



# **Sun Metro Follow-Up Audit**

Issued by the  
Internal Audit Office  
December 5, 2008

**City of El Paso  
Internal Audit Office  
Sun Metro Follow-up Audit**

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***EXECUTIVE SUMMARY***

The Internal Audit Office conducted a follow-up on Sun Metro Audit Report dated October 11, 2006. Upon completion of the audit fieldwork, we have determined that eleven (11) of the twelve (12) original findings have been implemented and one (1) is no longer applicable.

Finding No.	Description of Finding	Status
1	Policies and procedures are not current. An analysis of policies and procedures by area indicates that policies and procedures have not been updated ranging from a period of eight to 22 years.	Implemented
2	Performance Measures reported to oversight agencies and Senior Management may not be reliable and timely due to the different sources and systems used for compilation of data.	Implemented
3	Internal controls over the cash handling and fare box operations at Sun Metro are weak. Management has <u>no</u> internal control procedures in the Fixed Route Fare Box Revenue, Survey Fare Box revenue and the Transit Terminal revenue.	Implemented
4	Internal controls over the reduced fare transactions, reconciliations, and security over money room are weak.	Implemented
5	Internal controls over the Cash Operations at the Disabled Lift Service are weak. Specifically, management does not have internal controls in place over the fares, reconciliation and money room processes.	Implemented
6	There is no centralized tracking system in place to account for individual passes and/or all day bus pass booklets that have been distributed, sold, returned, and reissued. In addition, reconciliations are not being performed of the number of passes sold based on the GFI Reports, <i>Daily Sales Record</i> submitted by cashiers, and all day bus pass stubs and/or partial booklets turned in by drivers and cashiers.	Not Applicable
7	Internal controls over the Special Events revenue are weak. Management does not have internal controls over the fares, reconciliation and money room processes.	Implemented
8	The parts inventory was not accurate and complete. During the sample test of the inventory records, we found various miscounts and omissions in the final inventory report.	Implemented
9	We were not able to determine the validity of the final Year-End Inventory Report count conducted by RGIS Inventory Specialists (RGIS). The process used by RGIS Inventory Specialists does not appear to be accurate.	Implemented
10	The Federal Transportation Administration (FTA) Circular #5010.1C requires that grantees receiving federal funds have internal control policies, plans and procedures that safeguard assets against waste, loss and misuse. The Parts Department is not in compliance with this requirement as there are no controls in place or formal policies to ensure assets are safeguarded.	Implemented
11	The current Preventive Maintenance Program at Sun Metro has improved in the last six months. However, there are still 47 out of 178 buses past due on their Preventive Maintenance Schedule.	Implemented
12	The current Mechanic Staff is not being provided with the training necessary to enhance their skills to provide a proper Preventative Maintenance Program.	Implemented

For a detailed explanation of the findings and the current observations please refer to the appropriate finding contained in the body of this Audit Report.

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***BACKGROUND***

The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing, Standard 2500.A1*, requires a post audit follow-up on all audit recommendations made to ascertain that appropriate action is taken on reported audit findings. The Internal Audit Office has conducted a follow-up audit of the Sun Metro Audit Report dated October 11, 2006.

***AUDIT OBJECTIVES***

The audit objective was to determine the status of the recommendations detailed in the original audit report which contained twelve (12) findings requiring follow-up.

***SCOPE & METHODOLOGY***

The follow-up audit was limited to a review of the findings and recommendations detailed in the original audit report, dated October 11, 2006. The audit period covered the operations of Sun Metro from January 1, 2008 to the present. Audit fieldwork included interviewing key personnel, reviewing documents, and testing management processes to determine the status of each recommendation.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S  
RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

**Finding 1**

**Policies and Procedures**

Policies and procedures are not current. An analysis of policies and procedures by area indicates that policies and procedures have not been updated ranging from a period of eight to 22 years:

Description of Policies and Procedures	Date of Last Update	Number of Years Since Last Update
Administration	April 13, 1984	22
Coach Operations	March 15, 1984	22
Maintenance	April 13, 1984	22
Parts Inventory	*1998	8

\* Approximate date

**Recommendation**

Management should update its policies and procedures manual and communicate these policies and procedures to all Sun Metro employees.

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**Management's Response**

The Policy and Procedure Manual will be updated, each area is currently under review. There will be a complete listing by Department and it will be updated every three years just prior to our Triennial Review done by the FTA.

**Responsible Party**

This project will be the responsibility of all Department Managers. It will be overseen and approved by the Assistant Director for Development.

**Implementation Date**

This project will be completed and implemented throughout Sun Metro by June 30, 2007.

**Current Observation**

Policies and Procedures have been established for each of the areas identified, with a few sections of the Policies and Procedures awaiting completion. Once all of the policies and procedures have been finalized there is a plan to conduct training sessions in order to update employees on the procedural changes.

**Status**

Implemented

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**Finding 2**

**Performance Measures**

Performance Measures reported to oversight agencies and senior management may not be reliable and timely due to the different sources and systems used for compilation of data. While management can rely on the strengths within PeopleSoft, the following is a summary of the different data systems that are also relied upon in the performance measurement process:

Report Name	Data	Section Responsible for Preparing	Source of Data	Required by
National Transit Database	Funding, Expenses, Capital Inventory (bldgs, vehicles & equipment) Service outputs	Accounting and Sun Metro Planning	Fleetnet, GFI, internal records, onboard surveys, Trapeze	Federal Transit Administration
National Transit Database	Funding, Expenses, Capital Inventory (bldgs, vehicles & equipment) Service outputs	Accounting and Sun Metro Planning	Fleetnet, GFI, internal records, onboard surveys, Trapeze	Federal Transit Administration
TxDOT report	Same as NTD	Accounting	Same as above	TxDot
Monthly Financials	Budget, expense, revenues, trips, hours, miles	Accounting	PeopleSoft, Fleetnet, GFI	Mass Transit Department Board
On time Performance	Bus pullout, hours of service, random on time checks,	Operations and Administration	Internal records	Mass Transit Department Board
Customer Complaints	26 categories	Administration	Internal records	Mass Transit Department Board
Preventive Maintenance	Inspections, miles, road calls, parts, bus type	Maintenance	Fleetnet, PeopleSoft	Mass Transit Department Board

**Recommendation**

Management should conduct a risk assessment analysis to determine if the current performance measurement process is adequate to ensure proper monitoring of Sun Metro's compliance, financial, operational, reporting and strategic objectives. In addition to the aforementioned risk assessment, management should conduct an analysis to identify potential integrated solutions to enhance operational efficiencies in its current system of data compilation.

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**Management's Response**

A Risk Assessment will be completed by December 30, 2006 and the analysis to find new and integrated solutions will be done by January 29, 2007. Recommendations will be brought to the City Manager for approval on or before March 15, 2007.

This process has already started. Most departments within Sun Metro will have input into this process.

**Responsible Party**

The Assistant Director of Development will oversee this process.

**Implementation Date**

This process should be completed and implemented by March 15, 2007.

**Current Observation**

Based on the audit work conducted of Sun Metro's Performance Measure reports we were able to determine that adequate progress has been made by Sun Metro to classify the status of the original finding as implemented.

- Sun Metro is aware of the risk of using different data systems, but due to technological constraints is unable to integrate data systems at this time. Given that the data sources cannot be integrated, Sun Metro management saw no need to conduct a risk assessment.
- In lieu of Internal Audit's recommendations, Sun Metro has identified and/ or implemented controls to ensure that the reports that they issue are timely and reliable:

**Status**

Implemented

**Finding 3**

**Cash Operations at Sun Metro**

The following internal control weaknesses and risk areas were identified for cash handling at Sun Metro:

**Fixed Route Fare Box Revenues:**

- There are no cash handling policies and procedures over fares.
- Fares are handled by personnel other than Money Room personnel (Accounting Clerks, Cashiers).
- Revenues are not counted and deposited on a daily basis. Instead, weekend revenues are counted on Monday and are included in one bank deposit.
- The nightly probing and removal of fare boxes for all buses that were in service is not always performed, which prevents the correct allocation of fares to the day that they were earned. In particular, there is no probing or removal of fare boxes on Sundays.
- A large number of money bags containing Mexican and Canadian coins as well as local pizza restaurant tokens have not been deposited and have been stored in the Money Room vault for over four years.

**Survey Fare Box Revenues:**

- Fare boxes containing fares are not delivered directly to the Money Room.
- Fare boxes are unsealed and fares are counted in the Money Room, but these procedures are not performed by Money Room personnel.

**Transit Terminal Revenues:**

- Inconsistent methods of transport are used to deliver revenues to Sun Metro for counting (armored vehicle, runner, and cashiers).
- Inconsistent starting amounts for cash boxes (\$50, \$75, and \$100).
- Revenues are counted by personnel other than Money Room personnel in an unsecured office.
- Cash box audits are not performed on a consistent basis and are not documented.
- Numbered deposit bags are used to transport money and reports to Sun Metro and not for actual bank deposits.

**Recommendation**

Management should implement internal controls over the cash handling and fare box operations at Sun Metro.

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**Management's Response**

The process of reviewing our cash handling procedures and fare box operations is already under way. All key processes indicated above will be personally observed for identification of internal control weaknesses. New policies and procedures will be developed by the Business & Financial Manager along with final approval from the Assistant Director for Development. Outsourcing of the Farebox revenue counting is also being considered.

**Responsible Party**

The Business & Financial Manager will be developing most procedures and they will be reviewed and approved by the Assistant Director for Development.

**Implementation Date**

This process should be completed by April 15, 2007.

**Current Observation**

Sun Metro has implemented adequate internal controls to address the internal control weaknesses and risk areas identified in the finding for cash handling and fare box operations.

**Status**

Implemented

**Finding 4**

**Reduced Fares, Reconciliations and Security Concerns at Sun Metro**

The following internal control weaknesses and risk areas were identified for cash handling at Sun Metro:

**Reduced Fare Transactions:**

- Support documentation provided by passengers to obtain reduced fares is not kept on file. Therefore, the validity of the reduced fare transactions cannot be determined.

**Reconciliations for Fixed Route Revenues:**

- Adequate reconciliations are not being performed, since variances are not investigated and there is no management review of the reconciliations.
- Extreme variances in the reconciliations indicate that the GFI reports cannot be relied upon to determine the revenue that should be contained in the fare boxes on a daily basis.
- A review of the Reconciliation Errors section in the daily GFI reports for one week indicated various alarm conditions related to the fare boxes. However, the reasons for the alarms were not investigated.
- GFI fare boxes count \$5, \$10, and \$20 bills as \$1. This could result in revenue being understated in the GFI report.
- Reconciliations are not being performed for bank deposits.

**Money Room Security Concerns:**

- No surveillance camera in vault or by outside elevator entrance.
- Blind spots in the surveillance camera view of some areas within the Money Room.
- The entry keypad to access the Money Room has not been functional for the past two years.
- Maintenance personnel have access to the Money Room elevator key and Money Room.

**Recommendation**

Management should implement internal controls over the reduced fare transactions, reconciliations, and Money Room security at Sun Metro.

**Management's Response**

Application files for reduced fares are kept at Sun Metro although this procedure is being reviewed. New policies for fixed route reconciliation and money room security are being developed.

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**Management's Response (cont.)**

All key processes indicated above will be personally observed for identification of internal weaknesses and new policies and procedures will be developed by the Business & Financial Manager in conjunction with the Assistant Director for Development. Application processes for all discounted fares will be reviewed and modified accordingly.

The Money Room is already being reviewed and we will start on the reduced fare procedures next.

**Responsible Party**

The Business & Financial manager and the Assistant Director for Development will be working on this task.

**Implementation Date**

The Money Room review should be completed and implemented by December 30, 2006. The reduced fares project may be completed and implemented by March 31, 2007.

**Current Observation**

Sun Metro has implemented adequate internal controls to address the internal control weaknesses and risk areas identified in the finding for reduced fares, fixed route revenue reconciliations, and money room security concerns.

**Status**

Implemented

**Finding 5**

**Cash Operations at the Disabled Lift Service (LIFT)**

The following internal control weaknesses and risk areas were identified for cash handling at the Disabled Lift Service:

**Fares:**

- There are no cash handling policies and procedures over fares.
- LIFT fares are removed and transported to Sun Metro for counting once a week.
- Fare boxes are not assigned to a particular bus; therefore, fares cannot be traced to a particular bus.
- Reason for empty fare boxes are not investigated or documented.
- Fare boxes are not operational in 15 out of 55 buses in the LIFT fleet (27%); making it necessary for drivers to use envelopes to collect fares on these buses.
- Envelopes containing fares are not properly safeguarded in a locked cash box at any point during the week.
- Money contained in envelopes is handled by personnel other than Money Room personnel.
- Drivers do not request approval from management for free service; instead approval is given by Dispatch.

**Reconciliations:**

- No reconciliation of Driver Manifest Log to fares (cash and LIFT tickets) in fare box.
- No reconciliation or verification of Driver Manifest Log to envelope records to fares (cash and LIFT tickets) contained in envelopes.

**Security Concerns:**

- Money Room can be accessed through a garage door, which is comprised of glass panels.
- While access to the Money Room is restricted by an electronic magnetic lock, authorized visitors cannot be identified unless entry door is opened by Money Room personnel.

**Recommendation**

Management should implement internal controls over the cash handling and fare box operations at the Disabled Lift Service.

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**Management's Response**

The process at the Lift facility has already undergone some major changes. To date, fare boxes have been installed in every vehicle. These fare boxes do not collect ridership information, but do make the fare handling more secure. Drivers no longer handle cash. All tickets and cash are deposited directly into the fare box where it is emptied once a week (still under review) into the Fare Collection Room. The fare boxes stay locked until a member of the fare collection department goes to the Lift Facility and bags the cash to be picked up by the Armored Car service. We intend on putting some new procedures in place to safeguard the cash handling portion of this procedure. But we felt that this is already a step in the right direction in comparison to the envelope system that was in place.

**Responsible Party**

This process is being developed and implemented by the Business & Financial Manager and the Assistant Director for Development.

**Implementation Date**

The cash handling will be in place by December 30, 2006 and the new Policies and Procedures will be written and distributed by March 30, 2007.

**Current Observation**

Sun Metro has implemented adequate internal controls to address the internal control weaknesses and risk areas identified in the finding for cash handling and fare box operations at the Disabled Lift Service.

**Status**

Implemented

**Finding 6**

**All Day Bus Passes**

There is no centralized tracking system in place to account for individual all day bus passes and/or all day bus pass booklets that have been distributed, sold, returned, and reissued. This results in an inadequate use of the internal control provided by the numeric sequencing of the passes.

In addition, reconciliations are not being performed of the number of all day bus passes sold based on the GFI Reports, *Daily Sales Record* submitted by cashiers, and pass stubs and/or partial booklets turned in by drivers and cashiers.

**Recommendation**

Management should conduct an analysis of the All Day Bus Pass process in order to develop and implement a centralized tracking system to account for passes that have been distributed, sold, returned, and reissued.

In addition, reconciliations of the GFI Reports, *Daily Sales Records*, pass stubs and/or partial booklets turned in by drivers and cashiers should be performed on a daily basis.

**Management's Response**

Management is currently reviewing the All Day Bus Pass procedures and coming up with all new ways to track sales to revenue and make sure that all passes are accounted for. We will be ordering new passes in the near future that have a different color for each day of the week. We are also looking at some other items that will discourage counterfeiting and the practice of passing on day passes by our customers. In the next 2 years we are looking into funding for new fare boxes that will issue passes and take this process out of the hands of the operators.

**Responsible Party**

This process is being developed and implemented by the Business & Financial Manager and the Assistant Director for Development. There will also be some input from our Communications Department.

**Implementation Date**

We expect to have new passes in house by December 30, 2006. There will be time needed to train operators on the new procedures for All Day Bus Passes. We expect all new policies and procedures written and implemented by March 30, 2007.

**Current Observation**

The use of All Day Bus Passes was discontinued by Sun Metro on August 5, 2007.

**Status**

Not Applicable

**Finding 7**

**Special Events**

The following internal control weaknesses and risk areas were identified in cash handling for the UTEP Shuttle Service:

- Fares were handed to Sun Metro personnel instead of being deposited in a fare box.
- No receipts were given to passengers as proof of payment.
- There was no monitoring system for accounting of receipts against passengers boarding the buses.

**Recommendation**

Management should improve internal controls for cash handling operations of special events by:

- Requiring that passengers deposit fares into fare box.
- Providing a receipt for paying passengers.
- Develop and implement a system to account for receipts against passengers boarding the buses.

**Management's Response**

There was a UTEP Shuttle the first Saturday the new management team was in town. We had gotten together with staff during our first week here and implemented a new way of handling the Special Events Shuttle where all cash is handled behind a window in a secure area. All employees handling cash are in a locked area and they are normal accounting staff that would handle cash on a daily basis. The new process went very well and positive comments were received from our patrons.

**Responsible Party**

Director and the Assistant Director for Development.

**Implementation Date**

Implemented on November 4, 2006

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**Current Observation**

Sun Metro has improved internal controls for cash handling operations of special events:

- Sun Metro cashiers collect cash from riders at the Union Plaza Transit Terminal (UPTT) cashier window and provide riders with boarding tickets to show evidence of payment. A separate Sun Metro employee collects the tickets from riders at the bus boarding area.
- The following business day, the tickets issued are reconciled in order to verify that the number of tickets issued corresponds to the dollar amount of revenues generated.

**Status**

Implemented

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**Finding 8**

**Inconsistent Parts Inventory Control Procedures**

The parts inventory was not accurate and complete. During the sample test of the inventory records, we found various miscounts and omissions in the final inventory report.

Description	Test Counts as of 9/22/06		Final Inventory as of 8/31/06		Extended Cost Variance
	Qty	Extended Cost	Qty	Extended Cost	
DIESEL FUEL	44,383	\$74,119.61	36,358	\$60,717.85	\$ 13,401.76
FILTER OIL 9400	104	618.80	* -	-	618.80
FILTER TRANS 9100	98	682.08	64	423.72	258.36
FILTER AIR 9100	35	789.60	17	383.46	406.14
TURBO SERIES 50 NEW	6	\$18,532.92	* 72	** \$ -	\$ 18,532.92

\* Upon further inquiry and test work performed, we could not determine if the quantities were erroneously reflected on the final inventory report for Filter Oil 9400 and Turbo Series 50 New (turbo chargers).

\*\* The average unit cost was zero on the final inventory report with a quantity of 72 for Turbo Series 50 New (turbo chargers). The inventory amount would have increased by \$222,394.04 had the average unit cost not been omitted. The initial value of the inventory was \$1,529,557.84 and the final dollar value was reported at \$1,570,031.08. Had the average unit cost not been omitted, the final inventory would have been \$1,792,425.12 with a net change of \$262,867.28 between the initial and final counts.

**Recommendation**

To ensure that parts inventory is accurate and complete, Sun Metro's Management should implement proper controls to enhance best practices, such as appropriate cutoffs, accurate inventory counts and timely record keeping reducing errors and omissions. In addition, Sun Metro's Management should conduct a 100% physical inventory of the parts inventory.

**Management's Response**

The Inventory System will be evaluated and new procedures will be put into place for the reconciliation of Sun Metro's inventory. This item although very important will be reviewed after the cash handling and pass reconciliation.

**Responsible Party**

This area will be a collaborative effort between the Business & Financial Manager and the Assistant Director for Development along with the Transit Maintenance Manager.

**Implementation Date**

This project is a detailed area and we do not expect to have it completed before December 15, 2007.

**Current Observation**

Sun Metro has implemented proper controls, to include annual 100% physical inventory counts, over its parts inventory to ensure inventory counts are accurate and complete.

**Status**

Implemented

**Finding 9**

**Unreliable Final Parts Inventory Amounts**

We were not able to determine the validity of the final Year-End Inventory Report conducted by RGIS Inventory Specialists (RGIS). We requested a certified inventory report from RGIS, however management could not provide us with a separate report as a result of RGIS using Sun Metro's reports from Fleet Net.

**Recommendation**

Sun Metro's Management should request that a complete physical inventory (100%) be conducted by RGIS. RGIS should use their own bar-coded reader and equipment and provide their own reports to Sun Metro. It is standard practice for an independent third party to provide such certified reports to their clients. This is to ensure that the integrity and independence of the final inventory reports are reliable, accurate and fair.

**Management's Response**

This area is very important but it will be evaluated after the cash control and passenger fare passes are completed. At that point we will conduct a full inventory using accounting staff and count 100% of inventory on hand. We will re-evaluate the minimum and maximum used to reorder parts and look at how cycle counting is being administered. We will not use bar coding equipment while doing this process. We will count and log on reports then come back and make the needed adjustments. We will contact the City Internal Auditor's office and ask for an auditor to be present while this process is done.

**Responsible Party**

This area will be a collaborative effort between the Business & Financial Manager and Assistant Director for Development along with the Transit Maintenance Manager.

**Implementation Date**

Due to the time needed to prepare and complexity of this process we can not commit to be completed prior to December 15, 2007

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**Internal Audit Office's Response**

Sun Metro is assuming additional risk by waiting until December 15, 2007 in order to conduct a 100% parts inventory. It is strongly recommended by the Internal Audit Office that a 100% parts inventory be completed by August 31, 2007. This would allow an accurate inventory cost to be communicated to Financial Services for inclusion in the Annual Financial Report.

**Current Observation**

Based on the audit work conducted of Sun Metro's Final Parts Inventory Amounts we were able to determine that the recommendation to the original finding has been implemented.

- Sun Metro has elected not to use an independent third party to conduct the physical inventory count. Sun Metro management feels that the inventory count that was conducted by RGIS was inaccurate and felt that a more accurate count could be conducted internally by Sun Metro staff that is familiar with Sun Metro parts. A review of the fiscal year 2008 physical inventory count was conducted and appeared to produce accurate counts.
- Sun Metro uses their own scanners to conduct inventories. The fiscal year 2008 year-end inventory counts were conducted in groups of two: one parts person using a scanner and one accounting person using a manual physical inventory list. The inventory list used to conduct inventory counts did not contain inventory on-hand information so that the individuals counting did not know what should be on hand and they wrote down what they actually counted.
- Once a physical inventory count is conducted, the counts are spot checked. The counts are updated in Fleet Net and reconciled against PeopleSoft and an adjustment is made to adjust the CAFR inventory balances.
- The validity of the final inventory report and physical inventory counts was confirmed.

**Status**

Implemented

**Finding 10**

**Non Compliance with Federal Grant Provisions**

The Federal Transportation Administration (FTA) Circular #5010.1C requires that grantees receiving federal funds have internal control policies, plans and procedures that safeguard assets against waste, loss and misuse. The Parts Department is not in compliance with this requirement as there are no controls in place or formal policies to ensure assets are safeguarded. Current controls over parts inventory are at the discretion of parts inventory management, based on personal experience and judgment.

**Recommendation**

In compliance with the FTA Circular #5010.1C, management should implement formal policies and procedures to initiate proper internal controls to safeguard assets against waste, loss and misuse.

**Management's Response**

New Policies and Procedures will be written for this part of the inventory control system. We will train all storeroom staff and managers on the proper FTA regulations and processes as they relate to satisfactory continuing control. Proper internal controls will be put into place.

**Responsible Party**

This area will be a collaborative effort between the Business & Financial Manager and the Assistant Director for Development along with the Transit Maintenance Manager.

**Implementation Date**

Due to the time needed to prepare and the complexity of this process we cannot commit to be completed prior to December 15, 2007.

**Internal Audit Office's Response**

Sun Metro is assuming additional risk by delaying implementation of improved internal controls. It is strongly recommended by the Internal Audit Office that the improved internal control procedures be in place by August 31, 2007. This implementation will concur with the project of completing a 100% parts inventory.

**Current Observation**

The Parts Department has implemented proper controls to safeguard assets against waste, loss, and misuse.

**Status**

Implemented

**Finding 11**

**Current Status of Preventive Maintenance Program**

The current Preventive Maintenance Program at Sun Metro has improved in the last 6 months. However, there are still 47 out of 178 buses past due on their Preventive Maintenance Schedule.

**Recommendation**

Sun Metro needs to make a financial commitment to the Preventive Maintenance Program. Funding must be provided to have the available resources needed to have an effective Preventive Maintenance Program. Items such as trained mechanics, parts, supervision, and management must be provided.

**Management's Response**

Sun Metro has instituted an aggressive preventive maintenance program that has resulted in the target number of PM inspections being met for the last 3 months. The program will continue to ensure all buses are within the 500-mile tolerance benchmark.

**Responsible Party**

Assistant Director of Maintenance

**Implementation Date**

Completed

**Current Observation**

Sun Metro has made a financial commitment to the Preventive Maintenance Program by ensuring that mechanics are trained, parts are available, and that Preventive Maintenance Schedules are up to date.

**Status**

Implemented

**Finding 12**

**Mechanic Staff**

The current Mechanic Staff is not being provided with the training necessary to enhance their skills to provide a proper Preventive Maintenance Program.

**Recommendation**

A formal training program needs to be created and funded for the mechanics. Management must make a financial commitment of providing current mechanic training to its employees.

**Management's Response**

The Maintenance Manager is working with the local Community College to create a class to train our mechanics. As soon as the college lets us know if they are capable of supplying this type of class, we will move forward with the scheduling of current employees and requiring the training to all new maintenance employees.

**Responsible Party**

Transit Maintenance Manager

**Implementation Date**

By November 30, 2007 we should have some type of training in place and policies/procedures written to address this issue. The training of current staff may take a year or so but we will continue to be committed to this task.

**Current Observation**

A formal training program has been created and is being funded for the Sun Metro mechanics.

**Status**

Implemented

***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

The Internal Audit Office noted during this follow-up audit that significant improvements have been made since the original audit. Based on the results of this follow-up audit, we have determined that eleven (11) of the twelve (12) original findings have been implemented and one (1) is no longer applicable.

We wish to thank the management and staff of Sun Metro for their assistance and numerous courtesies extended during the completion of this follow-up audit.

Signature on File  
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Chief Internal Auditor

Signature on File  
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