EXECUTIVE SUMMARY

FACILITIES MAINTENANCE AND OVERSIGHT AUDIT #13-08

Preventive maintenance is used to detect and correct minor defects before they result in serious consequences. The ultimate goal of a preventive maintenance program is to prolong the life of buildings and building components and achieve and maintain a “state of good repair” (SOGR). Currently, Capital Metro has an estimated SOGR unfunded backlog of $6-8 million. While day-to-day facilities and equipment maintenance is outsourced to contractors, Capital Metro remains accountable to the public for protecting and maintaining taxpayer funded assets.

MANAGEMENT WILL:

- Refine sampling methodology to increase depth of desk reviews, perform periodic direct observation of contractor performance and analyze maintenance trends.
- Perform follow-up inspections to verify corrective actions have resolved cited conditions. Train and require contractors to conduct site inspections.
- Implement risk-based monitoring of facility related regulatory and compliance requirements.
- Form and use a cross-functional team to plan and develop a robust Transit Asset Management/SOGR Program. Initial focus will be completing a business process analysis.
- Modify contracts to align performance disincentives with business processes and risks.

Are contractors performing maintenance timely and in accordance with contractual requirements?

- All contractors performed standard preventive maintenance timely.
- McDonald performed corrective maintenance work timely per contract requirements. For Rosemark, only a small quantity of work had time standards; for these, the performance requirements were not met. The MV contract does not include time standards for corrective actions.
- McDonald did not perform critical maintenance tasks timely per contract requirements. Rosemark did not designate any critical tasks, and the MV contract has no time standards for critical maintenance; therefore, compliance could not be assessed.

Does the Authority's quality assurance oversight effectively identify, communicate, and resolve preventive maintenance deficiencies?

- Incomplete maintenance by McDonald was not detected and corresponding work orders were inappropriately accepted by the quality assurance reviewer.
- Contractual disincentives for performance and cleanliness exceptions have generally not been assessed. Also, related Corrective Action Requests do not consistently show evidence of satisfactory resolution.

Is the Authority complying with regulatory compliance requirements for maintaining building and/or related equipment?

- A comprehensive list of regulatory and other compliance requirements pertaining to facilities and equipment does not currently exist. As a result, Internal Audit was unable to evaluate compliance.

How can the Authority effectively plan for and achieve a “State of Good Repair?”

- The real estate, property management, facilities maintenance and asset management functions were consolidated into a new department, Real Estate and Asset Management in May 2013. A cross-functional SOGR project team was recently formed to plan and develop a Transit Asset Management Program.
- A complete physical inventory, including asset condition, of the Northeast Operations facility was recently performed. Physical inventories of buildings and equipment for the other locations are due by August 2014, and staff is currently working with the contractors to develop acceptable procedures.

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