



Board Report

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FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 19, 2024

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2024 FOURTH QUARTER AND CUMULATIVE YEAR-END REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services (MAS) FY 2024 Fourth Quarter and cumulative FY 2024 year-end report.

ISSUE

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

BACKGROUND

It is customary practice for MAS to deliver the quarterly audit report. The FY 2024 Fourth Quarter report covers the period from April 1, 2024, through June 30, 2024, and the cumulative FY 2024 year-end for the period from July 1, 2023, through June 30, 2024.

DISCUSSION

MAS provides audit services in support of Metro'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: Performance Audit, Contract, Financial and Compliance Audit, and Administration and Policy, which includes audit support functions. 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' 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 MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, financial management, quality assurance, and audit support, including audit follow-up and resolution tracking.

The following summarizes MAS activity for FY 2024 Fourth Quarter and FY 2024 year ending June 30, 2024. Additional details can be found in the FY 2024 Fourth Quarter and Cumulative Year-End Report (Attachment A).

Performance Audits: Two audit projects were completed for the quarter, four for the fiscal year, and seven were in progress.

Contract, Financial and Compliance Audits: Twenty audits with a total expenditure value of \$4.7 million were completed for the quarter. Fifty-nine audits with a total expenditure value of \$47 million were completed for the fiscal year, and 69 were in progress.

Other Audits: Five audits issued by external firms were completed for the quarter, and 151 audits were completed for the fiscal year.

Audit Follow-up and Resolution: Ten recommendations were closed for the quarter and 29 for the fiscal year.

Note: MAS performs audit follow-up for the Office of Inspector General (OIG). One recommendation was closed for the fiscal year.

EQUITY PLATFORM

Management Audit Services' activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. There are no known equity impacts or concerns from audit services conducted during this period.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2024 Fourth Quarter and Cumulative Year-End Report supports Metro's Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

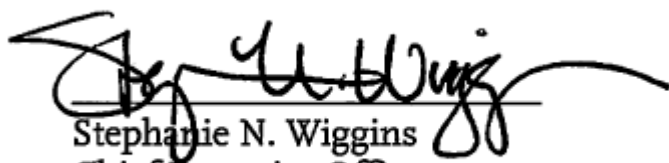
Management Audit Services will continue to report audit activity throughout the fiscal year.

ATTACHMENT

Attachment A - FY 2024 Fourth Quarter and Cumulative Year-End Report

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Stephanie N. Wiggins
Chief Executive Officer

Fiscal Year 2024 Fourth Quarter and Cumulative Year-End Report



Metro

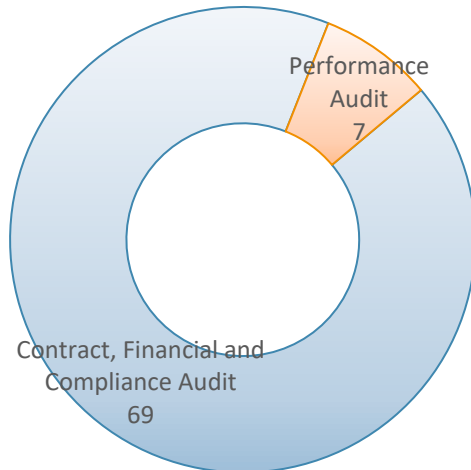
**MANAGEMENT
AUDIT SERVICES**

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Executive Summary

In Progress Audits as of June 30, 2024

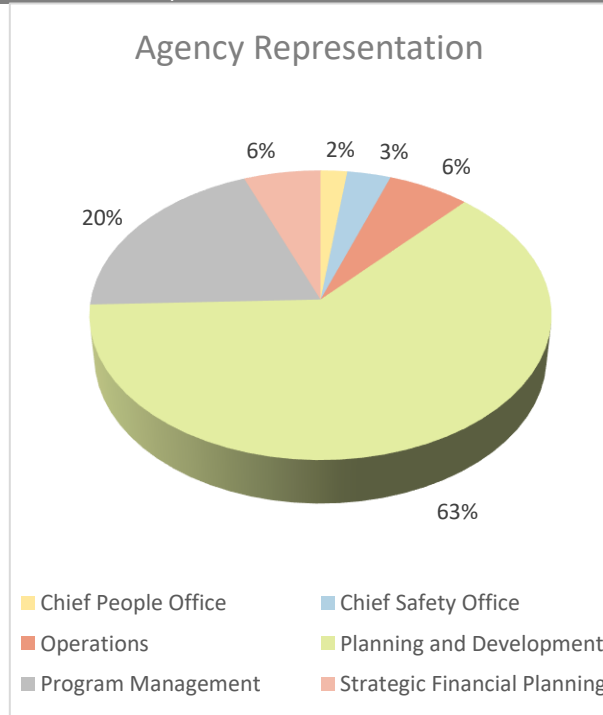


Summary of In Progress Audit Activity

As of June 30, 2024, Management Audit Services (MAS) had 76 in progress projects, including seven (7) performance audits and 69 contract, financial, and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 22 open MAS audit recommendations.

Summary of Audit Activity by Department Reporting Period April 1, 2024 – June 30, 2024



Summary of Fourth Quarter Completed Audit Activity

MAS completed 28 audit projects and closed ten (10) open audit recommendations. The projects are comprised of two (2) performance audits, 20 contract, financial and compliance audits, and six (6) other audits issued by external firms.

The completed performance audit is highlighted on page 4. The completed contract, financial and compliance audits are highlighted on page 5. The other audits issued by external firms are highlighted beginning on page 6. A summary of closed and open audit recommendations is included on page 7.

Performance Audits

This section includes performance audits completed according to Generally Accepted Government Auditing Standards and International Professional Practices Framework and other types of projects performed by the Performance Audit team to support Metro. Other projects may include independent reviews, analysis, or assessments of select areas. Non-audit services aim to provide Metro with other services that help support decision-making and promote organizational effectiveness.

Performance Audit of the Contract Price Structures for Professional Services

MAS completed the Performance Audit of Contract Price Structures for Professional Services. The audit objective was to assess the process performed by contract administrators and project managers for firm-fixed-price professional service contracts, payment structures, and performance milestones. In addition, determine whether the firm fixed-priced Professional Service contracts have properly detailed payment milestones, fee schedules, pricing sheets, or other such payment plans.

MAS found that most of the firm-fixed-price contracts sampled suited the type of work being performed per the scope of work. However, Vendor Contract Management needs to develop a mechanism to clarify and communicate the responsibilities of the project manager and the contract administrator at the beginning of each procurement. This understanding must be documented and archived. Three (3) recommendations were provided as part of this audit to address conditions relating to training, communication, clarification of project management roles, and the development and utilization of payment schedules. Management agreed with all recommendations and has taken corrective action.

Performance Audit of Operations Central Instruction and Development Training

MAS completed the Performance Audit of Operations Central Instruction and Development Training. The audit objective was to determine the compliance of new bus operators and Operations employees working in Maintenance and Transportation within the OCI Matrix safety program. The audit focused on the conformance of safety training records with applicable Federal, State, and Metro requirements and the accuracy and completeness of the records.

MAS found that Bus Division instruction teams were knowledgeable, and bus operators complied with the critical Verification Transit Training (VTT) training requirement (8 hours). However, Metro needs to enhance its record retention practices and documentation of procedures to ensure full compliance with the safety program listed in the OCI Matrix. Ten (10) recommendations were provided as part of this audit. Management agreed with all recommendations and has started to implement corrective actions.

Contract, Financial & Compliance Audits

MAS staff completed 20 independent auditor's reports on agreed-upon procedures for the following projects during the fourth quarter:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
City of Pasadena – SEED Program	\$434,400	\$37,658
County of LA Public Works – Arrow Hwy Bus Stop	\$167,601	\$191,381
City of Downey – Imperial Hwy Fiber-Optic Traffic Signal	\$810,604	\$88,111
City of Santa Clarita – Intelligent Transportation System	\$2,235,324	\$-
City of Compton – Artesia Station TOD	\$431,632	\$450,000
City of Bellflower – Bellflower Station TOD	\$436,780	\$263,850
Foothill Transit – Colorado Blvd Corridor Signal Priority	\$236,045	\$50,271
<i>Reviewed and questioned costs were not identified for the following, as these audits reviewed labor rates for pre-award or indirect cost rates.</i>		
Vehicle Engineering and Acquisition (13 Audits)	N/A	N/A
Total Amount	\$4,752,386	\$1,081,271

Details on all contract, financial and compliance audits completed during FY 2024 are included in Appendix C.

Other Audits

The following highlights other audits completed by the external firms:

Consolidated Audits – Access Services and Low-Income Fare is Easy (LIFE) Eligibility

MAS contracted Vasquez & Company to conduct the financial and compliance audit of Access Services (Access) for the year ended June 30, 2023. The auditor found that Access' schedules/financial statements present fairly, in all material respects. The auditor also found that Access complied, in all material respects, with the compliance requirements included in the Proposition C Discretionary Program Guidelines, Measure M 2% Program Guidelines, and the Memorandum of Understanding.

MAS contracted with Simpson and Simpson, CPAs (Simpson) to verify the compliance of FAME Corporation (FAME) and the International Institute of Los Angeles (IILA) with the eligibility verification requirements of the LIFE program during the period from July 1, 2022, through June 30, 2023. The auditor sampled 59 patrons from each of the administrators, totaling 118 patrons. Of these, 27 patrons from IILA and 29 from FAME responded and were all confirmed as meeting the program's minimum income requirements and other eligibility criteria. However, the auditor encountered challenges in contacting the remaining sampled patrons due to inaccuracies in the information provided and was unable to verify eligibility. Simpson recommends implementing a process for patrons to update their contact information when clear inaccuracies are identified. This proactive approach will help ensure the integrity of data and improve communication throughout the verification process. The Metro Program Manager is working with the administrators to implement the recommendation.

Business Interruption Fund (BIF)

MAS contracted with BCA Watson Rice to conduct an audit of Pacific Coast Regional Small Business Development Corporation's (PCR) compliance with Metro's BIF Administrative Guidelines and Fund Disbursement Procedures. The objective of this audit was to determine PCR's compliance with program guidelines and Fund Disbursement Procedures for the fiscal year ended June 30, 2023. The auditors found that PCR complied, in all material respects, with the Administrative Guidelines and Fund Disbursement Procedures.

Agreed Upon Procedures for Metro-owned Renewable Identification Numbers (RINs)

MAS contracted K-Coe Isom, LLP to complete agreed-upon procedures engagements of Metro-owned RINs. The objective was to assist Metro's Environmental Compliance and Sustainability Department by preparing reports following the procedures detailed in the Electronic Code of Federal Regulations to verify that Metro's Environmental Protection Agency (EPA) reporting of RINs for renewable energy credits is complete and accurate for calendar years 2021, 2022 and 2023. The auditors noted that EPA reports for calendar years 2021 and 2022 had not been filed in a timely manner. No exceptions were noted for calendar year 2023. Metro management concurred and outlined corrective actions.

Audit Support

Audit Follow-Up and Resolution

The tables below summarize the open and closed audit recommendations as of June 30, 2024.

MAS and External Audit Recommendations				
Executive Area	Closed	New	Currently Open	Past Due
Chief People Office			3	
Chief Safety Office	4		2	
Operations	6	8	6	
Strategic Financial Planning		3		
Total	10	11	11	

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

FY 2024 Year-End Activity

Cumulative FY 2024 Completed Audit Activity

As of the FY 2024 year-end, MAS completed 214 audit projects and closed 30 recommendations.

Summary of Completed Projects

The completed audit projects comprise of:

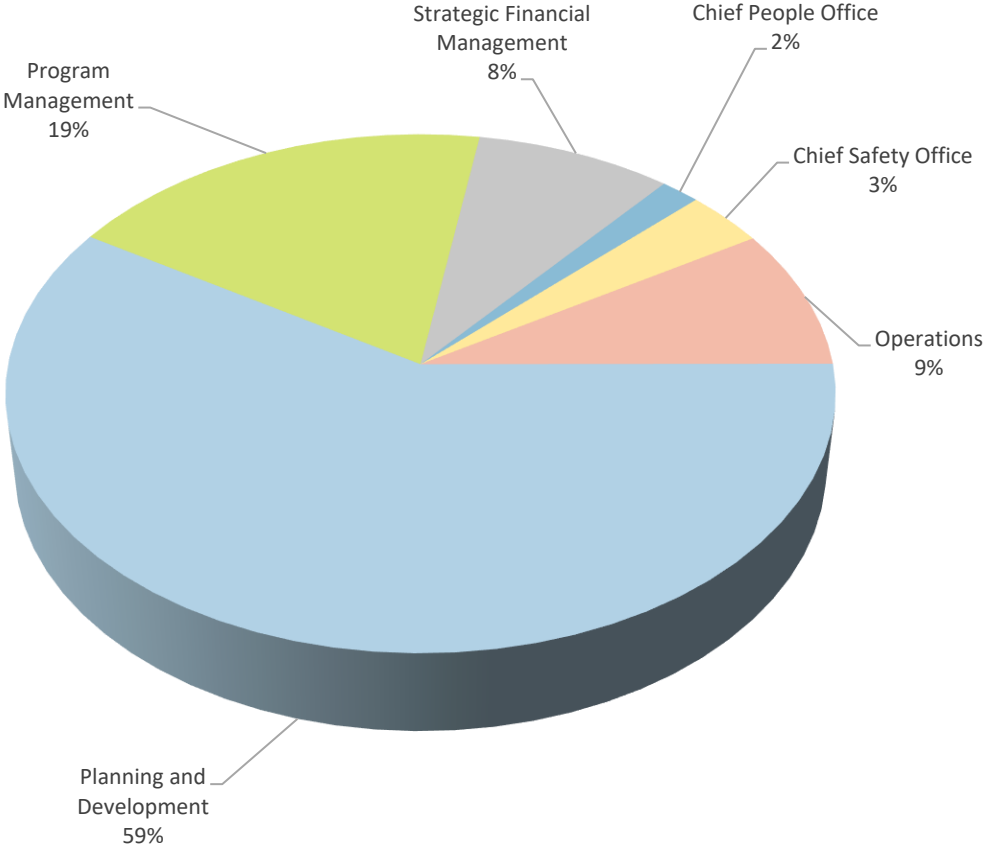
- Four (4) performance audits, which also include independent reviews, analysis, or assessments of select areas;
- 59 contract, financial, and compliance audits with an audit value amount of \$47 million, of which \$3.6 million or 7% of identified unused funds that may be reprogrammed; and
- 151 financial and/or compliance audits issued by external auditors comprised mainly of legally mandated audits such as Prop A & C, Measure R, Measure M, State Transit Assistance (STA), Transportation Development Act (TDA), National Transit Database (NTD), and other funds distributed to the cities and County of Los Angeles.

Refer to Appendix B – Performance Audits Completed; and Appendix C – Contract, Financial and Compliance Audits Completed.

Audit Follow-up

MAS closed 29 open recommendations during the fiscal year and provided administrative support for the closure of 1 open OIG recommendation.

Cumulative FY 2024 Audit Activity by Department



Appendix A

Performance Audit - In Progress Audits as of June 30, 2024				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	Chief Safety Office	24-OPS-P01 - Special Review Fire Safety Response	Examine the adherence to Metro protocols in response to USG fire alarm activation.	7/2024
2	Strategic Financial Management \ Chief People Office	23-ITS-P01 - Third Party Risk Management (Outsourced Service Providers)	Assess Metro's third party risk management policy and program, with a focus on management of information security risks.	8/2024
3	Program Management	24-CON-P01 - Eastside Access Improvement Project (EAIP)	Assess whether usage of EAIP funds, including grants, complied with applicable terms, conditions, and restrictions, and determine whether the executed scope of the EAIP aligned with the scope described in the Board Report, Grant, and other funding agreements and assess reasons for variances, including change orders.	9/2024
4	Operations	23-SEC-P01 - Bus Operations Continuity of Operations Plan (COOP)	Evaluate the adequacy of Bus Operations' COOP and Standard Operating Procedures to support mission essential functions during emergencies.	9/2024
5	Program Management	24-CON-P01 - Purple (D-Line) Extension 1 (PDLE1)	Evaluate the state of processes and planning for final-year activities (testing, certification, training, activation) of PDLE1 transit project prior to start of revenue operations.	9/2024
6	Strategic Financial Management	23-VCM-P03 - Spare Parts Inventory	Assess whether Logistics manages critical spare parts inventory effectively and in accordance with Metro policies and procedures. This includes examining methodology for identifying critical components and ensuring that necessary spare parts are readily available.	9/2024
7	Chief People Office	24-BEN-P01 – Employee Health Care Benefits	Verify the accuracy and completeness of the health and dental benefits enrollment and the corresponding payroll deductions for all active eligible recipients, excluding represented employee and retirees.	10/2024

Appendix B

Performance Audit - Audits Completed as of June 30, 2024				
No.	Area	Audit Number & Title	Description	Date of Completion
1	Planning and Development	21-PLN-P02 - Real Estate Management System Advisory	Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System.	8/2023
2	Chief Safety Office	21-SEC-P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	Evaluate the adequacy of Rail Operations' Continuity of Operations Plan and Standard Operating Procedures to support Rail Operations' mission essential functions during emergencies.	3/2024
3	Strategic Financial Management	23-VCM-P02 - Performance Audit of Contract Price Structures for Professional Services	Assess the process performed by contract administrators and project managers for firm fixed-price professional service contracts, payment structures and performance milestones. Assess the process used to determine the use of firm fixed price professional services contracts.	4/2024
4	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	Assess the compliance of training records of new Bus Operators and of Operations employees working in Maintenance and Transportation with applicable Federal, State, and technical requirements. Training records will be assessed for accuracy and completeness.	5/2024

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2024				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Planning & Development	23-PLN-A17(I) - Agreed-Upon Procedures	Vicus, LLC's	7/2023
2	Planning & Development	23-HWY-A01 - Agreed-Upon Procedures	City of Los Angeles Board of Harbor Commissioners	7/2023
3	Planning & Development	23-PLN-A17(A) - Agreed-Upon Procedures	AECOM Technical Services, Inc.'s	7/2023
4	Planning & Development	23-PLN-A17(D) - Agreed-Upon Procedures	Guida Surveying, Inc.	7/2023
5	Planning & Development	23-PLN-A17(F) - Agreed-Upon Procedures	NN Engineering, Inc.	7/2023
6	Planning & Development	23-PLN-A17(G) - Agreed-Upon Procedures	TY Lin International	7/2023
7	Planning & Development	23-PLN-A17(B) - Agreed-Upon Procedures	RAW International, Inc.	8/2023
8	Planning & Development	23-PLN-A17(C) - Agreed-Upon Procedures	Terry A. Hayes Associates, Inc.	8/2023
9	Planning & Development	23-PLN-A17(H) - Agreed-Upon Procedures	V&A, Inc.	8/2023
10	Program Management	23-HWY-A02 - Agreed-Upon Procedures	City of Malibu	8/2023
11	Program Management	23-HWY-A05 - Agreed-Upon Procedures	City of Pico Rivera	8/2023
12	Program Management	22-CON-A08 - Agreed-Upon Procedures	Coleman Environmental Engineering, Inc.	10/2023
13	Program Management	23-HWY-A11 - Agreed-Upon Procedures	City of Glendale	11/2023

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2024				
No.	Area	Audit Number & Type	Auditee	Date Completed
14	Planning & Development	23-PLN-A09 - Agreed-Upon Procedures	City of Norwalk	11/2023
15	Program Management	23-HWY-A08 - Agreed-Upon Procedures	City of Lomita	11/2023
16	Program Management	23-HWY-A12 - Agreed-Upon Procedures	City of Pico Rivera	11/2023
17	Planning & Development	23-PLN-A14 - Agreed-Upon Procedures	City of Monterey Park	11/2023
18	Program Management	23-HWY-A06 - Agreed-Upon Procedures	City of Bellflower	11/2023
19	Operations	22-OPS-A02 - Agreed-Upon Procedures	New Flyer of America, Inc.	11/2023
20	Operations	22-OPS-A01 - Agreed-Upon Procedures	Eldorado National (California), Inc.	11/2023
21	Planning & Development	23-PLN-A20 - Agreed-Upon Procedures	City of Arcadia	12/2023
22	Planning & Development	23-PLN-A15 - Agreed-Upon Procedures	City of Azusa	12/2023
23	Program Management	23-HWY-A07 - Agreed-Upon Procedures	City of Glendale	12/2023
24	Planning & Development	23-PLN-A21 - Agreed-Upon Procedures	City of Diamond Bar	12/2023
25	Program Management	20-HWY-A10 - Agreed-Upon Procedures	City of Hawthorne	12/2023
26	Operations	22-OPS-A03 - Agreed-Upon Procedures	New Flyer of America, Inc.	12/2023

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2024				
No.	Area	Audit Number & Type	Auditee	Date Completed
27	Planning & Development	24-PLN-A01 - Agreed-Upon Procedures	City of Bell	1/2024
28	Program Management	23-CON-A04 - Agreed-Upon Procedures	SHA Analytics	2/2024
29	Planning & Development	24-PLN-A02 - Agreed-Upon Procedures	City of Westlake Village	2/2024
30	Planning & Development	24-PLN-A10 - Agreed-Upon Procedures	City of Calabasas	3/2024
31	Planning & Development	24-PLN-A17 - Agreed-Upon Procedures	City of South Pasadena	3/2024
32	Planning & Development	22-PLN-A01 - Agreed-Upon Procedures	City of Los Angeles Department of Transportation	3/2024
33	Planning & Development	20-PLN-A01 - Agreed-Upon Procedures	City of Los Angeles Department of Transportation	3/2024
34	Planning & Development	23-PLN-A12 - Agreed-Upon Procedures	City of Whittier	3/2024
35	Operations	24-OPS-A02(A) - Agreed-Upon Procedures	Hatch Associates Consultants, Inc.	3/2024
36	Operations	24-OPS-A02(B) - Agreed-Upon Procedures	Capitol GCS, Inc.	3/2024
37	Operations	24-OPS-A02(C) - Agreed-Upon Procedures	Turner Engineering Company	3/2024
38	Operations	24-OPS-A02(D) - Agreed-Upon Procedures	Virginkar & Associates, Inc.	3/2024
39	Program Management	22-CON-A03 - Agreed-Upon Procedures	SunWest Engineering Constructors, Inc.	3/2024
40	Planning & Development	24-PLN-A03 - Agreed-Upon Procedures	City of Pasadena	4/2024
41	Planning & Development	24-PLN-A06 - Agreed-Upon Procedures	County of Los Angeles Department of Public Works	4/2024
42	Planning & Development	23-PLN-A22 - Agreed-Upon Procedures	City of Downey	5/2024
43	Planning & Development	23-PLN-A13 - Agreed-Upon Procedures	City Compton	5/2024

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2024				
No.	Area	Audit Number & Type	Auditee	Date Completed
44	Planning & Development	23-PLN-A19 - Agreed-Upon Procedures	City of Santa Clarita	5/2024
45	Strategic Financial Management	24-VCM-A01 (A) - Agreed-Upon Procedures	AECOM Technical Services, Inc.	6/2024
46	Strategic Financial Management	24-VCM-A01 (B) - Agreed-Upon Procedures	Arellano Associates, LLC	6/2024
47	Strategic Financial Management	24-VCM-A01 (C) - Agreed-Upon Procedures	Burns Engineering, Inc.	6/2024
48	Strategic Financial Management	24-VCM-A01 (D) - Agreed-Upon Procedures	JCL Consulting Group	6/2024
49	Strategic Financial Management	24-VCM-A01 (E) - Agreed-Upon Procedures	Kewo Engineering Corporation	6/2024
50	Strategic Financial Management	24-VCM-A01 (F) - Agreed-Upon Procedures	Niti Systems Consultants, Inc.	6/2024
51	Strategic Financial Management	24-VCM-A01 (G) - Agreed-Upon Procedures	Omni Strategy, LLC	6/2024
52	Strategic Financial Management	24-VCM-A01 (H) - Agreed-Upon Procedures	Rheia Consulting LLC	6/2024
53	Strategic Financial Management	24-VCM-A01 (I) - Agreed-Upon Procedures	N. Saylor Consulting Group, Inc.	6/2024
54	Strategic Financial Management	24-VCM-A01 (J) - Agreed-Upon Procedures	Steve Policar LLC	6/2024
55	Strategic Financial Management	24-VCM-A01 (K) - Agreed-Upon Procedures	Terravanta Inc.	6/2024
56	Strategic Financial Management	24-VCM-A01 (L) - Agreed-Upon Procedures	Virginkar & Associates, Inc.	6/2024
57	Strategic Financial Management	24-VCM-A01 (M) - Agreed-Upon Procedures	VST Engineering, Inc.	6/2024
58	Planning & Development	23-PLN-A16 - Agreed-Upon Procedures	City of Bellflower	6/2024
59	Planning & Development	24-PLN-A08 - Agreed-Upon Procedures	Foothill Transit	6/2024

Appendix D

Open Audit Recommendations as of June 30, 2024						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	16	We recommend the Deputy Chief Information Technology Officer require Information Technology Services team to instruct system owners to review, update and/or deactivate the user access lists immediately.	12/31/2024	
2	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	17	We recommend the Deputy Chief Information Technology Officer require Information Technology Services team to clarify and enforce the roles and responsibilities of system owners and data custodians to review and update the access list periodically.	12/31/2024	
3	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	18	We recommend the Deputy Chief Information Technology Officer require Information Technology Services team to instruct system owners to review, update and/or deactivate the user access lists immediately.	12/31/2024	
4	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	1b	We recommend the Deputy RSAM officer periodically review accounting records for acquisitions (at least annually) to update the TAM database and to help ensure completeness. b) Continue working with the EAMS implementation team to plan, design, develop and implement a system integration/interface to transfer available asset data from the accounting system to the new EAMS. Update: Sufficient evidence of implementation of this recommendation will be available after Phase 3 of the EAMS is completed.	11/30/2022	12/31/2024
5	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	3	Work with the EAMS implementation team and other functional groups (Accounting, ITS, Operations etc.), who maintain an asset list, to consolidate inventory records in the upcoming EAMS. Update: Sufficient evidence of implementation of this recommendation will be available after Phase 3 of the EAMS is completed.	11/30/2022	12/31/2024
6	Operations	21-SEC-P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	6 Total	The recommendations included in this report address findings in Metro's Operational System.	Ongoing	
7	Strategic Financial Management	23-VCM-P02 - Performance Audit of Contract Price Structures for Professional Services	1	V/CM should i) develop a checklist or similar form to specify and clarify project manager's responsibilities including their role in the development of and review of contract price type, deliverable milestones, payment schedules and any significant decisions made including consultation with legal counsel to ensure project managers are notified of their roles ii) require project manager to read, understand and sign the form; and iii) maintain signed form with the contract file. Update: VCM has provided documentation to close recommendation.	6/30/2024	
8	Strategic Financial Management	23-VCM-P02 - Performance Audit of Contract Price Structures for Professional Services	2	V/CM should conduct training on the Acquisition Policy and Procedure Manuals for contract administrators and project managers who may, in the performance of their job duties, have occasion to procure contracts and/or oversee contracts. This training should be conducted prior to or at assignment of contract procurement or oversight, and annually as a refresher. Update: VCM has provided documentation to close recommendation.	6/30/2024	

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

Appendix D

Open Audit Recommendations as of June 30, 2024						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
9	Strategic Financial Management	23-VCM-P02 - Performance Audit of Contract Price Structures for Professional Services	3	V/CM should require contract administrators and project managers to discuss the necessity of a payment schedule being included in the contract prior to the execution of the contract. Any outcome, such as project manager concurrence with the schedule's inclusion, should be documented within a checklist or the like, and retained within procurement records. Update: VCM has provided documentation to close recommendation.	6/30/2024	
10	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	1	OCI should establish and document a formal process for overseeing training courses that are required under the OCI Training Matrix and delivered by either OCI or the Divisions to ensure compliance with the PTASP.	6/30/2025	
11	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	2	OCI should update the OCI Standard Operating Procedures (SOP), Revision 1, January 22, 2020, to ensure alignment with the PTASP OCI Training Matrix and current practices.	6/30/2025	
12	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	3	OCI should explore the feasibility of adding the proper naming convention within OTTS when an employee completes training courses for the first, second, and third avoidable accidents within 18 months of the first accident. The naming convention should align with the procedures outlined in the PTASP on Post Accident Training.	6/30/2025	
13	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	4	OCI should explore the feasibility of utilizing OTTS or collaborate with Talent Development, to assess the capability of using the Adobe Learning Management System to capture not only employees' training course titles and hours but also as a data repository for all hard copy files associated with an employee's completed training records. This will help ensure that all training files are maintained in a centralized location. Regardless of the chosen approach, OCI Management should pursue an alternative solution, including documenting the process.	6/30/2025	
14	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	5	To help with archival and retrieval of OCI Matrix training courses, OCI should collaborate with the Divisions to develop a standardized method for retaining attendee rosters. This approach should be uniform and adopted across all Bus Divisions.	6/30/2025	
15	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	6	For consistent record keeping across OCI and the Bus Divisions, OCI and Division Management should document their process for the electronic archiving of training records for employees and Goodyear contractor personnel. This should include a training checklist outlining essential documents (e.g. DL260) required for each type of OCI Matrix training course.	6/30/2025	
16	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	7	OCI should collaborate with the Divisions to formally communicate the need to comply with the OCI Training Matrix as it relates to recommendations 1-7.	6/30/2025	
17	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	9	OCI should work with Corporate Safety to ensure that the OCI Training Matrix includes current course descriptions, and any updates should be communicated to all staff that have responsibility for compliance with the OCI Training Matrix.	6/30/2025	

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

Management Audit Services

FY 2024 Fourth Quarter and Cumulative Year-end Report

Finance, Budget & Audit Committee
September 19, 2024

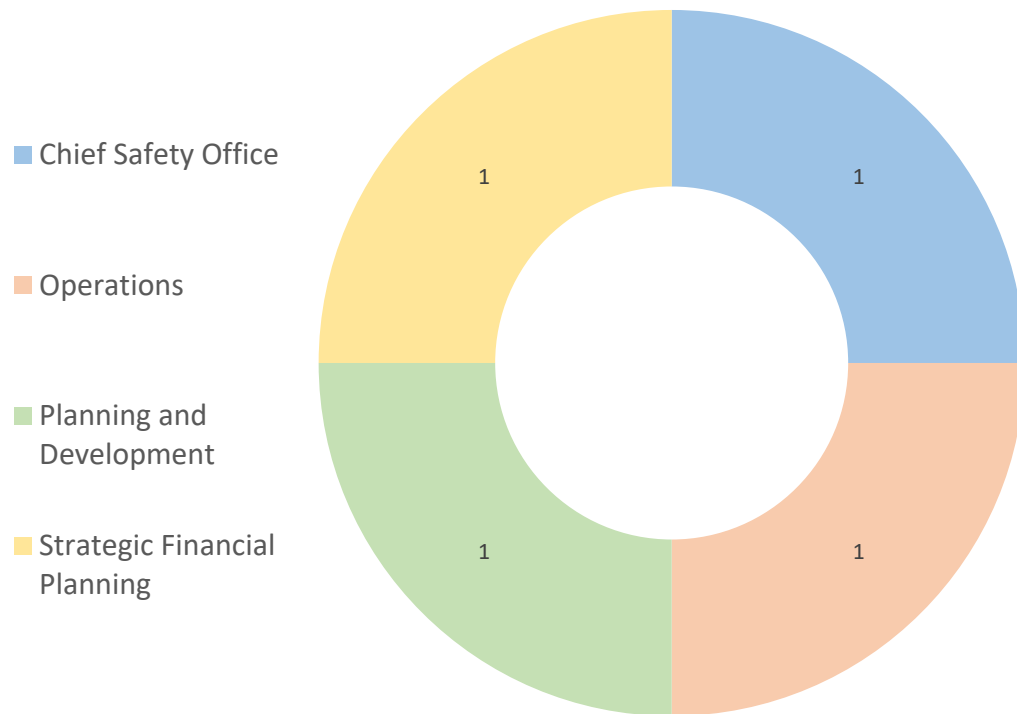
Kimberly Houston
Deputy Chief Auditor



MANAGEMENT
AUDIT SERVICES

Completed: Performance Audits

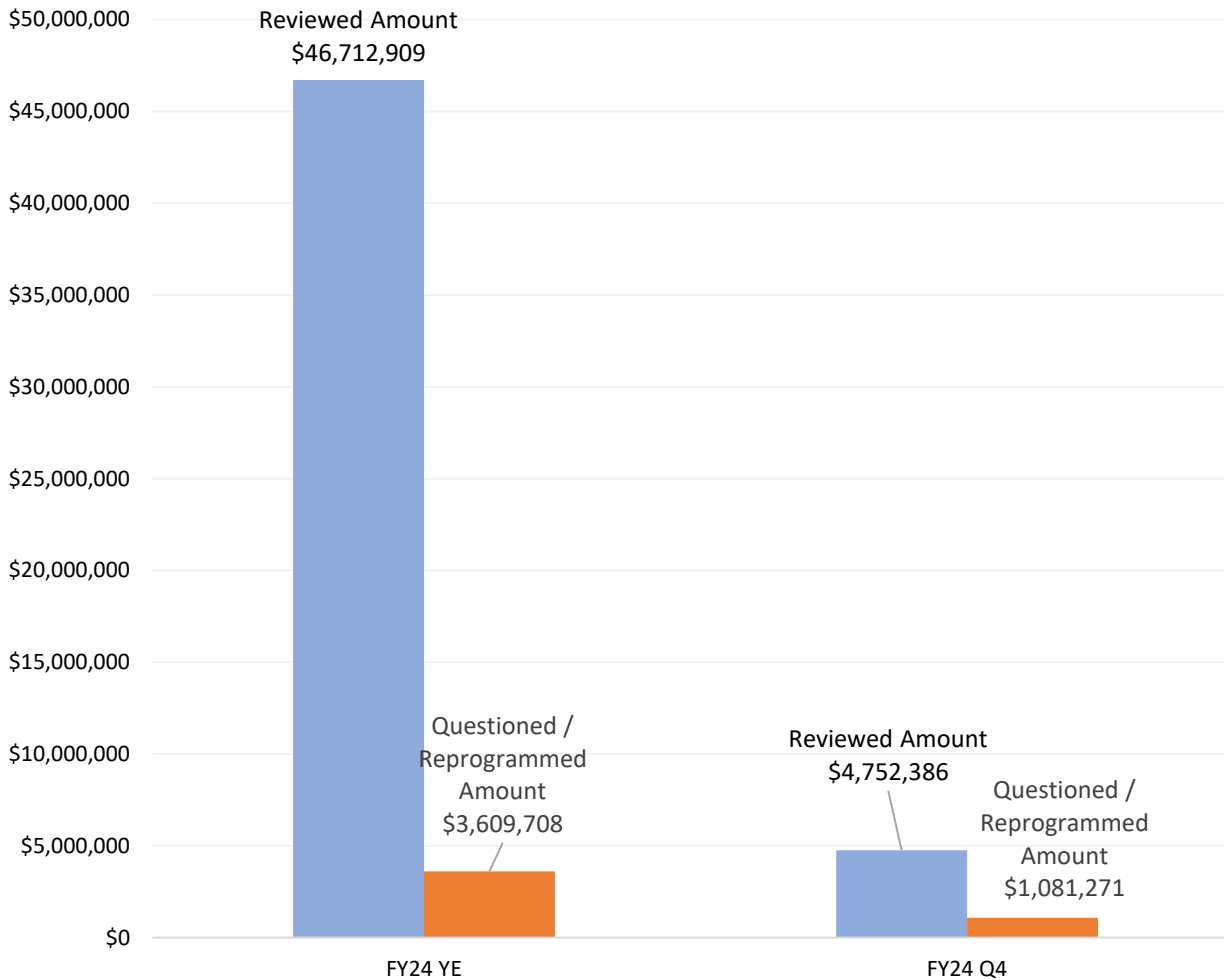
Agency Representation



Completed 4 Audits:

- Real Estate Mgmt. System
- Rail COOP
- Contract Price Structures
- Operations Central Instruction

Completed: Contract, Financial & Compliance Audits



Delivered financial audits that reviewed \$46M of funding for FY24 YE and \$4.7M for FY24 Q4 and identified \$3.6M and \$1M, respectively, for reprogramming.








In Progress: MAS Audit Activity

Agency Representation



- 7 Performance Audits
- 69 Contract, Financial and Compliance Audits

In Progress: Performance Audits

	Audit Title	Description	Estimated Completion			
			FY25 Q1 Jul - Sept	FY25 Q2 Oct - Dec	FY25 Q3 Jan - Mar	FY25 Q4 Apr - Jun
1	Special Review Fire Safety Response	Examine the adherence to Metro protocols in response to USG fire alarm activation.				
2	Third Party Risk Management	Assess Metro's third party risk management policy and program, with a focus on management of information security risks.				
3	Eastside Access Improvement Project	Review Metro's process for projecting and managing inflation risk for construction projects.				
4	Business Continuity Plan - Bus	Evaluate the adequacy of Bus Operations' COOP and SOPs to support Bus Operations' mission essential functions during emergencies.				
5	Purple (D-Line) Extension 1	Evaluate the state of processes and planning for final-year activities (testing, certification, training, activation) of PDLE1 transit project prior to start of revenue operations.				
6	Spare Parts Inventory	Assess whether Logistics is managing critical spare parts inventory effectively and in accordance with Metro policies and procedures.				
7	Employee Health Care Benefits	Verify the accuracy and completeness of the health and dental benefits enrollment and the corresponding payroll deductions for all active eligible recipients, excluding represented employee and retirees.				

Next Steps

- Ongoing implementation of performance and financial audits and reporting
- Delivery of Consolidated Audit Reports and Annual Comprehensive Financial Reports (FY 24)
- Focused efforts on MAS quality improvement and value-added audit services