



INTERNAL AUDIT REPORT

Business Continuity / Disaster Recovery Follow-up

R-17-5

June 1, 2017

Executive Summary

Introduction

A follow-up audit of the 2016 Business Continuity / Disaster Recovery Audit has recently been completed. This report contains the results of the follow-up work performed.

Objectives and Scope

The primary objective of the follow-up audit was to determine the status of management actions to address the findings reported in the 2016 internal audit report, reference R-16-2. The period reviewed was from May 14, 2016, following the release of the 2016 audit, through March 31, 2017.

The following areas were reviewed:

- Business Continuity Governance
- Risk Based Plan Design
- Training and Communication
- Periodic Plan Testing and Maintenance
- Plan Implementation and Integration
- Risk Assessment and Impact Analysis
- Compliance Monitoring

Controls that were evaluated as adequate and effective in 2016, were excluded from the scope of this audit and were assumed to be operating as they had at the time of the 2016 audit.

Audit Conclusion

Audit Report Rating*	
<p>The overall rating has been determined based on the follow-up audit results.</p> <p>The audit revealed that the scope, role, and authority of the Continuity of Operations Plan (COOP) for Utah Transit Authority (UTA) had been assigned and documented in a corporate policy, including incorporation of plans related to individual sites and modes. Responsibility for site-level Emergency Response Plans (ERP) had been assigned to the applicable Regional General Manager. A primary Emergency Operations Center (EOC) has been constructed and stocked, although some final preparations were still needed at the time of our fieldwork, before the EOC could be fully functional.</p> <p>Despite significant progress made some issues remain, including a comprehensive risk assessment. It is also important to note that until a full-day emergency operations exercise has been performed using the EOC; the effectiveness of the EOC, COOP and Emergency Preparedness Plan (EPP) procedures cannot be confirmed and additional gaps may be identified at that time.</p> <p>While this report details the results of the follow-up audit based on limited sample testing, the responsibility for the maintenance of an effective system of internal control and the prevention and detection of irregularities and fraud rests with management.</p>	

*Rating is defined in Appendix 2

Internal Audit would like to thank the management and staff for their co-operation and assistance during the audit.

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1. Plan Ownership

Finding	HIGH	
<p>Leadership over sites and functions within UTA should own the Plan documentation specific to the areas of their responsibility. Inappropriate delegation of planning activities and the lack of senior-level management involvement during the plan's development, implementation, and maintenance phases is a key factor leading to poor business continuity planning and execution. Each document related to business continuity, disaster recovery and emergency management should note a specific individual (with oversight for the pertinent organization) who owns the document and is accountable for policies and procedures therein. Document owners may delegate the duties of documenting or updating to others within their organization, but they are ultimately responsible for reviewing and approving the initial documents and any subsequent changes.</p> <p>Failure to appropriately assign ownership within the organization for policies and procedures may result in lower levels of acceptance, out-of-date or inaccurate documentation, and inconsistent interpretation or execution of the Continuity of Operations Plan (COOP) during a disaster. The inconsistent or incorrect interpretation and execution of the COOP or related plans during a disaster may result in additional harm to customers and employees, loss of assets and reputational damage to UTA.</p> <p>Audit procedures found that an excessive amount of reliance is placed upon the Emergency Management Program Manager (EMPM) by operations leadership. While not explicitly stated, the EMPM owns the business continuity planning process, the COOP and is considered the expert (although not the owner) regarding much of the related documentation specific to sites or functions. Internal Audit also noted that certain key documents did not have a specified owner and/or the owner was not recorded in the Plan documentation (e.g., COOP, Bus Bridge Manual, FrontRunner Emergency Preparedness Plan, and Safety Committee Tracking Matrix).</p>		
Recommendation 16.2.1		
<p>The Interim President / Chief Executive Officer should transfer ownership of the continuity of operations from the Emergency Management Program Manager to the Acting Vice President of Operations.</p>		
Management Agreement	Owner	Target Completion Date
Yes	Interim President / Chief Executive Officer	August 1, 2016
<p>The Interim President / Chief Executive Officer will transfer ownership of the continuity of operations from the Emergency Management Program Manager to the Acting Vice President of Operations.</p>		

Final Status	Implemented	
<p>The CEO transferred ownership for the continuity of operations planning process from the Emergency Management Program Manager to the Vice President of Operations and Capital in a memo.</p>		
Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A
N/A		

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Recommendation 16.2.2		
The Acting Vice President of Operations should work with the Emergency Management Program Manager to oversee the completion of a Continuity of Operations Plan and ensure that it aligns with the Emergency Preparedness Plan and integrates the business unit activities across UTA.		
Management Agreement	Owner	Target Completion Date
Yes	Acting Vice President of Operations	December 31, 2016
The Acting Vice President of Operations will work with the Regional General Managers, the Emergency Management Program Manager, and support service providers to complete the UTA Continuity of Operations Plan that integrates the business unit activities across UTA and aligns with the Emergency Preparedness Plan.		

Final Status	Implemented	
<p>A Continuity of Operations Plan (COOP) was completed and approved in November 2016. The COOP aligns with the UTA Emergency Preparedness Plan (EPP), stating that it was developed to supplement the guidance provided in the EPP. The EPP, in turn, references the COOP as a subordinate plan.</p> <p>In addition, the Emergency Management Program Manager worked with each business unit and requested continuity of operations information from each unit. The documentation provided and site specific information was incorporated into the overall COOP as Annex B.</p> <p>Business units were involved in the COOP approval process as well. A meeting was held with a representative from each business unit. Representatives were given a week and half to make any changes or alterations. The COOP was then presented at corporate staff meeting for all executives and RGM's and a copy of the document was subsequently provided for their review. Comments received following both meetings were incorporated into the document, and it was sent to the executives for final review and signature.</p>		
Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A
N/A		

Recommendation 16.2.3		
The Acting Vice President of Operations should work with the Emergency Management Program Manager to ensure that ownership of site or mode specific documentation is properly assigned to those with oversight for the site, organization and/or mode, and that the owner is noted within each plan document.		
Management Agreement	Owner	Target Completion Date
Yes	Acting Vice President of Operations	December 31, 2016
The Acting Vice President of Operations will work with the Regional General Managers, the Emergency Management Program Manager, and support service providers to ensure that ownership		

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for site or mode specific documentation related to the UTA Continuity of Operations Plan is properly assigned and noted within each document.

Final Status		Implemented
<p>Ownership for site-specific Emergency Response Plans (ERP) has been assigned to the local Regional General Manager (RGM). The template ERP provided to the business units by the Emergency Management Program Manager requires the signature of the RGM and assigns ownership to the RGM or plan signer.</p> <p>In addition, the Emergency Management Program Manager worked with each business unit and requested continuity of operations information from each unit and identified critical departments. The documentation provided and site specific information was incorporated into the overall COOP as Annex B.</p> <p>Business units and departments were involved in the COOP approval process as well. Meetings were held with representatives from each business unit. Representatives were given two weeks to create an initial checklist that identified priorities, critical assets, reductions to service, and line of succession. A follow up meeting was held with representatives from all the business units to review all the checklists submitted. The groups were given a week and half to submit any changes or alterations. The COOP was then presented at corporate staff meeting for all executives and RGMs and a copy of the document was subsequently provided for their review. Comments received following both meetings were incorporated into the document, and it was sent to the executives for final review and signature.</p>		
Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A
N/A		

2. Continuity of Operations Plans

Finding	HIGH
<p>UTA, business unit and mode leadership should have formal plans to address the continuity or winding down of operations due to a disaster and the restoration of services following a complete shutdown. UTA has prepared a Transit Agency Safety Plan (TASP) and Emergency Preparedness Plan to comply with Part 659 of Title 49 (transportation) of the Code of Federal Regulations. Best practices suggest that UTA should also design and implement a COOP to ensure that the organization is able to perform its critical functions during and/or resume operations after a wide range of disasters caused by outside sources such as nature, utility or technology failures, accidents or other manmade emergencies.</p> <p>Failure to have a COOP may result in unnecessarily putting UTA's customers, employees, assets and reputation at risk during a disaster or during a restoration of services afterward.</p>	

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Audit procedures found that UTA Emergency Management has been working on a COOP in 2015 in response to the 2015 Three-year Safety and Security Review by the State Safety Oversight Agency in behalf of the Federal Transit Administration (FTA). Evidence of progress made toward its completion includes a partially drafted COOP, the completion of the Emergency Operations and Family Assistance Plans, and the formation of the Emergency Operations Center group. However, while progress has been made, the following are opportunities for improvement noted during the audit:

- The draft COOP lacked input from the business units and departments.
- The draft COOP and related documentation specific to a site or function did not address disaster recovery.
- The Bus and Light Rail modes had standard operating procedures to manage emergencies, but did not have a governing document in place to tie together the procedures relevant to business continuity and emergency management.

Failure to integrate business unit and department documentation and activities with each other and with the corporate level plans may result in additional harm to customers and employees, loss of assets and reputational damage to UTA.

Audit procedures identified a lack of integration of Plan documentation between the business units and departments—particularly between the business units and IT. It was also noted that essential third party providers were not consistently captured in Plan documentation.

Recommendation 16.2.4

The Acting Vice President of Operations should work with the Emergency Management Program Manager to ensure that the Continuity of Operations Plan integrates business continuity activities from across UTA and addresses the winding down of operations due to a disaster and the restoration of services following a complete shutdown.

Management Agreement	Owner	Target Completion Date
Yes	Acting Vice President of Operations	December 31, 2016

The Acting Vice President of Operations will work with the Regional General Managers, the Emergency Management Program Manager, and support service providers to ensure that the Continuity of Operations Plan integrates business continuity activities from across UTA and addresses the winding down of operations due to a disaster and the restoration of services following a complete shutdown.

Final Status

Implemented

The COOP integrates business unit continuity activities in the form of checklists containing critical assets, critical services, applicable standard operating procedures, alternate operation sites, and lines of succession for each activity. The COOP addresses the winding down of operations, reduction, and suspension of services. Restoration of services is addressed throughout the document.

Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A

N/A

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Recommendation 16.2.5		
The Acting Vice President of Operations should work with the Emergency Management Program Manager to ensure that all service modes have a governing document for the continuity of operations that, at the very least, provides direction as to which standard operating procedures are applicable to foreseeable emergencies and disasters.		
Management Agreement	Owner	Target Completion Date
Yes	Acting Vice President of Operations	December 31, 2016
The Acting Vice President of Operations will work with the Regional General Managers, the Emergency Management Program Manager, and support service providers to prepare regional continuity of operations plans that integrate with the UTA Continuity of Operations Plan and provide clear directions as to procedures to be performed in the event of foreseen emergencies and disasters.		

Final Status	Implemented	
The COOP integrates business unit continuity activities attached to the COOP as Annex B. Business units with relevant standard operating procedures have included a reference to those procedures within the documentation.		
Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A
N/A		

3. Formal Risk Assessments

Finding	HIGH
<p>Formal risk assessments must be performed periodically to identify new risks to UTA as a whole and to the individual business units and to determine whether plans adequately address to the identified risks. Performing a risk assessment in conjunction with a business impact analysis enables an organization to clearly identify key risks to its most critical activities and resources. The information resulting from the assessment allows UTA to identify where risks exceed its risk appetite, and is the foundation for developing business continuity strategies and the COOP to reduce the likelihood of a disruption, shorten the period of the disruption, and limit the impact to the delivery of its key services. Periodic follow-up assessments will help identify changes within the organization and its environment that may require changes to the COOP.</p> <p>Failure to accurately understand the key risks and their impact to the activities and resources critical for delivering services limits the effectiveness and completeness of the Authority's plans for maintaining continuity of operations, safely executing a controlled shutdown or recovering from a disaster.</p> <p>While UTA Emergency Management had completed a HAZUS Assessment from the Federal Emergency Management Agency (FEMA) to evaluate hazards related to earthquakes and flooding,</p>	

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<p>UTA Security had accessed certain security threats, and UTA employees actively report incidents or potential workplace hazards; audit procedures identified the following exceptions:</p> <ul style="list-style-type: none"> • No formal risk assessment had been performed recently to identify business or operational risks (beyond damage to facilities and security risks) to the business units or different transportation modes. • Plan documentation did not prioritize critical business processes and resources based on potential risk to the various organizations. 		
<p>Recommendation 16.2.6</p>		
<p>The Emergency Management Program Manager should ensure that a formal risk assessment is performed to identify risks to UTA as a whole and/or to the individual business units and to determine whether Plan documentation adequately addresses the risks.</p>		
<p>Management Agreement</p> <p>Yes</p>	<p>Owner</p> <p>Emergency Management Program Manager</p>	<p>Target Completion Date</p> <p>October 31, 2016</p>
<p>The Emergency Management Program Manager will facilitate the performance of a comprehensive risk assessment to identify risks to UTA to ensure that the Plan adequately addresses critical risks to the continuity of operations or to the restorations of services following a large scale emergency or disaster.</p>		

<p>Final Status</p>		<p>MEDIUM</p>
<p>Site risk assessment documentation was on file with the Emergency Management Program Manager. In addition, Hazard Summary Worksheets, listing critical assets, were also on file. However, a comprehensive risk assessment was not on file. The Emergency Management Program Manager provided a draft version of the document that was not complete at the time of our fieldwork.</p>		
<p>Management Agreement</p> <p>Yes</p>	<p>Owner</p> <p>Emergency Management Program Manager</p>	<p>Target Completion Date</p> <p>November 15, 2017</p>
<p>The draft plan will be completed and ready for management review and approval in November.</p>		

4. Plan Documentation and Review

<p>Finding</p>	<p>HIGH</p>
<p>Plan documentation at the business unit or mode level should be reviewed for accuracy and completeness each year and approved by the executive owner. Reviewing documentation regularly helps ensure that the personnel, contact information, policies and procedures found therein are accurate, complete, and applicable to the current environment. The review process also raises leadership and staff awareness of the plan.</p> <p>Failure to regularly review and approve Plan documentation may result in outdated, inaccurate, and incomplete plans. Incorrect Plan documentation may result in incorrect or ineffective actions being taken by personnel in response to an emergency or disaster causing additional harm to customers and employees, loss of assets and reputational damage to UTA.</p>	

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Audit procedures found over 20 different cases where Plan documentation was incomplete or inaccurate, or the hard-copy on-hand was not the most current version of the document.

Recommendation 16.2.7

The Emergency Management Program Manager should ensure that owners of Plan documentation are reviewing their respective documents annually to ensure that the content is accurate and complete.

Management Agreement	Owner	Target Completion Date
Yes	Emergency Management Program Manager	August 19, 2016

The Emergency Management Program Manager will develop and implement a standard operating procedure for document owners to follow in order to perform and document their reviews of Plan documentation to ensure that the content is accurate and complete.

Final Status	LOW
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Business units/modes were provided with written guidance for development of site-level continuity of operations information in the form of a questionnaire. In addition, business units were provided with a template for use in developing updated Emergency Response Plans (ERPs).

The Emergency Management Program Manager tracks the review process for the COOP and other policies using the "UTA Safety, Security, and Emergency Mgmt & Health Plans / Annual Reports Coordination Matrix," which indicates the owner of the document, the update frequency, the approval date, and the required distribution. The matrix indicates a three year frequency of review for both the COOP and ERPs, which is consistent with the language in the approved Corporate policies.

However, no standard operating procedure was developed for document owners to follow in order to perform and document their reviews of ERP or COOP documentation to ensure that the content is accurate and complete. The Emergency Management Program Manager stated that she lacked the authority to require employees outside of her organization to provide the required updates and reviews. Consequently, we recommend that approval and signatory signoff of the SOP be completed by the Vice President of Operations and the Chief Safety and Security and Technology Officer, where such authority does reside.

Management Agreement	Owner	Target Completion Date
Yes	Vice President of Operations, Capital and Assets, Chief Safety and Security and Technology Officer	May 31, 2017

The Emergency Management Program Manager will develop and implement a standard operating procedure for document owners to follow in order to perform and document their reviews of Plan documentation to ensure that the content is accurate and complete. Currently, a revision log is provided in all plans that show updates, who conducted, year, and provides an area where changes can be listed.

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5. Plan Communication and Storage

Finding		HIGH
<p>Plans should be communicated and made accessible to personnel and current hard copies should be maintained at primary and backup locations. Employees need to have a general awareness and familiarity with Plan documentation if they are expected to perform the related procedures in the case of a disaster. Communicating plans and maintaining current copies of Plan documentation in locations that are accessible by employees provides them an opportunity to read and familiarize themselves with the plan. Hard copies of Plan documentation should be readily available to personnel in the event of a power outage or the inability to access to on-line copies.</p> <p>Failure to communicate business continuity or disaster recovery plans to personnel may result in additional harm to customers and employees, loss of assets and reputational damage to UTA due to employees' lack of familiarity with the plan.</p> <p>Audit procedures revealed that Plan documentation was not retained and communicated consistently across the organization. Additionally, there is no standard requiring how this information was to be communicated or how and what documents are to be distributed.</p>		
Recommendation 16.2.8		
<p>The Emergency Management Program Manager should develop a policy for communicating Plan documentation. The policy should specify:</p> <ul style="list-style-type: none"> • What documents need to be communicated to employees • The form and frequency for communicating Plan documentation • The requirements for storing hard copies • That the document has been reviewed with the General Counsel's office to ensure sensitive information is properly restricted 		
Management Agreement	Owner	Target Completion Date
Yes	Emergency Management Program Manager	June 15, 2016
<p>The Emergency Management Program Manager will document within each plan the requirement for storing copies, a sign off sheet that the plan has been reviewed by general counsel, and will update the plans tracking matrix to include how the plan is communicated and to whom.</p> <p>Note: As these changes are administrative in nature, the updated documents will be held as drafts for the upcoming as this year's plan documents have already been signed.</p>		

Final Status	LOW
<p>UTA's Emergency Preparedness Plan states that employees tasked with emergency response roles should receive training on a quarterly basis and that ERPs should be distributed annually, after changes. The ERP template provided to business units for use in developing an ERP requires that a current hard copy of the plan be kept in a red binder at a front desk or other convenient location available upon request.</p>	

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<p>The Emergency Management Program Manager tracks the review process for the COOP and other policies using the “UTA Safety, Security, and Emergency Mgmt & Health Plans / Annual Reports Coordination Matrix,” which indicates the owner of the document, the update frequency, the approval date and the required distribution.</p> <p>However, no standard operating procedure was developed that indicates what should be communicated to employees, the form and frequency for communicating documentation, the requirements for storing hard copies, or that the document be reviewed by general counsel.</p> <p>The Emergency Management Program Manager lacks the authority to impose requirements on employees outside of her organization. Consequently, we recommend that approval and signoff of an SOP be completed by the Vice President of Operations and the Chief Safety and Security, and Technology Officer.</p>		
Management Agreement	Owner	Target Completion Date
Yes	Vice President of Operations, Capital and Assets, Chief Safety and Security and Technology Officer	May 31, 2017
<p>The Emergency Management Program Manager will develop and implement a standard operating procedure for document owners to follow in order to perform and document their reviews of Plan documentation to ensure that the content is accurate and complete. The SOP will include requirements of being reviewed by legal.</p>		

6. Plan Integration

Finding	HIGH
<p>Plan documentation and activities at the business unit and department level should be integrated with one another and with the corporate <i>level plans</i>. Business units and departments are interdependent for certain support services in the event of an emergency or disaster. Plan documentation specific to each organization should identify those dependencies and ensure that planned activities are aligned to facilitate the appropriate level of communication and coordination in responding to an emergency or disaster. Failure to communicate business continuity or disaster recovery plans to personnel may result in additional harm to customers and employees, loss of assets and reputational damage to UTA due to employees’ lack of familiarity with the plan.</p> <p>Audit procedures revealed that Plan documentation was not retained and communicated consistently across the organization. Additionally, there is no standard requiring how this information was to be communicated or how and what documents are to be distributed.</p>	
<p>Recommendation 16.2.4 (Repeated from page 7)</p>	
<p>The Acting Vice President of Operations should work with the Emergency Management Program Manager to ensure that the Continuity of Operations Plan integrates business continuity activities from across UTA and addresses the winding down of operations due to a disaster and the restoration of services following a complete shutdown.</p>	

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Management Agreement	Owner	Target Completion Date
Yes	Acting Vice President of Operations	November 1, 2016
<p>The Acting Vice President of Operations will work with the Regional General Managers, the Emergency Management Program Manager and support service providers to ensure that the Continuity of Operations Plan integrates business continuity activities from across UTA and addresses the winding down of operations due to a disaster and the restoration of services following a complete shutdown.</p>		

Final Status	Implemented	
See final status for Recommendation 16.2.4 on page 7		
Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A
See final status for Recommendation 16.2.4 on page 7		

7. Emergency Operations Center Training

Finding	HIGH	
<p>Employees should be trained and tested on the performance of emergency management, business continuity and disaster recovery operations. UTA Emergency Management oversees monthly Emergency Operations Center (EOC) trainings, exercises, semi-annual emergency simulations and semi-annual site drills at each UTA facility. Training sessions and simulated practices help familiarize personnel with their roles and responsibilities in the event of a disaster as well as the policies and procedures related to the Emergency Operations Plan (EOP) and COOP. Failure to adequately train personnel regarding their emergency management, business continuity and disaster recovery responsibilities may result in their inability to perform in the event of an actual disaster. The audit procedures performed found that participation in EOC trainings and simulations is not consistently recorded.</p>		
Recommendation 16.2.9		
<p>The Emergency Management Program Manager should record attendance at EOC trainings, exercises and simulations. The Emergency Management Program Manager should also report individuals or organizations who consistently fail to participate in training to the Chief Safety and Security Officer for escalation to Corporate Staff.</p>		
Management Agreement	Owner	Target Completion Date
Yes	Emergency Management Program Manager	April 27, 2016
<p>The Emergency Management Program Manager has implemented a new protocol to record participant attendance at EOC trainings, exercises and simulations. The Emergency Management Program Manager will report individuals or organizations who consistently fail to participate in training to the Chief Safety and Security Officer for escalation to Corporate Staff.</p>		

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Final Status		Implemented
EOC center training is conducted by the Emergency Management Program Manager. Sign-in sheets are used to track attendance and a note is made on the log when required attendees are not there. The Emergency Management Program Manager stated that she has not had issues of non-attendance that required escalation to the Chief Safety and Technology and Security Officer.		
Management Agreement	Owner	Target Completion Date
N/A	N/A	N/A
N/A		

8. Emergency Operations Center

Finding	HIGH	
The Emergency Operations Center sites should be set-up and stocked with the necessary equipment to execute the Emergency Operations Plan. The EOC is a critical part of the EOP and COOP. The primary and secondary EOC sites should be fully equipped with the necessary equipment for the EOC to perform its responsibilities during a disaster. Failure of the EOC operating as planned due to it being inadequately equipped may result in the inability to execute the COOP or other emergency plans. Audit procedures found that UTA possesses much of the necessary EOC equipment. However, UTA is in the process of relocating the primary and secondary sites and neither site has been set-up and stocked with all of the necessary equipment.		
Recommendation 16.2.10		
The Chief Safety and Security Officer should ensure that plans to set-up and equip the primary and secondary EOC sites are completed.		
Management Agreement	Owner	Target Completion Date
Yes	Chief Safety and Security Officer	December 31, 2016
The Chief Safety and Security Officer will oversee the completion of the primary and secondary EOC sites to ensure that they meet the planned specifications and are adequately equipped for the EOC to perform its duties during or after an emergency.		

Final Status	MEDIUM	
The primary Emergency Operations Center has been constructed and is equipped with tables, chairs, monitors and supplies. However, at the time of our field work phones had not yet been installed at each table, hand held radios had not been readied for use, and there was no hardwire internet connection in place (wireless connections were enabled).		
According to the Emergency Management Program Manager, the secondary Emergency Operations Center was not available for use in an emergency. Work on that location had been postponed due to construction projects and a lack of storage at that location.		
Management Agreement	Owner	Target Completion Date
Yes	Emergency Management Program Manager	June 30, 2017

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The EOC completion is waiting on IT to complete the connections and wiring for the tables, monitors, TV's, and installation of printers. IT is also to equip the office with monitors, internet, and provide phones for all the tables and the office. Once this has been complete the remaining items will be placed throughout the EOC including hand held radios.

Once the primary EOC is established and working the need for a secondary EOC can be addressed.

APPENDIX 2

* REPORT RATING MATRICES

OVERALL REPORT RATING

The overall report ratings are defined as follows, applicable to the audit scope as defined

Descriptor	Guide
Fully effective	Controls are as good as realistically possible, both well-designed and operating as well as they can be.
Substantially effective	Controls are generally well designed and operating well but some improvement is possible in their design or operation.
Partially effective	Controls are well designed but are not operating that well. OR While the operation is diligent, it is clear that better controls could be devised.
Largely ineffective	There are significant gaps in the design or in the effective operation of controls – more could be done.
Totally ineffective	Virtually no credible controls relative to what could be done.

DETAILED FINDING PRIORITY RATING

Descriptor	Guide
High	Matters considered being fundamental to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within three months.
Medium	Matters considered being important to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within six months.
Low	Matters considered being of minor importance to the maintenance of internal control or good corporate governance or that represents an opportunity for improving the efficiency of existing processes. These matters should be subject to agreed remedial action and further evaluation within twelve months.
Implemented	Adequate and effective management action taken to address the finding noted in the audit report.

APPENDIX 3

DISTRIBUTION LIST			
Name	For Action ¹	For Information	Reviewed prior to release
President/CEO		*	*
General Counsel		*	
Vice President of Finance		*	
Chief Safety and Security and Technology Officer	*		*
Vice President of Operations, Capital and Assets	*		*
Emergency Management Program Manager	*		*

¹For Action indicates that a person is responsible, either directly or indirectly depending on their role in the process, for addressing an audit finding.