula Program: Program Guidance and Application Instructions, Chapter II, Section 8, Applicants Other than Designated Recipients, including but not limited to providing its local share of matching, as amended; and
- **D.** City shall comply with all applicable requirements set forth in state or federal law, regulations, policies, and administrative practices, as amended.

#### **III. TERM OF MOU**

This MOU will be executed and effective as of the date of the last Party to sign (the "<u>Execution Date</u>") and expire on the last day of the FTA Fiscal Year 2026. The Parties may mutually agree, in writing, to extend the term of this MOU. This MOU may be terminated or modified by thirty (30) days advanced written notice by either Party. In the event that either Party shall be in default of its material obligations under this Agreement and shall fail to remedy such default within thirty (30) days after receipt of written notice thereof,

this MOU may be terminated at the option of the Party, not in default upon expiration of the thirty (30) day period.

#### IV. **INCORPORATION OF DOCUMENTS**

This MOU incorporates by reference the following attachments:

- A. Attachment A, resolution of the CapMetro Board of Directors approving this MOU.
- **B.** Attachment B, Resolution of the Round Rock City Council approving this MOU.

#### V. **MISCELLANEOUS**

- **A.** This MOU constitutes the entire agreement between CapMetro and City. No other terms and conditions are applicable, unless amended and agreed to in writing by both Parties.
- **B.** By execution of this MOU, neither Party waives or relinquishes any sovereign immunity rights available to it by law except as otherwise stipulated by applicable laws.

#### VI. **SIGNATORY**

This MOU is hereby accepted and agreed to by the following individuals or officers who are duly authorized to bind the Parties as set forth above:

#### **Capital Metropolitan Transportation Authority**

#### By:\_\_\_\_\_ By:\_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: Date:

**City of Round Rock** 

Approved as to form:

CMTA Legal Department

Dottie Watkins

President & CEO

Attachment A CapMetro Board of Directors Resolution No. Attachment B Round Rock City Council Resolution No.



Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1508

# CapMetro

#### SEMI-ANNUAL FOLLOW-UP ON AUDIT RECOMMENDATIONS May 2025 (25-15)

#### Terry Follmer, Chief Audit Executive

**Distribution List: CapMetro Board of Directors** Dottie Watkins, President and CEO Kerri Butcher, Deputy CEO Chevenne Conver, Chief of Staff Donna Simmons, EVP of Administration Sharmila Mukherjee, EVP, Chief Strategic Planning & Development Gardner Tabon, EVP, Chief Safety Officer Dave Kubicek, EVP Capital Construction, Engineering and Design Samantha Baez, EVP, Chief Engagement Experience Officer Catherine Walker, EVP, Chief Financial & Risk Officer Andrew Skabowski, EVP, Chief Operating Officer Rafael Villarreal Jr., Senior Director, Bus Transportation Miles Turpin, VP of Bus Operations & Maintenance Oversight Tanya Acevedo, SVP, Chief Information Officer Kenneth Cartwright, VP of Facilities and Capital Construction Kevin Conlan, Deputy CFO Nadia Nahvi, Controller Muhammad Abdullah, VP of Procurement & Chief Contracting Officer Andrew Murphy, Senior Director, Vehicle Maintenance Chester Soares, Director, Enterprise Application and Data Services Benjamin Sims, VP, People & Culture Shannon Reznick, Director of Total Rewards, People & Culture Angela Murphy, Program Manager People & Culture Alyce May, Manager of Payroll & Accounts Payable Ben Hodges, Accounting Manager Jean Melgares, Manager, Systems Safety Daryl Weinberg, Transit System Architect Brandi Moehler, Director of Revenue & Fares

Internal Audit Report #25-15 | May 28, 2025

#### **Executive Summary**

As part of our annual Audit Plan approved by the Capital Metro Board, we conducted the semi-annual status review of all open audit recommendations as of May 28, 2025. The follow-up included 8 audit reports with a total of 38 recommendations. The audit objective and conclusion on the implementation of the corrective action plans follows.

#### Audit Objective & Scope

The objective of the audit was to determine whether Management has successfully implemented action plans in response to the recommendations provided in internal audit reports. In order to monitor the disposition of audit recommendations, the Internal Audit Department conducts two follow-up audits (semiannual) per fiscal year (May and November). This report reflects the status as of May 28, 2025 for the outstanding Corrective Action Plans (CAP's) resulting from internal audit projects.

#### **Conclusion on Corrective Action Plans**

We followed up on 38 recommendations from 8 different audit reports and have concluded that 19 recommendations remain open, and Management has action plans to implement the items listed as "In Process of Being Implemented." Table 1 listed below provides a summary breakdown of audit reports with open recommendations for May 2025.

Table 1: Summary Status of Recommendations															
Project #	Report Date	Report Name			Open Recommendations In Process of Being Implemented		Rejected - Management Has Accepted the Risk			% Action Plan Implemented					
			H	<u>M</u>	Ŀ	H	M	Ŀ	H	<u>M</u>	Ŀ	H	M	Ŀ	
20-03	3/9/2020	OrbCAD Incident/Accident Process Review	0	3	0	0	1	0	0	2	0	0	0	0	33.33%
21-07	8/20/2021	Payroll & Benefit Controls Audit	0	3	2	0	3	1	0	0	1	0	0	0	80.00%
21-09	12/1/2021	Transit Store and Ticket Controls Audit	0	6	0	0	4	0	0	2	0	0	0	0	66.67%
22-05	9/22/2022	Public Transportation Agency Safety Plan (PTASP) Audit	0	4	1	0	4	1	0	0	0	0	0	0	100.00%
23-05	7/17/2024	Demand Response Operations	0	3	0	0	3	0	0	0	0	0	0	0	100.00%
23-12	5/31/2024	Hexagon - Post Implementation Review	0	3	2	0	0	0	0	3	2	0	0	0	0.00%
24-12	12/18/2024	McKalla Station Capital Project Controls	0	2	3	0	0	2	0	2	1	0	0	0	40.00%
24-08	1/15/2025	CLS Order System ROW Revenue Audit	0	5	1	0	0	0	0	5	1	0	0	0	0.00%
	тота		<u>0</u>	<u>29</u>	<u>9</u>	<u>0</u>	<u>15</u>	<u>4</u>	<u>0</u>	<u>14</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	50.00%
	TOTAL	<u></u>		<u>38</u>	<u>19</u> <u>19</u> <u>0</u>				<u>50.00%</u>						

In our opinion, Management has made reasonable progress in implementing the recommendations and open Corrective Action Plans. Additional details related to all open recommendations can be found in Appendix A, including the recommendations and open Corrective Action Plans. This audit was conducted in accordance with the US Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing. The audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

Amy Parekh, Senior Internal Auditor (Project Lead) Terry Follmer, Chief Audit Executive

We want to thank Management for their support and satisfactory progress in implementing the open corrective action plans.

# **Risk Rating Definitions**

**Ratings Definitions-** Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

Rating	Issues identified	Action required
HIGH	Issues identified present risks or effects that if not addressed	Immediate action is
	could critically affect the audited entity's ability to effectively	required to address
	administer the program(s)/function(s) audited.	the noted concern(s)
		and reduce risks to
		the audited entity.
MEDIUM	Issues identified present risks or effects that if not addressed	Prompt action is
	could substantially affect the audited entity's ability to effectively	essential to address
	administer the program(s)/function(s) audited.	the noted concern(s)
		and reduce risks to
		the audited entity.
LOW	Issues identified present risks or effects that if not addressed	Action is needed to
	could moderately affect the audited entity's ability to effectively	address the noted
	administer the program(s)/function(s) audited.	concern(s) and reduce
		risks to a more
		desirable level.

Ratings methodology- In determining the ratings of audit findings, auditors considered factors such as:

- 1. Financial impact
- 2. Potential failure to meet program/function objectives
- 3. Noncompliance with state statute(s), rules, regulations, and other requirements or criteria
- 4. The inadequacy of the design and/or operating effectiveness
- 5. Effectiveness of internal controls
- 6. Evidence of potential fraud, waste, or abuse
- 7. Significant control environment issues
- 8. Little to no corrective action for issues previously identified

Auditors also identified and considered other factors when appropriate.

#### **APPENDIX A – DETAILS OF OPEN AUDIT RECOMMENDATIONS**

#### **Prior Recommendations and Audit Results**

As required by the Institute of Internal Auditors' International Professional Practices Framework, we have reviewed all open audit recommendations. Based on our review of audits, we identified 19 open recommendations. Listed below are the open recommendations, along with the name of the audit report, report date, original recommendation, and Management's updated target completion date and comments.

#### 20-03 ORBCAD INCIDENT/ACCIDENT PROCESS REVIEW (3/09/2020 Report Issued with 3

Recommendations)

#### **RECOMMENDATION 1 – (Disconnected Systems & No Comprehensive Database)** MEDIUM

The Director of Contract Oversight, IT Director of Transit Technology Systems and the Director of Risk Management will consider the following improvements:

- a) Establishing a single comprehensive database for all incident/accident data. There may still be a few items that are not 100% such as getting all reports in on time, but Keolis knows urgency.
- b) Require MV (now Keolis) to enter all data into the chosen single comprehensive database. Track-it chosen as the database.
- c) Automate the flow of data from OrbCAD into the required Excel templates (e.g., Operator Report, Supervisor Report, etc.) that are saved to SharePoint, thus requiring the Supervisor to only record new data and not have to rekey all data that is already captured in (Swiftly). As much data as possible is being imported to Track It.

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

#### recommendation above.

Management's Updated Target Completion Date and Comments: 01/01/2027. • Keolis staff investigate and manually enter accident/incident information into Excel forms as required by contract terms. Note, we are currently evaluating a replacement of our OrbCAD (Computer-Aided Dispatch) system which will allow interface to other systems like Track-it and automation of initial Incident/Accident records coming from the Dispatch system. In the meantime, with the change in vendors to Keolis the accident reporting is being done in Track-it (https://Track-it transit.com/) which went live on 4/22/2024 and is currently running in parallel with the historical manual recordkeeping including saving each Incident/Accident form to SharePoint. Only Accident reporting is in Track-it and research is being done regarding Incidents. Complete automation of incidents/accidents will not be possible until OrbCAD is replaced. Procurement is underway to replace OrbCAD, and it will take 18-24 months. OrbCAD would not be replaced completely until Jan 2027 and Vontas is the new CAD system.

#### **RECOMMENDATION 2 – (Improve QA Oversight, Analysis, and Monitoring) MEDIUM**

The Director of Contract Oversight, IT Director of Transit Technology Systems, and the Director of Risk Management should consider and evaluate the following process improvements:

d) Develop controls to ensure that data recorded in OrbCAD matches the data captured in the RiskMaster system. If events are reclassified from incident to accident or vice versa, ensure that both systems are updated with final classification between Incident or Accident. Keolis is working on processes to best ensure operator and supervisor reports are accurate and complete. OrbCAD has a edit limitation of 14 days.

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

• Management's Updated Target Completion Date and Comments: 01/01/2027. Keolis staff investigate and manually enter accident/incident information into Excel forms as required by contract terms. Note, we are currently evaluating a replacement of our OrbCAD (Computer-Aided Dispatch) system which will allow interface to other systems like Track-it and automation of initial Incident/Accident records coming from the Dispatch system. In the meantime, with the change in vendors to Keolis the accident reporting is being done in Track-it (https://Track-it transit.com/) which went live on 4/22/2024 and is currently running in parallel with the historical manual recordkeeping including saving each Incident/Accident form to SharePoint. Only Accident reporting is in Track-it and research is being done regarding Incidents. Complete automation of incidents/accidents will not be possible until OrbCAD is replaced. Only the Safety Systems Manager can update risk master, and OrbCAD must be updated within 14 days. The Safety Systems Manager has already stopped entering data into Risk Master and is now using manual excel sheets. The Vontas system will be replacing both OrbCAD and Risk Master.

#### **<u>RECOMMENDATION 3</u>** – (Automate Reporting Out of Systems) MEDIUM

The Director of Contract Oversight, IT Director Transit Technology Systems, and the Director of Risk Management, should consider and evaluate the following improvements:

- a) Request the IT Departments Report Writing Team to develop required pre-printed reports (e.g., monthly reports as well as daily Operator/Supervisor Reports, etc.) out of OrbCAD and/or RiskMaster based upon which system is designated the system of record with all comprehensive data. Track-it has been chosen as the system to be automated and use with electronic reporting, except for Bus operator report that is downloaded.
- b) Review for additional monitoring needs (i.e., Capital Metro and MV) and develop additional reports as necessary to improve (now Keolis) oversight and improve efficiency. New contract in place with Keolis as contracted service provider and under pass-through pricing model versus turn-key as modified in January 2022.

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

• Management's Updated Target Completion Date and Comments: 01/01/2027. Only Accident reporting is in Track-it and research is being done regarding Incidents. Complete automation of incidents/accidents will not be possible until OrbCAD is replaced. There has been a concentrated effort to improve timely reporting from our service providers. The new pass-through cost model for Keolis started in January 2022 and CapMetro now owns all parts and buses and only pay for labor on a cost-through basis. The new contract allows CapMetro to have more monitoring insights and control. The supervisor's reports are already in the track-it system. The supervisor logs into trackit and completes the form in the system. Bus and DR use track-it, but the Safety Systems Manager must manually pull reports from Rail and work on excel sheets. The Safety Systems Manager saves everything in SharePoint, but control owners have already had a meeting to train the Rail Department on track-it to and get them to use the system. The goal is for track-it in addition to Vontas to be a centralized system for these tasks by January 2027.

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

#### **<u>RECOMMENDATION 3</u>** – (Improve Accuracy of Benefit and HR Policies) LOW

The Controller and Senior Director of People & Culture should consider the following improvements to Leave Policy (HRC-440):

- a) Ensure deadlines and the maximum elapsed time after an event are defined (birth, adoption, or placement of a child) in which the employee must start using the parental leave or other family related benefit.
- b) Define the process for approving special exceptions to the policy (e.g. who can approve them, how to document the approval).
- c) Require employees to submit a long-term (greater than two weeks) leave request to the P&C Department.
- d) Ensure parental and other types of leave are timely communicated to the payroll personnel so that time and attendance records can be properly updated.

**OPEN ACTION PLANS**: (*Donna Simmons, EVP of Administration, Diversity and Inclusion Officer*) Management agreed with the recommendation above.

• Management's Updated Target Completion Date & Comments HRC-440 Leave Policy and HRC-435 Leave of Absence Policy will be combined into one document. The Director of Total Rewards has gone through her review of the updated policy, and now the stakeholders are doing their review of this new 500 page policy.

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

#### **RECOMMENDATION 5** – (Define E-Ticket Policies, Procedures, and Responsibilities) MEDIUM

The Controller and Cash Operations Manager should consider the following improvements:

- a) Develop an E-ticket policy defining the roles and responsibilities related to e-tickets in the Bytemark system.
- b) Develop SOPs defining the roles and responsibilities of the employees with administrative access to the Bytemark system to ensure only required employees have that level of access.
- c) Update the job descriptions to support the procedures outlined in sections a and b.

**OPEN ACTION PLANS**: (*Rick Medina, Manager of Cash Operations, Finance Department*) Management agreed with the recommendation above.

• Management's Updated Target Completion Date & Comments: 12/31/2025.

Job descriptions have been updated in the system. We will revisit this recommendation with the implementation of UMO, CapMetro's new payment processing system. Written SOPs these are being further developed and vetted. Job descriptions were updated for individuals using Bytemark, but we are sunsetting Bytemark for Umo. There are currently only 4 or 5 people who can change permission settings in UMO and roles are establish for what each individual can see. We will resume the UMO project and this finding will be overwritten and superseded by the new UMO audit around June 2025.

#### **<u>RECOMMENDATION 6</u>** – (Develop SOP for Each Type of Ticket and Distribution Method) MEDIUM

The Controller, Manager of Cash Operations, and the Manager of Accounting & Revenue should consider implementing the following improvements:

- a) Develop Standard Operating Procedures for the following ticket types:
  - 1. General Fare Tickets
  - 2. Consigned Inventory
  - 3. Returned Tickets
  - 4. Stored Value Cards
  - 5. Free Passes
  - 6. Discount Pass Program
  - 7. MetroWorks
  - 8. Ticket Vending Machines
  - 9. Mobile App
  - 10. Family Passes
  - 11. Web Portal
  - 12. AMP Card
- b) Develop and define responsibilities for the Square system (point-of-sale) and Flowbird system (TVM's).
- c) Update employee job descriptions to ensure key ticket and system controls have been assigned and defined.

**OPEN ACTION PLANS**: (*Rick Medina, Manager of Cash Operations, Finance Department*) Management agreed with the recommendation above.

• Management's Updated Target Completion Date & Comments: 12/31/2025.

Job descriptions have been updated in the system. We will revisit this recommendation with the implementation of UMO, CapMetro's new payment processing system. Written SOPs are being further developed and vetted. All the same types of tickets and passes will continue to exist with the new UMO system and Flowbird. CapMetro to go back to Square for point of sale. It will take 6-12 months for it to flow through UMO. The Director of Revenues and Fares feels it makes more sense to identify these responsibilities in the SOPs, not the job descriptions. These SOPs need a full overhaul, because UMO has changed everything.

#### 23-12 HEXAGON - POST IMPLEMENTATION REVIEW (05/31/2024 Report Issued with 5 Recommendations)

**<u>Recommendation 1</u>- (FACILITY ASSETS WITH MISSING PREVENTIVE MAINTENANCE PROGRAMS) MEDIUM** The COO and EVP of Capital Construction, Engineering and Design should marshal internal/external resources to take action on:

- a) Physical inventory of facility equipment and update Hexagon and Oracle records based upon this review.
- b) Establish written criteria (e.g. value; life cycle remaining; etc.) for facility assets that should be included in the PM program and then update/create PM's for assets accordingly.
- c) Ensure asset tags and ID #s are in place and cross-referenced between the Hexagon and Oracle systems based upon the capitalization policy.
- d) Identify required fields to be captured in Hexagon and document in procedure guides, etc. so that the system prompts staff to provide required key information.

OPEN ACTION PLANS: Management agrees and has developed the action plan below. Management's Target Completion Date: a) b) and d) December 2025 c) May 2026 Detailed Actions: The PMI plans are still in process.

#### Recommendation 2- (FTA RECORD KEEPING REQUIREMENTS – ROLLING STOCK) MEDIUM

The COO and EVP of Capital Construction, Engineering and Design should marshal internal/external resources to take action on:

- a) Ensure any FTA-required fields are complete and accurate by completing the following:
  - For any NTD (National Transit Database)-required fields in Hexagon, make the naming conventions consistent with the FTA to eliminate confusion (e.g. use same name used by FTA or at least capture FTA name somewhere).
  - Check newly entered asset records regularly and make timely adjustments if not compliant with FTA requirements.
  - Design report formats to allow direct upload to NTD, simplifying the process.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: September 2025

#### **Detailed Actions:**

- a) Vehicle Maintenance (VM) will review FTA data field terminology and make it match if possible (i.e. if the system does not have conflicting terminology).
- b) Mandatory fields will be identified with an asterisk, and an FTA Information tab will be created on each asset record. A report will be built to output that data on demand (for both reporting and compliance.)
- c) Going forward all new assets will have designated required fields populated; we will not attempt to populate older vehicle records with information that may not even be available
- d) The warranty module is not a good fit for our fleet configuration and will not be used. Implementation would be onerous and resource consuming resulting in negative ROI. Note: The Chief Operating Officer has added the fields and they are populating the fields for parts for bus, however they need to take action for the facilities parts.

#### Recommendation 3- (PARTS RECORDS – COMPLETENESS & ACCURACY) LOW

The COO and EVP of Capital Construction, Engineering and Design should document record keeping requirements in policies/procedures that cover the following:

- a) Identify which fields (e.g. Class, Catalogue Description, Location, Quantity, Price, Min/Max Quantity, etc.) are required for all parts.
- b) Perform data analytics to identify all Part numbers that are missing required fields and take necessary actions to ensure Hexagon database records are properly updated.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below.

Management's Target Completion Date: Facilities Parts October 1, 2025; and Rolling Stock Parts October 1, 2025

#### **Detailed Actions:**

- a) Parts data fields such as class will reviewed for usefulness.
- b) Parts missing data (location, catalog description, etc.) will be reviewed but many of these are blank intentionally (i.e. parts that are not stocked do not have a location, etc.)
- c) Mandatory fields will be identified with an asterisk, and a report will be built to output that data on demand (for both reporting and compliance.)
   Note: rolling stock is pretty well completed. The department brough in additional resources to assist. Facilities does not have as many parts to deal with, but not as much progress made. Usually the team just goes to a big box store to get facilities parts (toilet paper, new HVAC unit, etc.)

#### **Recommendation 4- (HEXAGON USER SURVEY - FEEDBACK ON ISSUES AND IMPROVEMENT OPPORTUNITIES)** MEDIUM The COO and EVP of Capital Construction, Engineering and Design should marshal internal/external resources to take action on some of the user suggestions for improvement listed below:

- a) CapMetro specific help materials and training guidance (not generic)
- b) Additional training/advanced training, hands-on mobile training
- c) Stream-line work order creation
- d) Add ability to open multiple work orders of same type from one screen.
- e) Enhance ability to edit/correct previously saved input more easily.
- f) Improve integration/data flow and frequency with other systems (e.g., Trapeze, Gasboy, etc.)
- g) Improve reporting capabilities.
- h) Reduce/eliminate redundant data entry/keying (e.g., entering VMRS 042, 042-010, 042-010-094)
- i) Improve summary and 'at-a-glance' data screens.
- j) Improve 'Data Spy' query function/capability for search efficiency.
- k) Involve CapMetro Subject Matter Experts (SME) in user-acceptance testing.
- I) Reduce/eliminate system clutter (disabled options/functions/dropdowns) Improve support/assistance outside regular hours

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below.

**Management's Target Completion Date**: October 1, 2025 – Tablet interface is being put in place to help Mechanics enter/retrieve data quicker. May 2027 – update survey questions and re-running the survey to

#### measure progress.

#### **Detailed Actions:**

- a. Need more detailed information to be able to take action based on the survey performed.
- b. VM can share existing non-generic Hexagon procedures. We have a lot.
- c. VM holds bi-weekly meetings to identify, prioritize and tackle Hexagon issues. Many of the comments mentioned by the auditor are being addressed in these ongoing meetings.
  Note: The Chief Operating Officer has been working with IT, follow-ups are needed to refine.
  The Chief Operating Officer is trying to reduce the amount of touchpoints to just a supervisory level. Mechanics are only entering data on tablets for PMIs. The use of tablets may not be as beneficial as we had thought- mechanics are not the ones entering data into Hexagon.

**Recommendation 5- (UPDATE POLICIES AND PROCEDURES)** LOW The COO, CFO and EVP of Capital Construction, Engineering and Design should document, communicate, monitor, and update policies and procedures for all assets (i.e. rolling stock, fixed assets, parts) in Hexagon and Oracle systems that covers the following activities:

- a) Additions/Disposals/Consumption/Adjustments and related recordkeeping in Hexagon and Oracle.
- b) <u>Physical Inventories & Cycle Counts</u> documented process covering when; how; frequency; who; what forms to use; "blind count" or known count; how to reconcile; when a second count is required; who must approve adjustments based upon materiality; segregation of duties between counter, reconciler, approver and adjuster in Hexagon and Oracle; etc.
- c) <u>Hexagon to Oracle Reconciliations</u> Automated and/or manual reconciliations between assets (i.e. fixed assets, vehicles, parts, etc.) in Hexagon and Oracle. The separate asset #s used in the two systems should be reconciled including certain critical fields (e.g. date, asset description, value, etc.).
- d) Management Reporting related to the items listed above.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: May 2026

#### **Detailed Actions:**

- a. VM can share existing processes for cycle counts and inventory control.
- b. b. VM will participate in an effort to reconcile Hexagon to Oracle, but understand that Hexagon is the record for parts and assets. If Oracle group wants to reconcile, VM will assist.

Note: Progress has been made in that the amount at the end of the month for true-up is less than before, however deeper analysis is to be done to understand the reasons for the fluctuations.

**<u>24-12 MCKALLA STATION – CAPITAL PROJECT CONTROLS</u> (12/18/2024 Report Issued with 5 Recommendations)** 

**<u>Recommendation 2- (CONSTRUCTION CAPITALIZATION PROCESS)</u> <u>MEDIUM</u>** Internal Audit recommends that the Controller and the VP of Facilities Management & Capital Construction should consider the following improvements:

- a) Define and develop SOPs for construction processes to ensure CPG and Accounting Departments are getting timely and appropriate information to ensure capitalization records in both Hexagon and Oracle systems can be properly updated. From here, develop Policies and SOP's that codify the process and ensure appropriate staff within CPG and Accounting are trained and understand how their activities support each other.
- b) Periodic meetings (e.g. monthly and/or quarterly) should be scheduled between CPG and Accounting to ensure proper communication and coordination of projects.
- c) The monthly PlanView Upcoming Go-Live report should be updated to include a field that captures the actual project percentage of completion.
- d) Capitalized assets in Hexagon should be reconciled to Oracle asset records monthly. Any unexpected differences should be investigated and adjusted in Hexagon and/or Oracle.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: June 30, 2025

#### **Detailed Actions:**

- a) Capital Projects Group and Finance will develop SOPs for documenting and recording fixed assets in the respective Hexagon and Oracle systems. After the SOPs have been created, the policies will be developed that incorporate the SOP.
- b) b. Capital Projects and Accounting have initiated monthly meetings in October to discuss project activity.
- c) c. Enterprise Project Portfolio Management group is developing a process workflow in Planview which would include an approval by both Accounting and Capital Projects before a project can be advanced from the "Execute" status to the "Close" status.
- d) d. Accounting has begun reconciling Oracle capital assets to Hexagon assets. As Oracle asset numbers are created, the information will be forwarded to Capital Projects to add to the asset in the Hexagon system as a cross reference.

Note: the asset management group developed the SOPs for fixed assets working with finance. asset management met with capital projects a few days ago and advised them on what those new sops would be underway, but not yet complete.

**Recommendation 3- (CAPITALIZATION POLICIES REQUIRE UPDATES AND SOPS ARE NEEDED) MEDIUM** Internal Audit recommends that the Controller consider the following improvements:

a) Updating FIN-104 and FIN-105 to reflect current accounting requirements, practices, and document form hyperlinks. The policy should include basic definitions of assets to guide users outside the Finance department. Instructions should be communicated with other departments to ensure that all parties are aware of and understand the requirements.

- b) Identify and document the relevant accounting standards to be used and incorporated into the Finance policies.
- c) Develop SOPs and procedures documents for the capitalization process which will define the expectations for all parties to follow to ensure items are properly categorized.
- d) Determine whether the forms (FIN2, FIN5, FIN6) are still necessary for documenting assets and if so, update the fixed assets forms to correspond to the current Hexagon EAM fixed assets system.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: June 30, 2025

#### **Detailed Actions:**

The asset management group is working on these SOPs. They are finalized but the asset management group is meeting with individual departments for feedback before circulating the new policy. Capital Projects and Accounting have initiated monthly meetings in October 2024 to discuss project activity that has begun as well.

**Recommendation 4- (DELEGATIONS OF AUTHORITY NOT DEFINED FOR TEMPORARY CONSTRUCTION EASEMENT ACQUISITIONS)** LOW Internal Audit recommends that the VP, Facility Management & Capital Construction should work with the Legal Department to develop acceptable approval limits for routine and exception transactions (e.g. paying more than appraised value) within the overall CapMetro delegations of authority approval matrix.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: June 30, 2025

#### **Detailed Actions:**

VP, Facility Management and Capital Construction will obtain clarification from Legal regarding the Delegation of Authority. If the delegation needs to be revised, the VP will pursue it with Legal. They are currently revamping signature delegations, they are considering doing a chart or matrix rather than forms. This item is still in progress. There needs to be further discussions with legal and real estate.

# **24-08 CLS ORDER SYSTEM RAILROAD RIGHT-OF-WAY, RWIC, PERMITS & LICENSES** (01/15/2025 Report Issued with 6 Recommendations)

**Recommendation 1- (MISSING INTERFACES BETWEEN SYSTEMS REQUIRE MANUAL WORKAROUNDS) MEDIUM** Internal Audit recommends the Controller, Director of Revenues & Fares, Director of Enterprise Application & Data Services, and the Director of Real Estate and ROW evaluate the following process improvements:

- a) <u>New ROW Orders</u> If new orders are entered by customers into the CLS Platinum system can be interfaced to CLS Link, so that the Real Estate Specialist does not have to enter all new orders from scratch to create an order in the CLS Link system. Thus, creating a single database in the CLS Link system instead of having two separate databases in CLS Platinum and CLS Link that do not talk to each other.
- b) <u>New ROW Customers</u> For new customers in CLS Link, opportunities to automate the creation of new customer requests into Oracle, so that the A/R Accountant does not have to enter all data from scratch. Currently manual emails between Real Estate Specialist and AR Accountant are needed to notify each other and then manual key into CLS Link and Oracle.
- c) <u>Prepaid RWIC Hours</u> create workflow automation notifying Rail Operations when RWIC orders have been prepaid. Currently manual emails must be sent to Rail Operations with all details (e.g., requested RWIC dates, number of prepaid RWIC hours, milepost #, etc.). Include a closed loop in the workflow so that actual hours worked by Herzog are reported back and compared to prepaid hours. If actual RWIC hours exceed prepaid hours, include a process to create an extra billing for the extra hours worked. The revenue leak for this was \$23,600. See issue #3 below.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below.

**Management's Target Completion Date**: 12/31/2025 for determination of new software or remaining with CLS system

#### **Detailed Actions:**

The CLS contract will expire on 1/9/25. Management is implementing a 1-year stop-gap extension that is currently pending approval. IT will have to research, evaluate systems, strategy, and budgeting to determine and prioritize the best solution for this recommendation. CapMetro may not have the funding to replace the system, but the Real Estate team has had multiple demos with different software vendors to determine which one they feel is best for their needs. CapMetro is looking for the best replacement or may have to stick with the existing software. The existing software also has upgrades available for purchase.

**Recommendation 2- (CONTROLS OVER DELINQUENT RECEIVABLES REQUIRE IMPROVEMENT) MEDIUM** Internal Audit recommends that management consider the following:

- a) The CFO and Controller should update FIN Policy 109 to include processes for establishing customer credit evaluations and limits, charging late fees, escalation process for past due accounts, delegations of authority for credit limits and write-offs and notifying management of delinquent account balances.
- b) The CFO and Controller should develop SOPs that describe how delinquent accounts will be managed. The procedures should include frequency of customer communications, dispute resolution procedures, and establish debt collections procedures such as discontinuing new business with delinquent account customers, issuing breach of contract notices, obtaining liens, contracting with collection agencies, and account write-off or settlement procedures.

- c) The CFO and Controller should consider charging the 5% fee for late payments as defined in the customer license agreement.
- d) The CFO and Chief Counsel should consider modifying the standard terms and conditions listed in new license agreement contracts and on invoices to include a statement that allows late fees and interest to be charged by Capital Metro on delinquent accounts.
- e) The Controller and AR Accountant should establish agreed upon procedures with the Manager of Real Estate & Right-of-Way to obtain updated customer AP contact information annually to maintain current billing information.
- f) The CFO, Controller and Director of Revenue & Fares should consider implementation of the Oracle Collections module.
- g) The Director of Real Estate & ROW should consider hiring a third-party consulting firm, on a consignment basis, to reconcile installed infrastructure with active CapMetro license agreements to identify any non-compliant or unauthorized infrastructure.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: Multiple dates

#### **Detailed Actions:**

a. b. c. & e. Finance has made updated to FIN-109, but still under review with the Chief Financial and Risk Officer. Meetings are still in progress, collaboration is needed. Considering possibly using a collection agency. New target completion date: June 30, 2025.

d. One collection matter in particular that needs to be worked through- this item is still in progress and needs more time. New target completion date: June 30, 2025.

f. This is reliant on the new architecture design of the system and the functionality of this system or an upgraded system. Many consideration and moving pieces to evaluate before deciding to implement this module or use a collections agency, use a different software, etc. New target completion date: TBD

g) Real Estate Management will consider bringing in a consultant to evaluate ROW infrastructure for compliance with CapMetro standards. Legal will help Real Estate define and develop SOPs for correcting potential non-compliant or unauthorized infrastructures. New target completion date: June 30, 2025.

#### **Recommendation 3- (HERZOG HAS CHARGED RWIC OVERTIME NOT IN COMPLIANCE WITH THE CONTRACT) MEDIUM** Internal Audit recommends that the VP of Rail consider the following actions:

- a) Require Herzog to create and provide an improved monthly RWIC hours worked report that contains names of the five full time RWIC employees covered in our contract, which RWIC orders they worked on and how many hours on each order, clear designation as to which three Herzog employees cannot bill CapMetro for OT, and which two Herzog employees are allowed to bill CapMetro for OT.
- b) Report the Herzog overtime billing errors to the Contract Administrator in the Procurement Department and pursue a refund for the overbilled amounts of \$54,955 (\$35,226 + \$19,729).

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: October 1, 2025

#### **Detailed Actions:**

There is money that Herzog needs to pay back to CapMetro. No overtime hours can be worked without approval from The Director of Rail Operations and The PM of Bridges and Structure Engineering first.

#### **Recommendation 4- (RWIC HOURS WORKED BY HERZOG EXCEEDED HOURS PREPAID BY CUSTOMERS) LOW** Internal Audit recommends that Management consider the following actions to reconcile RWIC hours:

- a) The VP of Rail Operation should establish procedures for Herzog to notify both Rail Operations and Real Estate when the customer exceeds or expects to exceed the number of prepaid hours on a project and instruct the customer to complete a request for additional RWIC hours.
- b) The VP of Rail Operations, the Director of Real Estate and ROW and the Manager of Real Estate and ROW should coordinate the completion of reconciliation procedures to ensure all RWIC charges are billed by having the Rail Operations PM compare the actual RWIC hours worked to the requested prepaid hours by project and notify Real Estate Specialist of any additional billing requirements.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: May 31, 2025

#### **Detailed Actions:**

There is a monthly report from the Real Estate Department to look at the hours worked and The PM of Bridges and Structure Engineering reviews these hours. There was a pre-COVID procedure, however after COVID, the following of this process has stopped. Real Estate online RWIC procedures already exist- these procedures need to be updated and implemented into action.

#### Recommendation 5- (REAL ESTATE ROW STANDARD OPERATING PROCEDURES HAVE NOT BEEN

**UPDATED) MEDIUM** Internal Audit recommends the Director of Real Estate & ROW, and the Manager of Real Estate & ROW should consider updating the ROW procedures document for changes to be consistent with the Oracle system and to formalize any approved exceptions to the standard procedures.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: May 31, 2025

**Detailed Actions:** CapMetro is changing the CLS to Oracle, the Project Manager of Real Estate Services is in the process of updating.

**Recommendation 6- (CERTIFICATES OF INSURANCE ARE NOT OBTAINED FOR RECURRING ANNUAL LICENSE AGREEMENTS)** MEDIUM Internal Audit recommends that the Director of Real Estate & ROW consider the following:

- a) SOPs will be developed covering activities to ensure initial COI is obtained as well as annual COI updates as part of the license renewal process. Protocols will be developed as to how to manage customers who refuse to provide annual COI's and/or have deficiencies in the insurance limits provided.
- b) The CapMetro website will be updated to explain COI requirements for the customer in year one as well as the annual COIs as part of the perpetual renewal process.
- c) All active license accounts will be reviewed, and customers will be notified of any missing COIs or deficiencies in insurance coverage amounts. COI records either online in CLS Link and/or Oracle and/or manual records will be developed tracking COIs for each active license account going forward.

**OPEN ACTION PLANS**: Management agrees and has developed the action plan below. **Management's Target Completion Date**: July 1, 2025

#### **Detailed Actions:**

- a) This item is still in progress- this is an AR function. The Project Manager of Real Estate Services will check with The Lead Accountant
- b) This has been done on the website, marketing did this and can be pulled from the website. The Project Manager of Real Estate Services is working on updating the COI requirements (the amounts) in the CLS phone app, this is a contract modification and is anticipating having this done by June.
- c) No temporary resources have been brough on yet, but The Project Manager of Real Estate Services is currently working on the budget to get help soon.



# Capital Metropolitan Transportation Authority

Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1475

Discussion of Internal Audit Management Memo on Purchasing Cards and Check Requests



Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1504

FY2025 Internal Audit Plan Status - June 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	In-Process	Ongoing		
2	Semi-annual Implementation Status Report - November 2024	Completed	December		
	Semi-annual Implementation Status Report - May 2025	In-Process	June		
4	FY2025 Risk Assessment & development of FY26 Audit Plan				
	FY25 Audit Assurance & Advisory Projects	0			
1	Keolis Payroll Pass Through Controls	Ongoing Monitoring			
2	MTM Payroll Pass Through Controls - New Contract in Demand Response	Ongoing Monitoring	UT Interns - Spring		
3	Oracle Risk Mgt module - Analyze Oracle segregation of duties	In-Process			
	Oracle Survey - User Satisfaction & Opportunities				
	Capital Projects - Costs & Reporting Controls				
	Police Dept Standup (Recordkeeping & Compliance Requirements)	In-Process	UT Interns - Spring		
	Inventory Controls (Fuel & Parts) & Utilities (Electricity) - Bus/Rail/DR/Facilities	In-Process	UT Interns - Spring		
	A/P Non-PO Payments (P-Cards & Check Requests) Controls	Draft Report	June		
	Brinks Contract and Outsourced Treasury Controls				
	Bus Maintenance & Training				
	Automation of Bus Incidents/Accidents Reporting (TrackIt System)				
	Safety Management System (SMS) - Management of Change	Completed	March		
13	Bus Charging Infrastructure & EV Program	Draft Report	July / Aug		
14	Bytemark & UMO Contract for e-Tickets & Collections - Administrative Fees				
15	United Healthcare - Eligibility & Payment Support	Draft Report	July		
16	McKalla Station - Capital Project Controls	Completed	January		
17	CLS System for Right of Way Revenues (Permits, RWIC, Licenses)	Completed	February		
18	BikeShare Program - RACI Chart based upon ILA with City of Austin	Draft RACI	July/Aug		
19	NIST Cybersecurity Framework (CISA Facilitated Self Assessment) - re-assessment from 2024 baseline	Chart			
20	Annual Cybersecurity Review (Verizon)				
21	FTA Triennial Audit	In-Process	Onsite 6/2-6/6		
22	QAR (Quality Assessment Review) - IIA and GAS Standards	In-Process	July		
23	Quadrennial Performance Audit	Completed	February		
	CONTINGENT AUDIT PROJECTS - FY25				
	Lease Vehicle Program - non-Revenue Vehicles				
	Microsoft Sharepoint & Active Directory				
	Real Estate - Life Cycle Management & Controls				
	Grant Reporting Process (Small Starts, Single Audit, Subrecipients) Board Policies/Goals - Monitoring & Reporting (e.g. OTP; Fare Recovery; DBE; Title 6				
5	Equity Analysis; etc.)				

	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	
3	RFP on External Audit Services	In-Process	



Finance, Audit and Administration Committee **Agenda Date:** 6/11/2025

Item #: AI-2025-1505

Executive Finance, Audit and Administration Update - June 2025 Update on CapMetro's 40<sup>th</sup> Anniversary, key performance indicators, financial performance, personnel changes, communications and public outreach.