



## Board Report

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### FINANCE, BUDGET AND AUDIT COMMITTEE NOVEMBER 16, 2022

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2023 FIRST QUARTER STATUS REPORT**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the Management Audit Services (MAS) FY 2023 first quarter status report.

#### **ISSUE**

MAS is required to provide a quarterly activity report to Metro's Board of Directors (Board) that presents information on audits that have been completed or are in progress, including information related to audit follow-up activities. This report covers the period July 1, 2022 through September 30, 2022.

#### **BACKGROUND**

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 and reviews such as special projects related to the programs and activities under the purview of the Office of the Chief Executive Officer, the People Office, Operations, Program Management, Safety Office, Planning and Development, including other Metro departments. Contract, Financial and Compliance Audit is primarily responsible for external audits in Planning and Development, Program Management, and Strategic Financial Management Office. MAS' functional units assure the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably; and that desired outcomes are achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. MAS' Administration and Policy unit is responsible for administration, and financial management, including audit support, follow-up, and resolution tracking.

**DISCUSSION**

The following chart summarizes MAS activity for FY 2023 first quarter.

	<b>Completed in FY 2023 First Quarter</b>	<b>In-Progress as of September 30, 2022</b>
Performance Audits	2 audit projects	6 audit projects
Contract, Financial and Compliance Audits	10 audit projects with a total value of \$23 million	61 audit projects
Audit Follow-up and Resolution*	4 follow-up recommendations closed	
	3 follow-up recommendations closed	

\*Note: MAS performs audit follow-up for the Office of Inspector General (OIG).

The FY 2023 First Quarter Status Report is included as Attachment A.

**EQUITY PLATFORM**

There are no equity impacts or concerns from audit services conducted during this period. However, MAS recognizes that the department’s opportunity to advance equity starts with conducting audits with equity themes that lead to the accountability and compliance of programs and policies aimed directly or indirectly at creating more equitable outcomes in Equity Focus Communities throughout the Los Angeles region. In the future, MAS will consider and identify agency-wide policies and programs that have equity compliance aspects and support the monitoring and compliance reporting through audit engagements as appropriate.

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Management Audit Services FY 2023 First Quarter Status Report supports Metro’s Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

**NEXT STEPS**

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

**ATTACHMENT**

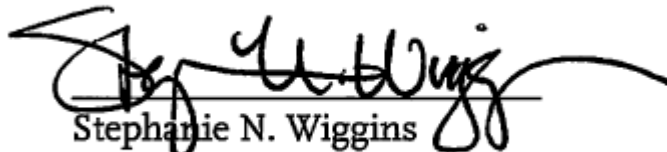
- A. FY 2023 First Quarter Status Report

**Prepared by:** Lauren Choi, Deputy Executive Officer. Administration (Interim)  
(213) 922-3926

Alfred Rodas, Sr. Director, Audit  
(213) 922-4553

Monica Del Toro, Audit Support Manager  
(213) 922-7494

**Reviewed by:** Sharon Gookin, Deputy Chief Executive Officer  
(213) 418-3101



Stephanie N. Wiggins  
Chief Executive Officer

# Quarterly Report to Metro Board of Directors

FY 2023 First Quarter



**Metro**

**MANAGEMENT  
AUDIT SERVICES**

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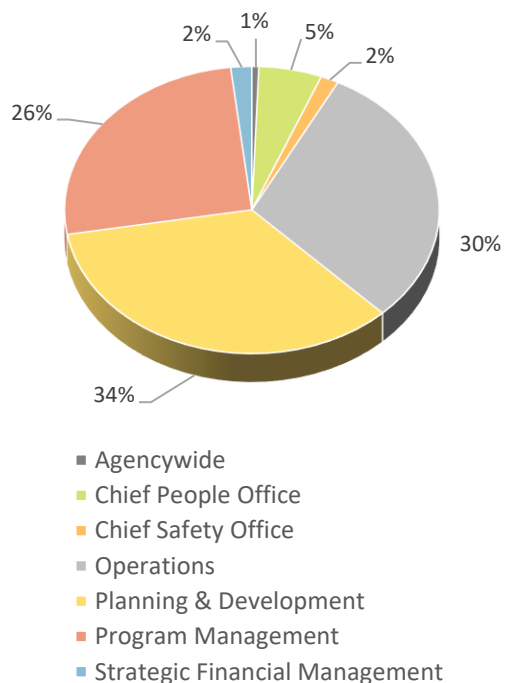
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# Executive Summary

In Progress Audits  
as of September 30, 2022



Summary of Audit Activity by Department  
Reporting Period  
July 1, 2022 – September 30, 2022



## Summary of In Progress Audit Activity

Management Audit Services (MAS) has 67 in progress projects as of September 30, 2022, which include 6 performance audits and 61 contract, financial and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 50 open MAS audit recommendations; and 11 open Office of Inspector General (OIG) audit recommendations.

## Summary of Third Quarter Completed Audit Activity

MAS completed 12 audit projects and closed 7 open audit recommendations. The projects are comprised of 2 performance audits and 10 contract, financial and compliance audits.

The completed performance audits are highlighted on page 4. The completed contract, financial and compliance audits are highlighted on page 5.

A summary of closed and open audit recommendations is included on page 6.

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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.

## ***Performance Audit of Micro Mobility Vehicle (MMV) Pilot Program***

The objectives of the audit were to:

1. Identify applicable laws, regulations, and Standard Operating Procedures (SOPs) to determine the adequacy of Metro's process to ensure compliance.
2. Evaluate the adequacy of internal controls over the billing process.
3. Assess to what extent equity provisions were considered for the MMV Program.
4. Benchmark against other agencies' MMV parking programs to identify best practices.

MAS found that Parking Management had already self-identified many areas for improvement in the Program, which is commendable. However, opportunities for further enhancement include:

1. Ensuring compliance with applicable laws, regulations, and SOPs.
2. Improved internal controls over the billing process.
3. Equity was considered for the MMV Program, but the equity assessment could be improved, and its results used in the implementation of the Program.
4. Incorporating best practices.

MAS identified one (1) finding, one (5) business process improvement opportunities, and eleven (11) recommendations. Management concurred with the recommendations.

## ***Performance Audit of Transit Asset Inventory Records***

The objective of this audit was to determine whether adequate controls exist over transit asset inventory records to help ensure completeness and accuracy of the Transit Asset Management (TAM) database.

MAS found that the processes for reviewing, validating, and confirming asset inventory records can be enhanced. Enterprise Transit Asset Management is still in the process of developing and implementing various processes to help ensure the accuracy and completeness of the asset inventory maintained in the TAM database.

MAS identified one (1) finding, one (1) business process improvement opportunity, and seven (7) recommendations. Management concurred with the recommendations.

# Contract, Financial & Compliance Audits

MAS staff completed 10 independent auditor's report on agreed-upon procedures for the following projects:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
City of Culver City - Traffic Monitoring and Surveillance System Gap Closure Project	\$3,178,154	\$0
City of Burbank - I-5 Corridor Arterial Signal Improvements – Phase 2 Project	\$1,166,327	\$0
City of Downey - Bellflower Blvd. at Imperial Highway Intersection Improvements Project	\$2,735,156	\$20,676
County of Los Angeles - Norwalk Blvd and Washington Blvd Intersection Improvements Project	\$279,811	\$271,306
City of Calabasas - Las Virgenes Road Scenic Corridor Widening Project	\$5,604,072	\$421,072
Michael Baker International, Inc. - Project Approval & Environmental Document for the I-605/SR-91 Interchange Project	\$6,321,693	\$192,355
Watearth, Inc. - Sustainability Program Assistance Services	N/A	\$0
City of West Hollywood - West Hollywood CityLine Vehicle Replacement Project	\$928,512	\$0
ILF Consultants, Inc - SR-710 Gap Alternative Analyses, Project Report Preparation & Environmental Studies Documentation (2 Audits)	\$2,565,730	\$1,313,518
<b>Total Amount</b>	<b>\$22,779,455</b>	<b>\$2,218,927</b>

Details on contract, financial and compliance audits completed during FY 2023 first quarter are included in Appendix B.



# Audit Follow-Up and Resolution

The tables below summarize the open and closed audit recommendations as of September 30, 2022.

<b>MAS and External Audit Recommendations</b>				
<b>Executive Area</b>	<b>Closed</b>	<b>New</b>	<b>Currently Open</b>	<b>Past Due</b>
Operations	2		10	8
Program Management	1		1	7
Chief People Office			17	
Planning & Development		1		
Chief Safety Office	1	6		
<b>Total</b>	<b>4</b>	<b>7</b>	<b>28</b>	<b>15</b>

<b>OIG Audit Recommendations</b>				
<b>Executive Area</b>	<b>Closed</b>	<b>New</b>	<b>Currently Open</b>	<b>Past Due</b>
Operations			2	
Chief Safety Office	3		7	2
<b>Total</b>	<b>3</b>		<b>9</b>	<b>2</b>

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

## Appendix A

Performance Audit - In Progress Audits as of September 30, 2022				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	Chief People Office	22-ITS-P01 - Follow-up of Cybersecurity Assessment Recommendations	Agreed upon procedures report to assess the status of work done by ITS in response to a previously performed cybersecurity review.	10/2022
2	Operations	22-OPS-P04 - CMS Fabrication Process Special Review	Review the Central Maintenance Shops manufacturing request process for reasonableness, efficiency, completeness and safety considerations.	10/2022
3	Operations	22-OPS-P03 - OCI Training	Assess the compliance of training records of new Bus Operators and of Operations employees working in Maintenance and Transportation with applicable Federal, State, and technical requirements. In addition, the training records will be assessed for accuracy and completeness.	12/2022
4	Operations	22-OPS-P01 - Micro Transit Program	Assess Shared Mobility's efforts in managing the Micro Transit Program.	1/2023
5	Operations	21-SEC-P01 - Business Continuity Plan	Evaluate the adequacy of Rail Operations' Continuity of Operations Plan and Standard Operating Procedures to support Rail Operations' mission essential functions during emergencies.	1/2023
6	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.	4/2023

**Appendix B**

<b>Contract, Financial and Compliance Audit - Audits Completed as of September 30, 2022</b>				
<b>No.</b>	<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Auditee</b>	<b>Date Completed</b>
1	Planning & Development	22-PLN-A02 - Close-out	Culver City	7/2022
2	Planning & Development	22-HWY-A02 - Close-out	City of Burbank	9/2022
3	Planning & Development	19-HWY-A07 - Close-out	City of Downey	9/2022
4	Planning & Development	22-HWY-A04 - Close-out	County of Los Angeles	9/2022
5	Planning & Development	19-HWY-A05 - Close-out	City of Calabasas	9/2022
6	Planning & Development	20-HWY-A13 - Close-out	Michael Baker Internation, Inc.	9/2022
7	Program Management	21-CON-A02 - Agreed-upon Procedures	Watearth, Inc.	9/2022
8	Planning & Development	23-PLN-A02 - Close-out	City of West Hollyhwood	9/2022
9	Program Management	19-CON-A24 - Agreed-upon Procedures	ILF Consultants, Inc.	9/2022
10	Planning & Development	20-PLN-A15 - Close-out	ILF Consultants, Inc.	9/2022

## Appendix C

Open Audit Recommendations as of September 30, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	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	7/31/2023
2	Operations	19-OPS-P02 - Performance Audit of the Rail Communications Systems	3 total	The recommendations included in this report address findings in Metro's Operational System. <b>Update: As of September 2022, 9 of 12 recommendations were closed.</b>	On-going	
3	Operations	19-OPS-P03 - 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 2022, 6 of 13 recommendations were closed.</b>	On-going	
4	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	8/30/2022
5	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	4/30/2023
6	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	4/30/2023
7	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	4/30/2023

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

## Appendix C

Open Audit Recommendations as of September 30, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
8	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	4/30/2023
9	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	4/30/2023
10	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	4/30/2023
11	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	4/30/2023
12	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	
13	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	
14	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	
15	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	

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

## Appendix C

Open Audit Recommendations as of September 30, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
16	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	
17	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	
18	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	
19	Chief People Office	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. <b>Update: Talent Development is in the process of training new staff to learn the LMS system.</b>	8/30/2022	9/30/2022
20	Chief People Office	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	
21	Chief People Office	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	
22	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	4	We recommend that Talent Development Management 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	

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

## Appendix C

Open Audit Recommendations as of September 30, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
23	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	5	We recommend that Talent Development Management establish a timeframe target with the LMS for resolving the current outstanding technical issues.	8/30/2022	
24	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	6	We recommend that Talent Development Management establish a timeframe target with Human Capital & Development management to enable the automated notification feature.	8/30/2022	
25	Chief People Office	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	
26	Chief People Office	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	
27	Chief People Office	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	
28	Chief People Office	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	
29	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	12	We recommend that Talent Acquisition continue working with hiring departments to update the consultant records in the HR database.	7/31/2022	
30	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	13	We recommend that Talent Acquisition clarify and enforce the roles and responsibilities of hiring departments related to notifying Talent Acquisition of changes in consultant's status (including terminations) in a timely manner.	7/31/2022	
31	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	14	We recommend that Talent Acquisition periodically follow up with hiring departments to confirm the consultants' status and update, as necessary.	7/31/2022	
32	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	15	We recommend that Talent Acquisition continue working with ITS to implement a system-assisted solution to notify or automate the process.	7/31/2022	
33	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	16	We recommend the Deputy Chief Information Technology Officer require Information Technology Services team to instruct system owners to review, update and/or deactivate the user access lists immediately.	12/31/2024	

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

## Appendix C

Open Audit Recommendations as of September 30, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
34	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	17	We recommend the Deputy Chief Information Technology Officer require Information Technology Services team to clarify and enforce the roles and responsibilities of system owners and data custodians to review and update the access list periodically.	12/31/2024	
35	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	18	We recommend the Deputy Chief Information Technology Officer require Information Technology Services team to instruct system owners to review, update and/or deactivate the user access lists immediately.	12/31/2024	
36	Planning & Development	21-PLN-P01 - Performance Audit of Micro Mobility Vehicle Pilot Program	1	Parking Management should establish a flat annual license fee that includes access to all rail stations and abolish all other recurring fees.	10/31/2022	
37	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	1a	We recommend the Deputy RSAM officer periodically review accounting records for acquisitions (at least annually) to update the TAM database and to help ensure completeness. a) Develop a formal process to obtain necessary asset information.	8/31/2023	
38	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	1ai	We recommend the Deputy RSAM officer periodically review accounting records for acquisitions (at least annually) to update the TAM database and to help ensure completeness. i. Identify responsible departments and define and document their roles and responsibilities to support and/or report asset information to ETAM.	11/30/2022	
39	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	1aii	We recommend the Deputy RSAM officer periodically review accounting records for acquisitions (at least annually) to update the TAM database and to help ensure completeness. ii. Propose to Accounting a revised Capital Asset Transfer request form to obtain sufficient asset information when assets are acquired and/or placed in service.	8/31/2023	
40	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	1b	We recommend the Deputy RSAM officer periodically review accounting records for acquisitions (at least annually) to update the TAM database and to help ensure completeness. b) Continue working with the EAMS implementation team to plan, design, develop and implement a system integration/interface to transfer available asset data from the accounting system to the new EAMS.	11/30/2022	
41	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	2	For existing assets, make use of accounting records to identify all missing assets that should be in the TAM database.	11/30/2022	
42	Chief Safety Office	21-RSK-P03 - Performance Audit of Transit Asset Inventory Records	3	Work with the EAMS implementation team and other functional groups (Accounting, ITS, Operations etc.), who maintain an asset list, to consolidate inventory records in the upcoming EAMS.	11/30/2022	

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



## Appendix D

OIG Open Audit Recommendations as of September 30, 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	1 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 September 2022, 116 of 117 recommendations were closed.</b>	Pending	
2	Operations	20-AUD-06 - Review of LA Metro's Freeway Service Patrol (FSP) 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	7/1/2023
3	Chief Safety Office	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.	6/30/2023	
4	Chief Safety Office	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.	6/30/2023	
5	Chief Safety Office	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.	6/30/2023	
6	Chief Safety Office	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.	6/30/2023	
7	Chief Safety Office	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	

## Appendix D

OIG Open Audit Recommendations as of September 30, 2022						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
8	Chief Safety Office	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	
9	Chief Safety Office	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
10	Chief Safety Office	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
11	Chief Safety Office	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.	6/30/2023	

Management Audit Services

# FY 2023 First Quarter Report

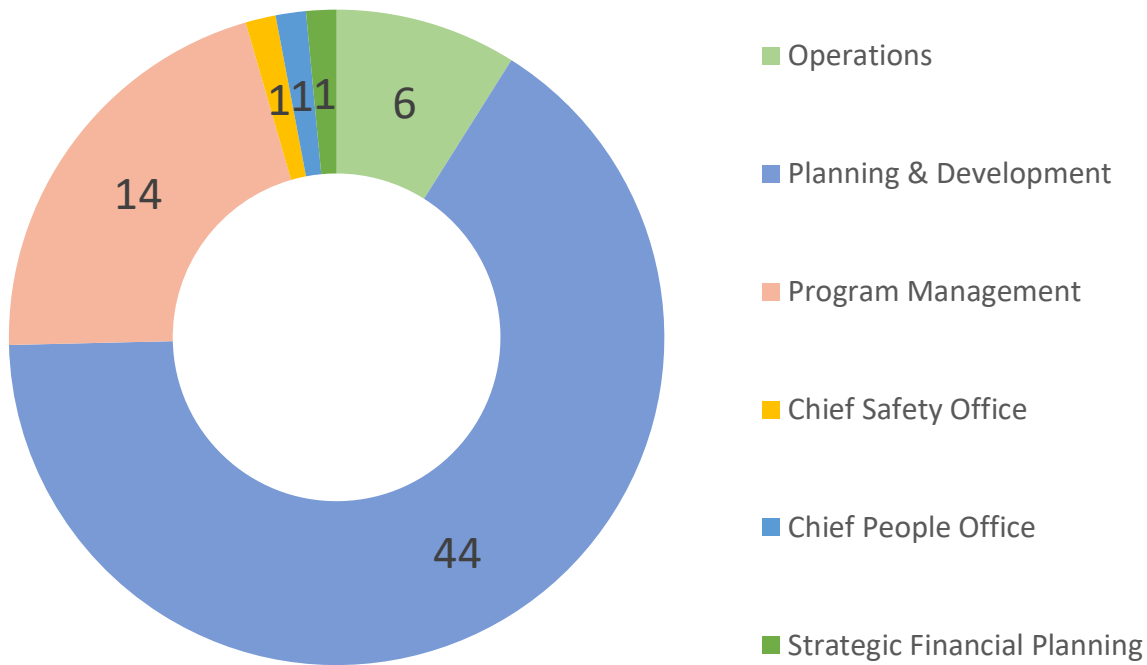
Finance, Budget & Audit Committee  
November 16, 2022



MANAGEMENT  
AUDIT SERVICES







# In Progress: MAS Audit Activity

Agency Representation



- 6 Performance Audits
- 61 Contract, Financial and Compliance Audits

# In Progress: Performance Audits

	Audit Title	Description	Estimated Completion			
			FY23 Q2 Oct - Dec	FY23 Q3 Jan - Mar	FY23 Q4 Apr - Jun	FY24 Q1 Jul - Sep
1	Cybersecurity Follow-up	Assess the status of work done by ITS in response to prior audit.				
2	CMS Fabrication Process Special Review	Review the Central Maintenance Shops (CMS) manufacturing request process for reasonableness, efficiency, completeness and safety considerations.				
3	OCI Training	Assess the compliance of training records of new Bus Operators and of Operations employees with applicable requirements, completeness and accuracy.				
4	Micro Transit Program	Assess Shared Mobility's efforts in managing the Micro Transit program				
5	Business Continuity of Operations Plan (COOP)	Evaluate the adequacy of Rail Operations' COOP and Standard Operating Procedures to support Rail Operations' mission essential functions during emergencies.				
6	Real Estate Management System	Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new system.				

# Completed: Performance Audit of Micro Mobility Vehicles Pilot Program

## Objective

Determine the adequacy of Metro's process and internal controls over the billing process, assess to what extent equity provisions were considered for the MMV Program, and benchmark against other agencies' MMV parking programs to identify best practices.

## Audit Results

MAS found that Parking Management had already self-identified many areas for improvement in the Program, which is commendable. However, there are opportunities for further enhancement.

## Findings / Recommendation Themes

Finding 1: No contractual commitments from service providers

- Establish flat annual license fee that includes access to all rail stations and abolish all other recurring fees

BPI 1: Additional measures to monitor service providers' behavior and clear ADA violations quickly

- Report improperly parked MMVs in real time
- Relocation of improperly parked MMVs

BPI 2: Implement best practices to reduce enforcement burden

- Geofencing systems, guidance to parking zones, and enforced speed limits

BPI 3: Billing System Upgrades

- Track violations
- Billing account system
- Violation supporting documentation
- SOPs for violations / billing

BPI 4: Equity enhancements

- Complete Rapid Equity Assessment tool
- Market low-income discount programs

BPI 5: Program Management tools

- Develop metrics and KPIs for providers and program

# Completed: Performance Audit of Transit Asset Inventory Records

## Objective

Determine whether adequate controls exist over transit asset inventory records to help ensure completeness and accuracy of the Transit Asset Management (TAM) database.

## Audit Results

MAS found that the processes for reviewing, validating, and confirming asset inventory records can be enhanced.

## Findings / Recommendation Themes

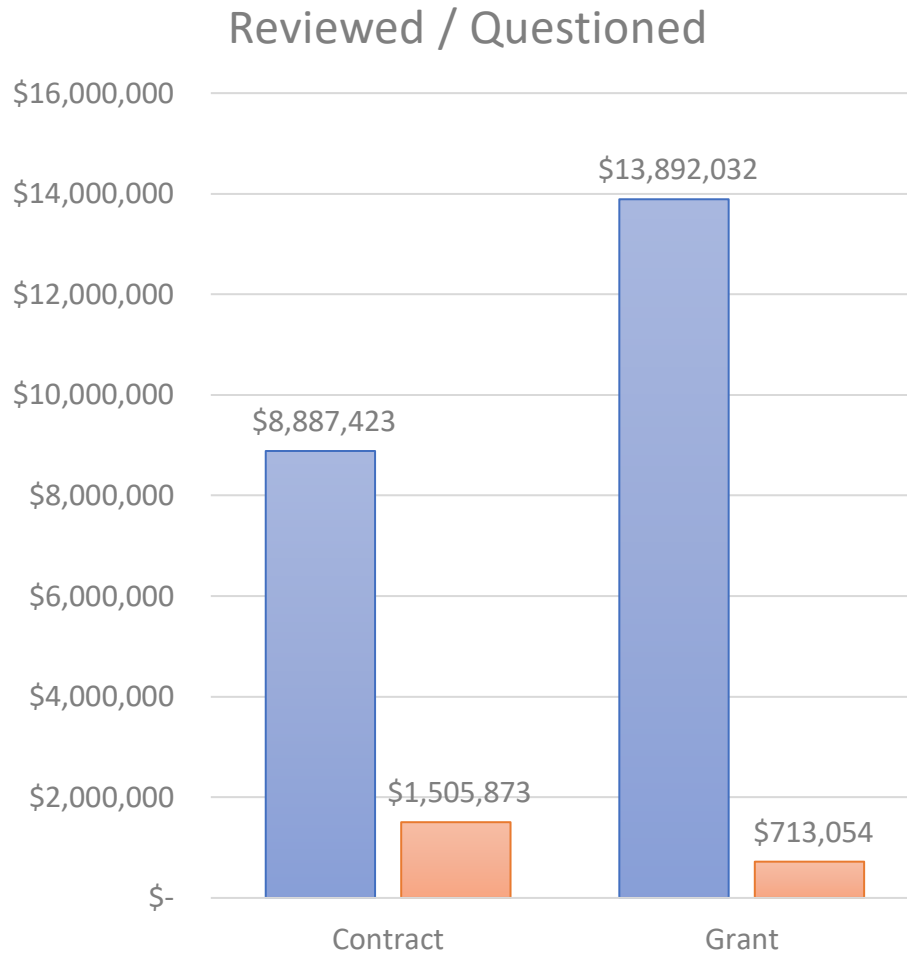
### Finding 1: Completeness of Transit Asset Inventory Records

- Periodically review accounting records for acquisitions to update TAM database and ensure completeness
- Identify missing assets by reviewing accounting records
- Consolidate inventory records from other groups

### BPI 1: Accuracy of Transit Asset Inventory Records

- Include basic asset info in TAM database, i.e., cost
- Identify and communicate functional needs to implementation team in order to establish common asset identifiers and define data fields
- Identify missing key assets
- Determine if new EAMS will require responsible asset owners to conduct periodic inventory

# Completed: Contract, Financial & Compliance Audits



- Delivered financial audits that reviewed \$23M of funding; and identified \$2.2M (10%) for reprogramming
- Reviewed and approved 1 Transitional Indirect Cost Rate (TICR) determination for Small Business Enterprises (SBEs)