



Board Report

File #: 2020-0894, File Type: Informational Report

Agenda Number: 9.

FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 17, 2021

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2021 SECOND QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Management Audit Services (MAS) quarterly report for the period ending December 31, 2020.

ISSUE

MAS is required to provide a quarterly activity report to Metro's Board of Directors that includes information on audits that have been completed or in progress including information related to audit follow-up activities.

BACKGROUND

It is customary practice for Management Audit Services to deliver the quarterly audit report. This report covers Q2 of FY 2021.

DISCUSSION

MAS provides audit support to Metro's Chief Executive Officer (CEO) and the CEO's senior leadership team in support of the agency's ability to provide responsive, accountable and trustworthy governance. The department performs internal and external audits. Internal audits evaluate the processes and controls within the agency while external audits analyze contractors, cities and/or non-profit organizations that are recipients of Metro funds. The department delivers management audit services through functional groups which are Performance Audit, Contract, Financial and Compliance Audit, and Audit Support. Performance Audit is mainly responsible for internal audits related to Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management including the Chief Executive Office and other internal areas. Contract, Financial and Compliance Audit is primarily responsible for external audits in Planning, Program Management and Vendor/Contract Management. MAS's functional units provide assurance to the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably and that

desired outcomes are being achieved. This assurance is provided by the MAS's functional units conducting audits of program effectiveness; economy and efficiency, internal controls, and compliance. Audit Support is responsible for administration, financial management, budget coordination, and audit follow-up and resolution tracking.

The summary of MAS activity for the quarter ending December 31, 2020 is as follows:

Performance Audits: Four projects were completed during the second quarter; and eight were in progress.

Contract, Financial and Compliance Audits: Six audits with a total value of \$107 million were completed during the second quarter; and 87 audits were in progress.

Financial and Compliance Audits of Metro: Seventeen financial and compliance audits were issued by external CPA firms.

Audit Follow-up and Resolution: Eleven recommendations were closed during second quarter.

*Note: MAS performs audit follow-up for the Office of Inspector General (OIG), which 2 OIG recommendations were closed during the reporting period.

The second quarter FY 2021 report is included as Attachment A.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Receive and file of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

Management Audit Services will submit the Receive and File report for FY 2021 third quarter audit activity in May 2021.

ATTACHMENT

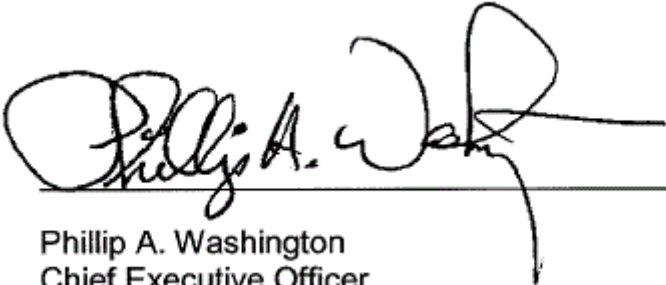
Attachment A - Management Audit Services Second Quarterly FY 2021 Report

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Phillip A. Washington
Chief Executive Officer

Quarterly Report to Metro Board of Directors

FY 2021 Quarter 2



Metro

**MANAGEMENT
AUDIT SERVICES**

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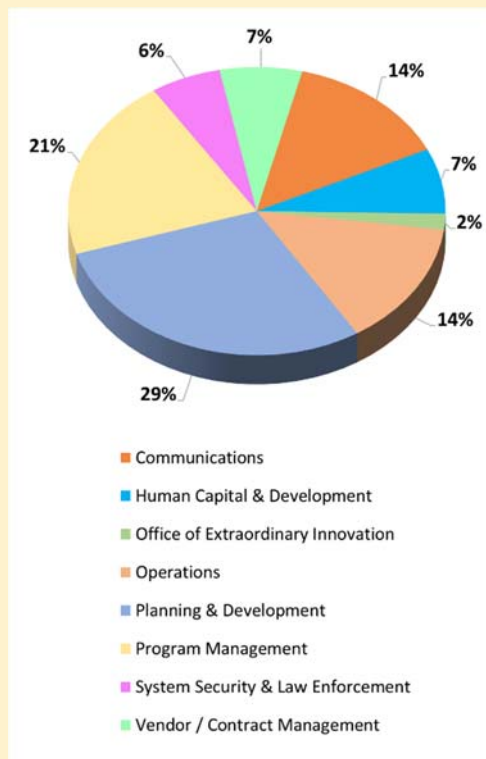
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Executive Summary

In Progress Audit
as of December 31, 2020



Summary of Audit Activity by Department
Reporting Period
October 1, 2020 – December 31, 2020



Summary of In Progress Audit Activity

Management Audit Services (MAS) has 95 in progress projects as of December 31, 2020; which include 8 performance audits and 87 contract, financial and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 52 MAS open audit recommendations. In addition, there are 22 open OIG audit recommendations.

Summary of Q2 Completed Audit Activity

MAS completed 27 projects and closed 13 recommendations. The projects are comprised of 4 performance audits; 6 contract, financial and compliance audits; and 17 financial and compliance audits issued by contracted independent certified public accountant (CPA) firms.

The completed performance audits are highlighted on page 4. The completed contract, financial and compliance audits are highlighted on page 7. The financial and compliance audits of Metro issued by the external CPA firms are highlighted on page 8. A summary of closed and open audit recommendations for MAS and OIG are included on page 10.

Update on the Annual Audit Plan

This section provides an update on the FY21 Annual Audit Plan.

MAS' FY 2021 annual work plan includes two audits related to Metrolink which are: 1) Metrolink Rehabilitation Projects and 2) Metrolink Security. The objective of the proposed audits is to evaluate the efficiency and effectiveness of project controls and internal controls.

MAS obtained subsequent audit content submitted by Metrolink's Internal Audit department. Recognizing Metrolink performed a series of seven audits within the past three years related to project controls and internal controls. MAS management evaluated the breadth and depth of work performed by Metrolink Internal Audit including the status of recommendations and found the reports to be detailed, specific and thorough. MAS determined that the additional Metro audits would be a duplication of effort and the risks levels may not be as high as originally assessed.

The Metrolink Rehabilitation Projects and Metrolink Security have accordingly been withdrawn from the FY 2021 Audit Plan.

Performance Audits

This section includes performance audits completed according to Generally Accepted Government Auditing Standards in addition to other types of projects performed by the Performance Audit team to support Metro. The other types of projects may include independent reviews, analysis or assessments of select areas. The goal of non-audit projects is to provide Metro with other services that help support decision making and promote organizational effectiveness.

Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)

The audit objective was to evaluate the adequacy of internal controls over overtime payments. Controls and oversight of American Federation of State, County and Municipal Employees (AFSCME) Transit Security overtime were generally found to be adequate. However, we noted the following exceptions: overtime was improperly paid to some employees for weeks that included paid holidays; there was an absence of written approvals for overtime in excess of 32 hours in a week; and the vacation worked (TOW) payroll code was improperly used to cash out accrued vacation. Findings of the previous consulting engagement were addressed by the new AFSCME contract effective July 1, 2017.

Management concurred with all recommendations and is implementing the corrective actions.

Performance Audit of Contract Compliance for Parkwood Rights-of-Way Maintenance Contracts

MAS contracted with BCA Watson Rice (BCA) to conduct a performance audit of contract compliance for Parkwood right-of way maintenance contracts. The audit objective was to determine Parkwood's compliance and required performance with contract terms and conditions for the period from November 15, 2015 to March 31, 2020.

The audit found that prior to June 2019, Parkwood's compliance and performance with the terms and conditions of both contracts needed improvement. After June 2019, Parkwood's compliance and performance as it relates to contract billings, timesheet documentation and reporting improved significantly. The final report includes ten (10) findings and nine (9) recommendations.

Parkwood's management agreed with all the recommendations except for one recommendation which they partially agreed.

Agreed Upon Procedures for Metro-Owned RINs

MAS contracted with Talson Solutions, LLC (Talsol) to report on agreed-upon procedures for Metro-owned renewable identification numbers. The objective was to assist Metro's Environmental Compliance and Sustainability department by preparing attest reports following the procedures detailed in the Electronic Code of Federal Regulations to verify that Metro's EPA reporting of RINs for

renewable energy credits are complete and accurate for calendar years 2018 and 2019. One finding that required corrective action was that these attestation reports were not filed on time, which should be resolved within one day of their receipt.

Metro management concurred and outlined corrective action(s).

Telecommuting Research Project

MAS performed a non-audit engagement at the request of Human Capital & Development. This engagement was conducted to provide Metro with independent research and benchmarking related to telecommuting/teleworking. The objectives were to provide research about lessons learned and critical success factors implemented by other organizations related to telecommuting programs; research and identify elements of cost-benefit analyses related to telecommuting practices and programs; and provide insights into other organizations' considerations in determining the type of functional tasks eligible for remote work and telecommute assignments.

Contract, Financial & Compliance Audits

MAS staff completed 6 independent auditor's report on agreed-upon procedures of:

- PMCS Group, Inc.'s incurred indirect cost rate for fiscal year ending June 30, 2019 for the Purple Line Extension Section 3 Project;
- Paleo Solutions, Inc.'s incurred indirect cost rate for the year ending December 31, 2018 for the Purple Line Extension Section 3 Project;
- Zephyr UAS, Inc.'s incurred indirect cost rate for fiscal year ending December 31, 2019 for the Division 20 Portal Widening Turnback Construction Management Support Services;
- Bicycle Transit Systems, Inc.'s Accounting System Controls and Contract Compliance for the Metro Countywide Bikeshare;
- City of Commerce's close-out incurred costs for the City of Commerce Washington Blvd. Widening and Reconstruction Project; and
- City of Santa Clarita's close-out incurred costs for the City of Santa Clarita I-5/Magic Mountain Parkway Interchange Reconstruction Project.

MAS staff reviewed \$107 million of funds and identified \$8.5 million or 8% of funds that may be reprogrammed.

Details on Contract, Financial and Compliance Audits completed during Q2 FY 2021 are included in Appendix B.

Financial and Compliance Audits of Metro

The following highlights the financial and compliance audits of Metro completed by the external CPA firms:

Financial and Compliance Audits – Issued Various Dates

MAS contracted with BCA to conduct an audit of the financial statements and Independent Auditor's Report on Schedule of Revenues and Expenditures for the year ended June 30, 2020. The resulting reports include:

- Gateway Center Financial Statements;
- Los Angeles Union Station Property Financial Statements;
- PTSC-MTA Risk Management Authority (PRMA) Financial Statements;
- ExpressLanes Fund Financial Statements;
- Regional Transit Access Pass (TAP) Service Center TAP Settlement and Clearing Accounts;
- Propositions A & C Schedules of Revenues and Expenditures;
- Measure R Schedule of Revenues and Expenditures; and
- Measure M Schedules of Revenues and Expenditures.

BCA found that the financial statements present fairly, in all material respects, of the Gateway Center, L.A. Union Station, PRMA, ExpressLanes Fund, and Regional TAP Service Center Settlement and Clearing Accounts as of June 30, 2020, in accordance with accounting principles generally accepted in the United States of America. In addition, the Proposition A and Proposition C, Measure R and Measure M Schedules of Revenues and Expenditures of Metro present fairly, in all material respects, for the fiscal year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

The results of the audits will be presented to the Independent Taxpayer Oversight Committees.

Basic Financial Statements and Component Units Audits – Issued Various Dates

MAS contracted with Crowe, LLP (Crowe) to conduct the basic financial statements and component units audits for the year ended June 30, 2020. The resulting reports include:

- Comprehensive Annual Financial Report (CAFR);
- Single Audit for the Federal Funds;
- Transportation Development Act (TDA) Operations Agency – 50% Expenditure Limitation Schedule;
- TDA Schedule of Revenue, Expenditure and Changes in Fund Balance;
- State Transit Assistance (STA) Special Revenue Fund Financial Statements;

- Federal Funding Allocation Data for NTD as a Transportation Operating Agency;
- Service Authority for Freeway Emergencies (SAFE) Financial Statements;
- Low Carbon Transit Operations Program (LCTOP) Compliance Audit; and
- Crenshaw Project Corporation's (CPC) Financial Statements.

Crowe issued unmodified opinions on all audit reports for FY20, which means that all financial statements for FY20 present fairly and Metro complied in all material respects with the applicable financial reporting framework and compliance requirements respectively.

Of note, the agreed-upon procedures report of the Federal Funding Allocation Data for NTD identified some variances, which Operations management will implement corrective actions.

Audit Support

Audit Follow-Up and Resolution

The tables below summarize the open and closed audit recommendations as of December 31, 2020.

MAS and External Audit Recommendations					
Executive Area	Closed	Late	Extended	Not Yet Due / Under Review	Total Open
Finance & Budget					
Human Capital & Development	5				
Operations	5		13	16	29
Program Management			1		1
Risk, Safety & Asset Management	1		2	1	3
Systems Security and Law Enforcement			6	8	14
Vendor/Contract Management			4	1	5
Total	11		26	26	52

OIG Audit Recommendations					
Executive Area	Closed	Late	Extended	Not Yet Due / Under Review	Total Open
Congestion Reduction	1		1		1
Human Capital & Development				13	13
Operations	1		2	6	8
Total	2		3	19	22

Details of open audit recommendations for MAS and OIG are included in Appendix C and D.

Appendix A

Performance Audit - In Progress Audits as of December 31, 2020				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	Communications / Finance & Budget	20-COM-P01 Performance Audit of Expanded Discount Programs	Determine the adequacy and effectiveness of internal controls over the expanded discount (special fares for patrons) programs.	2/2021
2	Agency-Wide	20-ITS-P01 Performance Audit of IT Security Awareness	Evaluate the extent of information technology security awareness for selected business units within the Agency.	2/2021
3	Operations	20-OPS-P02 Follow up Audit of Contracted Bus Services Project Management	Evaluate if prior Contracted Bus Service Project Management corrective actions were implemented.	3/2021
4	Operations	18-AGW-P01 Performance Audit of Internal Controls over Overtime Payments for AFSCME	Evaluate adequacy of the internal controls over overtime payments for AFSCME union employees within Operations for selected positions.	3/2021
5	Systems Security and Law Enforcement / Risk, Safety & Asset Management	21-RSA-P02 Performance Audit of COVID Compliance	Determine Metro's compliance with the COVID-19 planned document as well as with applicable state transit industry guidelines.	3/2021
6	Planning	21-PLN-P01 Micro Mobility Vehicles Program	Assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro rapid equity assessment tool.	5/2021
7	Risk, Safety & Asset Management	21-RSK-P03 Transit Asset Inventory Records	Evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records.	5/2021
8	Operations / Risk, Safety / Environmental Compliance	20-OPS-P01 Performance Audit of Personal Protective Equipment for Maintenance	Determine the adequacy of training and utilization of personal protective equipment by Metro workers performing clean-ups of Metro facilities impacted by activities of homeless individuals.	Project is on Hold

Appendix B

Contract, Financial and Compliance Audit - Audits Completed as of December 31, 2020				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Program Management	20-CON-A11- Agreed-Upon Procedures	PMCS Group Inc.	10/2020
2	Planning & Development	20-PLN-A07 - Closeout	City of Commerce	10/2020
3	Planning & Development	19-PLN-A19 - Closeout	City of Santa Clarita	10/2020
4	Program Management	20-CON-A12- Agreed-Upon Procedures	Paleo Solutions, Inc.	11/2020
5	Program Management	20-CON-A13- Agreed-Upon Procedures	Zephyr UAS, Inc.	12/2020
6	Planning & Development	20-PLN-A53 - Agreed-Upon Procedures	Bicycle Transit Systems, Inc.	12/2020

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	17-OPS-P07 Performance Audit of the Track Allocation Process	4a	<p>We recommend the Chief Operations Officer consider directing Rail Operations to add more fields in the electronic Track Allocation Request Form to assist Rail Operations Controllers in minimizing some of their manual entries. For example, the Track Allocation Request Form could be further configured to include a check box indicating if the schedule was activated or not, as well as the time and date it was activated, and a drop down menu to include reasons for schedule modification.</p> <p>Update: This recommendation is about 30% complete. Operations is developing an electronic Track Allocation Form/Schedule, integrating System Generated Special Events Calendar, generating an electronic Work Permit, and generating System Reports.</p>	6/30/2019	12/31/2020
2	Operations	17-OPS-P07 Performance Audit of the Track Allocation Process	4b	<p>We recommend the Chief Operations Officer consider directing the Track Allocation Coordinator to measure effectiveness of schedules by periodically assessing whether crews that were scheduled to access the ROW actually accessed the ROW. This will provide visibility to the stakeholders as well as assist the Track Allocation Coordinator in modifying future schedules. This periodic review will only be possible once the data from the newly implemented log has been collected.</p> <p>Update: Pending completion of recommendation 4a.</p>	6/30/2019	12/31/2020
3	Systems Security and Law Enforcement	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1a	<p>We recommend that the Emergency Management Unit collaborate with the business units, starting with V/CM, to ensure that the business unit COOPs, and all related documents (e.g., SOPs), include the essential content necessary to support the agency-wide program.</p> <p>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist V/CM.</p>	6/30/2020	6/30/2021
4	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1b	<p>We further recommend that over the next 12 to 18 months, V/CM should consider focusing its efforts on completing and including the following content with Emergency Management's support and guidance: criteria for COOP activation and relocation decisions; flow charts and decision trees; step-by-step instructions applicable to Gateway or agency-wide emergencies; names, titles and contact details such as phone numbers and emails for all continuity personnel (e.g., Advance Team, CMG, and successors); distribution and logistics dependencies, such as MEFs, mission essential systems, records, databases, supplies and equipment; mission essential records and database storage locations.</p> <p>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist V/CM.</p>	10/30/2020	10/31/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
5	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	2	We recommend that V/CM management review and reassess the COOP and SOPs periodically to verify that any resulting updates are implemented, including updating V/CM's COOP contact details in the event of key personnel changes. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist V/CM.	4/30/2020	9/30/2021
6	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	3	We recommend that V/CM management work with Emergency Management to arrange for COOP execution training by an emergency management expert concurrently with each annual update. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist V/CM.	7/31/2020	9/30/2021
7	Program Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	4	We recommend that the Chief Program Management Officer take the lead role in collaborating with all responsible parties, such as V/CM, Project Delivery Third Party Coordination, County Counsel, etc., to establish agreements with utility companies to guarantee service continuity and restoration in emergency situations. Update: Metro is negotiating Essential Use designation with SCE, DWP & CPUC as a basis for utility emergency service agreements.	3/31/2020	6/30/2021
8	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	5	We recommend that V/CM management consider referencing all the existing COOP-related SOPs to the COOP and/or attaching them as appendices to the COOP, doing the same to the SOPs under development as they are completed. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist V/CM.	10/30/2020	4/30/2021
9	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	5	We recommend Operations management immediately perform all the needed corrections for underpayments and overpayments for all LIP eligible hours from July 1, 2017 to date. Update: Operations' staff prepared a partial LIP retroactive pay calculation which has been verified; remaining pay calculations are still in progress.	12/31/2019	3/31/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
10	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	6	We recommend Operations management, after completing recommendation number 5 above, partner with ITS to perform periodic true ups to determine any over/underpayment, and submit required corrections to Payroll regularly and in a timely manner until calculations can be automated. Update: Operations' staff prepared a partial LIP retroactive pay calculation which has been verified; remaining pay calculations are still in progress.	12/31/2019	3/31/2021
11	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	7	We recommend Operations management reinforce the training with the Division Staff to properly record all LIP eligible hours and pay codes including special conditions for non-certified Line Instructors. Update: ITS / Operations implemented a revised automated fix. Testing will take place late January to confirm that the fix works correctly.	12/31/2019	3/31/2021
12	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	8	We recommend Operations management collaborate with ITS, in consultation with Employee and Labor Relations, to assess possibilities to automate LIP calculations and reporting as practical in either HASTUS or the Payroll system. Update: ITS / Operations implemented a revised automated fix. Testing will take place late January to confirm that the fix works correctly.	12/31/2019	3/31/2021
13	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	1	We recommend that Emergency Management should coordinate with Payroll to facilitate training and add the additional details to Finance (Payroll)'s COOP and SOPs, including criteria for COOP activation and relocation decisions, flow charts, decision trees and step-by-step instructions.	2/28/2021	
14	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	2	We recommend that Emergency Management should coordinate with Payroll to create an SOP template to include names, titles and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions and successors. Advance team references should state "provided by ITS". Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist Finance.	7/31/2020	1/29/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
15	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	3	We recommend that Emergency Management should coordinate with Payroll to review and assess the COOP and SOPs annually and verify that any resulting updates are implemented. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist Finance.	7/31/2020	1/29/2021
16	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	4	We recommend that Emergency Management should coordinate with Payroll to schedule COOP execution training by an emergency management expert concurrently with each annual COOP update. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist Finance.	7/31/2020	1/29/2021
17	Operations	19-OPS-P02 Performance Audit of the Rail Communications Systems	8 Total	The recommendations included in this report address findings in Metro's Operational System. Update: As of December 2020, 4 of 12 recommendations was closed.	On-going	
18	Operations	19-OPS-P03 Performance Audit of the SCADA Security Controls	9 Total	The recommendations included in this report address findings in Metro's Operational System. Update: As of December 2020, 4 of 13 recommendations was closed.	On-going	
19	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	2	We recommend that the Chief Risk, Safety & Asset Management Officer raise awareness of the FOF program. Update: A new mandatory FOF online training program has been set to release in November 2020 to train all supervisory personnel, including the proper fashion for completing a FOF, discussion items while conducting a FOF and requirements of the FOF Policy. FOFs are regularly discussed at LSC meetings and a FOF awareness campaign is currently being discussed with Operations.	3/31/2020	1/29/2021

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
20	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	3	We recommend that the Chief Risk, Safety & Asset Management Officer develop additional input controls in the Transit Safe System, by designating required FOF form fields as mandatory, including Supervisors sign-off to review for accuracy of information, to prevent the close out of FOF records without completion of all required fields and to ensure quality of information is maintained. Update: The TransitSafe system is no longer supported for updates or modifications since the system will be replaced soon with a new safety system (Cority). The new system will include management of the FOF program and will include supervisory sign-off/verification of FOF review. Mandatory fields for FOFs will be included in the system. Cority is currently being configured.	7/31/2020	6/30/2021
21	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	4	We recommend that the Chief Risk, Safety & Asset Management Officer incorporate recommendation #3, above, in the upcoming replacement system of Transit Safe.	12/31/2021	
22	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	1	We recommend that Emergency Management collaborate with SS&LE to establish at least three new locations to accommodate emergency back-up SS&LE command centers. As a suggestion, not more than one facility should be close to Gateway Plaza. The other two should be far enough away from Gateway and from each other that there is little risk that a wide area emergency could affect all three locations. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist Finance.	7/30/2020	1/29/2021
23	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	3	We recommend that Emergency Management should coordinate with SS&LE to facilitate training and add the additional details to the SS&LE COOP and SOPs, including criteria for COOP activation and relocation decisions, flow charts, decision trees and step-by-step instructions.	7/30/2021	
24	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	4	We recommend that Emergency Management should coordinate with SS&LE to create a Standard Operating Procedures template to include names, titles and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions and successors; and reference and attach all COOP-related SOPs as Appendices to the COOP. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March, and are unavailable to assist Finance.	7/30/2020	1/29/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
25	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	7	We recommend that Emergency Management should coordinate with SS&LE to schedule COOP execution training by an emergency management expert concurrently with each annual COOP update (See COOP Appendix M).	7/31/2021	
26	Vendor/Contract Management	17-VCM-P02 Performance Audit of Change Order Internal Controls	1	We recommend that Vendor / Contract Management consider providing supplemental guidance to ACQ-2 Manual Chapter 14-11 Change Orders J to define what is considered a "significant sum" when there is a difference between the negotiated price adjustment, Metro's Independent Cost Estimate, and the prenegotiation position that must be explained.	12/31/2020	
27	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	1a	We recommend that the Chief Operations Officer require Wayside Systems Engineering and Maintenance management to perform a training needs assessment to accurately determine the number of Instructors required to ensure that formal refresher training is provided regularly within the Signal, Track, and Traction Power departments.	7/31/2021	
28	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	1b	We recommend that the Chief Operations Officer require Wayside Systems Engineering and Maintenance management to develop a Formal Refresher Training that supports the technical competence of maintenance personnel and supports the improvement of system reliability of assets. Refresher Training should be focused on areas where the increasing number of failures or repeat write-ups are occurring within the Signal, Track, and Traction Power departments.	2/28/2021	
29	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	1c	We recommend that the Chief Operations Officer require Wayside Systems Engineering and Maintenance management to develop Key Performance Indicators that identify leading indicators. The information from the Key Performance Indicators should be utilized to help develop Technical Refresher Training courses.	12/31/2020	
30	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	2a	We recommend that the Chief Operations Officer consult with ITS management and require Signal, Track and Traction Power departments to make use of the OTTS as a monitoring and notification system control for upcoming employee training to help ensure that Wayside employees complete all required training on time. This should lead to a system implementation that would notify employees and managers about upcoming training requirements based on a 30-60-90-day outlook.	12/31/2020	

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
31	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	2b	We recommend that the Chief Operations Officer consult with ITS management and require Signal, Track and Traction Power departments to expand the reporting and documentation capabilities of the OTTS in order to maintain a more complete training record and have training records stored in a centralized location to help ensure that Wayside employees complete all required training on time.	12/31/2020	
32	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	2c	We recommend that the Chief Operations Officer consult with ITS management and require Signal, Track and Traction Power departments to remind Supervisors or leads to verify the currency of training and certifications prior to scheduling crew work assignments to help ensure that Wayside employees complete all required training on time.	12/31/2020	
33	Systems Security and Law Enforcement	18-AGW-P01A Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)	2	We recommend that Transit Security management consult as necessary with Human Capital & Development's Labor Relations about the inclusion of holiday pay in the base for overtime going forward.	12/10/2020	
34	Systems Security and Law Enforcement	18-AGW-P01A Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)	3	We recommend that Transit Security management issue a memo to all SSLE management and administrative staff responsible for the oversight and input of reported time, clarifying how to calculate overtime in terms of the current AFSCME Labor Agreement.	12/10/2020	
35	Systems Security and Law Enforcement	18-AGW-P01A Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)	4	We recommend that Transit Security management communicate and enforce a policy requiring written requests (e.g., email with a call or text reminder) for approval to exceed 32 hours overtime in a week as soon as it becomes evident that the limit may be overrun. Exceptions may be allowed as long as the request was timely, or in case of emergency calls that occur during a handover interval.	12/15/2020	
36	Systems Security and Law Enforcement	18-AGW-P01A Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)	5	We recommend that Transit Security management consult with Human Capital & Development's Labor Relations about whether to establish a policy limiting the scheduling of overtime to a lesser number of hours, such as 28 hours per week. This would provide an allowance for unplanned additional time, possibly eliminating most cases of excess overtime that would require approval.	12/15/2020	

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix C

Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
37	Systems Security and Law Enforcement	18-AGW-P01A Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)	6	We recommend that Transit Security management include compliance with scheduling policies and timely approval of excess overtime requests in supervisors' Individual Performance Plan (IPP).	11/30/2020	

Appendix D

OIG Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	17-AUD-04 Review of Metro Safety Culture and Rail Operational Safety	6 Total	The 117 recommendations included in this report address findings in Safety Culture, Red Signal Violations, Safety Assessment of Infrastructure Elements, Technology, Operations and Maintenance, Human Resources, and etc. Update: As of December 2020, 111 of 117 recommendations were closed.	Pending	
2	Operations	18-AUD-03 Review of Metro Rail Service Disruptions	52	Establish a process and a criterion for replacement of existing signal installations that includes useful life of installation, failure rate, obsolescence, service needs, and available funding. While the Metro asset inventory will provide an important resource to this end when it is finished, this system of prioritization should be formalized and implemented in current signal procedures.	6/30/2019	12/31/2020
3	Operations	18-AUD-03 Review of Metro Rail Service Disruptions	57	Establish a process and a criterion for replacement of existing traction power equipment that includes useful life of installation, failure rate, obsolescence, service needs, and available funding. While the Metro asset inventory will provide an important resource when it is finished, this system of prioritization should be formalized and implemented in current signal procedures.	6/30/2019	12/31/2020
4	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	1	We recommend that the General Services Department Management develop written policies and procedures covering the use of cable television services.	1/31/2021	
5	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	2	We recommend that the General Services Department Management develop a standard form to be completed by user departments for requesting and justifying the business purpose for cable television.	1/31/2021	
6	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	3	We recommend that the General Services Department Management develop a tracking system to document and monitor the user departments and location of cable television receivers and outlets.	1/31/2021	

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OIG Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
7	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	4a	We recommend that the General Services Department Management work with the ITS Department to schedule and conduct a physical count to identify all active cable television lines (and their locations) at Metro's Gateway Building and departments that have cable television service. For departments that have a business need for cable television, require them to complete a request/approval form.	1/31/2021	
8	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	4b	We recommend that the General Services Department Management work with the ITS Department to schedule and conduct a physical count to identify all active cable television lines (and their locations) at Metro's Gateway Building and departments that have cable television service. Cancel any cable television services that cannot be identified to a department and/or has no business purpose.	1/31/2021	
9	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	5	We recommend that the General Services Department Management cancel the internet service on sub-account 320469395; and if there is a legitimate business need for a separate internet account, direct the user department to request internet service under the ITS internet account with Spectrum.	1/31/2021	
10	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	6	We recommend that the General Services Department Management ensure that fees for cable television services are paid through the appropriate account (50504).	1/31/2021	
11	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	7	We recommend that the General Services Department Management consider working with Spectrum to eliminate all the sub accounts and create one account that includes only those active cable lines that have been identified as having a legitimate business purpose.	1/31/2021	
12	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	8	We recommend that the General Services Department Management research and determine if there are more effective and efficient methods available for providing cable television service in the Gateway building.	1/31/2021	
13	Human Capital & Development	20-AUD-04 Review of Controls Over Cable Television Services at Metro's Gateway Building	9	We recommend that the General Services Department Management consider placing labels on televisions that have cable service, stating "For Business Purpose Only: No appropriate content should be broadcasted."	1/31/2021	

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OIG Open Audit Recommendations as of December 31, 2020						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
14	Congestion Reduction	20-AUD-06 Review of LA Metro's Freeway Service Patrol Program	6	LA Metro FSP should set a target for its Benefit-to-Cost ratio, either in comparison to the statewide average or develop its own annual target. This is especially important as costs are expected to rise over the next several years as insurance and vehicle costs continue to escalate. If such the annual target is not met, it would trigger LA Metro FSP to conduct a deeper evaluation of its program and identify potential strategies to improve the following year's performance.	10/1/2020	7/1/2021
15	Human Capital & Development	21-AUD-02 Audit of Internal Controls Over Pension Payments for Deceased Retirees	1	We recommend that the Pension and Benefit Department continue with plans to seek reimbursement for the three overpayments and any future overpayments.	3/31/2021	
16	Human Capital & Development	21-AUD-02 Audit of Internal Controls Over Pension Payments for Deceased Retirees	2	We recommend that the Pension and Benefit Department formally document their procedures for identifying deceased retirees using PBI.	3/31/2021	
17	Human Capital & Development	21-AUD-02 Audit of Internal Controls Over Pension Payments for Deceased Retirees	3	We recommend that the Pension and Benefit Department formally document in writing their unwritten policy regarding the date of death being used to determine if an overpayment has occurred and should be pursued.	3/31/2021	