



## Board Report

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### FINANCE, BUDGET AND AUDIT COMMITTEE NOVEMBER 14, 2018

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2019 FIRST QUARTER REPORT**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the first quarter report of Management Audit Services (Management Audit) for the period ending September 30, 2018.

#### **ISSUE**

Management Audit must provide a quarterly activity report to the Finance, Budget and Audit Committee which includes information on: completed audits, audits that are in progress, our follow-up activities and any other pertinent matters.

#### **BACKGROUND**

At its January 2005 meeting, the Board designated the Executive Management and Audit Committee (EMAC) as their audit committee. The EMAC requested a quarterly report from Management Audit on its audit activities. In July 2011, the audit responsibilities were transferred to the Finance, Budget and Audit Committee. This report fulfills the requirement for the first quarter of FY 2019.

#### **DISCUSSION**

Management Audit provides audit support to the Chief Executive Officer (CEO) and his executive management team. The audits we perform are categorized as either internal or external. Internal audits evaluate the processes and controls within the agency. External audits analyze contractors, cities or non-profit organizations that we conduct business with or receive Metro funds.

There are four groups in Management Audit: Performance Audit, Contract Pre-Award Audit, Incurred Cost Audit and Audit Support and Research Services. Performance Audit is primarily responsible for all audits for Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management and Executive Office. Contract Pre-Award and Incurred Cost Audit are responsible for external audits in Planning and Development, Program Management and Vendor/Contract Management. All of these units provide assurance to the public that internal processes are efficiently, economically, effectively,

ethically, and equitably performed by conducting audits of program effectiveness and results, economy and efficiency, internal controls, and compliance. Audit Support and Research Services is responsible for administration, financial management, budget coordination, and audit follow-up and resolution tracking.

The summary of Management Audit activity for the quarter ending September 30, 2018 is as follows:

Internal Audits: One internal audit was completed during the first quarter. As of September 30, 2018, 13 internal audits were in process.

External Audits: Six contract pre-award audits with a total value of \$32.7 million and nine incurred cost audits with a total value of \$925 million were completed during the first quarter. One contract pre-award audit and 51 incurred cost audits were in process.

Audit Follow-up and Resolution: Twenty-one recommendations were closed during the first quarter. In addition, 104 recommendations for the OIG were closed during the first quarter. Details of all open, extended, and closed recommendations can be found in the First Quarter Board Box titled "Status of Audit Recommendations".

Management Audit's FY 2019 first quarter report is included as Attachment A.

### **NEXT STEPS**

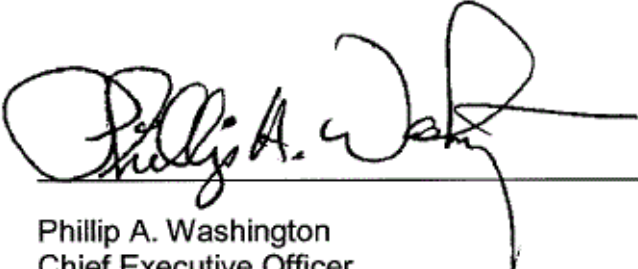
Management Audit will provide the FY 2019 Second Quarter report of audit activity to the Board at the February 2019 Finance, Budget and Audit Committee meeting.

### **ATTACHMENT**

Attachment A - Management Audit Services Quarterly Report to the Board for the period ending September 30, 2018

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Phillip A. Washington  
Chief Executive Officer

**MANAGEMENT AUDIT SERVICES  
QUARTERLY REPORT TO THE BOARD**

**Los Angeles County Metropolitan  
Transportation Authority**

***First Quarter  
FY 2019***



**Metro™**

# *TABLE OF CONTENTS*

|  |    |
|--|----|
| EXECUTIVE SUMMARY                                |    |
| Summary of Audit Activity                        | 1  |
| EXTERNAL AUDITS                                  |    |
| Contract Pre-Award Audit                         | 3  |
| Incurred Cost Audit                              | 3  |
| INTERNAL AUDITS                                  |    |
| Performance Audit of the Pre-Award Process       | 4  |
| AUDIT SUPPORT SERVICES                           |    |
| Audit Follow-Up and Resolution                   | 5  |
| SUMMARY TABLES                                   |    |
| Appendix A – Contract Pre-Award Audits Completed | 6  |
| Appendix B – Incurred Cost Audits Completed      | 7  |
| Appendix C – Internal Audits in Process          | 8  |
| Appendix D – Open Audit Recommendations          | 10 |
| Appendix E – OIG Open Audit Recommendations      | 14 |

# *EXECUTIVE SUMMARY*

## Summary of Audit Activity

During the first quarter of FY 2019, sixteen (16) projects were completed. These include:

### Internal Audits

- Performance Audit of the Pre-Award Process.

### Pre-Award Audits

- Three (3) Independent Auditor's Reports on Agreed-Upon Procedures for the Cost Proposal for the Metro Countywide Bikeshare Program;
- Two (2) Independent Auditor's Reports on Agreed-Upon Procedures for the Cost Proposal for the Metro Eastside Transit Corridor Phase 2 Project; and
- Independent Auditor's Report on Agreed-Upon Procedures for the Cost Proposal for the SR-91 Auxiliary Lane Improvement Project.

### Incurred Cost Audits

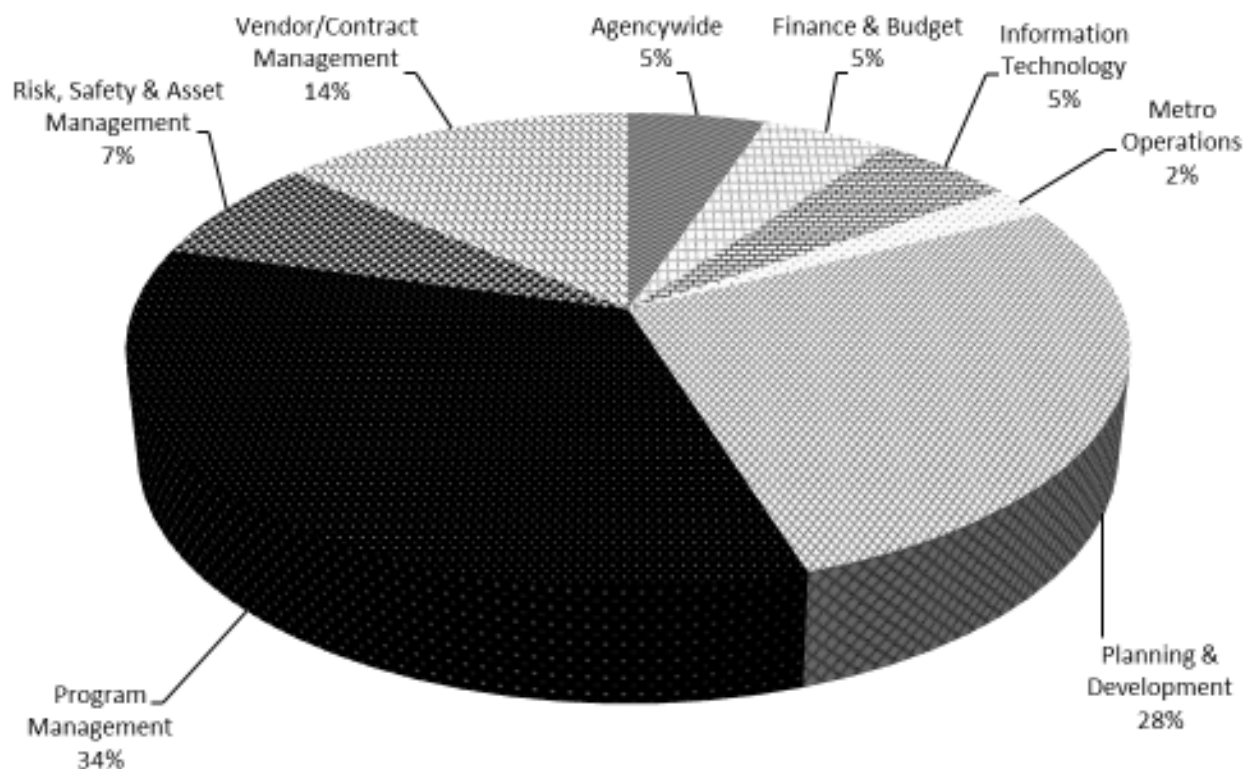
- Independent Auditor's Report on Agreed-Upon Procedures of Ramos Consulting Services, Inc.'s final indirect cost rate for calendar year 2016 for Regional Connector Transit Corridor Project;
- Independent Auditor's Report on Agreed-Upon Procedures of DHS Consulting, Inc.'s final indirect cost rate for fiscal year 2016 for Regional Connector Transit Corridor Project;
- Independent Auditor's Report on Agreed-Upon Procedures of Brierley Associates' final indirect cost rate for calendar year 2013 for Regional Connector Transit Corridor Project;
- Two (2) Independent Auditor's Reports on Agreed-Upon Procedures of AMEC Environment & Infrastructure, Inc.'s final indirect cost rate for calendar year 2013 and 2016 for Westside Purple Line Extension Project;
- Independent Auditor's Report on Agreed-Upon Procedures of Safe Utility Exposure, Inc.'s final indirect cost rate for fiscal year 2015 for Westside Purple Line Extension Project;
- Independent Accountant's Report of Arcadis U.S., Inc.'s indirect rate for calendar year 2016 for Regional Connector Transit Corridor Project;
- Independent Auditor's Report on Agreed-Upon Procedures for the Close-out Review of City of Torrance's PCH Calle Mayor to Janet Lane Safety Improvements Project; and
- Independent Auditor's Report on Agreed-Upon Procedures for the Close-out Review of City of Signal Hill's Cherry Avenue Widening Project.

The completed external audits are discussed on page 3. Discussions of the internal audits begin on page 4.

## EXECUTIVE SUMMARY

Sixty-five projects were in process as of September 30, 2018; these included 13 internal audits 51 incurred cost audits and one contract pre-award audit.

The following chart identifies the functional areas where Management Audit focused audit staff time and efforts during first quarter FY 2019:



### Audit follow-up:

- Twenty-one (21) recommendations were closed during the first quarter. At the end of the quarter there were 27 open audit recommendations.
- In addition, we closed 104 OIG recommendations. At the end of the quarter there were 58\* open audit recommendations.

\*This total does not include recommendations for the 1) Audit of Westside Purple Line Extension Section 2- Modification No. 52, 2) Review of Metro Rail Services Disruptions, 3) Increasing Public Transit and Ridership Use Study and 4) Metro Transit Security Performance Review, as the management response and/or estimated completion dates are still pending.

# *EXTERNAL AUDITS*

## Contract Pre-Award Audit

Contract Pre-Award Audit provides support to the Vendor/Contract Management Department for a wide range of large-dollar procurements and projects. This support is provided throughout the procurement cycle in the form of pre-award, interim, change order, and closeout audits, as well as assistance with contract negotiations.

During first quarter FY 2019, six audits were completed, reviewing a net value of \$32.7 million. Auditors questioned \$1.9 million or 6% of the proposed costs. The audits supported procurements in the following areas:

- Metro Countywide Bikeshare Program;
- Metro Eastside Transit Corridor Phase 2 Project; and
- SR-91 Auxiliary Lane Improvement Project.

One contract pre-award audit was in process as of September 30, 2018. Details on Contract Pre-Award Audits completed during first quarter FY 2019 are included in Appendix A.

## Incurred Cost Audit

Incurred Cost Audit conducts audits for Planning and Development's Call-for-Projects program, Program Management's highway projects, federally funded transportation programs, and various other transportation related projects, including Caltrans projects. The purpose of the audits is to ensure that funds are spent in accordance with the terms of the grants/contracts and federal cost principles.

Incurred Cost Audit completed nine audits during first quarter FY 2019. We reviewed \$925 million of funds and identified \$41.7 million or 5% of unused funds that may be reprogrammed. Fifty-one incurred cost audits were in process as of September 30, 2018.

Details on Incurred Cost Audits completed during first quarter FY 2019 are included in Appendix B.

# *INTERNAL AUDITS*

For the first quarter of FY 2019, one internal audit was completed. Thirteen internal audits were in process as of September 30, 2018. The internal audits in process are listed in Appendix C.

The following internal audit was issued in the first quarter FY 2019.

## *Performance Audit of the Pre-Award Process*

The audit objective was to determine Vendor/Contract Management's (VCM) compliance with the Acquisition Policy and Procedure Manual Acquisition Procedures (ACQ-2) specifically in the collection and maintenance of required key documentation (e.g. Independent Cost Estimate, Technical Evaluation Criteria, etc.) supporting contract award decisions and the extent of utilization of key documentation in contract award decisions.

We found that VCM is generally in compliance with ACQ-2 and Federal Transit Administration (FTA) in maintaining and utilizing required key documentation to select contract awards. However, we found instances when certain key documents used for award decisions were not on file.

Management concurred with the finding and initiated steps towards migrating all the procurement process electronically which will provide a link to Metro's centralized electronic retention system for back-up file.



# AUDIT SUPPORT SERVICES

## Audit Follow-Up and Resolution

During the first quarter, 21 recommendations were completed and closed. At the end of the quarter there were 27 outstanding audit recommendations. The table below summarizes the first quarter activity.

### Summary of MAS and External Audit Recommendations As of September 30, 2018

| Executive Area              | Closed | Late | Extended | Not Yet Due/Under Review | Total Open |
|-----------------------------|--------|------|----------|--------------------------|------------|
| Communications              |        |      | 5        |                          | 5          |
| Finance and Budget          | 1      |      | 1        | 1                        | 2          |
| Human Capital & Development | 5      |      |          |                          |            |
| Information Technology      | 2      |      | 3        | 7                        | 10         |
| Metro Operations            | 11     |      | 4        | 4                        | 8          |
| Planning and Development    | 2      |      |          |                          |            |
| Vendor Contract Management  |        |      |          | 2                        | 2          |
| Totals                      | 21     |      | 13       | 14                       | 27         |

In addition to the above MAS and external audit recommendations, we closed 104 recommendations for the Office of the Inspector General (OIG). At the end of the quarter there were 58\* outstanding OIG audit recommendations.

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

\*This total does not include recommendations for the 1) Audit of Westside Purple Line Extension Section 2- Modification No. 52, 2) Review of Metro Rail Services Disruptions, 3) Increasing Public Transit and Ridership Use Study and 4) Metro Transit Security Performance Review, as the management response and/or estimated completion dates are still pending.

## Appendix A

| Contract Pre-Award Audit FY19 - Audits Completed During First Quarter |                        |   |                                |           |             |                |
|---|------------------------|---|--------------------------------|-----------|-------------|----------------|
| No.   | Area                   | Audit Number & Type                             | Contractor                     | Frequency | Requirement | Date Completed |
| 1   | Planning & Development | 18-PLN-A18 - Attestation Agreed-upon Procedures | Bcycle, LLC                    | 2nd Time  | VCM Policy  | 7/2018         |
| 2   | Planning & Development | 18-PLN-A19 - Attestation Agreed-upon Procedures | Accel Employment Service, Inc. | 2nd Time  | VCM Policy  | 7/2018         |
| 3   | Planning & Development | 18-PLN-A20 - Attestation Agreed-upon Procedures | Alameda Bicylce, Inc.          | 2nd Time  | VCM Policy  | 7/2018         |
| 4   | Program Management     | 18-CON-A23 - Attestation Agreed-upon Procedures | TRC Solutions, Inc.            | Once      | VCM Policy  | 8/2018         |
| 5   | Planning & Development | 19-PLN-A02 - Attestation Agreed-upon Procedures | HNTB Corporation               | Once      | VCM Policy  | 9/2018         |
| 6   | Planning & Development | 19-PLN-A03 - Attestation Agreed-upon Procedures | Mott MacDonald Group, Inc.     | Once      | VCM Policy  | 9/2018         |

## Appendix B

| Incurred Cost Audit FY19 - Audits Completed During First Quarter |                        |                                     |   |           |  |                |
|--|------------------------|-------------------------------------|---|-----------|--|----------------|
| No.  | Area                   | Audit Number & Type                 | Auditee                                 | Frequency | Requirement  | Date Completed |
| 1  | Program Management     | 18-CON-A07 - Agreed-Upon Procedures | DHS Consulting, Inc.                    | Once      | V/CM   | 7/2018         |
| 2  | Program Management     | 17-CON-A31 - Agreed-Upon Procedures | Brierley Associates                     | Once      | V/CM   | 7/2018         |
| 3  | Planning & Development | 18-PLN-A05 - Closeout               | City of Signal Hill                     | Once      | Per Project Manager's request and MOU.P0008095 terms | 7/2018         |
| 4  | Program Management     | 18-CON-A18 - Agreed-Upon Procedures | AMEC Environment & Infrastructure, Inc. | Once      | V/CM   | 8/2018         |
| 5  | Program Management     | 17-CON-A43 - Agreed-Upon Procedures | Safe Utility Exposure, Inc.             | Once      | V/CM   | 8/2018         |
| 6  | Program Management     | 18-CON-A19 - Agreed-Upon Procedures | AMEC Environment & Infrastructure, Inc. | Once      | V/CM   | 8/2018         |
| 7  | Program Management     | 18-HWY-A02 - Closeout               | City of Torrance                        | Once      | Per Project Manager's request and MOU.MR312.58 terms | 8/2018         |
| 8  | Program Management     | 18-CON-A08 - Agreed-Upon Procedures | Ramos Consulting Services, Inc.         | Once      | V/CM   | 9/2018         |
| 9  | Program Management     | 18-CON-A15 - Agreed-Upon Procedures | EPC Consultants, Inc.                   | Once      | V/CM   | 9/2018         |

## Appendix C

| Internal Audit FY19 - In Process Audits as of September 30, 2018 |   |  |  |   |                     |                              |
|--|---|--|--|---|---------------------|------------------------------|
| No.  | Area  | Audit Number & Title   | Description  | Frequency                               | Requirement         | Estimated Date of Completion |
| 1  | Vendor / Contract Management                          | 18-VCM-P01 - Annual Audit of Business Interruption Fund  | Evaluate Business Interruption Fund Program.   | 3rd Time; Last Audit a year ago         | Per FY18 Audit Plan | 10/2018                      |
| 2  | Program Management                                    | 16-CON-P04 - Performance Audit of Effectiveness of Quality Assurance Processes                     | To evaluate the efficiency and effectiveness of quality assurance practices and process for minor projects (less than 100 million).  | First Time                              | Per FY16 Audit Plan | 11/2018                      |
| 3  | Information Technology Services / Metro Operations    | 18-ITS-P01 - Performance Audit of HASTUS - Confirmation of Collective Bargaining Agreement Changes | Evaluate whether changes from the SMART Collective Bargaining Agreement effective July 1, 2017 were effectively implemented in the HASTUS System, and to assess the adequacy of the implementation plans for the pending system changes.   | First Time                              | Per FY18 Audit Plan | 11/2018                      |
| 4  | Program Management                                    | 18-CON-P01 Performance Audit of Project Management of the Regional Connector Transit Project       | Evaluate the adequacy and effectiveness of project management controls for Regional Connector Project.   | First Time                              | Per FY18 Audit Plan | 11/2018                      |
| 5  | Vendor / Contract Management                          | 18-VCM-P02 - Performance Audit of Tracking of SBE/DBE Goals  | To evaluate the process of tracking and monitoring SBE/DBE goals achievement and reliability of the information captured by DEOD.  | First Time                              | Per FY18 Audit Plan | 11/2018                      |
| 6  | Vendor / Contract Management                          | 16-VCM- P01 - Performance Audit of P-Card  | Evaluate compliance to P-card purchase requirements.   | 3rd Time; Last audits 4 and 8 years ago | Per FY16 Audit Plan | 11/2018                      |
| 7  | Agency-Wide   | 17-AGW-P01 - Performance Audit of Consultant Hours   | Evaluate efficiency and effectiveness of the use of consultants. Phase 1 – This audit will report on the agency-wide use of consultants such as the number of consultants by business unit, nature of work conducted by the consultants, consultant costs and other statistical information during the review period.        | First Time                              | Per FY17 Audit Plan | 12/2018                      |
| 8  | Vendor / Contract Management                          | 17-VCM-P02 - Performance Audit of Change Order Internal Controls                                   | To evaluate the adequacy and effectiveness of internal controls over the Contract Change Order Process, and to evaluate the utilization of Key Information by VCM.   | First Time                              | Per FY17 Audit Plan | 12/2018                      |
| 9  | Human Capital & Development / Finance & Budget        | 17-OMB-P04 - Performance Audit of Position Reconciliation Process                                  | To evaluate the adequacy of the Position Reconciliation Process between the cost centers, Human Capital & Development and Office of Management and Budget.   | 2nd Time; Last Audit 9 years ago        | Per FY17 Audit Plan | 12/2018                      |
| 10   | Metro Operations                                      | 16-OPS-P03 - Performance Audit of Accident Prevention Program                                      | Determine the efficiency and effectiveness of Operations' Accident Prevention Practices.   | First Time                              | Per FY16 Audit Plan | 12/2018                      |
| 11   | Metro Operations                                      | 19-OPS-P01 Performance Audit of Wayside Systems Engineering & Maintenance Training Phase I         | Determine whether existing and newly hired employees of Wayside Systems Engineering & Maintenance completed the required training (technical, safety, and mandated) including required refresher courses; required certification per position is current; and employees have the right certification for the tasks assigned. | First Time                              | Per FY19 Audit Plan | 1/2019                       |
| 12   | Metro Operations / Systems Security & Law Enforcement | 18-AGW-P01 - Performance Audit of Internal Controls over Overtime Payments for AFSCME              | Verify compliance with PUC regulation (e.g. 12 hours workhour limit) for Rail Transit Operation Supervisor and evaluate adequacy of current controls and oversight for overtime requests. In addition, follow up on prior audit recommendations.   | First Time                              | Per FY18 Audit Plan | 2/2019                       |

## Appendix C

| Internal Audit FY19 - In Process Audits as of September 30, 2018 |             |  |  |                                  |                     |                              |
|--|-------------|--|--|----------------------------------|---------------------|------------------------------|
| No.  | Area        | Audit Number & Title   | Description  | Frequency                        | Requirement         | Estimated Date of Completion |
| 13   | Agency-Wide | 18-RSK-P01 - Performance Audit of Business Continuity Plan - Payroll, Vendor/Contract Management, Security, Bus and Rail | Evaluate how mission essential functions included in the selected departmental COOPs relate to and are supported by existing departmental Standard Operating Procedures and Emergency Procedures (SOPs/EPs). | 2nd Time; Last Audit 9 years ago | Per FY18 Audit Plan | 5/2019                       |

## Appendix D

| Open Audit Recommendations as of September 30, 2018 |                                 |  |          |  |                          |                          |
|---|---------------------------------|--|----------|--|--------------------------|--------------------------|
| No.   | Area                            | Audit Number & Title   | Rec. No. | Recommendation   | Original Completion Date | Extended Completion Date |
| 1   | Communications                  | 16-COM-P01 Special Fares Programs  | 20       | We recommend the Communications Department to report the program performance periodically to the appropriate level of management to support decision making.<br><b>Update: MOU is being reviewed by County Council.</b>  | 3/31/2017                | 9/30/2018                |
| 2   | Communications                  | 16-COM-P01 Special Fares Programs  | 21       | We recommend the Communications Department to renew the agreement with the Court to confirm mutual agreement.<br><b>Update: MOU is being reviewed by County Council.</b>   | 3/31/2017                | 9/30/2018                |
| 3   | Communications                  | 16-COM-P01 Special Fares Programs  | 22       | We recommend the Communications Department to revisit the program purpose and guidelines/requirements to assess the current J-TAP Program performance.<br><b>Update: MOU is being reviewed by County Council.</b>  | 3/31/2017                | 9/30/2018                |
| 4   | Communications                  | 16-COM-P01 Special Fares Programs  | 23       | We recommend the Communications Department obtain a written agreement with DCFS to confirm the mutual agreement and to retain the legal rights to enforce DCFS to meet the Program guidelines and requirements.<br><b>Update: MOU is being reviewed by County Council.</b>   | 3/31/2017                | 9/30/2018                |
| 5   | Communications                  | 16-COM-P01 Special Fares Programs  | 25       | We recommend the Communications Department to assess the program performance periodically, and report to the appropriate level of management.<br><b>Update: MOU is being reviewed by County Council.</b>   | 3/31/2017                | 9/30/2018                |
| 6   | Metro Operations                | 16-OPS-P01 Wayside Systems - Track Maintenance   | 1        | We recommend the Chief Operations Officer require Track management to develop an inventory of linear assets and their components that can be the basis of a PMP to accurately forecast maintenance requirements and component replacements.<br><b>Update: Pending release of the final RFP. A software system called OpTram is in the initial stages of being developed that will have an inventory of linear assets, including Wayside track assets. This will be a short term solution for the inventory of assets as the long term plan is to replace the M3 system which should include a requirement for linear assets inventory.</b> | 6/30/2017                | 9/30/2018                |
| 7   | Metro Operations                | 16-OPS-P01 Wayside Systems - Track Maintenance   | 12       | We recommend that the Chief Operations Officer, require Track management to provide training for track management, supervisors and/or leads that create work orders in the M3 system.<br><b>Update: The training material for the new M3 App was developed and training will start in FY19 Q2. Track supervisors and leads must first create a work order in the M3 system before inspectors can use the M3 App Inspection forms.</b>  | 6/30/2017                | 12/31/2018               |
| 8   | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 1        | We recommend that the Chief Information Officer require training for the new IT Project Management Methodology for all ITS Project Managers, Delivery Managers, and Resource Managers, and any other ITS personnel heavily involved in the implementation of IT projects to ensure every ITS resource understands the new IT Project Management Methodology.   | 3/30/2019                |                          |

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

## Appendix D

| Open Audit Recommendations as of September 30, 2018 |                                 |  |          |   |                          |                          |
|---|---------------------------------|--|----------|---|--------------------------|--------------------------|
| No.   | Area                            | Audit Number & Title   | Rec. No. | Recommendation  | Original Completion Date | Extended Completion Date |
| 9   | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 2        | We recommend that the Chief Information Officer rollout the IT Project Management Methodology developed by the Program Management Office.   | 3/30/2019                |                          |
| 10  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 3        | We recommend that the Chief Information Officer require that all IT required project documentation be completed for each phase of all IT projects, based on the IT Project Management Methodology. This is especially important to show adequate requirements analysis and measurement of end-user involvement, testing, and acceptance.  | 6/30/2019                |                          |
| 11  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 5        | We recommend that the Chief Information Officer require that IT controls are designed into new systems and reflected within IT project management plans, and resulting operational procedures. A risk-based approach to the design and implementation of controls, related to application and related systems and business processes, should be utilized. Focus should be placed on risks that have the highest impact and likelihood to occur. At a minimum, the following controls should be addressed on all IT projects to ensure a sound control environment upon completion: Data Security Controls, Financial Controls, Application Controls, General Computer Controls (Infrastructure), Data Conversion Controls, Interface Controls, Data Integrity Controls. | 6/30/2019                |                          |
| 12  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 6        | We recommend that the Chief Information Officer include IT Security personnel in the system delivery life-cycle to identify potential areas of IT control risk and the remediation plans that are required after implementation occurs.<br><b>Update: IT is currently hiring a Security Executive Officer who will determine the level of support and involvement for security staff in system delivery life cycle.</b>   | 8/31/2018                | 2/28/2019                |
| 13  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 7        | We recommend that the Chief Information Officer perform periodic resource planning and obtain approval for adequate staffing to meet the demand in project management and delivery capability that will be required to complete the strategic initiatives and anticipated changes in work load.   | 6/30/2019                |                          |
| 14  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 8        | We recommend that the Chief Information Officer consider centralizing the IT project management function within the Program Management Office to ensure a consistent project management approach is applied to all IT projects, and to facilitate the segregation of between project managers and delivery managers.  | 6/30/2019                |                          |

## Appendix D

| Open Audit Recommendations as of September 30, 2018 |                                 |  |          |   |                          |                          |
|---|---------------------------------|--|----------|---|--------------------------|--------------------------|
| No.   | Area                            | Audit Number & Title   | Rec. No. | Recommendation  | Original Completion Date | Extended Completion Date |
| 15  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 9        | We recommend that the Chief Information Officer in the event that a delivery manager is required to perform as a project manager on a specific project, we recommend that: a second delivery manager be assigned to handle all engineering aspects of the project and the Project Management Office initiate an independent quality control review that will allow the reviewer to review for key controls/requirements during key phases of the project (e.g. at the end of planning, end of field work) to ensure that all IT Project Management requirements are met and that the project provides for full disclosure and transparency. | 6/30/2019                |                          |
| 16  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 10       | We recommend that the Chief Information Officer (CIO) in conjunction with, Chief Procurement Officer (CPO) and Chief Financial Officer (CFO) corroborate on how the ITS Department can be informed/involved earlier in the Procurement and OMB process when planned procurements/budgets include requests that require technology usage at Metro. Example, consider identifying the Procurement/Budget forms that are being completed by various cost centers and add fields that will flag the need to consult/discuss with ITS Department for technology components or future maintenance/operations of projects.                         | 8/31/2018                | 2/28/2019                |
| 17  | Information Technology Services | 17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management | 11       | We recommend that the Chief Information Officer (CIO) in conjunction with, Chief Procurement Officer (CPO) and Chief Financial Officer (CFO) corroborate on any training needs necessary so that various cost centers understand what the additional fields in various forms mean and their requirements.   | 8/31/2018                | 2/28/2019                |
| 18  | Metro Operations                | 17-OPS-P07 Performance Audit of the Track Allocation Process                             | 4a       | 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.  | 6/30/2019                |                          |
| 19  | Metro Operations                | 17-OPS-P07 Performance Audit of the Track Allocation Process                             | 4b       | 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.   | 6/30/2019                |                          |

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



## Appendix D

| Open Audit Recommendations as of September 30, 2018 |                            |  |          |   |                          |                          |
|---|----------------------------|--|----------|---|--------------------------|--------------------------|
| No.   | Area                       | Audit Number & Title   | Rec. No. | Recommendation  | Original Completion Date | Extended Completion Date |
| 20  | Metro Operations           | 17-OPS-P07 Performance Audit of the Track Allocation Process | 5        | We recommend the Senior Executive Officer, Rail Operations partner with the Senior Executive Officer, Rail Maintenance & Engineering and the Deputy Executive Officer, Operations to consider which of these two technologies, Google Map or HASTUS should be used to assist Rail Operations Controllers in navigating emergency crews or individuals and/or staff doing business with Metro.   | 9/30/2018                | 10/31/2018               |
| 21  | Finance & Budget           | 17-OMB-P02 Performance Audit of the Farebox Revenue Process  | 2        | We recommend Revenue Collections review the monthly employment status report and ensure that transferred, terminated, and retired employees are removed at least quarterly from the Electronic Key Dispenser database.  | 7/31/2018                | 1/31/2019                |
| 22  | Finance & Budget           | 17-OMB-P02 Performance Audit of the Farebox Revenue Process  | 3        | We recommend Revenue Collections update the UFS Standard Operating Procedures to include all job titles and appropriate equipment access type that is needed to complete required job responsibilities.   | 12/31/2018               |                          |
| 23  | Metro Operations           | 17-OMB-P02 Performance Audit of the Farebox Revenue Process  | 4        | We recommend that Operations Maintenance Management work with Revenue Collections to update the UFS Standard Operating Procedures to include procedures for probing and vaulting out of service buses, including: Who is responsible for probing and vaulting out service buses; What time frame the buses should be probed; How the portable probes will be stored and used in emergency situations (in collaboration with TAP and Revenue Collections); Requirement that all 12 portable probes are in good working condition. In addition, once the SOP is updated, communicate it to all Divisions. | 12/31/2018               |                          |
| 24  | Metro Operations           | 17-OMB-P02 Performance Audit of the Farebox Revenue Process  | 5        | We recommend Operations Maintenance Management work closely with the Revenue Collections and the TAP Department to ensure that the Buses Not Probed exception reports are accurate, complete, and reliable.   | 6/30/2018                | 10/31/2018               |
| 25  | Metro Operations           | 17-OMB-P02 Performance Audit of the Farebox Revenue Process  | 8        | We recommend Operations Maintenance Management work with Revenue Collections to update the UFS Standard Operating Procedures so that all references to exception reports are correct.   | 12/31/2018               |                          |
| 26  | Vendor/Contract Management | 17-VCM-P04 Performance Audit of Contract Pre-Award Process   | 1        | We recommend the Chief Vendor/Contract Management Officer to establish a process that requires maintaining an electronic backup of hard copy contract files in a centralized location and limit the access to appropriate staff. We recommend this process be performed at each phase of the vendor contract management process which includes Planning, Solicitation, Evaluation, etc. and reside in a secured environment with limited access to prevent deletion or modifications to files.  | 2/28/2019                |                          |
| 27  | Vendor/Contract Management | 17-VCM-P04 Performance Audit of Contract Pre-Award Process   | 2        | We recommend the Chief Vendor/Contract Management Officer to consider requiring Contract Administrators to prepare a justification memo e.g. factor(s) considered and/or rationale for not obtaining or maintaining certain key documents that are left to the discretion of the Contract Administrators. This process is exclusively for procurement steps that are not mandated by the FTA.   | 11/30/2018               |                          |

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

## Appendix E

| OIG Open Audit Recommendations as of September 30, 2018 |                    |  |          |  |                          |                          |
|---|--------------------|--|----------|--|--------------------------|--------------------------|
| No.   | Area               | Audit Number & Title   | Rec. No. | Recommendation   | Original Completion Date | Extended Completion Date |
| 1   | Program Management | 16-AUD-01 Capital Project Management Best Practices Study            | 1 Total  | The 109 recommendations included in this report address Training, Stakeholder Engagement, Life Cycle Costs, Risk Management, Partnering with Utility Companies, Adv. Utility Relocation, Addressing Delays, Change Control, and Improving Contract Administration.<br><b>Update: As of September 2018, 108 of 109 recommendations were closed. The last remaining recommendation is currently being evaluated based on the responses provided by Program Management.</b> |                          |                          |
| 2   | Metro Operations   | 18-AUD-05 Audit of Metro Bus Maintenance Program                     | 1a       | We recommend that the Maintenance Department should ensure that Maintenance management communicate to staff the importance of completing inspection forms in accordance with Metro's policies and procedures.  | 8/31/2018                |                          |
| 3   | Metro Operations   | 18-AUD-05 Audit of Metro Bus Maintenance Program                     | 1b       | We recommend that the Maintenance Department should ensure that Maintenance management determine how the documentation of mileage will be handled on inspection forms.   | 8/31/2018                |                          |
| 4   | Metro Operations   | 18-AUD-05 Audit of Metro Bus Maintenance Program                     | 2        | We recommend that the Maintenance Department should ensure Maintenance management clarifies in the Preventive Maintenance Inspection Guidelines that mileage should also be recorded on the inspection forms.  | 8/31/2018                |                          |
| 5   | Metro Operations   | 18-AUD-05 Audit of Metro Bus Maintenance Program                     | 3        | We recommend that the Maintenance Department should ensure all policies and procedures are incorporated into Metro's written Bus Maintenance Plan and Preventive Maintenance Inspection Guidelines.  | 8/31/2018                |                          |
| 6   | Metro Operations   | 18-AUD-05 Audit of Metro Bus Maintenance Program                     | 6        | We recommend that the Maintenance Department should ensure Metro's Bus Maintenance Plan and Preventive Maintenance Inspection Guidelines (a) accurately cite the most current Federal regulations, and (b) all sections of the Bus Maintenance Plan are updated at the same time.  | 8/31/2018                |                          |
| 7   | Metro Operations   | 17-AUD-04 Review of Metro Safety Culture and Rail Operational Safety | 52 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.<br><b>Update: As of September 2018, 65 of 117 recommendations were closed.</b>  |                          |                          |