Open Audit Recommendations Report – September 2025

Issues closed since last Audit Committee Meeting

- Issue R-22-06-4 recommended that controls around Support Vehicle custody and key security be improved.

- Management purchased and installed an electronic checkout/check-in and key management system.
    - The system establishes who has assigned custody of a vehicle.
    - Only approved users can checkout a vehicle.
    - Keys are secured unless authorized for use.

Current Status of Open Issues

- There are currently 37 open issues with the following chief office ownership:

    - 10 in Capital Services
    - 10 in Operations
    - 10 in People Office
    - Six in Finance
    - One shared by Enterprise Strategy and Operations

- Count of open issues by Audit Plan year:

    - Three from 2020
    - Seven from 2021
    - Six from 2022
    - 16 from 2023
    - Three from 2024
    - Two from 2025

Current Status of Open Issues

- **Anticipated upcoming follow up activity for the following engagements:**

  - **20-07 Preliminary Assessment of the Capital Projects Process**
  - **21-03 Preliminary Assessment of Maintenance of Way Systems**
  - **22-06 Performance Audit of Support Fleet**
  - **23-03 Preliminary Assessment of 1099 Reporting**
  - **23-11 Recruitment Assessment**

Update on Follow-Up Process

- There is a process bottleneck in the point where management provides evidence of remediation.

- Enterprise Risk Management (ERM) will work with management on improving this, including requiring evidence to be included when management submits an issue to be closed.

- An additional issue status was created called Gathering Evidence to differentiate between issues that are in Internal Audit's queue to review and issues that management is submitting for closure but evidence is still needed.