



## Board Report

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### FINANCE, BUDGET AND AUDIT COMMITTEE MAY 18, 2022

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2022 THIRD QUARTER REPORT AND AUDIT CHARTER**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

CONSIDER:

- A. RECEIVING AND FILING the Management Audit Services FY 2022 third quarter report; and
- B. ADOPTING the Management Audit Services Audit Charter (Attachment B).

**ISSUE**

Management Audit Services (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 in progress, including information related to audit follow-up activities.

In addition, standards require that MAS review the internal audit charter periodically, present it to executive management and obtain board approval. The internal audit charter is a formal document that defines MAS' purpose, authority, independence, and responsibility.

**BACKGROUND**

It is customary practice for MAS to deliver the quarterly audit report. The FY 2022 third quarter report covers the period of January 1, 2022 through March 31, 2022.

MAS follows two audit standards: Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). To align with the updated standards' language, MAS updated the Audit Charter. The Audit Charter was last presented to the Board in October 2018.

**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, including audit support, audit follow-up, and resolution tracking.

The following chart summarizes MAS activity for FY 2022 third quarter:

	<b>Completed in FY 2022 Third Quarter</b>	<b>In-Progress as of March 31, 2022</b>
Performance Audits	3 audit projects	3 audit projects
Contract, Financial and Compliance Audits	3 audit projects with a total value of \$3.3 million	68 audit projects
Financial and Compliance Audits of Metro and subrecipients	140 audit projects	
Audit Follow-up and Resolution*	6 follow-up recommendations closed	
	28 follow-up recommendations closed (OIG)	

\*Note: MAS performs audit follow-up for the Office of Inspector General (OIG). The FY 2022 Third Quarter Report is included as Attachment A.

MAS revised the Board approved Audit Charter based on MAS’ internal review and recommendations made by the independent Internal Quality Self-Assessment team. The revised Audit Charter was compared to the updated audit standards and promotes continued compliance. The updated Audit Charter is provided as Attachment B.

## **EQUITY PLATFORM**

There are no equity impacts or concerns from audit services conducted during this period.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Management Audit Services FY 2022 Third Quarter Report and Audit Charter support 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 current fiscal year.

## **ATTACHMENT**


- A. FY 2022 Third Quarter Report
- B. Management Audit Services Audit Charter

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# Quarterly Report to Metro Board of Directors

FY 2022 Third Quarter



**Metro**

**MANAGEMENT  
AUDIT SERVICES**

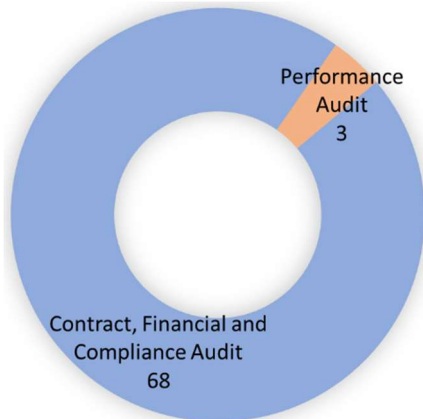
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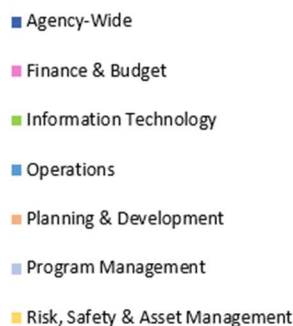
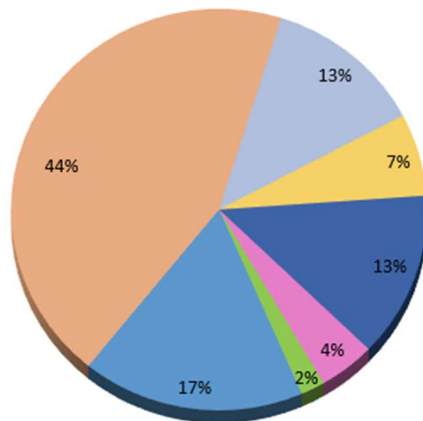
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# Executive Summary

In Progress Audits  
as of March 31, 2022



Summary of Audit Activity  
by Department  
Reporting Period  
January 1, 2022 – March 31, 2022



## Summary of In Progress Audit Activity

Management Audit Services (MAS) has 71 in progress projects as of March 31, 2022, which include 3 performance audits and 68 contract, financial and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 61 open MAS audit recommendations; and 29 open Office of Inspector General (OIG) audit recommendations.

## Summary of Third Quarter Completed Audit Activity

MAS completed 146 audit projects and closed 34 open audit recommendations. The projects are comprised of 3 performance audits; 3 contract, financial and compliance audits; and 140 financial and compliance audits of Metro and subrecipients issued by independent certified public accountant (CPA) firms.

The completed performance audits are highlighted on page 4. The completed contract, financial and compliance audits are highlighted on page 6. The financial and compliance audits of Metro and subrecipients issued by the external CPA firms are highlighted on page 7.

A summary of closed and open audit recommendations is included on page 12.

## Department Highlights

MAS continues to implement the Quality Assurance Improvement Program, updated the Audit Charter, and completed a successful external quality assurance review. A summary of department highlights is included on page 10.

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# Performance Audits

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

## ***Agreed Upon Procedures for Metro-Owned RINs***

MAS contracted with Talson Solutions, LLC to report on agreed - upon procedures for Metro - owned renewable identification numbers (RINs). The objective was to assist Metro's Environmental Compliance and Sustainability department by preparing attest reports following the procedures detailed in the Electronic Code of Federal Regulations to verify that Metro's Environmental Protection Agency (EPA) reporting of RINs for renewable energy credits are complete and accurate for calendar year 2020.

The auditors noted that one quarterly EPA report had not been filed timely, and retirement of expired RINs had not been recorded in the EPA system. Metro management concurred and outlined corrective actions.

## ***Business Interruption Fund (BIF) Pilot Program***

MAS contracted with BCA Watson Rice to conduct an audit of the Pilot Business Interruption Fund and Pacific Coast Regional Small Business Development Corporation's (PCR) compliance with the Los Angeles County Metropolitan Transportation Authority's (Metro) Business Interruption Fund (BIF) Administrative Guidelines and Fund Disbursement Procedures. The objective of this audit was to determine PCR's compliance with Metro's BIF Administrative Guidelines and Fund Disbursement Procedures for the year ended June 30, 2021.

The auditors found that PCR complied, in all material respects, with Metro's Business Interruption Fund Administrative Guidelines and Fund Disbursement Procedures.

## ***Performance Audit of Information Security Awareness***

The objectives of this audit was to identify potential improvement opportunities relating to user information security awareness with a focus on:

- Information Security training oversight,
- Information Security's efforts and practices, and
- System user departments' efforts and practices.

MAS found that Metro's Information Technology Services (ITS) does provide Metro employees with policies, standards, training, and agencywide emails to support user information security awareness.

However, there is a need for Metro to strengthen oversight for information security awareness training. Additionally, ITS management should establish a guideline that guides decisions on who should receive information security awareness training and the type of training methods to be used. MAS identified two findings and two related matters as part of the audit, including eighteen (18) recommendations. Management concurred with most of the recommendations.



# Contract, Financial & Compliance Audits

MAS staff completed 3 independent auditor's report on agreed-upon procedures for the following projects:

Project	Reviewed Amount	Questioned / Reprogrammed Amount
City of Redondo Beach – Pacific Coast Highway at Palos Verdes Boulevard Intersection Improvements Project	\$351,493	\$45,415
New Flyer of America, Inc. – U.S. Employment Program Compliance	N/A – Compliance	N/A – Compliance
City of Burbank – SR-134 Corridor Arterial Signal Improvements Project	\$2,988,167	\$172,854
<b>Total Amount</b>	<b>\$3,339,660</b>	<b>\$218,269</b>

Details on contract, financial and compliance audits completed during FY 2022 third quarter are included in Appendix B.

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# Financial and Compliance Audits of Metro

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

## ***Basic Financial Statements and Component Units Audits – Issued Various Dates***

MAS contracted with Crowe, LLP to conduct the basic financial statements and component unit audits for the year ended June 30, 2021. The resulting reports include:

- Annual Comprehensive Financial Report (ACFR);
- Single Audit for the Federal Funds;
- Federal Funding Allocation Data for NTD as a Transportation Operating Agency;
- Transportation Development Act (TDA) Operations Agency – 50% Expenditure Limitation Schedule;
- TDA Schedule of Revenue, Expenditure and Changes in Fund Balances;
- State Transit Assistance (STA) Special Revenue Fund Financial Statements;
- Service Authority for Freeway Emergencies (SAFE) Financial Statements; and
- Low Carbon Transit Operations Program (LCTOP) Compliance Audit.

The independent auditor issued unmodified opinions on all audit reports for FY21, which indicates that all financial statements for FY21 were fairly presented and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements.

Crowe identified two findings in the Single Audit Report related to timing issues in accordance with generally accepted accounting principles. Although Metro management agreed with the recommendations, management believes that Metro's presentation of the financial statements was appropriate as the statements followed the Current Financial Resources Measurement Focus and are transparent to the taxpayers.

## ***Consolidated Audits – Issued Various Dates***

MAS contracted with two firms, Simpson & Simpson, CPAs and Vasquez & Company, to conduct the financial and compliance audits of the following programs for the year ended June 30, 2021:

- Local Funding Program to 88 cities and Unincorporated Los Angeles County
  - Proposition A Local Return
  - Proposition C Local Return
  - Measure M Local Return
  - Measure R Local Return

- Transportation Development Act (TDA) Article 3, Article 4 and Article 8 Programs
- Proposition A Discretionary Incentive Program
- Prop A Discretionary Incentive Grant
  - Antelope Valley Transit Authority
  - Pomona Valley Transportation Authority
- Transit System Operators of Commerce, Redondo Beach, Torrance
  - Transit System Funds
  - Measure M 20%
  - Measure R 20%
- Proposition A Growth Over Inflation (GOI) Fund to Burbank, Glendale, LADOT and Pasadena
- Fare Subsidies Programs
  - Support for Homeless Re-Entry (SHORE) Program
  - Low-Income Fare is Easy (LIFE) Program
- Metrolink Program
- EZ Transit Pass Program
- Access Services
- LADOT

## Local Return

### Proposition A and C

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinances and Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2021.

The auditors found 29 instances of non-compliance for Proposition A and C, consisting of 5 minor findings related to untimely form submittals. Fourteen (14) findings with questioned costs totaling \$1.3 million for Proposition A and \$1.4 million thousand for Proposition C represent less than 1% of each total fund reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

### Measure R

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinance and Guidelines that are applicable to the Measure R Local Return program for the fiscal year ended June 30, 2021.

The auditors found 10 instances of non-compliance for Measure R, consisting of 2 minor findings related to untimely form submittals. Seven (7) findings with questioned costs totaling \$129 thousand for Measure R represent approximately less than 1% of the total amount reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

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### Measure M

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the requirements in the Ordinance that are applicable to the Measure M Local Return program for the fiscal year ended June 30, 2021.

The auditors found 9 instances of non-compliance for Measure M, consisting of 2 minor findings related to untimely form submittals. Six (6) findings with questioned costs totaling \$1.1 million for Measure M represent less than 1% of the total amount reviewed. The Local Return Program Manager is working with the cities to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

### Non-Local Return

The auditors found that schedules/financial statements for the various programs included in the Consolidated Audit present fairly, in all material respects. They also found that the entities complied, in all material respects, with the compliance requirements of their respective guidelines. However, the auditors noted several compliance findings; ten (10) findings for the LIFE program and eight (8) findings for the TDA Article 3 program. Metro Program Managers are working with the funds recipients to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

A receive and file report with additional details on the Consolidated Audit will be brought to the committee in the coming months.

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# Department Highlights

## *Quality Assurance Improvement Program*

During FY 2022 third quarter, MAS continued its efforts in the Quality Assurance Improvement Program (QAIP). Following is a summary of the various QAIP activities to support improved performance, quality, and value-added internal audit services:

- **Completed Activities**
  - Performed a comprehensive review and update of MAS' Audit Charter.
  - Completed External Quality Assurance Review (Peer Review) for FY19-21 to assess MAS' internal quality control system to determine conformance with the Institute of Internal Auditor (IIA) International Standards for the Professional Practice of Internal Auditing and Comptroller General of the United States Government Auditing Standards.
  - Performed comprehensive review and update of audit libraries (Consulting and Contract, Financial & Compliance) and procedural guidelines in accordance with auditing standards and best practices.
- **In-progress Activities**
  - Complete comprehensive review and update of MAS Strategic Plan.
- **Upcoming Activities**
  - Initiate efforts to determine MAS' maturity model as a business practice, industry standard, and continuous improvement tactic.

## *Audit Charter*

Auditing standards require that MAS review its internal audit charter periodically, present it to executive management and obtain Board approval. The internal audit charter is a formal document that defines MAS' purpose, authority, independence, and responsibility.

The Audit Charter was last approved by the Board in October 2018. The Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States, and the International Standards for the Professional Practice of Internal Auditing issued by the IIA were revised in 2018 and 2017 respectively. The Board approved Charter was compared to the updated standards and is in compliance with the new requirements. Revisions to the charter were made based on MAS' review and recommendations from the Internal Quality Self-Assessment. The Audit Charter is included in Attachment B.

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### ***External Quality Assurance Review (Peer Review)***

The Association of Local Government Auditors (ALGA) conducted a peer review of MAS' compliance with Institute of Internal Auditors (Red Book) and with Comptroller General of the United States (Yellow book) standards and practices for the three-year period ending June 30, 2021. The peer review team, comprised of highly qualified audit professionals, certified that they are free from personal, external, and organizational impairments to independence. They evaluated MAS' quality control system, audit and consulting engagements process, staff qualifications, development, and training, as well as the audit follow-up process.

The peer review team concluded that MAS fully complies with Red Book and Yellow book standards and practices. Only a handful of local government audit organizations across the country have successfully completed a dual standards peer review. In addition, the team issued a report without management letter comments. The report is included in Appendix E.

# Audit Follow-Up and Resolution

The tables below summarize the open and closed audit recommendations as of March 31, 2022.

MAS and External Audit Recommendations				
Executive Area	Closed	New	Currently Open	Open Past Due
Communications	2			
Human Capital & Development	3			
Information Technology Services		10		
Operations	1		22	4
Program Management			10	2
Risk, Safety & Asset Management			3	
Systems Security and Law Enforcement			9	
Vendor/Contract Management			1	
Total	6	10	45	6

OIG Audit Recommendations				
Executive Area	Closed	New	Currently Open	Open Past Due
Congestion Reduction			1	
Human Capital & Development	28			
Operations			6	
Systems Security and Law Enforcement			22	
Total	28		29	

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

## Appendix A

<b>Performance Audit - In Progress Audits as of March 31, 2022</b>				
<b>No.</b>	<b>Area</b>	<b>Audit Number &amp; Title</b>	<b>Description</b>	<b>Estimated Date of Completion</b>
1	Planning & Development	21-PLN-P01 Micro Mobility Vehicles Program	Assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro rapid equity assessment tool.	5/2022
2	Risk, Safety & Asset Management	21-RSK-P03 Transit Asset Inventory Records	Evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records.	4/2022
3	Planning & Development	21-PLN-P02 Real Estate Management System	Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System.	4/2022



## Appendix B

<b>Contract, Financial and Compliance Audit - Audits Completed as of March 31, 2022</b>				
<b>No.</b>	<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Auditee</b>	<b>Date Completed</b>
1	Planning & Development	20-HWY-A08 - Closeout	City of Redondo Beach	1/2022
2	Operations	21-OPS-A01 - Agreed-Upon Procedures	New Flyer of America, Inc.	2/2022
3	Planning & Development	20-HWY-A06 - Closeout	City of Burbank	3/2022

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Systems Security and Law Enforcement	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1a	We recommend that the Emergency Management Unit collaborate with the business units, starting with V/CM, to ensure that the business unit COOPs, and all related documents (e.g., Standard Operating Procedures [SOPs]), include the essential content necessary to support the agency-wide program. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.</b>	6/30/2020	6/30/2022
2	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	3	We recommend that V/CM management work with Emergency Management to arrange for COOP execution training by an emergency management expert concurrently with each annual update. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.</b>	7/31/2020	6/30/2022
3	Program Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	4	We recommend that the Chief Program Management Officer take the lead role in collaborating with all responsible parties, such as V/CM, Project Delivery Third Party Coordination, County Counsel, etc., to establish agreements with utility companies to guarantee service continuity and restoration in emergency situations. <b>Update: Metro continues to negotiate Essential Use designation with SCE, DWP &amp; CPUC as a basis for utility emergency service agreements.</b>	3/31/2020	6/30/2022
4	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	1	We recommend that Emergency Management should coordinate with Payroll to facilitate training and add the additional details to Finance (Payroll)'s COOP and SOPs, including criteria for COOP activation and relocation decisions, flow charts, decision trees and step-by-step instructions. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.</b>	2/28/2021	7/29/2022
5	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	2	We recommend that Emergency Management should coordinate with Payroll to create an SOP template to include names, titles and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions and successors. Advance team references should state "provided by ITS". <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.</b>	7/31/2020	7/29/2022

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
6	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	3	We recommend that Emergency Management should coordinate with Payroll to review and assess the COOP and SOPs annually and verify that any resulting updates are implemented. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.</b>	7/31/2020	7/29/2022
7	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	4	We recommend that Emergency Management should coordinate with Payroll to schedule COOP execution training by an emergency management expert concurrently with each annual COOP update. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.</b>	7/31/2020	7/29/2022
8	Operations	19-OPS-P02 Performance Audit of the Rail Communications Systems	8 Total	The recommendations included in this report address findings in Metro's Operational System. <b>Update: As of April 2022, 6 of 12 recommendations were closed.</b>	On-going	
9	Operations	19-OPS-P02 Performance Audit of the SCADA Security Controls	7 Total	The recommendations included in this report address findings in Metro's Operational System. <b>Update: As of September 2021, 6 of 13 recommendations were closed.</b>	On-going	
10	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	2	We recommend that the Chief Risk, Safety & Asset Management Officer raise awareness of the Field Observation and Feedback (FOF) program. <b>Update: Closed as of April 2022.</b>	3/31/2020	12/31/2021
11	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	3	We recommend that the Chief Risk, Safety & Asset Management Officer develop additional input controls in the Transit Safe System, by designating required FOF form fields as mandatory, including Supervisors sign-off to review for accuracy of information, to prevent the close out of FOF records without completion of all required fields and to ensure quality of information is maintained. <b>Update: TransitSafe's replacement software is in the process of being configured and implemented and will include FOF reporting functionality. Due to the pandemic, vendor staffing changes and historical data transition issues, the implementation has been delayed.</b>	7/31/2020	3/31/2022
12	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	4	We recommend that the Chief Risk, Safety & Asset Management Officer incorporate recommendation #3, above, in the upcoming replacement system of Transit Safe.	12/31/2021	

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
13	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	1	We recommend that Emergency Management collaborate with SS&LE to establish at least three new locations to accommodate emergency back-up SS&LE command centers. As a suggestion, not more than one facility should be close to Gateway Plaza. The other two should be far enough away from Gateway and from each other that there is little risk that a wide area emergency could affect all three locations. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&amp;LE.</b>	7/30/2020	7/29/2022
14	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	3	We recommend that Emergency Management should coordinate with SS&LE to facilitate training and add the additional details to the SS&LE COOP and SOPs, including criteria for COOP activation and relocation decisions, flow charts, decision trees and step-by-step instructions. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&amp;LE.</b>	7/30/2021	7/29/2022
15	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	4	We recommend that Emergency Management should coordinate with SS&LE to create a Standard Operating Procedures template to include names, titles and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions and successors; and reference and attach all COOP-related SOPs as Appendices to the COOP. <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&amp;LE.</b>	7/30/2020	7/29/2022
16	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	7	We recommend that Emergency Management should coordinate with SS&LE to schedule COOP execution training by an emergency management expert concurrently with each annual COOP update (See COOP Appendix M). <b>Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&amp;LE.</b>	7/31/2021	7/29/2022
17	Operations	20-OPS-P02 Follow-up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	1	MAS recommends that Contract Services management establish a timeline and finalize the Contract Monitoring Plan.	7/30/2022	

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
18	Operations	20-OPS-P02 Follow-up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	2	MAS recommends that Contract Services management develop formal written policies and procedures that include a) a requirement that decisions requiring executive approval be documented and b) a requirement that all modifications of contractual terms be documented and executed by the Contract Administrator.	12/31/2021	
19	Operations	20-OPS-P02 Follow-up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	3	MAS recommends that Contract Services management formulate and establish a formal training program to support skills development in the monitoring of contractor's performance.	12/31/2021	
20	Operations	20-OPS-P02 Follow-up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	4	MAS recommends that Contract Services management continue to work with appropriate stakeholders to resolve the fareboxes issue and establish a timeline by when this will be completed. Once fareboxes are operational, the reconciliation process should be fully restored to include the triggering of a revenue compliance inspection for variances exceeding the threshold by above or below 2%. <b>Update: The Fareless System Initiative has delayed the resolution of the fareboxes issue.</b>	4/30/2021	3/31/2022
21	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	1	Bus and Rail Transportation management should implement periodic training or retraining for all Transit Operations Supervisors (TOS), Rail Transit Operations Supervisors (RTOS) and first line transportation management concerning the calculation of overtime eligible hours and the proper use of payroll codes. <b>Update: Training content is nearing completion; work on delivery media is in progress.</b>	12/31/2021	4/30/2022
22	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	3	Bus Transportation management should provide training to Bus Transportation managers, scheduling staff and TOS on these exceptions to enable proper scheduling and approvals of actual time incurred. <b>Update: Training will be provided in the month following issuance of the new policy.</b>	12/31/2021	4/30/2022
23	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	4	Bus and Rail Transportation management should enforce retention of required overtime (OT) related documents for all instances of OT worked, including partial and split shifts. <b>Update: An on-line overtime request tool to replace paper request forms is now under development, which will permit storage, retention, retrieval and reporting of all overtime requests across the system at any time.</b>	9/30/2021	4/30/2022

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
24	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	5	Bus and Rail Transportation management should train and periodically remind all line management, TOS and RTOS of overtime documentation and retention requirements. <b>Update: The on-line request tool for Recommendation 4 above will resolve this issue.</b>	9/30/2021	4/30/2022
25	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	6	Bus and Rail Transportation management should require employees to file copies of system overtime request forms for other divisions at their home division. <b>Update: The on-line request tool for Recommendation 4 above will resolve this issue.</b>	9/30/2021	4/30/2022
26	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	7	Bus and Rail Transportation management should require employees to bring supporting paperwork back to their home division each time they work at another division. <b>Update: The on-line request tool for Recommendation 4 above will resolve this issue.</b>	9/30/2021	4/30/2022
27	Operations	18-AGW-P01-B Performance Audit of Internal Controls Over Overtime Payments – AFSCME (Transportation Operations)	8	Bus and Rail Transportation management should ensure copies of documentation supporting overtime are retained as required at both divisions when employees transfer permanently from one division to another. <b>Update: The on-line request tool for Recommendation 4 above will resolve this issue.</b>	9/30/2021	4/30/2022
28	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	1	Review and verify that terms and conditions of the Contract are understood, including standards, regulations, guidelines, policies, and procedures. KKCS/Triunity JV should comply with all applicable Metro policies and procedures per the Contract.	11/30/2021	
29	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	2	Begin tracking and monitoring vehicle use and maintenance, as required by the Contract.	11/30/2021	
30	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	3	KKCS/Triunity JV should document verification of qualifications and experience to support job titles billed to the Contract; and Metro should, by contract modification, require the Contractor to perform and document background, resume, and reference checks for all new consultants proposed to Metro.	12/31/2021	
31	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	1	Metro management should re-evaluate any need for 24-hour non-revenue passenger vehicles (NRVs) and establish a formal requirement for written approval prior to assignment of NRVs to Metro employees.	2/28/2022	

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
32	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	2	Metro should lease required project vehicles directly through Metro's procurement processes, and only include NRVs in professional services and/or consulting contracts upon conducting a needs assessment and cost-benefit analysis.	2/28/2022	
33	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	3	If Metro continues to allow employees to operate contractor owned/leased vehicles, Metro policies and procedures should be developed to guide usage by employees.	2/28/2022	
34	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	4	Metro management should provide relevant staff with compliance training for the Contract and related policies.	2/28/2022	
35	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	5a	Metro management should implement the following retroactive corrective action for the leased project vehicles operated by six (6) Metro employees within Program Management: Assess whether 24-hour use of an NRV is necessary, document the justification and obtain approval for use in writing.	2/28/2022	
36	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	5b	Metro management should implement the following retroactive corrective action for the leased project vehicles operated by six (6) Metro employees within Program Management: Determine how best to resolve and enforce the commuter mileage (fringe benefit tax) issue retroactively and ensure the required forms are completed and filed, including applicable penalties and interest for Metro and its employees to be in compliance. Any required forms that have not been submitted should be submitted, including 24-Hour Assigned Vehicle & Overnight Use Commuter Mileage Forms, if necessary and amended W-2s.	2/28/2022	
37	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	5c	Metro management should implement the following retroactive corrective action for the leased project vehicles operated by six (6) Metro employees within Program Management: Determine whether the monthly parking, that should have been paid by the six (6) Metro employees, that was paid through the Contract should be repaid by the employees to Metro.	2/28/2022	
38	Program Management	22-CON-P02 Performance Audit of Program Management Support Services	5d	Metro management should implement the following retroactive corrective action for the leased project vehicles operated by six (6) Metro employees within Program Management: Ensure Metro staff involved and injured in the vehicle incident as well as the Program Management Department complete all required forms to properly report the accident to the appropriate Metro department(s).	12/31/2021	

## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
39	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	1	We recommend the Deputy Chief Information Technology Officer require that Information Security management specify the reminder notification requirements (e.g., due date, timing, and frequency of training reminders) via the Metro LMS, when Talent Development management enables the automated notification feature, and establish a formal guideline to escalate reporting for non-compliance with training requirements.	8/30/2022	
40	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	2	We recommend the Deputy Chief Information Technology Officer require Information Security management to: a) Determine whether there is a need for information security awareness training to cover necessary policy requirements related to information security; and b) Incorporate any near-term policy updates related to information security in the information security awareness training material.	12/31/2023	
41	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	3	We recommend the Deputy Chief Information Technology Officer require acknowledgement from system users of having received IT policies and standards that are critical to information security and/or evidence of completion of training(s) prior to granting access to Metro's network and system.	12/31/2022	
42	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	4	We recommend the Deputy Chief Information Technology Officer formally define, document, and communicate the roles and responsibilities related to oversight of mandatory and required trainings, including formalizing the definition of required training.	8/30/2022	
43	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	5	We recommend the Deputy Chief Information Technology Officer establish a timeframe target with the LMS for resolving the current outstanding technical issues.	8/30/2022	
44	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	6	We recommend the Deputy Chief Information Technology Officer establish a timeframe target with Human Capital & Development management to enable the automated notification feature.	8/30/2022	
45	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	7	We recommend that the Deputy Chief Information Technology Officer require Information Security management to establish a formal guideline that guides decisions on who should receive information security awareness training and the type of such training method. This guideline should consider the access levels of users, the cost-benefit associated with training different groups of users, and the risks associated with not providing training to particular users. Training and its frequency may be customized and tailored to provide the education and information applicable and necessary to the group of participants.	6/30/2023	



## Appendix C

Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
46	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	8	We recommend that the Deputy Chief Information Technology Officer require Information Security management to consult with Metro County Counsel to establish a minimum requirement and/or expectation for consultants related to information security; a) Existing consultants, b) Future consultants.	9/30/2022	
47	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	10	We recommend the Talent Development management formally document the roles and responsibilities of i) Talent Development, and of ii) sponsoring departments when a required training course is developed. This includes, for example, identifying who will be taking the training, who will enroll participants, etc.	9/30/2022	
48	Information Technology Services	20-ITS-P03 Performance Audit of Information Security Awareness	11	We recommend the Talent Development management work with the LMS provider to support the training needs for consultants as necessary.	9/30/2022	

## Appendix D

OIG Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	17-AUD-04 Review of Metro Safety Culture and Rail Operational Safety	6 Total	The 117 recommendations included in this report address findings in Safety Culture, Red Signal Violations, Safety Assessment of Infrastructure Elements, Technology, Operations and Maintenance, Human Resources, and etc. <b>Update: As of April 2022, 115 of 117 recommendations were closed.</b>	Pending	
2	Congestion Reduction	20-AUD-06 Review of LA Metro's Freeway Service Patrol Program	6	LA Metro FSP should set a target for its Benefit-to-Cost ratio, either in comparison to the statewide average or develop its own annual target. This is especially important as costs are expected to rise over the next several years as insurance and vehicle costs continue to escalate. If such the annual target is not met, it would trigger LA Metro FSP to conduct a deeper evaluation of its program and identify potential strategies to improve the following year's performance.	10/1/2020	7/1/2022
3	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	2	SSLE should ensure that future contracts include a contract budget that specifies the amount of funds budgeted for each contract year and develop procedures to help ensure that the annual budgets are adhered to.	Pending	
4	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	3	SSLE should in future contracts, to more effectively control and track the use of contract funds, allocate within the budget a separate reserve amount to be used for special events and enhanced deployments.	Pending	
5	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	4	SSLE should for future contracts, consider the impact that the use of full-time contracted personnel will have on the use of funds over the life of the contract. In addition, specify within the contract the job classifications, and number of positions within each classification that can be charged to the Metro contract on a full-time basis.	Pending	
6	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	5	SSLE should execute a contract modification if it is determined that LBPD sworn personnel will be assigned to the contract on a full-time basis.	12/31/2021	
7	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	8	SSLE should review all LAPD invoices for FY20 to determine if there are other incidents where the personnel hourly billing rate exceeds the approved maximum fully burdened hourly rate for the job classification.	12/31/2021	

## Appendix D

OIG Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
8	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	9	SSLE should request a refund of \$3,170.52 and any additional overbillings identified from LAPD.	12/31/2021	
9	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	10	SSLE should for future contracts, work with each contractor to include language in their respective contracts that more thoroughly and clearly define how services will be billed and what costs will be allowed and/or disallowed.	Pending	
10	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	11	SSLE should continue to work on strengthening controls in the area of monitoring and oversight by addressing the deficiencies cited in areas such as Community Policing and Key Performance Indicators.	Pending	
11	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	12	SSLE should complete and finalize the Compliance Audit Procedures Manual.	12/31/2021	
12	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	13	SSLE should review on a periodic basis the qualifications of a sample of officers from each of the law enforcement agencies to determine that contract requirements are being adhered to.	10/31/2021	3/31/2022
13	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	14	SSLE should for required training, consider developing and requiring officers to take refresher courses after working on the contract for two or more years.	12/31/2021	
14	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	15	SSLE should for required reporting, review with input from the law enforcement agencies, the reports and information currently required to determine if changes are necessary. As part of this review determine if different or additional information would be more beneficial.	Pending	

## Appendix D

OIG Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
15	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	16	SSLE should with input from the three law enforcement agencies, develop baseline performance levels (targets and goals) for key performance indicators.	10/31/2021	1/31/2022
16	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	17	SSLE should develop and update annually a written agency-wide Community Policing Plan.	10/31/2021	1/31/2022
17	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	20	SSLE should include in future contracts the requirement of wearing body cameras by all contracted law enforcement personnel when policing the Metro System.	Pending	
18	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	21	SSLE should establish with the three contracted law enforcement agencies procedures for accessing video footage from body cameras when necessary, including for compliance, auditing, and investigative reasons.	10/31/2021	1/31/2022
19	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	22	LAPD should ensure that each personnel's hourly billing rate does not exceed the approved maximum fully burdened hourly rate for that job classification.	10/31/2021	12/31/2021
20	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	23	LAPD should develop procedures to help ensure that even during departmental wide mobilizations and/or special deployments that only those officers who meet contract requirements are placed on the Metro contract.	10/31/2021	12/31/2021
21	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	24	LAPD should include in the Annual Community Policing Plan a description of the specific training provided to its officers in the area of Problem Oriented Policing.	Pending	

## Appendix D

OIG Open Audit Recommendations as of March 31, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
22	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	25	LASD should assign personnel to the Metro contract only after they are Post Certified and have met all contract requirements.	10/31/2021	12/31/2021
23	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	26	LASD should include in its annual Community Policing Plan a description of the specific training provided to its officers in the area of Problem Oriented Policing.	10/31/2021	3/31/2022
24	Systems Security and Law Enforcement	22-AUD-02 Audit of Metro Transit Security Services Performance For the Fiscal Year Ended June 30, 2020	28	LBPD should assign only those officers to the contract who have 18 months of law enforcement experience and have met all other contract requirements related to personnel and training.	10/31/2021	3/31/2022



# External Quality Control Review

of the  
Los Angeles County Metropolitan Transportation Authority

Conducted in accordance with guidelines of the  
**Association of Local Government Auditors**  
for the period July 2018 through June 2021



## Association of Local Government Auditors

February 28, 2022

Shalonda Baldwin, Executive Officer, Administration  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, California, 90012

Dear Ms. Baldwin,

We have completed a peer review of the Los Angeles County Metropolitan Transportation Authority Management Audit Services (MAS) for the period July 1, 2018 to June 30, 2021. In conducting our review, we followed the standards and guidelines contained in the Peer Review Guides published by the Association of Local Government Auditors.

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors, as part of their *Professional Practices Framework* and reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States, as well as applicable legal and regulatory requirements. Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case but does imply adherence in most situations.

Based on the results of our review, it is our opinion that during the period July 2018 through June 2021 the MAS internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with *the Standards* for assurance engagements and compliance with *Government Auditing Standards*, resulting in a rating of pass.

We have prepared a separate letter mentioning a few areas where your office excels.

*Neha sharma*

Neha Sharma, CIA, CPA, CISA  
City of Austin

Theresa Watson, CIA, CGAP  
City of Houston



## Association of Local Government Auditors

February 28, 2022

Shalonda Baldwin, Executive Officer, Administration  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, California, 90012

Dear Ms. Baldwin,

We have completed an ALGA Peer Review of the Los Angeles County Metropolitan Transportation Authority for the period July 2018 through June 2021 and issued our Report thereon dated February 28, 2022. We are issuing this companion letter to offer certain observations stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels.

- **Internal Quality Review Process**
  - Your office conducts a quality assurance, which is performed by a third party. This process provides an opportunity to verify the level of compliance to auditing standards and identify corrective actions necessary to improve operations.
  - Management Audit Services (MAS) has committed resources to quality control. The extensive independent review of each engagement ensures that audit reports are produced with sufficient and appropriate evidence.
- **Staff Qualifications and Development**
  - MAS contain highly qualified professionals holding a variety of certifications
  - MAS is committed to staff development through providing continuous professional training and development.
- **Audit Working Papers**
  - The documentation of work performed in Teammate was thorough and well organized for the engagements reviewed by us.
- **Independence and Objectivity**
  - The office has established a culture and expectation of independence and objectivity within the organization.

We extend our thanks to you and your staff for the cooperation and assistance extended to us during our review.

Sincerely,

*Neha sharma*

Neha Sharma, CPA, CIA, CISA  
City of Austin

Theresa Watson, CIA, CGAP  
City of Houston



**Metro**

# Management Audit Services Audit Charter

## I. INTRODUCTION

Los Angeles County Metropolitan Transportation Authority (LACMTA) maintains an active audit function within the administration of LACMTA's Office of the Chief Executive Officer (OCEO), reporting the results of its audit work to LACMTA's Board of Directors. This Audit Charter defines the mission, scope, commitment to quality, authority and accountability, independence, responsibility of LACMTA's Management Audit Services, the OCEO, the Board, as well as LACMTA management.

Management Audit Services assists LACMTA to accomplish its objectives by understanding LACMTA's strategies and by bringing a systematic, disciplined, and risk-based approach to evaluating and recommending improvements to the effectiveness of risk management, internal controls, and governance processes. Management Audit Services also provides support to ensure that third parties receiving funding from LACMTA through contractual arrangements have properly accounted for the use of funds and complied with all applicable requirements.

## II. MISSION

Management Audit Services provides independent, objective audit, attestation, and consulting services designed to add value and improve LACMTA's operations.

## III. SCOPE

The scope of work performed by Management Audit Services includes the examination and evaluation of the adequacy and effectiveness of LACMTA's network of risk management, internal controls, and governance. This includes audits of internal LACMTA operations as well as audits of third parties in a contractual arrangement with LACMTA. The work performed by Management Audit Services is intended to provide support to ensure:

- Risks are appropriately identified and managed;
- Financial, managerial, and operating information is evaluated, accurate, reliable and timely;
- Resources are acquired economically, used efficiently, and adequately protected;
- Program results are consistent with established objectives and goals, and operations or programs are being carried out as planned;
- Evaluation of legislative or regulatory issues impacting LACMTA are recognized, addressed appropriately and interaction with governance groups occurs;



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# **Management Audit Services Audit Charter**

- Employee actions comply with policies, standards, procedures and applicable laws and regulations;
- Consulting services related to governance, risk management and control are appropriate for the organization;
- Opportunities for improving internal controls, streamlining processes, and improving public perception identified during audits are communicated to the appropriate level of management; and
- Interactions and arrangements with third parties, including contractors and recipients of grant funds comply with policies, standards, procedures and applicable laws and regulations.

## **IV. COMMITMENT TO QUALITY**

Management Audit Services will maintain quality control procedures and a quality assurance and improvement program that covers all aspects of Management Audit Services activity. Management Audit Services will deliver upon the commitment to quality through focused activities such as: ensuring a quality assurance improvement program, facilitating annual internal assessments, and ensuring external assessments are conducted at least every three years. The Chief Audit Executive will provide consistent and timely communications to the CEO, and/or the CEO's Executive Designees, the Board, and LACMTA management.

Management Audit Services adheres to the following professional standards and codes:

- Government Auditing Standards promulgated by the Comptroller General of the United States;
- International Standards for the Professional Practice of Internal Auditing (Standards), Code of Ethics, Core Principles, and Definition of Internal Auditing issued by the Institute of Internal Auditors;
- Information Systems Auditing Standards promulgated by the Information Systems Audit and Control Association;
- Standards promulgated by the American Institute of Certified Public Accountants and their Code of Professional Conduct;
- LACMTA's Employee Code of Conduct and Administrative Code, and
- Management Audit Services' Audit Policy Manual and applicable procedures.

## **V. AUTHORITY AND ACCOUNTABILITY**

Management Audit Services performs audit engagements and non-audit services for departments, programs, functions, systems, contracts, grant recipients, and



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## **Management Audit Services Audit Charter**

other activities based on the approved annual audit plan, or specific requests that are received from the CEO, and/or the CEO's Executive Designee, the Board, management; or as identified by the Chief Audit Executive.

Management Audit Services, with strict accountability for confidentiality and safeguarding of records and information, has staff sign Confidentiality Statements annually. Documents provided to Management Audit Services will be handled in the same prudent manner as by those employees normally accountable for them. Management Audit Services is authorized to:

- Maintain full, free and unrestricted access to any and all information, functions, operations, systems, properties, personnel and other relevant materials necessary to accomplish its work. All employees are requested to assist fully in making available material or information requested by Management Audit Services or any external auditors contracted to perform on behalf of Management Audit Services.
- Access to contracted third parties will be handled in accordance with contractual terms;
- Maintain full and free access and reporting responsibilities through LACMTA's Finance, Budget and Audit Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in functions where audit engagements, services or activities are being performed, as well as other specialized services from external consultants.

Management Audit Services in the discharge of duties is accountable to LACMTA's CEO and Board to:

- Provide adequate audit coverage to the areas set forth under the mission and scope of work sections of this Audit Charter;
- Report significant issues related to the processes for managing risk and governance practices of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution;
- Provide periodic information on:
  - the status and results of the annual audit plan;
  - the sufficiency of department resources, including proper reporting;
  - notification to the CEO, and/or CEO's Executive Designee, and the Board when resource constraints prevent the coverage of a risk as identified through the annual agency-wide risk assessment and included in the annual audit plan, or related to a special request;
  - ensuring resources are sufficient and competent through actions such as staff augmentation and outsourcing; and



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# Management Audit Services Audit Charter

- Establish a follow-up process to track and monitor the effective implementation of management actions related to findings, recommendations, and/or issues.

## VI. INDEPENDENCE

Management Audit Services is independent of LACMTA's operations and activities. Specifically, Management Audit Services staff may not review areas in which staff was responsible for the design or operation of the area. Auditors are responsible for maintaining independence and integrity in all services provided.

All Management Audit Services activities shall remain free from interference relative to matters of audit selection, scope, procedures, frequency, timing, or report content to maintain independence and objectivity. The Chief Audit Executive shall report any impairment to independence; or restriction or limitation to audit selection, scope, procedures, frequency, timing; or report content promptly to the OCEO and the Board.

As a means of ensuring independence, the Chief Audit Executive will report administratively to the OCEO and maintain a functional reporting relationship to the Board. This structure permits the rendering of impartial and unbiased judgment essential to the proper conduct of audits.

Management Audit Services is not authorized to perform any operational duties for LACMTA, which shall include:

- Implementing internal controls;
- Developing policies or procedures on behalf of management;
- Installing systems;
- Preparing records that are the responsibility of management; and
- Engaging in any other activity that may impair internal auditor's objectivity and/or independence of judgment.

## VII. RESPONSIBILITIES

### A. Management Audit Services is responsible for:

- Developing and executing a flexible risk-based annual audit plan which considers LACMTA's objectives and strategies, including any risks or internal control concerns identified by management; and submitting that plan to the OCEO and the Board for review and approval;
- Preparing or updating the agency-wide risk assessment annually and incorporating the results into the annual audit plan;



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## **Management Audit Services Audit Charter**

- Implementing the annual audit plan, as approved, including as appropriate, any special tasks or projects requested by the CEO, and/or CEO's Executive Designee, the Board, and management;
- Reporting significant audit findings to the CEO, and/or CEO's Executive Designee, the Board, including management;
- Providing management with adequate time to respond to audit findings and including management's response in the final reports;
- Presenting quarterly reports to the OCEO and the Board that summarize the results of audit activities, highlight Audit Plan progress, describe any adjustments made to the Audit Plan, and recommended changes to the Audit Plan based on new information or special requests;
- Keeping the OCEO and LACMTA's Finance, Budget and Audit Committee informed of emerging risks and issues and recommending audits to provide relevant, timely information about these areas to support oversight and decision making;
- Maintaining a professional audit staff with sufficient knowledge, competencies, skills, experience, and professional certifications to meet the requirements of this Audit Charter;
- Conducting objective and constructive audits, attestations, and consulting services;
- Consulting services, which are advisory in nature, can be provided as long as the services do not impair Management Audit Services' independence and fall within the scope outlined in the Audit Charter;
- Exercising due professional care in all of our work products;
- Acting in a professional manner at all times;
- Coordinating external audits of LACMTA;
- Considering external auditors and regulators' scopes of work, as appropriate, for the purpose of providing optimal audit coverage at a reasonable overall cost;
- Referring suspected fraud, waste, or abuse promptly to the Office of the Inspector General; and
- Establish a quality control and assurance improvement program.

### **B. Management is responsible for:**

- Maintaining an effective system of internal controls, documenting policies and procedures, and ensuring information is accurate and reliable;
- Complying with policies and procedures;
- Cooperating fully with auditors during the discharge of their duties including replying promptly to Management Audit Services requests and recommendations; making themselves available for meetings and discussions related to audit matters; and



**Metro**

# Management Audit Services Audit Charter

- Providing a response to audit findings and recommendations and assuring timely implementation of agreed upon corrective action(s) to audit recommendations.

## **C. The OCEO is responsible for:**

- Overseeing the daily administrative work:
  - Timekeeping and time approval;
  - Leave requests of the CAE – reviewing, approving;
  - Training requests;
  - Internal budget management and processing;
  - Internal office procedures (office space, furnishings, overhead issues like utilities, building management, information technology, employee on-boarding);
  - Personnel issues;
  - Any other office issues not related to the content or distribution of an audit report.
  - Approving the Audit Charter;
  - Approving a risk-based audit plan;
  - Approving the Management Audit Services budget and resource plan;
  - Receiving timely communications from the Chief Audit Executive summarizing results of audit activities; and
  - Making appropriate inquiries of management and the Chief Audit Executive to determine if there are any inappropriate scope or resource limitations.

## **D. The Board is responsible for:**

- Establishing, maintaining, and assuring that Management Audit Services has sufficient authority to fulfill its duties by
  - Approving the Audit Charter;
  - Approving a risk-based audit plan;
  - Approving the Management Audit Services budget and resource plan;
  - Receiving timely communications from the Chief Audit Executive summarizing results of audit activities; and
  - Making appropriate inquiries of management and the Chief Audit Executive to determine if there are any inappropriate scope or resource limitations.



**Metro**

# **Management Audit Services Audit Charter**

The Audit Charter may be modified by a written document executed by all of the participating parties. This Audit Charter will be effective upon execution and will continue indefinitely until it is modified.



**Metro**

# **Management Audit Services Audit Charter**

IN WITNESS WHEREOF, the parties hereto have caused this Audit Charter to be executed by their proper officers thereunto duly authorized, and their official seals to be affixed as of May \_\_, 2022.

Los Angeles County Metropolitan Transportation Authority

Board of Directors

By:

\_\_\_\_\_  
Stephanie N. Wiggins  
Chief Executive Officer

By:

\_\_\_\_\_  
Board Clerk





# Management Audit Services Audit Charter

## I. INTRODUCTION

Los Angeles County Metropolitan Transportation Authority (LACMTA) maintains an active audit function under the ~~administration~~ ~~direction~~ of LACMTA's Office of the Chief Executive Officer (OCEO), ~~reporting the results of its audit work to LACMTA's Board of Directors, with responsibility to report its activities to the Chief Executive Officer (CEO), and/or the CEO's Executive Designee, and LACMTA's Board of Directors (Board).~~ This Audit Charter defines the mission, scope, commitment to quality, authority and accountability, independence, responsibility of LACMTA's Management Audit Services, the OCEO, ~~including~~ the Board, as well as LACMTA management. Management Audit Services assists LACMTA to accomplish its objectives by understanding LACMTA's strategies and by bringing a systematic, disciplined, and risk-based approach to evaluating and recommending improvements to the effectiveness of risk management, internal controls, and governance processes. Management Audit Services also provides support to ensure that third parties receiving funding from LACMTA through contractual arrangements have properly accounted for the use of funds and complied with all applicable requirements.

## II. MISSION

Management Audit Services provides independent, objective audit, attestation, and consulting services designed to add value and improve LACMTA's operations.

## III. SCOPE

The scope of work performed by Management Audit Services includes the examination and evaluation of the adequacy and effectiveness of the LACMTA's network of risk management, internal controls, and governance. This includes audits of internal LACMTA operations as well as audits of third parties in a contractual arrangement with LACMTA. The work performed by Management Audit Services is intended to provide support to ensure:

- Risks are appropriately identified and managed;
- Financial, managerial, and operating information is evaluated, accurate, reliable and timely;
- Resources are acquired economically, used efficiently, and adequately protected;
- Program results are consistent with established objectives and goals, and operations or programs are being carried out as planned;
- Evaluation of legislative or regulatory issues impacting LACMTA are recognized, addressed appropriately and interaction with governance groups occurs;

**Commented [S1]:** Use of the term 'under the direction of' implies a relationship where the OCEO **directs** the activities of the audit function which we understand is not the case in practice. Suggest changing 'under the direction of' to 'within the'

**Commented [DK2]:** Recommend considering language like "report the results of its work to the Board". Can certainly add CEO, Executive Designee, and others – but clearly and initially saying "we report audits to the Board" is a good practice.

**Commented [DK3]:** Consider possible noted changes to clarify administrative vs functional roles (see supporting document).

**Commented [S4]:** Make consistent the use of Board and LACMTA Finance, Budget, and Audit Committee. Throughout the charter – they seem to be used interchangeably. In making this reference consistent, also clarify to where the reporting relationship is. Is it to the Board, or the Board's Finance, Budget, and Audit Committee

**Commented [DK5]:** All of this is trying to illustrate that MAS resides within OCEO and is in OCEO's administrative portfolio, while reporting the results of its audit work to the Board.

**Commented [DK6]:** This seems to blend OCEO and the Board – if the intent is to clarify the functional vs administrative roles, suggest this grammatical change to separate OCEO and the Board.



## Management Audit Services Audit Charter

- Employee actions comply with policies, standards, procedures and applicable laws and regulations;
- Consulting services related to governance, risk management and control are appropriate for the organization;
- Opportunities for improving internal controls, streamlining processes, and improving public perception identified during audits are communicated to the appropriate level of management; and
- Interactions and arrangements with third parties, including contractors and recipients of grant funds comply with policies, standards, procedures and applicable laws and regulations.

### IV. COMMITMENT TO QUALITY

Management Audit Services will maintain quality control procedures and a quality assurance and improvement program that covers all aspects of Management Audit Services activity. Management Audit Services will deliver upon the commitment to quality through focused activities such as: ensuring a quality assurance improvement program, facilitating annual internal assessments, and ensuring external assessments conducted at least every three years. The Chief Audit Executive will provide consistent and timely communications to the CEO, and/or the CEO's Executive Designees, the Board, and LACMTA management.

Management Audit Services adheres to the following professional standards and codes:

- Government Auditing Standards promulgated by the Comptroller General of the United States;
- International Standards for the Professional Practice of Internal Auditing (Standards), Code of Ethics, Core Principles, and Definitions of Internal Auditing issued by the Institute of Internal Auditors;
- Information Systems Auditing Standards promulgated by the Information Systems Audit and Control Association;
- Standards promulgated by the American Institute of Certified Public Accountants and their Code of Professional Conduct;
- LACMTA's Employee Code of Conduct and Administrative Code, and
- Management Audit Services' Audit Policy Manual and applicable procedures.

### V. AUTHORITY AND ACCOUNTABILITY

Management Audit Services performs audit engagements ~~and services~~ for departments, programs, functions, systems, contracts, grant recipients, and other

**Commented [DK7]:** This is a suggestion to clarify that MAS is not performing "non-audit services" – work that is outside of standards. Could also say "MAS performs work for departments, programs. . .".



## Management Audit Services Audit Charter

activities based on the approved annual audit plan, or specific requests that are received from the CEO, and/or the CEO's Executive Designee, the Board, including management; or as identified by the Chief Audit Executive.

**Commented [DK8]:** Another clarifying option is just to say "Management Audit Services performs engagements based on the approved annual audit plan, or specific requests. . ."

Management Audit Services with strict accountability for confidentiality and safeguarding of records and information is authorized to:

- Maintain full, free and unrestricted access to any and all information, functions, operations, systems, properties, personnel and other relevant materials necessary to accomplish its work. All employees are requested to assist fully in making available material or information requested by Management Audit Services or any external auditors contracted to perform on behalf of Management Audit Services. Access to contracted third parties will be handled in accordance with contractual terms. Management Audit Services staff signs Confidentiality Statements annually. Documents provided to Management Audit Services will be handled in the same prudent manner as by those employees normally accountable for them;
- Maintain full and free access and reporting responsibilities through LACMTA's Finance, Budget and Audit Committee;
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- Obtain the necessary assistance of personnel in functions where audit engagements, services or activities are being performed, as well as other specialized services from external consultants.

Management Audit Services in the discharge of duties is accountable to LACMTA's CEO and Board to:

- Provide adequate audit coverage to the areas set forth under the mission and scope of work sections of this Audit Charter.
- Report significant issues related to the processes for managing risk and governance practices controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution. This includes risk management and governance practices.
- Provide periodic information on the status and results of the annual audit plan and the sufficiency of department resources, including –proper reporting and notification to the CEO, and/or CEO's Executive Designee, and the Board when resource constraints prevent the coverage of a risk as identified through the annual agency-wide risk assessment and included in the annual audit plan, or related to a special request, and e-This includes ensuring the resources are sufficient and competent through actions such as staff augmentation and outsourcing. The Chief Audit Executive will ensure proper reporting and notification to the CEO, and/or CEO's Executive Designee, and the Board when

**Commented [S9]:** This bullet point seems to be trying to do multiple things. Suggest it be split into two separate points



## Management Audit Services Audit Charter

~~resource constraints prevent the coverage of a risk as identified through the annual agency wide risk assessment and included in the annual audit plan; or related to a special request.~~

- Establish a follow-up process to track and monitor the effective implementation of management actions related to findings, recommendations, and/or issues.

### VI. INDEPENDENCE

Management Audit Services is independent of ~~LACMTA's operations and the activities it reviews~~. Specifically, Management Audit Services staff may not review areas in which staff was responsible for the design or operation of the area. Auditors are responsible for maintaining independence and integrity in all services provided.

All Management Audit Services activities shall remain free from interference relative to matters of audit selection, scope, procedures, frequency, timing, or report content to maintain independence and objectivity. The Chief Audit Executive shall report any impairment to independence; or ~~unjustified~~ restriction or limitation to audit selection, scope, procedures, frequency, timing; or report content promptly to the OCEO and the Board, ~~as appropriate~~.

As a means of ensuring independence, ~~the Chief Audit Executive~~ ~~Management Audit Services~~ will report administratively to the OCEO and maintain a functional reporting relationship to the Board. This structure permits the rendering of impartial and unbiased judgment essential to the proper conduct of audits.

Management Audit Services is not authorized to perform any operational duties for LACMTA, which shall include:

- Implementing internal controls;
- Developing policies or procedures on behalf of management;
- Installing systems;
- Preparing records that are the responsibility of management; and
- Engaging in any other activity that may impair internal auditor's judgment.

### VII. RESPONSIBILITIES

#### A. Management Audit Services is responsible for:

- Developing and executing a flexible risk-based annual audit plan which considers LACMTA's objectives and strategies, including any risks or internal

**Commented [DK10]:** This suggestion is intended to clarify the "managers manage, but auditors audit" theme – that LACMTA operates, and MAS audits LACMTA's work.

**Commented [DK11]:** We suggest that any of the listed restrictions/limitations would be unjustified – suggest deleting the word "unjustified" so MAS would report all independence impairments to the OCEO and the Board.

**Commented [DK12]:** The impairments listed here would be extremely serious – suggest removing "as appropriate" since any concerns at these levels should be reported.

**Commented [S13]:** This wording change from current audit charter improves organizational independence. We suggest changing MAS to CAE as CAE is referred to in the IIA standards.

To illustrate how these relationships will work in practice, suggest developing separate sections for each in section VII Responsibilities rather than grouping them together.



## Management Audit Services Audit Charter

- control concerns identified by management; and submitting that plan to the OCEO and the Board for review and approval;
- Preparing or updating the agency-wide risk assessment annually and incorporating the results into the annual audit plan;
  - Implementing the annual audit plan, as approved, including as appropriate, any special tasks or projects requested by the CEO, and/or CEO's Executive Designee, the Board, including and management;
  - Reporting significant audit findings to the CEO, and/or CEO's Executive Designee, the Board, including management;
  - Providing management with adequate time to respond to audit findings and including management's response in the final reports;
  - Presenting quarterly reports to the OCEO and the Board that summarize the results of audit activities, highlight Audit Plan progress, describe any adjustments made to the Audit Plan, and recommended changes to the Audit Plan based on new information or special requests;
  - Keeping the OCEO and LACMTA's Finance, Budget and Audit Committee informed of emerging risks and issues and recommending audits to provide relevant, timely information about these areas to support oversight and decision making;
  - Maintaining a professional audit staff with sufficient knowledge, competencies, skills, experience, and professional certifications to meet the requirements of this Audit Charter;
  - Conducting objective and constructive ~~performance~~ audits, attestations, and consulting services, other non-audit engagements, which include performance and attestation audits;
  - Consulting services, which are advisory in nature, can be provided as long as the services do not impair Management Audit Services' independence and fall within the scope outlined in the Audit Charter;
  - Exercising due professional care in all of our work products;
  - Acting in a professional manner at all times;
  - Coordinating external audits of LACMTA;
  - Considering external auditors and regulators' scopes of work, as appropriate, for the purpose of providing optimal audit coverage at a reasonable overall cost;
  - Referring suspected fraud, waste, or abuse promptly to the Office of the Inspector General; and
  - Establish a quality control and assurance improvement program.

### B. Management is responsible for:

- Maintaining an effective system of internal controls, documenting policies and procedures, and ensuring information is accurate and reliable;
- Complying with policies and procedures;

**Commented [S14]:** Suggest revising to make consistent with language in mission statement



## Management Audit Services Audit Charter

- Cooperating fully with auditors during the discharge of their duties including replying promptly to Management Audit Services requests and recommendations; making themselves available for meetings and discussions related to audit matter, and
- Providing a response to audit findings and recommendations and assuring timely implementation of agreed upon corrective action(s) to audit recommendations.

### C. The OCEO and Board are responsible for:

- Establishing, maintaining, and assuring that Management Audit Services has sufficient authority to fulfill its duties by:
  - Approving the Audit Charter;
  - Approving a risk-based audit plan;
  - Approving the Management Audit Services budget and resource plan;
  - Receiving timely communications from the Chief Audit Executive summarizing results of audit activities; and
  - Making appropriate inquiries of management and the Chief Audit Executive to determine if there are any inappropriate scope or resource limitations.

The Audit Charter may be modified by a written document executed by all of the participating parties. This Audit Charter will be effective upon execution and will continue indefinitely until it is modified.

#### Commented [S15]:

In order to more fully demonstrate the differences between an administrative relationship with the OCEO and a functional relationship with the Board, suggest separating these into two sections:

- The OCEO is responsible for:
- The Board is responsible for:

The items currently listed here are some of those included in the Interpretation of 1110 – Organizational Independence in the Red Book which are specifically related to demonstrating a functional relationship to the Board. To assign them to both the OCEO and the Board confuses rather than clarifies the relationships with both.

Suggest developing an OCEO is responsible for section which defines what the administrative relationship looks like. If approval of items is part of that that's OK, as long as final approval is given to the Board

In Board is responsible for section, add as many items in the 1110 interpretation section as possible.

**Commented [DK16R15]:** Added some potential administrative functions to the memo for consideration in "The OCEO is responsible for" section if one is added – basically, OCEO would oversee the daily administrative work, while the Board would have the functions now listed above.

**Commented [DK17]:** See accompanying memo for suggested lists of both administrative and functional duties. Not critical to add the full lists to the Charter itself but see if these lists comport with your general intent/understanding of these roles.



## Management Audit Services Audit Charter

IN WITNESS WHEREOF, the parties hereto have caused this Audit Charter to be executed by their proper officers thereunto duly authorized, and their official seals to be affixed as of ~~October 2024~~May 2022.

Los Angeles County Metropolitan Transportation Authority

Board of Directors

By:

By:

\_\_\_\_\_  
Stephanie N. Wiggins  
Chief Executive Officer

\_\_\_\_\_  
Board Clerk

Management Audit Services

# FY 2022 Third Quarter Report

Finance, Budget & Audit Committee  
May 18, 2022

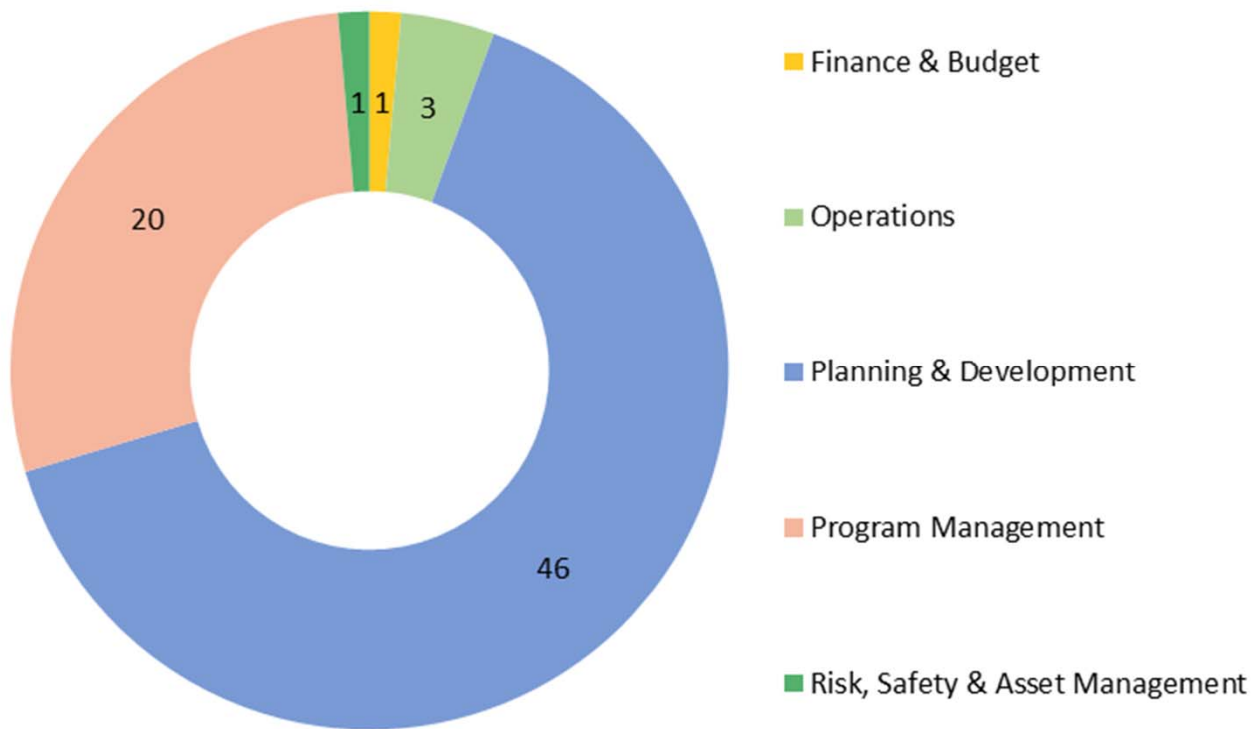


MANAGEMENT  
AUDIT SERVICES






# In Progress: MAS Audit Activity

Agency Representation



- 3 Performance Audits
- 68 Contract, Financial and Compliance Audits

# In Progress: Performance Audits

			Estimated Completion
	Audit Title	Description	FY22 Q4 Apr - Jun
1	Micro Mobility Vehicles Program	Assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro rapid equity assessment tool.	
2	Transit Asset Inventory Records	Evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records.	
3	Real Estate Management System	Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System.	

# Completed: Metro-Owned Renewable Identification Numbers (RINS)

## Objective

Verify that Metro's Environmental Protection Agency (EPA) reporting of RINs for renewable energy credits are complete and accurate.

## Audit Results

Talson Solutions, LLC found that one finding that required corrective action related to the RINS activity reports.

## Findings / Recommendation Themes

### Finding 1: RINS Activity Reports

- File quarterly activity reports
- Retire the expired RINs in the EMTS system

# Completed: Business Interruption Fund (BIF) Pilot Program

## Objective

Determine Pacific Coast Regional Small Business Development Corporation's (PCR) compliance with the Los Angeles County Metropolitan Transportation Authority's (Metro) Business Interruption Fund (BIF) Administrative Guidelines and Fund Disbursement Procedures.

## Audit Results

BCA Watson Rice found that PCR complied, in all material respects, with Metro's BIF Administrative Guidelines and Fund Disbursement Procedures as listed in the notes to the BIF Pilot Program.

# Completed: Performance Audit Of Information Security Awareness

## Objective

Identify potential improvement opportunities relating to user information security awareness with a focus on Information Security training oversight, efforts and practices, and system user departments' efforts and practices.

## Audit Results

MAS found that Information Technology Services (ITS) continuously provides staff with policies, standards, training, and agencywide emails to support user information security awareness.

## Findings / Recommendation Themes

### Finding 1: Strengthen oversight and monitoring over information security training

- Specify reminder notification requirements (e.g., due date, frequency).
- Determine training needs to cover necessary policy requirements and incorporate any near-term policy updates related to information security.
- System users acknowledgement of having received IT policies/standards and/or completion of training(s).
- Define, document, and communicate roles and responsibilities related to oversight of mandatory/required trainings.
- Establish timeframe target for resolving technical issues and enabling automated notification feature.

### Finding 2: System user awareness training program exclusions

- Establish a formal guideline that guides decisions on training method and who should receive training
- Establish minimum requirement and/or expectation for consultants and support the training needs as necessary.
- Document the roles and responsibilities of Talent Development, and sponsoring departments when required training is developed.

# Completed: Contract, Financial & Compliance Audits

Reviewed / Questioned Amount



- Delivered financial audits that reviewed \$3.3 million of funding; and identified \$218 thousand (7%) for reprogramming

# Management Audit Services Audit Charter

- Formal document that defines MAS' purpose, authority, independence, and responsibility
- Standards require that MAS periodically review and obtain Board of Directors approval
  - Last approved in October 2018
- Revised based on MAS' review and independent Internal Quality Self-Assessment (IQSA) recommendations
  - Board approval May 2022

# Next Steps

- Present FY 23 annual audit plan to executive leadership and the Board of Directors
- Report on Consolidated Audit Reports (FY 21)
- Ensure ongoing implementation of performance and financial audits and reporting



Thank you