



Quorum = 3

**Audit Committee Meeting**  
**Tuesday, July 10, 2018, 9:00 a.m.**  
**DART Conference Room B – 1st Floor**  
**1401 Pacific Ave., Dallas, Texas 75202**

1. Approval of Minutes: June 26, 2018
2. Approval of DART Rail Operations Audit (Jonathan R. Kelly/Al Bazis)
3. \*Briefing on Status of Fiscal Year 2018 Internal Audit Plans  
(Jonathan R. Kelly/Al Bazis)
4. \*Briefing on Status of Management Action Plans (Jonathan R. Kelly/Al Bazis)
5. \*Consultation with Attorney and Deliberations about Personnel Complaint and Investigation Conducted by Public Integrity Committee in Accordance with TEX. GOV'T CODE §§ 551.071 and 551.074 (a). (Jonathan R. Kelly/Al Bazis)
6. Identification of Future Agenda Items
7. Adjournment

**\*This is a Briefing Item Only**

**The Audit Committee may go into Closed Session under the Texas Open Meetings Act, Section 551.071, Consultation with Attorney, for any legal issues, or under Section 551.074 for Personnel Matters arising regarding any item listed on this Agenda.**

**This facility is wheelchair accessible. For accommodations for the hearing impaired, sign interpretation is available. Please contact Community Affairs at 214-749-2543, 48 hours in advance.**

*Chair – Jonathan R. Kelly*  
*Vice Chair – Ray Jackson*  
*Members – Michele Wong Krause, Amanda Moreno, and*  
*Dominique P. Torres,*  
*Staff Liaison – Al Bazis*

**MINUTES  
DALLAS AREA RAPID TRANSIT  
AUDIT COMMITTEE MEETING  
June 26, 2018**

The Dallas Area Rapid Transit **Audit Committee** meeting convened at 11:37 a.m., Tuesday, June 26, 2018, at DART Headquarters, 1401 Pacific Avenue, Dallas, Texas, with Chair Kelly presiding.

The following Committee Members were present: Jonathan R. Kelly, Ray Jackson, Michele Wong Krause, Dominique P. Torres, and Faye Moses Wilkins.

Others present: Gary Thomas, Al Bazis, Scott Carlson, Joseph Costello, Dwight Burns, Nicole O. Fontayne-Bardowell, Chris Koloc, Nancy Johnson, Joe Martinez, and Josefina Chavira. Kevin W. Smith and Gregory Manning, of Crowe, LLP, were also present.

**1. Approval of Minutes:        May 22, 2018**

**Hearing no objection, Chair Kelly moved for the approval of the May 22, 2018, Audit Committee Meeting Minutes to be entered into record, as written.**

**2. Approval of 2017 Defined Contribution Retirement Plan and Capital Accumulation Plan Audited Financial Statements**

Mr. Al Bazis, Director of Internal Audit, introduced Mr. Kevin W. Smith, Partner, and Mr. Gregory Manning, Audit Manager of Crowe, who jointly briefed the Committee (packet on file with the Office of Board Support) as follows:

- Crowe, LLP – Auditor’s Report (DRAFT)

Ms. Torres entered the meeting at 11:44 a.m.

**After much discussion, Mr. Jackson moved to accept, and recommend, this item for the DART Board’s review.**

**Ms. Wong Krause seconded and the item was accepted, and recommended, for the DART Board’s review by a unanimous vote.**


**3. Identification of Future Agenda Items**

Future agenda items, identified for this committee, were as follows:

Chair Kelly stated the Committee would be briefed on the Public Integrity Committee.

**4. Adjournment**

There being no further business to discuss, the meeting adjourned at 11:50 a.m.

  
\_\_\_\_\_  
Josefina Chavira, CAP  
Board Committee Secretary

/jc

+ Same Night Item

\* Briefing Item



# Agenda Report

**DATE:** July 10, 2018

**SUBJECT:** Approval of DART Rail Operations Audit

## RECOMMENDATION

Recommend forwarding final audit report to the Board of Directors.

## BUSINESS PURPOSE

- DART Light Rail Service comprises two Light Rail Operating Divisions; the Central Rail Operating Facility (CROF) and Northwest Rail Operating Facility (NWROF). These Divisions dispatch Light Rail Vehicles (LRV) to serve DART customers. They report to the Vice President of Rail Operations and have an annual budget of \$25 Million. Rail Operations includes management and supervision of operators as well as ensuring on-time performance and compliance with operating rules for the light rail and streetcar. About one year ago, DART Chief Operating Officer, Carol Wise, reorganized the Rail Operations Department to consolidate maintenance and operations under the direction of the newly-appointed Vice President of Rail Operations, Mike Holbrook. Our audit addressed only the operations portion of this department.
- We conducted our audit to assess the effectiveness and efficiency of the procedures in place at each LR Operating Division to ensure timely pull-out, safe operation, and timely delivery of rail service for DART customers. Our audit included interviewing staff and reviewing applicable documents as well as examining Rail Division operating records and system reports, such as Red Signal Violations Per Month, Fleet Offloads and Rail Delays, and Weekly Performance Meeting minutes. It addressed all DART Rail Operating Divisions and Rail Field Supervision. We conducted our audit in accordance with the standards of the Institute of Internal Auditors.
- Internal audit determined that Rail Operations; could improve efficiency related to keeping extra operators on stand-by for morning pull-out; could improve on-time performance; should take steps to address more effectively operators passing red signals; should identify and prevent operators working in excess of 16 consecutive hours; and should track which operators they have tested in the course of their supervision duties. Rail Operations concurred with our results and has developed and, for the most part, implemented plans to address all of these issues.



# Agenda Report

**DATE:** July 10, 2018

**SUBJECT:** Briefing on Status of Fiscal Year 2018 Internal Audit Plans

## RECOMMENDATION

This is a briefing item only.

## BUSINESS PURPOSE

- The DART Audit Committee Charter establishes an oversight process to administer the Agency's Internal Audit function. The Charter provides for the Director of Internal Audit to submit an annual audit plan. The audit plan is based on risk, using the Audit Department risk assessment process and model. The plan is brought to the Audit Committee for review and approval.
- The Director of Internal Audit will, on a regular basis throughout the year, apprise Committee members of the status and progress of the annual audit plan.
- This agenda item is to update the Audit Committee of the status of Fiscal Year 2018 audit plan.



# Agenda Report

**DATE:** July 10, 2018

**SUBJECT:** Briefing on Status of Management Action Plans

## **RECOMMENDATION**

This is a briefing item only.

## **BUSINESS PURPOSE**

- The DART Internal Audit Department Charter provides for the Director of Internal Audit to report audit results, management action plans related to audit report observations, and target completion of action plans to the Audit Committee. The Internal Audit process includes continuous follow up for completion of action plans related to prior audit observations.
- This agenda item is to apprise the Audit Committee of the quarterly follow up status of the prior audit observations to ensure the related action plans are implemented.



# Agenda Report

**DATE:** July 10, 2018

**SUBJECT:** Consultation with Attorney and Deliberations about Personnel Complaint and Investigation Conducted by Public Integrity Committee in Accordance with TEX. GOV'T CODE §§ 551.071 and 551.074 (a).

## **BOARD ACTION**

This is a briefing item. No action is required at this time.

## **PURPOSE**

- The purpose of this item is to brief the Audit Committee about a personnel complaint and investigation conducted by the Public Integrity Committee.