



## Board Report

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### FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 18, 2025

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2025 FOURTH QUARTER AND CUMULATIVE YEAR-END REPORT**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the Management Audit Services (MAS) FY 2025 Fourth Quarter and cumulative FY 2025 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 2025 Fourth Quarter report covers the period from April 1, 2025, through June 30, 2025, and the cumulative FY 2025 year-end for the period from July 1, 2024, through June 30, 2025.

#### **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, Strategic Financial Management, Planning and Development, Program Management, Information Technology, Customer Experience, 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,

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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 2025 Fourth Quarter and FY 2025 year ending June 30, 2025.

**Performance Audits:** Three audits were completed for the fiscal year, and ten were in progress.

**Contract, Financial and Compliance Audits:** 14 audits with a total expenditure value of \$55 million were completed for the quarter. Fifty-three audits with a total expenditure value of \$226 million were completed for the fiscal year, and 73 were in progress.

**Other Audits:** Three audits issued by external firms were completed for the quarter, and 152 audits were completed for the fiscal year.

**Audit Follow-up and Resolution:** Twenty-three recommendations were closed during the quarter, and 37 were closed for the fiscal year.

**Note:** MAS performs audit follow-up for the Office of Inspector General (OIG). From a report issued in the fourth quarter, one audit recommendation was closed, and the remaining 37 were under management review due to the complexity of the observations.

**Department Highlights:** During FY25, MAS successfully passed a triennial dual standards peer review conducted by the Association of Local Government Auditors, initiated reviews of two updated internal audit standards in support of MAS' quality improvement efforts, and hosted a regional training that brought together audit professionals from diverse backgrounds to learn from leading presenters within Metro.

The FY 2025 Fourth Quarter and Cumulative Year-End Report is included as Attachment A.

## **EQUITY PLATFORM**

Management Audit Services' quarterly audit activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. For example, performance audits are selected with consideration of social, governance, environmental, and other relevant risks. In addition, audits of public-facing programs include discussions with program sponsors about how they incorporate equity into their program management. There are no known equity impacts or concerns associated with the audit services conducted during this period.

## **VEHICLE MILES TRAVELED OUTCOME**

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends

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due in part to Metro's significant investment in rail and bus transit.\* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it provides information on audits in support of Metro's various projects and programs. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item generally supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*\*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.*

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Management Audit Services FY 2025 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 2025 Fourth Quarter and Cumulative Year-End Report

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## Fiscal Year 2025 Fourth Quarter and Cumulative Year-End Report



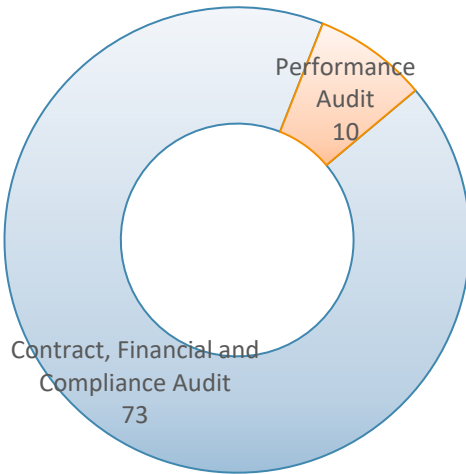
**MANAGEMENT  
AUDIT SERVICES**

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# Executive Summary

In Progress Audits  
as of June 30, 2025

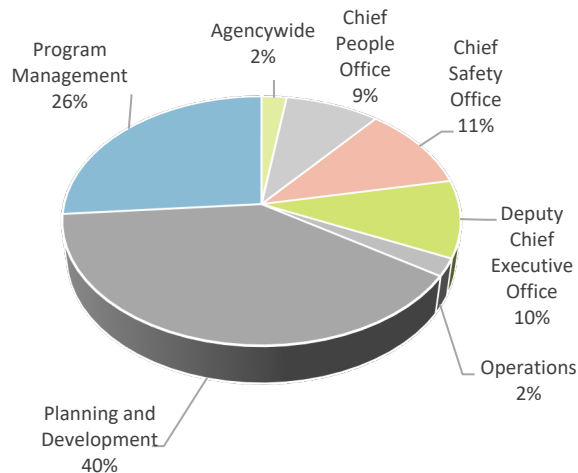


## Summary of In Progress Audit Activity

As of June 30, 2025, Management Audit Services (MAS) had 83 in progress projects, including 10 performance audits and 73 contract, financial, and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 10 open MAS audit recommendations and 37 open for the Office of the Inspector (OIG) General.

Summary of Audit Activity by Department  
Reporting Period  
April 1, 2025 – June 30, 2025



## Summary of Fourth Quarter Completed Audit Activity

MAS completed 17 audit projects and closed 24 open audit recommendations. The projects are comprised of 14 contract, financial and compliance audits, and 3 other audits issued by external firms.

The completed contract, financial and compliance audits are highlighted on page 4. 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.

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# Performance Audits

This section includes performance audits completed according to Generally Accepted Government Auditing Standards and Global Internal Audit Standards, and other types of projects performed by the Performance Audit team to support Metro. Other non-audit services projects may include independent reviews, analyses, or assessments of select areas that aim to support decision-making and promote organizational effectiveness.

More performance audit projects were carried over from FY25 to FY26 than in previous fiscal years. Contributing factors included key staff shortages, delays in receiving necessary documentation, complex data analysis requirements, additional information requests on projects already in the reporting phase, and the implementation of strengthened internal quality review procedures. In FY26, the Performance Audit team will focus on completing these carry-over projects to ensure their timely resolution. This will also position the team to begin work on the priority projects identified in the FY26 Annual Audit Plan.

## ***FY25 Canceled Audits***

### **Supply Chain Ethics**

The audit was included in the FY25 annual audit plan. The overall objective of the project was to assess actions taken by Metro to address current and future supply chain reputational risks and ethical risks. Shortly after the audit had been initiated and prior to the completion of the planning phase of the engagement, MAS decided to cancel the audit because the scope of the work could have impacted a procurement that was in active litigation. Government Audit Standards require auditors to inquire and evaluate the effect initiated or in-process legal proceedings may have on an audit. To avoid interference, MAS withdrew from further work and deferred this audit for reconsideration during a future agency-wide risk assessment.

### **Performance Audit of Personnel Hiring Process**

The audit was included in the FY25 annual audit plan. The overall objective was to examine the hiring process for new employees to identify any challenges. During the initial planning for the project, MAS was informed that Metro had hired an outside consulting firm to conduct an end-to-end review of this process. Because the MAS audit would have been probing similar topic areas, MAS cancelled this project. MAS may return to the area to confirm the implementation of recommendations from this review once the consulting firm has completed its work.

### **Project Management of Planning Phase Activities**

The audit was included in the FY25 annual audit plan. The overall objective was to assess the Planning and Development Mobility Corridors project management processes for major projects during the planning phase, including right-of-way acquisition, environmental, and preliminary design and engineering. The project was not initiated in FY25 and not carried forward to FY26 because at the beginning of FY25, a Senior Executive Officer was moved from Project Control to Planning and Development to assist them in addressing areas intended to be covered by the audit.

# Contract, Financial & Compliance Audits

MAS staff completed 14 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 Palmdale – SR138 Widening (Rancho Vista – Palmdale)	\$14,570,908	\$1,588,538
City of Culver City - Real-Time Bus Arrival Information System	\$2,521,298	\$342,356
City of Artesia - Pioneer at Arkansas Intersection Improvements	\$332,562	\$-
City of Lawndale - Inglewood Avenue Corridor Widening	\$2,097,563	\$365,209
City of Lancaster - Traffic Signal System Modernization	\$2,226,601	\$572,690
City of Calabasas - Mulholland Highway Gap Closure	\$3,340,213	\$1,896
City of Covina - Citrus Avenue Complete Streets Enhancements	\$2,638,555	\$-
City of Baldwin Park - South Baldwin Park Commuter Bikeway	\$1,401,611	\$17,534
City of Bellflower - Bellflower Boulevard Complete Streets	\$2,435,978	\$-
City of Inglewood - ITS (Gap) Closure Improvements	\$15,890,505	\$1,329,490
City of Los Angeles - Eastside Light Rail Pedestrian Linkages	\$5,643,111	\$195,515
City of Alhambra - Pedestrian Improvement/ Walking Viability	\$1,007,295	\$-
Los Angeles World Airports - Century Corridor District Streetscape Plan	\$620,200	\$608,087
<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>		
BYD Coach & Bus, LLC	N/A	N/A
<b>Total Amount</b>	<b>\$54,726,400</b>	<b>\$5,021,315</b>

Details on all contract, financial and compliance audits completed during FY 2025 are included in Appendix C.



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## 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 with Simpson and Simpson, CPAs (Simpson) to conduct the financial and compliance audit of Access Services (Access) for the year ended June 30, 2024. The auditor found that their financial statements present fairly, in all material respects. The auditor also found that Access complied, in all material respects, with applicable compliance requirements.

MAS contracted Simpson to assess the compliance of FAME Corporation (FAME) and the International Institute of Los Angeles (IILA) with the LIFE program's eligibility verification requirements for the period of January 1, 2024, through June 30, 2024. The auditor sampled 59 patrons from each administrator, totaling 118 patrons. Of these, 26 patrons from IILA and 31 from FAME responded, and all were confirmed as meeting the program's minimum income and other eligibility criteria.

Simpson noted an improvement in the response rate during this period compared to prior reporting periods. However, the auditor encountered challenges in contacting the remaining sampled patrons due to inaccurate contact information provided and was unable to verify eligibility. To address this, Simpson recommends implementing a process for patrons to update their contact information when clear inaccuracies are identified. This proactive measure will help maintain data integrity and enhance communication during the verification process. The Metro Program Manager is working with the administrators to implement this recommendation.

### ***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 year 2024. The auditors noted one finding in which a sampled buy transaction had a different transfer date in the production transfer document than the EPA Moderated Transaction System report. No other exceptions were noted for calendar year 2024.

# Audit Support

## *Audit Follow-Up and Resolution*

The tables below summarize the open and closed audit recommendations as of June 30, 2025.

MAS and External Audit Recommendations				
Executive Area	Closed	New	Currently Open	Past Due
Chief Safety Office	4		1	
Operations	11		3	
Strategic Financial Planning	8		6	
Total	23		10	

OIG Audit Recommendations				
Executive Area	Closed	New	Currently Open	Past Due
Operations		35		
Communications	1			
Municipalities		2		
Total	1	37		

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

# FY 2025 Year-End Activity

## ***Cumulative FY 2025 Completed Audit Activity***

As of the FY 2025 year-end, MAS completed 208 audit projects and closed 38 recommendations.

### Summary of Completed Projects

The completed audit projects comprise of:

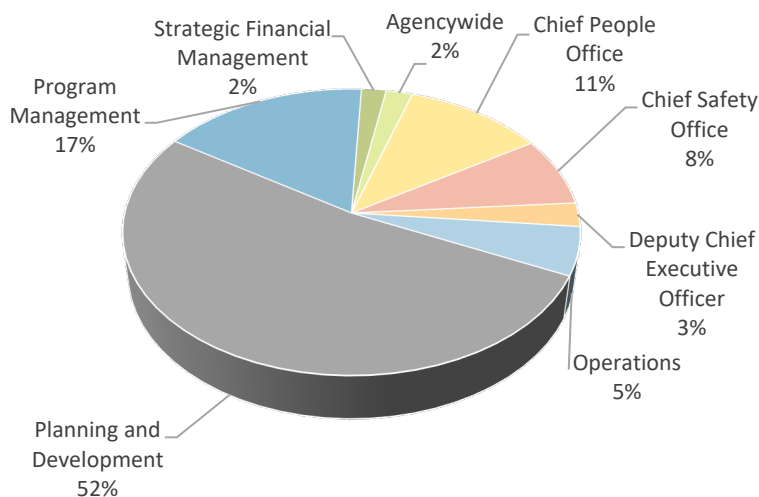
- Three (3) performance audits, which also include independent reviews, analysis, or assessments of select areas;
- 53 contract, financial, and compliance audits with an audit value amount of \$225 million, of which \$21.3 million or 9% of identified unused funds that may be reprogrammed; and
- 152 financial and/or compliance audits issued by external auditors comprised mainly of legally mandated audits of 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 38 open recommendations during the fiscal year.

## ***Cumulative FY 2025 Audit Activity by Department***



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# Department Highlights

## **External Peer Review**

As required by auditing standards, the Association of Local Government Auditors (ALGA) conducted a peer review of MAS' compliance with the Global Internal Audit Standards issued by the Institute of Internal Auditors (Red Book) and the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States (Yellow Book) and practices for the three-year period ending June 30, 2024. The peer review team evaluated MAS' quality control system and concluded that MAS fully complies with Red Book and Yellow Book standards and practices. Only a handful of local government audit organizations nationwide have successfully completed a dual standards peer review.

## **Quality Assurance Improvement Program**

During FY25, MAS initiated a review of the updated Red Book and Yellow Book standards. These standards contain guiding principles that enable effective internal auditing. This review will support MAS' efforts to ensure quality is assessed at both an individual audit engagement level and an internal audit activity level. Additionally, the review will facilitate the identification of corresponding updates required for the MAS' Policy Manual, as well as the Board-approved Audit Charter.

Following is a summary of the various activities to support improved performance, quality, and value-added internal audit services:

- **Completed Activities**
  - Established an internal Quality Assurance (QA) Task Force
  - Task force review of the Red Book standards, including development of corresponding updates to MAS policies and procedures and Audit Charter
- **In-progress Activities**
  - Task force preliminary review of the Yellow Book standards
- **Upcoming Activities**
  - Task force development of updates to MAS policies and procedures and Audit Charter based on Yellow Book standards
  - Finalize MAS' Policy Manual and procedures in TeamMate, the electronic work paper system, to ensure consistent procedures across MAS engagements
  - Finalize comprehensive review and update of MAS Audit Charter for Board approval in early 2026
  - Initiate Internal Quality Self-Assessment for FY25: Assessment will evaluate MAS' conformance against the updated standards

### ***ALGA Regional Training***

During FY25, MAS hosted the ALGA Regional Training, titled *Navigating Governance: From AI to Logistics and Everything in Between*, at Metro Headquarters. The training brought together public sector audit professionals for two days of comprehensive training and networking. Attendees earned continuing professional education (CPE) credits through sessions covering a wide range of governance topics. Day 1 featured discussions led by Metro’s Diversity and Economic Opportunity Department, as well as sessions on Generative AI privacy and security, single audits, and other topics. Day 2 featured two tracks, which explored practical audit strategies through hands-on inventory walk-throughs led by Metro Audit and Logistics staff. The training highlighted real-world insights from leaders across government, academia, and consulting, reinforcing best practices in accountability, compliance, and transparency.

## Appendix A

Performance Audit - In Progress Audits as of June 30, 2025				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	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.	8/2025
2	Chief People Office	24-PEN-P01 – Employee Pension Benefits	Verify the accuracy of pension payroll deductions and contributions for active eligible employees.	8/2025
3	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 employees and retirees, and confirm elected coverages correspond with payroll deductions and benefits received.	10/2025
4	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.	10/2025
5	Program Management / Operations	25-CON-P01 - Gold Line Extension Phase 2B	Evaluate Metro's oversight of the Metro Gold Line Foothill Extension Construction Authority's project management of Gold Line Extension Phase 2B Project, and Metro Operations' project management over final year processes leading to revenue service.	10/2025
6	Planning and Development	25-PLN-P01 - Project Grant Funding	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.	11/2025
7	Deputy Chief Executive Officer	25-DEO-P01 - Small Business Enterprise (SBE)/Disadvantaged Business Enterprise (DBE) Certification Processes	Evaluate if DEOD's SBE/DBE certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.	11/2025
8	Program Management	25-CON-P02 - Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.	11/2025
9	Chief Safety Office	24-SEC-P01 – Physical Security Monitoring Equipment	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	1/2026
10	Chief Safety Office	25-SEC-P02 - Safety Response to Reported Incidents	Evaluate whether existing policies and procedures are adequate to ensure timely decision-making and effective deployment of resources in response to safety-related service requests from employees and the public.	2/2026

Schedule Adjustment Notes

In the fourth quarter of FY 25, adjustments were made to the completion dates for various performance audit projects in varying stages. The completion dates for the East Side Improvement project (24-CON-C01) and the Purple (D-Line) Extension 1 (24-CON-P01) project were adjusted due to the project reports still undergoing final quality reviews. The Employee Pension Benefits project (24-PEN-P01) and Employee Health Care Benefits project (24-BEN-P01) are complementary projects with complexities that required expanded due diligence over data analysis. The Physical Security Monitoring Equipment project (24-SEC-P01) required additional follow-up as of the end of the fourth quarter, and the completion date of the Gold Line Extension Phase 2B project (25-CON-P01) project was adjusted because the project had been temporarily placed on hold in the third quarter. The adjusted dates are deemed reasonable and attainable.

## Appendix B

Performance Audit - Audits Completed as of June 30, 2025				
No.	Area	Audit Number & Title	Description	Date of Completion
1	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
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.	11/2024
3	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.	12/2024

## Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Planning & Development	23-HWY-A09 - Grant	City of Downey	7/2024
2	Planning & Development	24-HWY-A06 - Grant	City of Malibu	8/2024
3	Planning & Development	23-PLN-A04 - Grant	City of Burbank	8/2024
4	Planning & Development	24-PLN-A16 - Grant	City of Bellflower	8/2024
5	Planning & Development	24-HWY-A02 - Grant	City of Hermosa Beach	9/2024
6	Planning & Development	24-HWY-A07 - Grant	City of Glendale	9/2024
7	Planning & Development	23-HWY-A10 - Grant	City of South Gate	9/2024
8	Program Management	23-CON-A03 - Contract	JCE Structural Engineering Group, Inc.	9/2024
9	Operations	24-OPS-A03 - Contract	New Flyer of America, Inc.	9/2024
10	Planning & Development	25-HWY-A03 - Grant	City of Bellflower	9/2024
11	Planning & Development	23-PLN-A10 - Grant	City of Huntington Park	9/2024
12	Planning & Development	24-PLN-A24 - Grant	City of Inglewood	9/2024
13	Planning & Development	24-HWY-A05 - Grant	City of Inglewood	9/2024



## Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
14	Planning & Development	23-PLN-A11 - Grant	County of Los Angeles Department of Public Works	9/2024
15	Planning & Development	24-PLN-A22 - Grant	City of Downey	9/2024
16	Program Management	22-CON-A04 - Contract	CTI Environment, Inc.	10/2024
17	Planning & Development	20-HWY-A09 - Grant	City of Hawthorne	10/2024
18	Planning & Development	24-PLN-A25 - Grant	Beach Cities Health District	11/2024
19	Planning & Development	23-PLN-A01 - Grant	City of Carson	11/2024
20	Planning & Development	25-PLN-A02 - Grant	City of West Hollywood	11/2024
21	Program Management	23-CON-A01 - Contract	Gruen Associates	11/2024
22	Planning & Development	24-PLN-A07 - Grant	City of Burbank	12/2024
23	Planning & Development	24-PLN-A09 - Grant	City of Pasadena	12/2024
24	Planning & Development	25-PLN-A03 - Grant	City of Burbank	12/2024
25	Planning & Development	25-PLN-A07 - Grant	City of Santa Monica	12/2024
26	Planning & Development	24-HWY-A08 - Grant	City of South Gate	12/2024

## Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
27	Planning & Development	25-PLN-A11 - Grant	City of Torrance	12/2024
28	Planning & Development	25-PLN-A14 - Grant	City of Pomona	12/2024
29	Planning & Development	25-HWY-A02 - Grant	City of Cerritos	12/2024
30	Planning & Development	24-PLN-A15 - Grant	City of Inglewood	12/2024
31	Planning & Development	24-HWY-A09 - Grant	City of Lakewood	12/2024
32	Program Management	23-CON-A02 - Contract	Grimshaw Architects P.C.	2/2025
33	Planning & Development	25-PLN-A04 - Grant	City of Glendale	3/2025
34	Program Management	24-CON-A06(A) - Contract	JAD & Associates, LLC	3/2025
35	Planning & Development	24-PLN-A18 - Grant	City of Palmdale	3/2025
36	Planning & Development	25-PLN-A10 - Grant	Destination Crenshaw through the City of Los Angeles	3/2025
37	Program Management	24-CON-A04(A) - Contract	Abadi-Abadi Consulting Services	3/2025
38	Planning & Development	25-HWY-A06 - Grant	City of South Gate	3/2025
39	Planning & Development	25-HWY-A08 - Grant	City of Burbank	3/2025

## Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
40	Planning & Development	24-HWY-A01 - Grant	City of Palmdale	4/2025
41	Planning & Development	23-PLN-A18 - Grant	City of Culver City	4/2025
42	Planning & Development	25-HWY-A07 - Grant	City of Artesia	4/2025
43	Planning & Development	24-PLN-A05 - Grant	City of Lancaster	5/2025
44	Planning & Development	24-PLN-A11 - Grant	City of Lawndale	5/2025
45	Planning & Development	25-PLN-A17 - Grant	City of Calabasas	5/2025
46	Planning & Development	25-PLN-A13 - Grant	City of Covina	5/2025
47	Planning & Development	25-PLN-A28 - Grant	City of Baldwin Park	5/2025
48	Planning & Development	25-PLN-A20 - Grant	City of Inglewood	6/2025
49	Planning & Development	25-PLN-A09 - Grant	City of Bellflower	6/2025
50	Planning & Development	25-PLN-A23 - Grant	City of Los Angeles	6/2025
51	Operations	24-OPS-A01 - Contract	BYD Coach & Bus, LLC	6/2025
52	Planning & Development	25-PLN-A21 - Grant	City of Alhambra	6/2025

## Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
53	Planning & Development	19-PLN-A08 - Grant	Los Angeles World Airports	6/2025

## Appendix D

Open Audit Recommendations as of June 30, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	21 SEC P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	3 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
2	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	5	Logistics Management should eliminate terminated and retired employees' master key access to facilities by either replacing all locks with electronic key card access or altering locks to prevent older master keys from gaining access to the buildings.	10/31/2024	12/31/2025
3	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	6	Ensure newly issued keys are assigned to appropriate individuals. When an individual no longer needs a key, collect and log the key's return.	10/31/2024	12/31/2025
4	Strategical Financial Management	23-ITS-P01 - Performance Audit of Third-Party Risk Management - Outsourced Service Providers	4 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
5	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	2	Emergency Management should collaborate with Bus Operations for annual Bus COOP training and testing.	12/31/2025	

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

## Appendix E

Open OIG Audit Recommendations as of June 30, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	1	Utilize effective methods for easy graffiti removal such as specialized coating on the shelter and bench surfaces.		
2	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	2	Ensure that all required cleanings are performed within the specified goal date (e.g., ten days from receipt of the report).		
3	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	3	Continue to report graffiti to the respective jurisdiction that should implement regular graffiti removal practices to maintain the cleanliness of the bus shelter/bench.		
4	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	4	Develop a procedure to log in and follow up with notifications to local municipalities, their contractors, and/or other transit agencies to take action on the issues reported.		
5	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	5	Continue to perform regular inspections of the e-paper displays to ensure that the units are free of graffiti; advise the contractor if graffiti is seen or if other maintenance is needed.		
6	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	6	Investigate if there is any screen protector, paint, or texturizer that could be applied to these displays to make them harder to graffiti and faster or easier to clean of graffiti.		
7	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	7	For Metro-owned bus stops, continue to implement regular cleaning schedules and increase the frequency of cleaning for the locations that repeatedly exhibit cleanliness issues.		
8	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	8	For non-Metro-owned bus stops, report cleanliness issues to the respective local municipalities, and their contractors.		
9	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	9	Work with respective local municipalities to provide notices or flyers to educate the public on how to dispose of trash/waste properly at bus stops.		
10	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	10	Work with respective local municipalities to provide an information campaign by media, signs, notices, or flyers to educate the public on how to dispose of trash/waste properly at bus stops.		
11	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	11	Establish a cleanliness hotline as part of the digital dashboard program and a new agency customer interaction application under development.		
12	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	12	Request the local municipalities ensure that the riding public is provided with reasonable comfort and convenience such as shelter seating at bus stops maintained by them.		
13	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	13	Properly trim, prune, and maintain trees near bus stops to ensure the visibility of the bus stop sign. Ask municipalities to trim landscapes at bus stops maintained by them.		
14	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	14	Address the noted issues promptly to ensure that the riding public is provided with reasonable comfort and necessary information (e.g., proper signage).		

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

## Appendix E

Open OIG Audit Recommendations as of June 30, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
15	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	15	Consider communicating bus stop repairs to the public with a public-facing “dashboard” on Metro’s website that will provide transparency and information to the public about any reported bus stops that require maintenance or repair.		
16	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	16	Continue to test and determine the effectiveness of the independent solar panel lights on top of the signposts. Consider expanding use of the solar lights if the cost and benefits of these lights prove to be a good solution.		
17	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	17	Identify bus stop zones that need improved lighting and create a light improvement plan for Metro-maintained stops or inform the local municipality to enhance passenger safety for municipalities-maintained stops with improved lighting.		
18	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	18	Post Metro Maintenance Dashboard contact information allowing passengers to easily report lighting and other issues at the bus stop(s).		
19	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	19	Consider sustainable options like lights generated by small solar panels or other environmentally conscious methods, as stated earlier.		
20	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	20	Monitor the effectiveness of the Bus Lane Enforcement (BLE) program in keeping Metro bus lanes clear from parked vehicles across the system to improve transit safety and reliability.		
21	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	21	Have the bus operator inform the BOC to inform the road supervisor of vehicles at the bus stop to get the plate number and call traffic enforcement for towing.		
22	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	22	Discuss with the local municipalities the development of a plan to perform outreach, fencing, or similar deterrents to discourage homeless encampments.		
23	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	23	Work with Metro-related departments to collaborate with local governments, community organizations, and/or other transit agencies to provide outreach and support services and programs to homeless individuals.		
24	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	24	Post signs at the bus stops and in buses where to go or call for shelter and other services.		
25	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	25	Discuss with local law enforcement and Metro System Security & Law Enforcement the possibility of assigning Security or law enforcement personnel around highly active bus stops to discourage or prevent homeless individuals and other people from engaging in illegal activities at Metro-maintained bus stops.		
26	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	26	Coordinate with law enforcement agencies, municipalities, and other transit agencies sharing the same bus stop, and local business security to determine how this issue can be effectively addressed and resolved. Request municipalities to assign law enforcement or personnel to discourage and address illicit activities near bus stops.		
27	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	27	Discuss with municipalities their arrangements for improved security for municipalities-maintained bus stops.		

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



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Open OIG Audit Recommendations as of June 30, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
28	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	28	Coordinate with law enforcement to implement security measures that will deter illegal activities in municipality-maintained bus stop zones. Join the task force that is operating the effort. Request municipalities to assign law enforcement or other personnel to address illegal activities.		
29	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	29	Metro should work with other local entities that have programs to provide resources and opportunities to help vulnerable individuals disengage from illegal activities.		
30	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	30	Obtain updates on the Figueroa Corridor Human Trafficking Initiative and review any recommendations.		
31	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	31	Consider additional safety measures at Metro bus stops where this kind of activity is regularly observed.		
32	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	32	Regularly inspect all Metro signposts, sidewalks, and Metro-owned bus stops, shelters, and seats to ensure that they are safe and there are no hazards to the public.		
33	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	33	Report any hazardous areas that may lead to an injury or lawsuit involving bus stops at public easements. Use the dashboard recommended in Attachment C.		
34	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	34	Enforce contractor compliance with the terms of the contract; i.e., e-paper displays are completely installed and maintained, and all required documentation such as photos of the units are submitted.		
35	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	35	Continue to regularly inspect the e-paper displays to ensure that they are functioning properly.		
36	Municipalities	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	37	Monitor and correct deficiencies at bus stops on public easements they maintain and do not rely solely on Metro reporting cleanliness or safety issues.		
37	Municipalities	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	38	Regularly monitor and take corrective action to clean and repair bus stops maintained by the municipality.		

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



## Management Audit Services

# FY 2025 Fourth Quarter and Cumulative Year-end Report

Finance, Budget & Audit Committee  
September 18, 2025

**Kimberly Houston**

Deputy Chief Auditor

**Lauren Choi**

Senior Director, Audit

**Alfred Rodas**

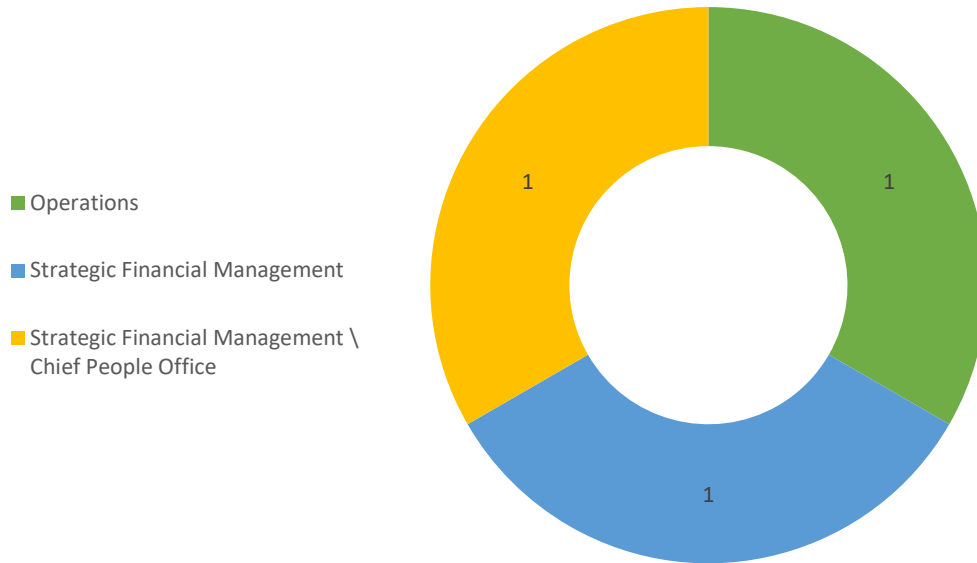
Senior Director, Audit



MANAGEMENT  
AUDIT SERVICES

# Completed: Performance Audits

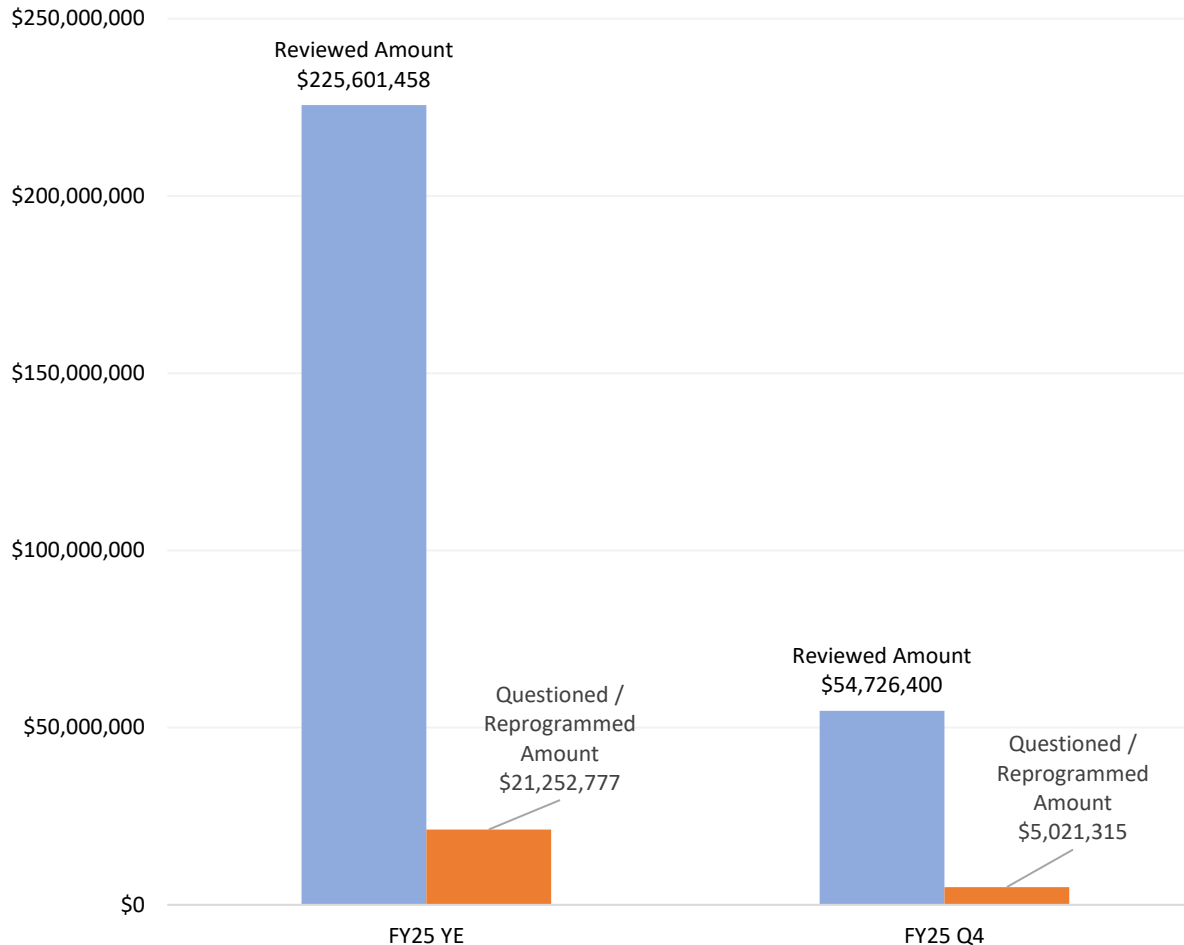
## Agency Representation



## Completed 3 Audits:

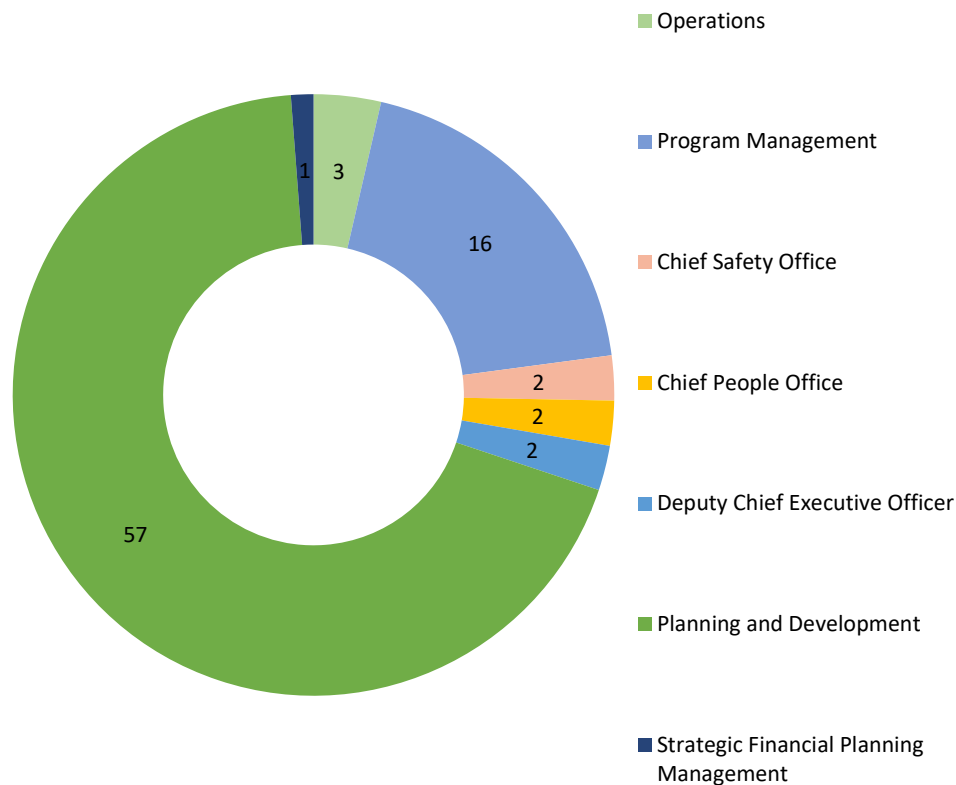
- Critical Spare Parts Inventory
- Third-Party Risk Management
- Bus Operations' Continuity of Operations Plan

# Completed: Contract, Financial & Compliance Audits













- Delivered financial audits that reviewed \$226M of funding for FY25 YE and \$55M for FY25 Q4 and identified \$21M and \$5M, respectively, for reprogramming.

# In Progress: MAS Audit Activity



- 10 Performance Audits
- 73 Contract, Financial and Compliance Audits

# In Progress: Performance Audits

	Audit Title	Description	Estimated Completion			
			FY26 Q1 Jul - Sept	FY26 Q2 Oct - Dec	FY26 Q3 Jan - Mar	FY26 Q4 Apr - Jun
1	Eastside Access Improvement Project (EAIP)	Assess whether usage of EAIP funds complied with applicable terms, conditions, and restrictions.				
2	Employee Pension Benefits	Verify the accuracy of pension payroll deductions and contributions for active eligible employees.				
3	Employee Health Care Benefits	Verify the accuracy and completeness of the health and dental benefits enrollment and payroll deductions.				
4	Physical Security Monitoring Equipment	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.				
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	Gold Line Extension Phase 2B	Evaluate Metro's oversight of the Metro Gold Line Foothill Extension Construction Authority's project management of Gold Line Extension.				
7	Project Grant Funding	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.				
8	SBE and DBE Certification Processes	Evaluate if DEOD's SBE/DBE certification procedures effectively identify eligible businesses and comply with relevant laws.				
9	Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating risks.				
10	Safety Response to Reported Incidents	Evaluate whether existing policies and procedures are adequate in response to safety-related service requests from employees and the public.				

## Next Steps

- Ongoing implementation of performance and financial audits and reporting
- Delivery of Consolidated Audit Reports and Annual Comprehensive Financial Reports (FY 25)
- Focused efforts on MAS quality improvement and value-added audit services