



INVENTORY CONTROLS BUS PARTS (#25-16)

Terry Follmer, Chief Audit Executive

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Executive Summary

The fiscal year 2025 Audit Plan approved by the CapMetro Board of Directors included an assurance review of the bus inventory parts to ensure adequate controls, compliance with contracts, policies, procedures and regulatory requirements. The audit results including the objective, scope and conclusion are as follows.

Background

CapMetro implemented the [Hexagon Enterprise Asset Management](#) (EAM) system in 2020 which is used to manage fixed assets (e.g., vehicles, facilities, HVAC, etc.) and spare parts inventory for vehicles and facilities related preventive and unplanned maintenance as recommended by the original equipment manufacturer. The purpose of EAM systems is to enable better, more strategic decisions that extend the asset life cycle, increase safety, and enable cost efficiencies. EAMs allow organizations to manage the life cycle of assets from cradle to grave including scheduled preventive work orders and unscheduled repairs in an organized and efficient manner

Keolis has a contract with CapMetro to manage the bus fleet which includes providing the labor to maintain the vehicles and receive, store and issue parts to maintenance Work Orders and maintain the fleet in state of good repair. Effective 1/1/2023, CapMetro took ownership of the bus parts, and took responsibility for ordering and monitoring the parts, while Keolis is responsible for the physical management of the parts. The Keolis contract requires them to perform a physical inventory of materials in stores every year and a physical inventory of all CapMetro property at least once every two years, as well as to perform cycle counts on a weekly basis and other inventory controls duties as instructed by CapMetro's SOP. Cycle count adjustments entered by Keolis into Hexagon are reviewed and approved by the Parts Manager/Parts Supervisor before posting to Hexagon EAM.

The Oracle accounting records are updated real time for procurement activity (i.e. orders and receipts) however, Oracle accounting system records are only updated once a month via manual journal entry for parts issued, cycle count monthly results and other adjustments. Additionally, the Oracle general ledger only has one asset inventory part account (EAM Parts 1030101), and one inventory part expense account (Maintenance Materials- 5049920). Due to the lack of specific accounts in Oracle for the Balance Sheet and Income Statements, the Oracle general ledger cannot produce meaningful reports that are useful to Bus Operations.

CapMetro's bus parts are stored in three primary warehouses locations and across seven storerooms, and includes approximately 14,800 Stock Keeping Units (SKUs) valued at \$8.8 million within the Hexagon asset management system, which tracks current inventory levels and historical usage as of 7/17/2025:

Type	Store	In-Service			Out-of-Service		
		SKU	Quantity	Value on Hand	SKU	Quantity	Value on Hand
Bus	2910_01	8,948	86,069	\$4,177,078	2,048	1,350	\$135,345
	9315_12	5,342	53,780	\$3,657,438	1,769	370	\$21,727
	9715_01	513	3,747	\$914,296	4	0	\$0
Total		14,803	143,596	8,748,812	3,821	1,720	157,072

CapMetro's fleet of 477 buses spans six manufacturers: Gillig (185), New Flyer (99), New Flyer Electric (58), Motor Coach (34), Nova Bus (55), and Proterra/Phoenix (46), with 26 different series, creating significant complexity in managing the approximately 14,800 SKU's in spare parts. Each brand has

unique designs and supply chains, and even within a single manufacturer, parts may often not be interchangeable across series. The fleet also includes both diesel and electric buses, requiring parallel inventories of traditional components and advanced battery systems.

Audit Objective & Scope

The objective of the bus parts audit was to evaluate bus part records and internal controls related to the completeness and accuracy of the bus part records, as well as the procure to payment controls. The scope included a review of FY2025 bus part records in the Hexagon system and related procure to pay records in the Oracle system, data analytics on the completeness and accuracy of data in Hexagon, and a review of the policies and procedures that are used to manage the lifecycle asset records updates in the Hexagon system. We obtained and tested inventory data from Hexagon as of 07/17/2025, and Oracle data from 10/01/2024 to 08/26/2025.

Opinion

In our opinion, internal controls are generally in place and functioning over CapMetro's Hexagon Enterprise Asset Management system. We identified some areas where internal controls could be further strengthened as follows:

Issues & Risk	Risk Rating	Status	Target Completion Date
1. Cycle Counts - Establish Baseline & Set Target Goals	Medium	Open	5/1/2026
2. Keolis Contract - Inventory Parts Requirements & SOPs	Medium	Open	5/1/2026
3. Purchase to Pay Cycle - Missing Three-Way Match	Medium	Open	6/1/2026
4. Oracle General Ledger & Meaningful Reporting	Medium	Open	5/1/2026

More details regarding the issues/risks and recommendations can be found below in the detailed audit report.

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 Global Internal Audit Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was conducted by the following staff members in the Capital Metro Internal Audit Department:

- Mazen Shehadeh, Senior Auditor III
- Terry Follmer, CAE

Recommendations to strengthen controls and improve accountability were provided to management. Management agrees with the internal audit recommendations and has provided target completion dates which are included in the detailed audit report below. A follow-up audit is performed semi-annually (i.e., May and November) to ensure management action plans for all issued audit reports are completed in a timely manner.

We appreciate the cooperation and assistance provided to us throughout this audit.

Risk Rating Definitions

Ratings Definitions- Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each finding 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 could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited.	Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.
MEDIUM	Issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited.	Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
LOW	Issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer the program(s)/function(s) audited.	Action is needed to address the noted 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 of internal controls
5. Evidence of potential fraud, waste, or abuse
6. Significant control environment issues
7. Little to no corrective action for issues previously identified

Auditors also identified and considered other factors when appropriate.

Audit Report

Issues & Risk	Risk Rating	Recommendation	Management Action Plan																								
MEDIUM																											
<p>1. Cycle Counts - Establish Baseline & Set Target Goals for Keolis</p> <p>We benchmarked CapMetro against the other Texas transit agencies and noted they all rely on cycle counts to validate the accuracy of parts records, and only perform full physicals in special situations (e.g. installing new EAM or ERP systems). Keolis is responsible for performing the bus parts cycle counts, however, cycle count baselines and target goals have not been explicitly set for Keolis.</p> <p>Through data analytics of the Hexagon parts records, the Internal Audit Department was able to establish the following baseline using the cycle count records from the last 12 months:</p> <table><tr><th>Type</th><th>Value on Hand</th><th>Total SKUs in Listing</th><th>Counted SKUs</th><th>Percent of SKUs counted annually</th><th colspan="3">Results</th></tr><tr><td></td><td></td><td></td><td></td><td></td><th>Qty Accurate no adjustments</th><th>Qty Positive adjustments</th><th>Qty Negative adjustments</th></tr><tr><td>Bus</td><td>\$8,748,812</td><td>14,803</td><td>10,036</td><td>67.8%</td><td>75.6%</td><td>11.2%</td><td>13.2%</td></tr></table> <p>We believe the effectiveness of the cycle count program can be better measured by establishing a formal baseline and target goals for Keolis.</p> <p>See Appendix A for details</p> <p><u>Baseline defined:</u> a historical statistic to measure against in the future to gauge progress. In the table above some baselines to measure progress against are: 67.6% of SKU’s are cycle counted annually; 75.6% of cycle counts require no adjustment as physical quantity matches Hexagon; positive adjustments are required 11.2% of the time versus 13.2% of adjustments are negative.</p>		Type	Value on Hand	Total SKUs in Listing	Counted SKUs	Percent of SKUs counted annually	Results								Qty Accurate no adjustments	Qty Positive adjustments	Qty Negative adjustments	Bus	\$8,748,812	14,803	10,036	67.8%	75.6%	11.2%	13.2%	<p>The Superintendent of Bus Parts & Inventory should consider implementing the following cycle count enhancements using Power BI:</p> <ul style="list-style-type: none">a) <u>Establish Baseline</u> - using historical cycle count results from the last 12 months for the following areas: 67.8% of SKU’s cycle counted annually; 24.5% of cycle counts that had differences; for unit count adjustments, the 13.2% that was a negative adjustment (missing parts) versus 11.2% a positive adjustment;b) <u>Set Target Goals for Keolis</u> - measure cycle count actual performance against goals and historical baseline.c) <u>Periodic Reporting</u> - Periodic reporting (Monthly/Qtrly) to Keolis and CapMetro management showing actual cycle count results against target goals and historical baseline.d) <u>Inventory Data Analyst role-</u> Management would benefit from establishing a dedicated Inventory Data Analyst to oversee stock takes, cycle counts, and data integrity. This role would strengthen accuracy of inventory records, provide timely variance analysis, and allow parts managers to focus on operational responsibilities, supporting more effective inventory control.e) Develop a systematic solution within Hexagon to differentiate true inventory stock takes from all other stock adjustments.	<p>Management agrees and has developed the action plan below.</p> <p>Target Completion Date:</p> <ul style="list-style-type: none">a) 11/1/2025b) 1/1/2026c) 1/1/2026 with monthly and Quarterly analysis and reporting.d) 5/1/2026e) 1/1/2026 -looking at creating additional adjustment categories beyond “stock takes” in order to provide more insight and analysis.
Type	Value on Hand	Total SKUs in Listing	Counted SKUs	Percent of SKUs counted annually	Results																						
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Issues & Risk	Risk Rating	Recommendation	Management Action Plan
	MEDIUM		
<p><u>2. Keolis Contract - Inventory Parts Requirements & SOPs</u></p> <p>CapMetro owns the Bus Parts inventory which is valued at \$8.8 million and is composed of 14,800 SKU’s in order to maintain the bus fleet. CapMetro is responsible for ordering and monitoring parts, while Keolis provides the labor to maintain the vehicles and receive, store and issue parts to Work Orders as well as perform cycle counts. The Keolis contract (Exhibit E, 64-Section (k)(5) and (r)) requires annual physical inventories of materials in stores, reconciliation of balances, recording of adjustments, and approval of those adjustments. (See Appendix B for full contract language)</p> <p>We reviewed the controls related to the accuracy of parts and noted the following opportunities:</p> <ul style="list-style-type: none">• Per Keolis contract, CapMetro has the right to an annual full physical but has not enforced it.• Cycle counts are being performed but no baseline and goals have been set (see issue #1) and not all SKU’s are being counted every year.• The Finance Department has not established any inventory policies/procedures covering physical inventories, cycle counts, etc.• Manual No Automation - The two locations (North and South Bus Yards) where the parts are stored have not barcoded the bins and parts, therefore, all recordkeeping is done manually with paper and pen and then manually keyed into the Hexagon system.• The EAM system cannot distinguish real stock adjustments from input errors; requiring a justification dialog for each adjustment would separate true discrepancies from mistakes and improve accountability.• Parts Stratification - we fully support management’s plan to stratify parts and provide different cycle count frequencies (e.g. annual vs Quarterly, etc.) based upon criticality, materiality, etc... <p>Inventory controls help ensure the accuracy of the 14,800 SKU’s and parts are available when needed for mechanical maintenance, the accuracy of the parts inventory on the Balance Sheet, and that errors and irregularities in missing parts are detected timely. Note, in order to cycle every bus part at least once per year, approximately 285 cycle counts per week (14,800 / 52 weeks) will be needed. See actual cycle counts results at Appendix A.</p>	<p>The Superintendent of Bus Parts & Inventory should consider implementing the following:</p> <ul style="list-style-type: none">a) Create a cross-functional working group (Operations, Finance, IT) led by the Superintendent in order to analyze balances and identify process and system improvements in an annual plan with stated goals (e.g. system enhancements; cycle count coverage; Keolis contractual physical inventory requirements; etc.). The group will also develop tools (e.g. exception reports, analysis, etc.) to identify and discuss reasons for any significant changes in inventory and expense balances.b) Bus Operations owns the policies and should create and/or update existing policies and procedures related to how/when/who will be responsible for ongoing cycle counts and any physical inventory performed. Finance should participate in changes to SOPs and include a hierarchy of notifications and approvals needed within Operations and Finance management based upon materiality level of the cycle count adjustments.c) Evaluate on a cost-benefit basis if it would make sense to bar code inventory locations (e.g. bins) and parts to help automate the cycle counts and Hexagon records.d) Add a required justification field for every stock adjustment to separate true discrepancies from input errors and improve accountability.	<p>Management agrees and has developed the action plan below.</p> <p><u>Target Completion Date:</u></p> <ul style="list-style-type: none">a) 1/1/2026 working group will be identified and first monthly meeting will be scheduled.b) 5/1/2026c) 5/1/2026 complete research to make a cost-benefit decision on bar coding inventory.d) 1/1/2026 In combination with recommendation 1e) above, we will create more visibility and analysis to identify and resolve discrepancies.	

Issues & Risk	Risk Rating	Recommendation	Management Action Plan
	MEDIUM		
<p><u>3.Purchase to Pay Cycle - Missing Three-Way Match</u></p> <p>We noted the following concerns related to how the Hexagon EAM system is configured:</p> <ul style="list-style-type: none">One way interface from Hexagon (Requisition) to Oracle (Purchase Order), but no back feed from Oracle (Invoice received) to Hexagon (receipt w/ Bill of Lading or Packing Slip).Oracle is not setup with Application Programming Interface's (API) to communicate data real-time between CapMetro and parts vendors for part order details like shipping/delivery date and part details, invoicing, etc..Evidence of receipt (e.g. Bill of Lading and/or Packing Slip) is missing in Oracle for almost every Purchase Order. <p>Due to the system design and lack of implemented functionality, the A/P Department must manually scan, send manual emails daily to Bus Operations asking to confirm receipt of parts, and then Operations must manually match Invoices to receipts (e.g. Bills of Lading and/or Packing Slips) and email back to the A/P Department which parts were received on each Invoice.</p> <p>Oracle has the capabilities to have API communications with vendors and an automated 3-Way Match between the PO, Invoice and Receipt (BOL or Packing Slip). The current system design and manual process is inefficient and prone to potential human errors, rework, lack of transparency on part order status, and delays in updating the Oracle system with current data.</p>		<p>The COO, CFO, and CIO should consider implementing the following business process improvements to the Oracle and Hexagon systems related to the Purchase to Pay process and 3-Way Match:</p> <ul style="list-style-type: none">a) Investigate opportunities to improve automation of data transmissions (EDI/API/FTP) communications in Oracle with the vendors who already have such data communication capabilities. This will allow for real-time status updates on PO's (e.g. shipping and delivery details) as well remove the need to manually scan Invoices since these documents will be received via automation.b) Develop two-way interface between Hexagon and Oracle for all order details which will then allow for an automated 3-Way Match for most transactions, and the remainder and any differences can be manually investigated and resolved.c) Until a) and b) above are implemented, Operations should send original receiving documents (Bill of Lading and/or Packing Slips) to the A/P Department who will digitize the receiving evidence and save to the respective PO in the Oracle system. This will eliminate the need for Operations to scan each receiving document and email to A/P Department.	<p>Management agrees and has developed the action plan below.</p> <p><u>Target Completion Date:</u></p> <ul style="list-style-type: none">a) 6/1/2026 but requires further research to determine best solution to be chosen.b) 6/1/2026 but requires further research and management priorities.c) This requires further research because A/P has been working remotely, so not clear how a copy of these documents would be attached to the invoices in Oracle. Current email communications are not being saved by A/P into the Oracle.

Issues & Risk	Risk Rating	Recommendation	Management Action Plan
	MEDIUM		
<p><u>4.Oracle General Ledger & Meaningful Reporting</u></p> <p>We reviewed CapMetro’s Oracle general ledger (G/L) listing of accounts as of 8/30/2025 and noted only one asset account for parts inventory valued at \$9.4 million (EAM Parts #1030101 for bus) and one expense account for bus parts, with expenditures totaling \$16.8 million through August 31, 2025 (Maintenance Materials #5049920-Dept 600 (Bus Operations and Maintenance)). We benchmarked against other transit agencies and noted the following concerns:</p> <ul style="list-style-type: none">• Dallas Area Rapid Transit (DART) has 22 assets and 79 of expense G/L accounts which allows deeper insights and analysis of bus operations performance. Some examples of accounts that would provide more insight are as follows: Mechanical Supplies, Electrical Supplies, Battery; Rectifier/Transformer, DC Switchgear(see Appendix C)• Houston METRO has 4 assets and 51 of expense G/L accounts. Some examples of accounts: Parts-Engine, Parts-Transmission, Parts-Farebox, Parts A/C And Heat; (see Appendix D)• Due to the way Oracle and Hexagon are currently configured (see Issue #3 on the previous page), the Oracle general ledger is only updated for consumption (parts issued) once a month at month end via manual journal entry, therefore, no real time analysis or investigation into unusual inventory fluctuations can be performed.• Both bus and demand response operations have changed from a fixed price model to a variable pass-through model with CapMetro owning the parts for both Bus and Demand Response, however, the Oracle general ledger has not been updated to support the new operational needs and analysis. <p>The Oracle accounting system and related chart of accounts should be updated to provide more transparency and operational analysis to CapMetro management.</p>	<p>The COO, CFO and CIO should consider the following steps to help identify and improve the Oracle general ledger to provide more meaningful reporting and analysis:</p> <ul style="list-style-type: none">a) Perform further benchmarking of CapMetro’s Oracle system, chart of accounts and reporting against other relevant transit agencies to identify accounts and reports that will better support bus operations.b) Use the benchmarking and inputs from CapMetro management to help identify needed changes, and capital project plan with target completion dates.c) New Working Group (Operations, Finance, IT) from recommendations (2) above will develop a plan to perform the following: i) Categorize the 14,800 SKU’s within Hexagon; ii) map these new Hexagon categories to the to be determined new Oracle chart of accounts.	<p>Management agrees and has developed the action plan below.</p> <p><u>Target Completion Date:</u> 5/1/2026 - The working group will create a Plan to address these recommendations and target dates will be provided in the future.</p>	

Appendices

Appendix A

Inventory Cycle Count Performance Baseline for the last 12 months: (filtered for In-Service parts)

Type	Value on Hand	Total SKUs in Listing	Counted SKUs	Percent of SKUs counted annually	Results		
					Qty Accurate no adjustments	Qty Positive adjustments	Qty Negative adjustments
Bus	\$8,748,812	14,803	10,036	67.8%	75.6%	11.2%	13.2%

Appendix B

Contract requirements-Keolis

[Contract 500100 - Page 40 of 45 Exhibit E - Revised-3]

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY

(2) Determining unit price.

(i) Contractor-acquired and contractor-fabricated property. Except for items fabricated by nonprofit organizations for research and development purposes, the unit price of contractor-acquired and contractor-fabricated property shall be determined in accordance with the system established by the contractor in conformance with consistently applied sound accounting principles. Generally, separate unit prices should be applied to items of special tooling and special test equipment fabricated or acquired by the contractor. However, if the contractor's accounting system is acceptable, and if maintaining detailed cost records results in excessive accounting cost or is otherwise impracticable, group pricing may be used for special tooling, special test equipment, and work-in-process in accordance with the contractor's acceptable cost accounting system. All processed material, fabricated parts, components, and assemblies charged to the contractor's work-in-process inventory, including items in temporary storage while awaiting processing, may be considered as work-in-process for this purpose.

(ii) Capital Metro-furnished property. Capital Metro shall determine and furnish to the contractor the unit price of Capital Metro-furnished property. Transportation and installation costs shall not generally be considered as part of the unit price for this purpose. Normally, the unit price of Capital Metro-furnished property will be provided on the document covering shipment of the property to the contractor. In the event the unit price is not provided on the document, the contractor will take action to obtain the information.

(k) Records of Material

(1) General. All Capital Metro material furnished to the contractor, as well as other material to which title has passed to Capital Metro by reason of allocation from contractor-owned stores or purchase by the contractor for direct charge to a Capital Metro contract or otherwise, shall be recorded in accordance with the contractor's property control system and the requirements of this section.

(2) Consolidated stock record. When a contractor has more than one Capital Metro contract under which Capital Metro material is provided, a consolidated record for materials may be authorized by the property administrator, provided, the total quantity of any item is allocated to each contract by contract number and each requisition of material from contractor-owned stores is charged to the contract on which the material is to be used. The supporting document or issue slip shall show the contract number or equivalent code designation to which the issue is charged.

(3) Custodial records. The contractor shall maintain custodial records for tool crib items, guard force items, protective clothing, and other items issued to individuals for use in their work.

(4) Use of receipt and issue documents. The property administrator may authorize the contractor to maintain, in lieu of stock records, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of Capital Metro-provided material that is issued for immediate consumption and is not entered in the inventory record as a matter of sound business practice. This method of control may be authorized for-

- (i) Material charged through overhead;
- (ii) Material under research and development contracts;
- (iii) Subcontracted or outside production items;
- (iv) Nonstock or special items;
- (v) Items that are produced for direct charge to a contract, or are acquired and issued for installation upon receipt, and involve no spoilage; and
- (vi) Items issued from contractor-owned inventory direct to production or maintenance, etc.

(5) The contractor shall take physical inventories of material in stores included in the systems (other than work-in-process) at least annually, extend and reconcile prices to the quantitative balance for each item, and record adjustments in the stock record and financial inventory control accounts. Such physical inventories and adjustments,

[Contract 500100 - Page 43 of 45 Exhibit E - Revised-3]

CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY

(iii) conspicuous. Examples of appropriate markings are bar coding, decals, and stamping. If marking will damage the property or is otherwise impractical, the contractor shall promptly notify the property administrator and ask for the item to be exempted (see paragraph (2) of this section). Markings shall be removed or obliterated when Capital Metro property is sold, scrapped, or donated.

(q) Segregation of Capital Metro Property

Capital Metro property shall be kept physically separate from contractor-owned property. However, when advantageous to Capital Metro and consistent with the contractor's authority to use such property, the property may be commingled-

(1) When Capital Metro property is special tooling, special test equipment, or plant equipment clearly identified and recorded as Capital Metro property;

(2) When-

(i) Scrap of a uniform nature is produced from both Capital Metro-owned and contractor-owned material and physical segregation is impracticable,

(ii) Scrap produced from Capital Metro-owned material is insignificant in consideration of the cost of segregation and control, or

(iii) Capital Metro contracts involved are fixed-price and provide for the retention of the scrap by the contractor; or

(3) When otherwise approved by the property administrator.

(r) Physical Inventories

The contractor shall periodically, but not less than every two (2) years, physically inventory all Capital Metro property (except materials issued from stock for manufacturing, research, design, or other services required by the contract) in its possession or control and shall cause subcontractors to do likewise. The contractor, with the approval of the property administrator, shall establish the type, frequency, and procedures. These may include electronic reading, recording and reporting or other means of reporting the existence and location of the property and reconciling the records. Type and frequency of inventory should be based on the contractor's established practices, the type and use of the Capital Metro property involved, or the amount of Capital Metro property involved and its monetary value, and the reliability of the contractor's property control system. Type and frequency of physical inventories normally will not vary between contracts being performed by the contractor but may vary with the types of property being controlled. Personnel who perform the physical inventory shall not be the same individuals who maintain the property records or have custody of the property unless the contractor's operation is too small to do otherwise.

(s) Inventories Upon Termination or Completion

(1) General. Immediately upon termination or completion of a contract, the contractor shall perform and cause each subcontractor to perform a physical inventory, adequate for disposal purposes, of all Capital Metro property applicable to the contract, unless the requirement is waived as provided in paragraph (2) of this section.

(2) Exception. The requirement for physical inventory at the completion of a contract may be waived by the property administrator when the property is authorized for use on a follow-on contract; provided, that-

(i) Experience has established the adequacy of property controls and an acceptable degree of inventory discrepancies; and

(ii) The contractor provides a statement indicating that record balances have been transferred in lieu of preparing a formal inventory list and that the contractor accepts responsibility and accountability for those balances under the terms of the follow-on contract.

(3) Listings for disposal purposes.

Appendix C

Dallas Area Rapid Transit (DART)-General Ledger chart of accounts used to track Parts Inventory on the Balance Sheet, and Part Expenses on the Income Statement:

Type	Account Number	Account Name
Balance Sheet	13100-0000	MATERIALS & SUPPLIES INVENTORY
Balance Sheet	13105-0000	MAT.&SUPPLIES - E/S
Balance Sheet	13106-0000	Mat. & Supplies-ED Overhaul
Balance Sheet	13107-0000	MAT.&SUPPLIES-NWROF WSA
Balance Sheet	13108-0000	MAT.&SUPPLIES-NWROF LRV
Balance Sheet	13110-0000	MAT.&SUPPLIES - O/C 02-10
Balance Sheet	13111-0000	MAT.& SUPPLIES-O/C 2A-10
Balance Sheet	13120-0000	MAT.&SUPPLIES - N/W
Balance Sheet	13125-0000	MAT.&SUPPLIES - E/D Main
Balance Sheet	13130-0000	MAT.&SUPPLIES - Surplus
Balance Sheet	13135-0000	MAT.&SUPPLIES - FAC/M
Balance Sheet	13140-0000	MAT. & SUPPLIES - RAIL
Balance Sheet	13155-0000	MAT.&SUPPLIES-OBSOLETE INV.
Balance Sheet	13160-0000	INV - Srv & Inspctn Facility
Balance Sheet	13180-0000	Contract Spares
Balance Sheet	13185-0000	Insurance Inventory Items
Balance Sheet	13500-0000	Streetcar Parts
Balance Sheet	13510-0000	Streetcar Parts - Contra
Balance Sheet	13200-0000	INV - PCARD PURCHASES
Balance Sheet	13215-0000	INV - KIT CLEARING
Balance Sheet	13240-0000	INV - INV IN TRANSIT / SPEAR
Balance Sheet	13800-0000	ALLOW INV OBSOLESCENCE/SURPLUS

Appendix C-continued

Type	Account Number	Account Name	Type	Account Number	Account Name
Income Statement	54032-0000	Cleaning System	Income Statement	54131-0000	Computer Software
Income Statement	54045-0000	Conditioned Based Maintenance	Income Statement	54133-0000	Communications & Fax Equip
Income Statement	54050-0000	Radios and Communications	Income Statement	54134-0000	Office Furniture & Equipment
Income Statement	54055-0000	Corrective Based Maintenance	Income Statement	54135-0000	Training Supplies & Equipment
Income Statement	54065-0000	Fixed Scheduled Maintenance	Income Statement	54154-0000	Computer Supplies
Income Statement	54081-0000	Rebuilt Parts - Charge Backs	Income Statement	54139-0000	Non-Standard Office Supplies
Income Statement	54401-0000	Warrant Credits - Bus	Income Statement	54140-0000	Standard Office Supplies
Income Statement	54402-0000	Warrant Credits - Rail	Income Statement	54141-0000	Copy Machine Supplies
Income Statement	54406-0000	Unidentified Efficiencies	Income Statement	54142-0000	NOC Expendable Supplies
Income Statement	54414-0000	Inventory - Cycle Count	Income Statement	54143-0000	Printing Supplies
Income Statement	54415-0000	Inventory - Loss/Gain	Income Statement	54144-0000	Photographic Supplies
Income Statement	54416-0000	Inventory - Damage	Income Statement	54145-0000	Postage
Income Statement	54417-0000	Inventory - Price Discrepancy	Income Statement	54146-0000	M&S Credit Card Purchases
Income Statement	54418-0000	Inv-Obsolescence & Surplus	Income Statement	54148-0000	Food & Coffee Supplies
Income Statement	54419-0000	Inventory - Restocking Fee	Income Statement	54149-0000	Promotional Supplies
Income Statement	54424-0000	PO Variance Account	Income Statement	54150-0000	Shop Tools & Equipment
Income Statement	54425-0000	Freight/Shipping Charges	Income Statement	54151-0000	Cleaning Supplies
Income Statement	54426-0000	Discounts Taken	Income Statement	54152-0000	Safety Supplies & Equipment
Income Statement	54430-0000	Diesel Fuel	Income Statement	54155-0000	Special Events Supplies
Income Statement	54431-0000	CNG Fuel	Income Statement	54158-0000	Misc Shop Supplies
Income Statement	54432-0000	LNG Fuel	Income Statement	54215-0000	BATTERY
Income Statement	54433-0000	Engine Oil	Income Statement	54241-0000	RECTIFIER/TRANSFORMER
Income Statement	54434-0000	Transmission Fluid	Income Statement	54242-0000	DC SWITCHGEAR
Income Statement	54435-0000	Antifreeze	Income Statement	54243-0000	AUXILIARY EQUIPMENT
Income Statement	54436-0000	Gasoline	Income Statement	54245-0000	TRACK MATERIALS
Income Statement	54437-0000	NRV Fuel	Income Statement	54256-0000	CCTV
Income Statement	54438-0000	Dart Contra Fuel Hedge	Income Statement	54264-0000	LRV COMM. & RADIO
Income Statement	54440-0000	Tires and Tubes	Income Statement	54265-0000	RAIL MATERIALS & SUPPLIES
Income Statement	54441-0000	Tires and Tubes Installation	Income Statement	54267-0000	MECHANICAL SUPPLIES
Income Statement	54103-0000	Signs	Income Statement	54270-0000	Conditioned Based Rail
Income Statement	54105-0000	Parts Credit card Purchases	Income Statement	54275-0000	Corrective Based Rail
Income Statement	54110-0000	Parts - Building Repairs	Income Statement	54280-0000	Fixed Schedule-Rail
Income Statement	54111-0000	Parts Equipment Repairs	Income Statement	54300-0000	Safety Shoes
Income Statement	54112-0000	Electrical Supplies	Income Statement	54301-0000	Uniforms
Income Statement	54113-0000	Lighting Supplies	Income Statement	54303-0000	Police Equipment
Income Statement	54114-0000	HVAC Supplies	Income Statement	54305-0000	Watch Repair
Income Statement	54116-0000	Machinery Lubricants	Income Statement	54310-0000	Maint Equip Allowance
Income Statement	54125-0000	Amenities Program	Income Statement	54315-0000	NRV Maintenance Contra Acct
Income Statement	54126-0000	Wellness Program Equipment	Income Statement	54510-0000	M&S - DART Store Inv Purchases
Income Statement	54130-0000	PCs and Other Comp Equip			

Appendix D

Houston METRO-General Ledger chart of accounts used to track Parts Inventory on the Balance Sheet, and Part Expenses on the Income Statement:

Balance Sheet:
Maintenance Parts
Unit Rebuild Parts
Allowance for Obsolete Parts
Prepaid - Spare Parts

Income Statement:	
Air System Parts	Parts-Overhead Contact System
Door Parts	Parts-Pantograph
Exhaust System Parts	Parts-Pasngr Info System
Gain/Loss - Inventory - Parts	Parts-Passenger Info System
Heating System Parts	Parts-Propulsion
Metrolift Parts	Parts-Radio
Non-Rev Vehicle Parts	Parts-Rail Cab Equip
Off-Rd Vehicle Parts	Parts-Rail Cab Equipment
Outside Maint-Parts	Parts-Rail Coupler
Parts A/C And Heat	Parts-Rail Trucks
Parts Chassis	Parts-Refurbish External
Parts Electrical	Parts-SCADA System
Parts Electronic	Parts-Sign Equipment
Parts-Aux Pwr Supply	Parts-Signals
Parts-Auxiliary Power Supply	Parts-Substations
Parts-Ballasted Track	Parts-Train Cntrl Net
Parts-Batteries	Parts-Train Control Net
Parts-CNG Fuel System	Parts-Transmission
Parts-Communications	Parts-Washer Maintenance
Parts-Embedded Track	Parts-Washer Maintnnc
Parts-Embedded Tracks	Parts-Wheelchair Lfts
Parts-Engine	Parts-Wheelchair Lifts
Parts-Farebox	Transfer-Parts & Gasoline Allocation
Parts-Highway Grade Crossing	Unapplied Parts & Supplies
Parts-IBIS	Wheel Parts
Parts-Interlocking Subsystems	