

SEMI-ANNUAL IMPLEMENTATION STATUS

INTERNAL AUDIT REPORT #17-12

Scope

This report reflects the status as of May 2017 of outstanding corrective action plans (CAP's) resulting from internal audits and other audit projects.

Status Highlights

Internal Audit tracked 10 audits during the Spring 2017 status cycle which included a total of 60 individual CAPs of which 50 (83%) are fully implemented or substantially complete. The timeliness of implementing CAP's on schedule has increased since the last status update.

CAP implementation updates are listed in chronological order by date of audit report issuance. The status highlights were selected based upon the auditor's professional judgment and do not represent every audit or status change within the last six months. Appendix A provides a summary of the implementation status of all CAPs. To facilitate a review of this report, status coding is as follows:

■	Significant delays or conditions which impede implementation of planned corrective actions.
▲	Moderate delays or conditions exist which slow implementation of corrective actions.
●	Implementation of corrective actions is complete or progressing on schedule.
◆	Delayed recommendation is now getting "back on track."

Rail Capital Projects Audit

[REPORT #14-04](#), JULY 16, 2014

- **Project Management Standards & Training:** The Authority's new framework will be piloted with four projects during CY2017 Q1 and then rolled out to all projects by the end of FY2017. Project management training is planned in two phases. Phase One started in FY 2017 while Phase Two is to begin in FY 2018.

Fit for Duty Audit

[REPORT #15-01](#), JULY 15, 2015

- **Contract Management Plan Implemented:** A contract management plan for Herzog was implemented June 2016. The management plan defines acceptable thresholds for contractor performance and includes a process for verifying contractor compliance with criminal background checks in accordance with Capital Metro policy.

This audit is now closed.

Treasury & Fare Revenue Audit

[REPORT #15-02](#), APRIL 15, 2015

- **Revenue & Fares Manager Position:** A job offer was extended and accepted with an anticipated start date of mid-August. This position will be responsible for managing and coordinating revenue programs and systems.
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Strategic Plan Performance Measure Certification Audit - Ridership

[REPORT #15-06](#), AUGUST 12, 2015

- **Strategic Plan Updated:** An updated strategic plan was approved by the Board in May 2017. Current FY through April 2017, ridership was up 1.6%, excluding the effect of the UT shuttle ridership loss.

This audit is now closed.
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Procurement Card (P-Card) Audit

[REPORT #15-14](#), OCTOBER 14, 2016

- **Personnel Changes Monitored:** The P-card Administrator is now on the HR distribution list for terminations. Also, there is an annual certification signed by each cardholder and their supervisor, so the list of supervisors stays current.

This audit is now closed.
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Investment Recovery Audit

[REPORT #16-06](#), MAY 11, 2016

- **Updated Surplus Property Disposition Guidance:** The Procurement Policy was updated with a separate chapter on surplus property disposition which was approved by the Board in May 2017.
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Fuel Controls Audit

[REPORT #16-08](#), AUGUST 15, 2016

- **New Service Provider Procedures for Staff Terminations:** New procedures have instituted a uniform process for service providers to follow when reporting staff changes. System access audits are being conducted to monitor compliance with the new procedures.
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RailComm Security Assessment

PROJECT #16-07, OCTOBER 14, 2016

- **Cyber Security Training Completed:** IT has introduced an on-going cyber security training and testing program for all employees and contractors with a Capital Metro email account. Rail cyber security will be revisited as part of the Positive Train Control (PTC) project.
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Strategic Plan Performance Measure Certification Audit – Customer Service

[REPORT #16-16](#), DECEMBER 15, 2016

- **Revised Rail Complaint Definitions:** Rail has defined its complaint definitions and forwarded them to the Customer Service Manager. Meanwhile, the Customer Service Manager is endeavoring to redefine and reduce the number of complaint categories to enable the agency to use the data for future analytical purposes.

This audit is now closed.

Accounts Payable Audit

[REPORT #17-02](#), FEBRUARY 15, 2017

- ▲ **Procurement of Segregation of Duty (SOD) Compliance Tools:** Capital Metro is in the process of procuring a comprehensive security auditing tool that analyzes segregation of duties and provides continuous monitoring/tracking of database changes.
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Why status updates are important

United States General Accountability Office (GAO) standards specify that management is responsible for “addressing the findings and recommendations of auditors, and for establishing and maintaining a process to track the status of such findings and recommendations.”¹ Internal auditors are required to follow-up to determine whether appropriate corrective actions have been taken.²

Closing

Internal Audit is grateful to Capital Metro management and staff who have worked to implement improvements in controls and processes. Their cooperation and assistance is instrumental to the success of the Authority.

Regards,
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Interim VP, Internal Audit

cc: Capital Metro Board of Directors
Linda Watson, President / CEO
Elaine Timbes, Deputy Chief Executive Officer and Chief Operating Officer
Dottie Watkins, VP, Bus and Paratransit Services
Reinet Marneweck, VP / Chief Financial Officer
Kerri Butcher, Chief Counsel
Melvin Clark, VP, Rail Operations
Ken Cartwright, VP, Capital Projects
Donna Simmons, VP Administration & Risk Management Compliance Officer
Joe Iannello, Chief Information Officer
Muhammad Abdullah, Director Procurement
Lea Sandoz, Controller
Rafael Villarreal Jr., Director of Contract Oversight – Bus and Paratransit Services

¹ GAO-12-331G Government Auditing Standards, 2011 Revision, Section A1.08.f: <http://www.gao.gov/assets/590/587281.pdf>

² GAO-12-331G Government Auditing Standards, 2011 Revision, Section 7.05.

Appendix A: Implementation Status Detail

Report Date	Project Name	Implementation Status						Timely	
		Complete	Substantially Complete	In Process	Closed / WD	Not Implem.	Not Due		
7/16/14	Rail Capital Projects Audit	9	0	1	0	0	0	60%	
7/15/15	Fit for Duty Audit	10	0	0	0	0	0	70%	
4/15/15	Treasury & Fare Revenue Audit	11	0	2	0	0	0	85%	
8/12/15	Strategic Plan KPI Certification Audit - Ridership	4	0	0	0	0	0	50%	
10/14/15	Procurement Card (P-card) Audit	6	0	0	0	0	0	100%	
5/11/16	Investment Recovery Audit	4	0	1	0	0	2	67%	
8/15/16	Fuel Controls Audit	2	2	0	0	0	0	50%	
10/14/16	RailComm Security Assessment	0	1	0	0	0	0	100%	
12/5/16	Customer Service KPI Audit	1	0	0	0	0	0	0%	
2/15/17	Accounts Payable Audit	0	0	2	0	0	2	0%	
TOTALS									
	Current Update Spring 2017	Quantity	47	3	6	0	0	4	79%
		Percentage	78.3%	5.0%	10%	0.0%	0.0%	6.7%	
	Previous Update Fall 2016	Quantity	35	7	8	0	1	3	60.8%
		Percentage	64.8%	13.0%	14.8%	0.0%	1.9%	5.6%	

Action item status categories:

Complete Intent of the corrective action plan item has been met and no further corrective action is required. In some instances, Internal Audit monitors to ensure continuity.

Substantially Complete Greater degree of progress towards completion than "In Process" and may not require further steps beyond continued performance, monitoring, and/or experience with the actions.

Closed / WD Open corrective action plan item was withdrawn or otherwise closed without implementation because the reported condition or risk no longer exists.

In Process Some progress towards implementation of corrective action plan has been made but additional actions are required before intent is met.

Not Implemented No measurable progress towards implementation of corrective action plan (excludes action plan items for which the target date has not yet been reached).

Not Due The original CAP implementation date has not been reached and/or other conditions needed to assess implementation status have not occurred.

Timely This represents the relative percentage of all corrective action plans for which intent was met by the stated target date. The total figure represents a weighted average for all applicable updates.