



Board Report

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**FINANCE, BUDGET AND AUDIT COMMITTEE
SEPTEMBER 20, 2023**

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2023 FOURTH QUARTER STATUS REPORT
AND CUMULATIVE YEAR-END REPORT**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services (MAS) FY 2023 Fourth Quarter status report and cumulative FY 2023 year-end report.

ISSUE

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

BACKGROUND

It is customary practice for MAS to deliver the quarterly audit report. The FY 2023 Fourth Quarter report covers the period of April 1, 2023, through June 30, 2023; and the cumulative FY 2023 year-end for the period of July 1, 2022, through June 30, 2023.

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 assure the public that internal processes and programs are being managed efficiently, effectively,

economically, ethically, and equitably; and that desired outcomes are being achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, financial management, quality assurance, and audit support, including audit follow-up, and resolution tracking.

The following summarizes MAS activity for FY 2023 Fourth Quarter and FY 2023 year ending June 30, 2023.

Performance Audits: One (1) audit project was completed for the quarter; seven (7) for the fiscal year; and six (6) were in progress.

Contract, Financial, and Compliance Audits: Eighteen (18) audits including twelve (12) Contract Pre-award audits for the Engineering Support Services for Vertical Transportation Systems & Related Services Project and four (4) financial and compliance audits of grantees with a total expenditure value of \$7 million were completed for the quarter. Forty-six (46) audits with a total expenditure value of \$90 million were completed for the fiscal year; and seventy (70) were in progress.

Financial and Compliance Audits of Metro: 147 audits were issued by external Certified Public Accounting (CPA) firms.

Transitional Indirect Cost Rate (TICR): Two (2) TICR approvals were issued for the Small Business Entities (SBE).

Audit Follow-up and Resolution: Nineteen (19) recommendations were closed for the quarter; and 45 for the fiscal year.

Note: MAS performs audit follow-up for the Office of Inspector General (OIG). Two (2) recommendations were closed for the quarter; and six (6) for the fiscal year.

The FY 2023 Fourth Quarter Status Report and Cumulative Year-End Report are included as Attachment A.

EQUITY PLATFORM

Management Audit Services' quarterly audit activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. These quarterly activities inform the cumulative end-of-year report. There are no known equity impacts or concerns from audit services conducted during FY 2023.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2023 Fourth Quarter Status Report and Cumulative Year-End Report supports Metro's Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

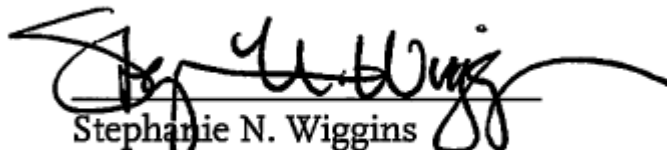
Management Audit Services will continue to report audit activity throughout the current fiscal year.

ATTACHMENT

Attachment A - FY 2023 Fourth Quarter Status Report and Cumulative Year-End Report

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Fiscal Year 2023 Fourth Quarter Status Report and Cumulative Year-End Report



Metro

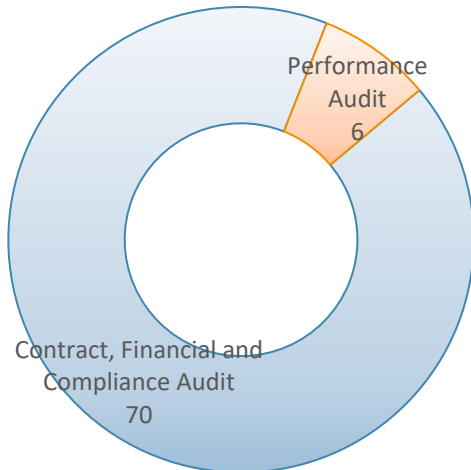
**MANAGEMENT
AUDIT SERVICES**

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Executive Summary

In Progress Audits
as of June 30, 2023

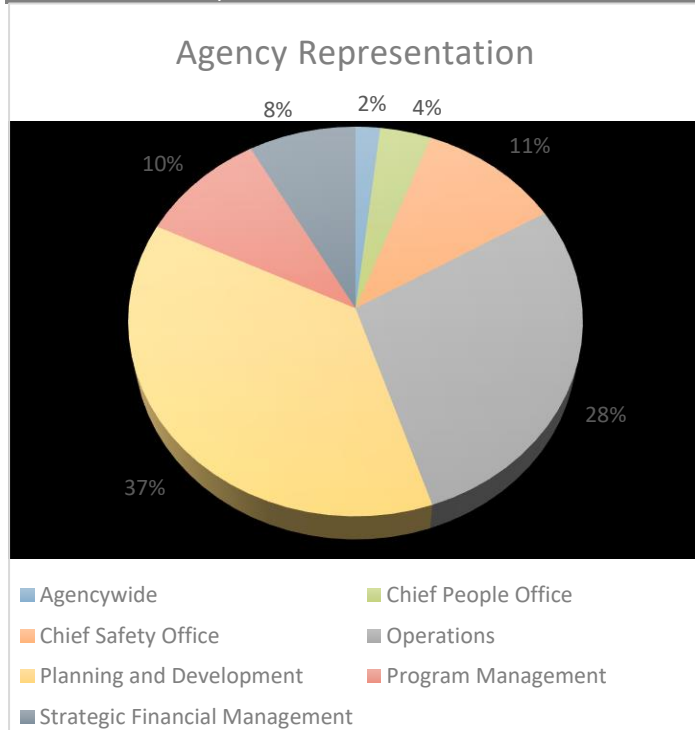


Summary of In Progress Audit Activity

Management Audit Services (MAS) has 76 in progress projects as of June 30, 2023, which include 6 performance audits and 70 contract, financial and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 19 open MAS audit recommendations; and 8 open Office of Inspector General (OIG) audit recommendations.

Summary of Audit Activity by Department
Reporting Period
April 1, 2023 – June 30, 2023



Summary of Fourth Quarter Completed Audit Activity

MAS completed 19 audit projects and closed 19 open audit recommendations. The projects are comprised of one (1) performance audit and 18 contract, financial and compliance audits.

The completed performance audit is 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.

Performance Audits

This section includes performance audits completed according to Generally Accepted Government Auditing Standards and International Professional Practices Framework 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 services is to provide Metro with other services that help support decision-making and promote organizational effectiveness.

Performance Audit of the Micro Transit Pilot Project

MAS completed a performance audit of the Micro Transit Pilot Project (Pilot Project). The audit objective was to assess Shared Mobility's efforts in managing the Pilot Project. Areas of focus included key performance indicators and activities for managing the contract and corrective action plans, especially those related to Pilot Project operations and data management.

MAS found that internal controls were generally not given the needed attention during the Pilot Project phase. Recent enhancement efforts should have occurred earlier to optimize Pilot Project performance. Key findings noted are that the Micro Transit Team:

- Did not develop and implement monitoring practices to verify whether maintenance was being performed by the contractor.
- Did not develop and implement monitoring mechanisms to verify whether the contractor was performing timely vehicle inspections.
- Did not have documented procedures to oversee the contractor's control over the proper fueling & charging of electric vehicles.
- Operated the project without formal Standard Operating Procedures for maintenance, inspections, or operations in place.
- Did not have oversight of data collected by the contractor, including inventory and safeguarding of data.
- Did not monitor and assess agreed upon Key Performance Indicators to ensure the success of various aspects of the Pilot Project.
- Did not sufficiently oversee the contractor's enhancements and remediations to the project.

Ten (10) recommendations were provided as part of this audit. Management concurred and will implement the audit recommendations by May 2024. Corrective actions have already been initiated by management on many of the recommendations.

Contract, Financial & Compliance Audits

MAS staff completed 18 independent auditor's report on agreed-upon procedures for the following projects during the fourth quarter:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
El Capitan Environmental Services, Inc. – Environmental Services and Construction Support	N/A	N/A
City of Long Beach – Metro Blue Line Signal Prioritization Project	\$2,523,066	\$0
Gannett Fleming, Inc and Subs. – Engineering Support Services for Vertical Transportation Systems & Related Services Project (12 Audits)	N/A	N/A
City of Glendale – Glendale Bikeway Culvert Project	\$1,213,191	\$62,549
City of Santa Monica – 'No Net New Trips' Rideshare Toolkit Project	\$504,500	\$437,190
City of Lancaster – Avenue I Corridor Improvements, 15th Street W to 10th Street W Project	\$2,307,966	\$0
Intueor Consulting, Inc. – Vermont Transit Corridor Planning and Environmental Study	N/A	N/A
Total Amount	\$6,548,723	\$499,739

Details on all contract, financial and compliance audits completed during FY 2023 are included in Appendix C.

Audit Support

Audit Follow-Up and Resolution

The tables below summarize the open and closed audit recommendations as of June 30, 2023.

MAS and External Audit Recommendations				
Executive Area	Closed	New	Currently Open	Past Due
Chief of Staff	1			
Chief People Office	1		4	
Chief Safety Office			5	
Operations	17	10		
Total	19	10	9	

OIG Audit Recommendations				
Executive Area	Closed	New	Currently Open	Past Due
Operations	1			
Chief Safety Office	1		8	
Total	2		8	

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

FY 2023 Year-End Activity

Cumulative FY 2023 Completed Audit Activity

As of the FY 2023 year-end, MAS completed 200 audit projects and closed 45 audit recommendations. Additionally, MAS completed 2 TICR determinations.

Summary of Completed Projects

The completed audit projects comprise of:

- 7 performance audits which also include independent reviews, analysis or assessments of select areas;
- 46 contract, financial and compliance audits with an audit value amount of \$90 million; of which \$6.6 million or 7% of identified unused funds that may be reprogrammed; and
- 147 financial and compliance audits comprised mainly of legally mandated audits such as Prop A & C, Measure R, Measure M, State Transit Assistance (STA), Transportation Development Act (TDA), National Transit Database (NTD), and other funds distributed to the cities and County of Los Angeles.

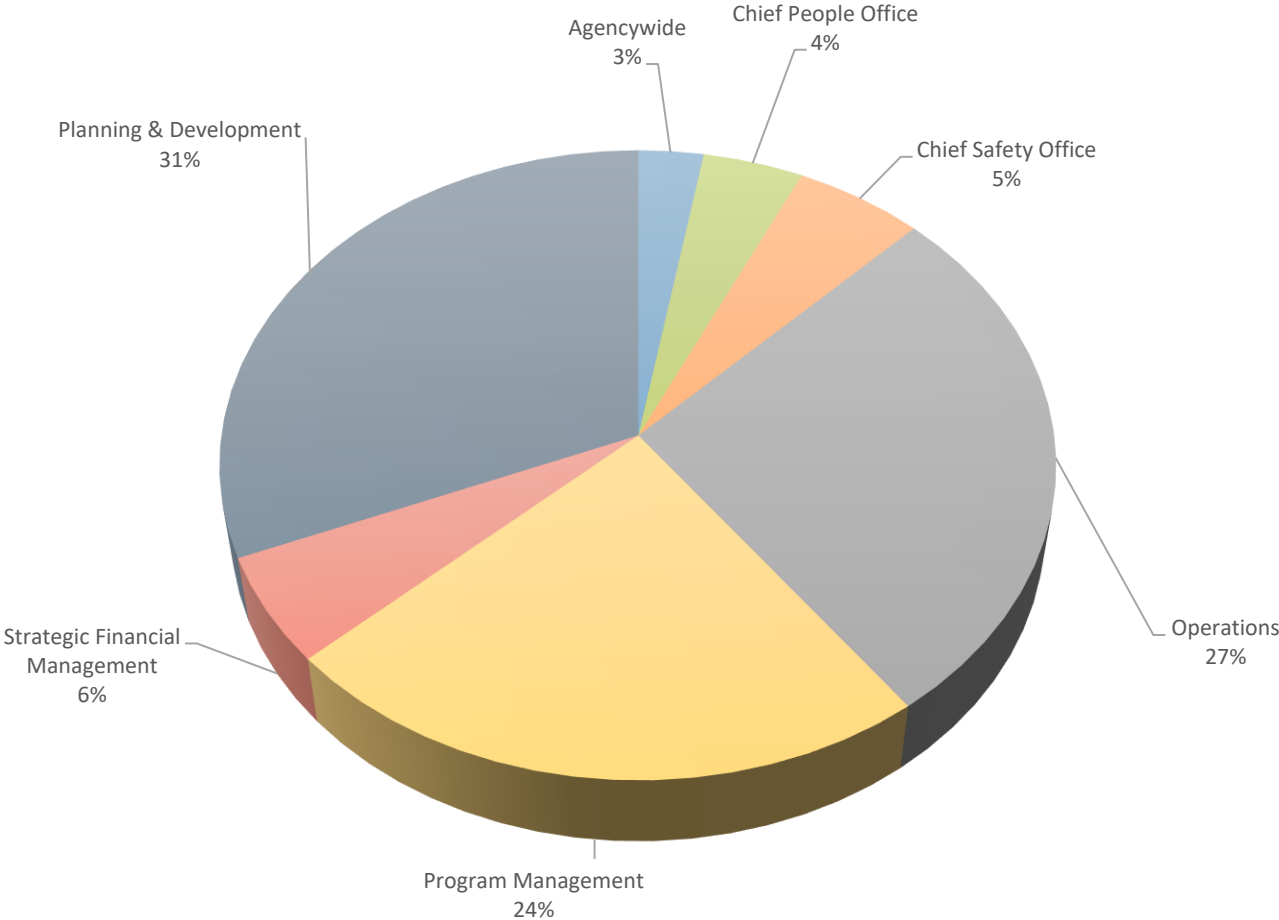
Refer to Appendix B – Performance Audits Completed; and Appendix C – Contract, Financial and Compliance Audits Completed.

In addition, 2 TICR determinations were reviewed and approved. A list of firms enrolled in the pilot program as of June 30, 2023 is included in Appendix D.

Audit Follow-up

MAS closed 45 open recommendations during the fiscal year and provided administrative support for the closure of 6 open OIG recommendations.

Cumulative FY 2023 Audit Activity by Department



Appendix A

Performance Audit - In Progress Audits as of June 30, 2023				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	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.	7/2023
2	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. Training records will be assessed for accuracy and completeness.	9/2023
3	Program Management	23-OMB-C01 - Capital Project Inflation Risk	Review Metro's process for projecting and managing inflation risk for capital projects. Consider the construction market analyses done by Program Management as well as any consideration that has been given to hedging strategies, estimating and forecasting efforts related to this area.	9/2023
4	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.	9/2023
5	Strategic Financial Management \ Chief People Office	23-ITS-P01 - Third Party Risk Management (Outsourced Service Providers)	Assess Metro's third party risk management policy and program, with a focus on management of information security risks.	1/2024
6	Strategic Financial Management	23-VCM-P01 - Performance Audit of Contract Price Structures for Professional Services	Assess the process performed by contract administrators and project managers for firm fixed-price professional service contracts, payment structures and performance milestones. Assess the process used to determine the use of firm fixed price professional services contracts.	10/2023

Appendix B

Performance Audit - Audits Completed as of June 30, 2023				
No.	Area	Audit Number & Title	Description	Date of Completion
1	Planning and Development	21-PLN-P01 - Performance Audit of Micro Mobility Vehicle Pilot Program	Assess the progress made in achieving program goals and objectives, including the consideration given to the Metro Rapid Equity Assessment Tool	9/30/2022
2	Chief Safety Office	21-RSK-P03- Performance audit of 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.	9/30/2022
3	Chief People Office	22 IIS-P01 - Followup of Cybersecurity Assessment Recommendations	Agreed upon procedures report to assess the status of work done by IIS in response to a previously performed cybersecurity review	11/4/2022
4	Operations	22 OPS-P04- Special Review of the Central Maintenance Shops (CMS) Manufacturing Process	Review the Central Maintenance Shops manufacturing request process for reasonableness, efficiency, completeness and safety considerations.	12/23/2022
5	Program Management	23 CON-P01 - Special Review of the Metro Center Project	Examine the factors that contributed to Metro needing to repay back CalOES grant funds related to the Metro Center Project. In addition, review usage of project grant funds, project communication program management practices, and confirm the planned scope for the Metro Center Project aligns with the scope described in the October 2020 Board Report	2/28/2023
6	Strategic Financial Management	Business Interruption Fund (BIF) Pilot Program	Determine Pacific Coast Regional Small Business Development Corporations (PCR) compliance with Metro's BIF Administrative Guidelines and Fund Disbursement Procedures for the Fiscal year ended June 30, 2022	3/13/2023
7	Operations	22 OPS-P01 - Performance Audit of the Micro Transit Pilot Project	Assess Shared Mobility's efforts in managing the Micro Transit Program	6/2/2023

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2023				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Planning & Development	22-PLN-A02 - Agreed-Upon Procedures	City of Culver City	7/2022
2	Planning & Development	22-HWY-A02 - Agreed-Upon Procedures	City of Burbank	9/2022
3	Planning & Development	19-HWY-A07 - Agreed-Upon Procedures	City of Downey	9/2022
4	Planning & Development	19-HWY-A05 - Agreed-Upon Procedures	City of Calabasas	9/2022
5	Planning & Development	20-HWY-A13 - Agreed-Upon Procedures	Michael Baker International, Inc.	9/2022
6	Program Management	21-CON-A02 - Agreed-Upon Procedures	Watearth, Inc.	9/2022
7	Planning & Development	22-HWY-A04 - Agreed-Upon Procedures	County of Los Angeles	9/2022
8	Program Management	19-CON-A24 - Agreed-Upon Procedures	ILF Consultants, Inc.	9/2022
9	Program Management	20-PLN-A15 - Agreed-Upon Procedures	ILF Consultants, Inc.	9/2022
10	Planning & Development	23-PLN-A02 - Agreed-Upon Procedures	City of West Hollywood	9/2022
11	Planning & Development	19-HWY-A10 - Agreed-Upon Procedures	City of Glendale	11/2022
12	Program Management	22-CON-A01 - Agreed-Upon Procedures	Global ASR Consulting, Inc.	11/2022

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2023				
No.	Area	Audit Number & Type	Auditee	Date Completed
13	Planning & Development	22-PLN-A03 - Agreed-Upon Procedures	City of Arcadia	12/2022
14	Program Management	20-CON-A04 - Agreed-Upon Procedures	Cogstone Resource Management, Inc.	12/2022
15	Planning & Development	20-PLN-A52 - Agreed-Upon Procedures	City of Los Angeles Harbor Department	12/2022
16	Planning & Development	22-PLN-A05 - Agreed-Upon Procedures	City of Baldwin Park	12/2022
17	Program Management	20-CON-A08 - Agreed-Upon Procedures	Pacifica Services, Inc.	1/2023
18	Planning & Development	22-HWY-A07 - Agreed-Upon Procedures	City of El Segundo	1/2023
19	Planning & Development	20-HWY-A14 - Agreed-Upon Procedures	City of Commerce	1/2023
20	Planning & Development	20-PLN-A54 - Agreed-Upon Procedures	City of Commerce	1/2023
21	Program Management	19-CON-A07 - Agreed-Upon Procedures	BA Inc.	2/2023
22	Program Management	19-CON-A08 - Agreed-Upon Procedures	BA Inc.	2/2023
23	Planning & Development	23-PLN-A05 - Agreed-Upon Procedures	City of Palmdale	2/2023
24	Planning & Development	22-PLN-A04 - Agreed-Upon Procedures	City of Santa Clarita	3/2023

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2023				
No.	Area	Audit Number & Type	Auditee	Date Completed
25	Planning & Development	21-HWY-A03 - Agreed-Upon Procedures	City of Downey	3/2023
26	Planning & Development	20-PLN-A12 - Agreed-Upon Procedures	CH2M Hill, Inc.	3/2023
27	Planning & Development	23-PLN-A06 - Agreed-Upon Procedures	City of Santa Clarita	3/2023
28	Program Management	22-CON-A06 - Agreed-Upon Procedures	Virtek Company	3/2023
29	Program Management	22-CON-A02 - Agreed-Upon Procedures	El Capitan Environmental Services, Inc.	4/2023
30	Planning & Development	23-PLN-A03 - Agreed-Upon Procedures	City of Long Beach	4/2023
31	Operations	23-OPS-A01(C) - Agreed-Upon Procedures	JM Diaz, Inc.	5/2023
32	Operations	23-OPS-A01(D) - Agreed-Upon Procedures	Kleinfelder, Inc.	5/2023
33	Operations	23-OPS-A01(E) - Agreed-Upon Procedures	Lenax Construction Services, Inc.	5/2023
34	Operations	23-OPS-A01(G) - Agreed-Upon Procedures	PacRim Engineering, Inc.	5/2023
35	Operations	23-OPS-A01(J) - Agreed-Upon Procedures	Triunity, Inc.	5/2023
36	Operations	23-OPS-A01(K) - Agreed-Upon Procedures	Wagner Engineering & Survey, Inc.	5/2023
37	Operations	23-OPS-A01(A) - Agreed-Upon Procedures	Anil Verma Associates, Inc.	5/2023
38	Planning & Development	23-HWY-A03 - Agreed-Upon Procedures	City of Glendale	5/2023

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2023				
No.	Area	Audit Number & Type	Auditee	Date Completed
39	Operations	23-OPS-A01 - Agreed-Upon Procedures	Gannett Fleming, Inc.	5/2023
40	Operations	23-OPS-A01(B) - Agreed-Upon Procedures	C2PM's, Sub to Gannett Fleming, Inc.	5/2023
41	Operations	23-OPS-A01(F) - Agreed-Upon Procedures	Mammoth Associates, LLC	5/2023
42	Operations	23-OPS-A01(H) - Agreed-Upon Procedures	PBS Engineers, Inc.	5/2023
43	Operations	23-OPS-A01(I) - Agreed-Upon Procedures	Sommer Engineering, Inc.	5/2023
44	Planning & Development	23-PLN-A07 - Agreed-Upon Procedures	City of Santa Monica	6/2023
45	Planning & Development	23-PLN-A08 - Agreed-Upon Procedures	City of Lancaster	6/2023
46	Planning & Development	23-PLN-A17(E) - Agreed-Upon Procedures	Intueor Consulting, Inc.	6/2023

Appendix D

Transitional Indirect Cost Rate – Approved Firms as of June 30, 2023		
No.	Firm	Approval Date
1	Casamar Group LLC	9/15/2022
2	MPF, Inc.	4/20/2023

Appendix E

Open Audit Recommendations as of June 30, 2023						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Chief People Office	20-ITS-P03 - Performance Audit of Information Security Awareness	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.	7/31/2023	
2	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	
3	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	
4	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	
5	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	
6	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	
7	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	12/31/2024
8	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	8/31/2023
9	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	12/31/2024
10	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	1	Follow through on obtaining Administrator access rights to the existing Fleetio account and make use of the features that can further assist the Micro Transit team to enhance the monitoring of the maintenance condition of its vehicle fleet.	5/31/2023	9/30/2023

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

Appendix E

Open Audit Recommendations as of June 30, 2023						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
11	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	2	Develop written procedures and implement the following: a) monitoring follow-up procedures for maintenance activities. b) track vehicles placed out of service as a result of low fuel or charging issues. c) formal monitoring procedures for the contractor's vehicle, fuel/charging practices. d) finalize implementation of the following: (i) Establish "6/24" Service Interruption Procedure, and (ii) Issue Liquidated Damages or Deductions in Year three and secure agreement with SMART-TD for new work for Micro Operators to directly fuel and electrify fleet. e) periodic checks of the data that is being collected of the contractor, as required by the contract. f) a process to ensure that the contractor is identifying and addressing service delays, route issues, and customer satisfaction timely and providing evidence of this to the Micro Transit team. g) formalize and approve the training provided by the contractor for Electric Vehicles.	12/31/2023	
12	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	3	Seek Metro Maintenance Operations expertise to assist the Micro Transit team: a) to assess the condition of Micro Transit vehicles by performing periodic inspections. b) with the review and approval of the draft SOPs for vehicle inspection.	5/31/2024	
13	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	4	For the draft SOPs: a) establish a timeframe to finalize the approval of the draft SOPs for vehicle inspections, and b) clarify roles and responsibilities of the contractor regarding timely vehicle inspections. c) establish a definitive timeline for finalizing the review and approval of the SOPs for inspections, maintenance, and Operations. d) seek guidance and input from other Metro departments, such as Bus Operations, regarding the adequacy of the draft SOPs submitted by the contractor.	4/30/2023	9/30/2023
14	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	5	Obtain assistance from Metro OCI on the Metro Micro Operator Training Plan for the newly hired Micro Transit operators, for final approval from OCI and Micro Transit.	6/30/2023	9/30/2023
15	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	6	Develop a plan to work with V\CM to enforce the contract for year three and subsequent of the pilot program, as it relates to data-supported analyses to determine when service gaps exist and how to best remediate these gaps timely.	5/31/2023	9/30/2023
16	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	7	Finalize implementation of the following planned action: Issuance of the year Three SOW with Project Manager Standards and SOPs as exhibits.	4/30/2023	9/30/2023
17	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	8	Prepare an evaluation of the MTP zone parameters to see if these should be adjusted to increase utilization.	Ongoing	

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

Appendix E

Open Audit Recommendations as of June 30, 2023						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
18	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	9	Assess and implement the incentives and deduction regimes.	Ongoing	
19	Operations	22-OPS-P01 - Performance Audit of the MicroTransit Pilot Project	10	Request that the Information Technology unit review the contractor's security policy for appropriateness, and test for adherence to such policy, including inspecting training records, as required.	8/1/2023	9/30/2023

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

Appendix F

OIG Open Audit Recommendations as of June 30, 2023						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	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.	7/31/2023	
2	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.	7/31/2023	
3	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.	7/31/2023	
4	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.	7/31/2023	
5	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.	Ongoing	
6	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.	9/15/2023	
7	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.	9/15/2023	

Appendix F

OIG Open Audit Recommendations as of June 30, 2023						
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	20	SSLE should include in future contracts the requirement of wearing body cameras by all contracted law enforcement personnel when policing the Metro System.	9/15/2023	

Management Audit Services

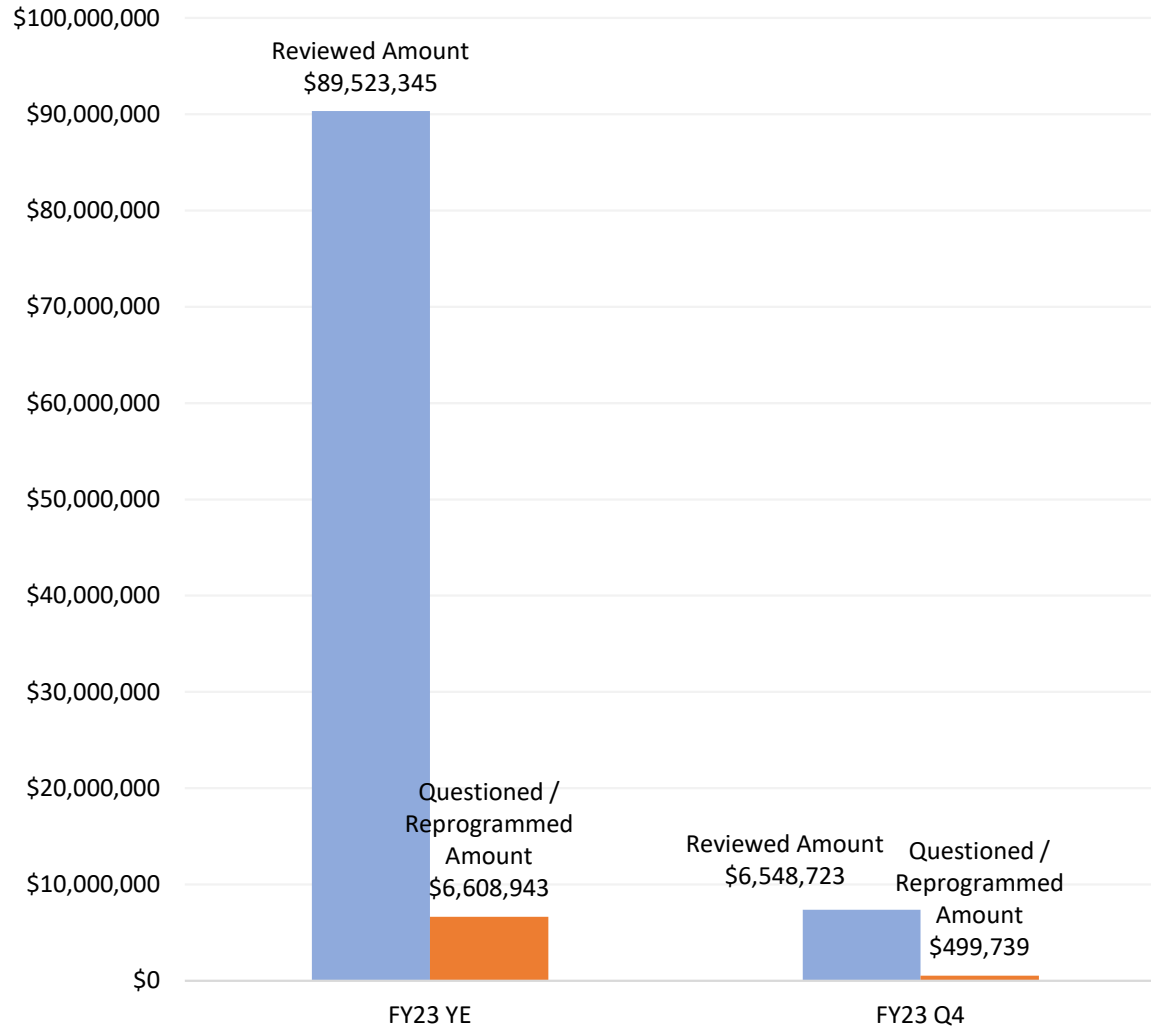
FY 2023 Fourth Quarter and Cumulative Year-end Report

Finance, Budget & Audit Committee
September 20, 2023



MANAGEMENT
AUDIT SERVICES

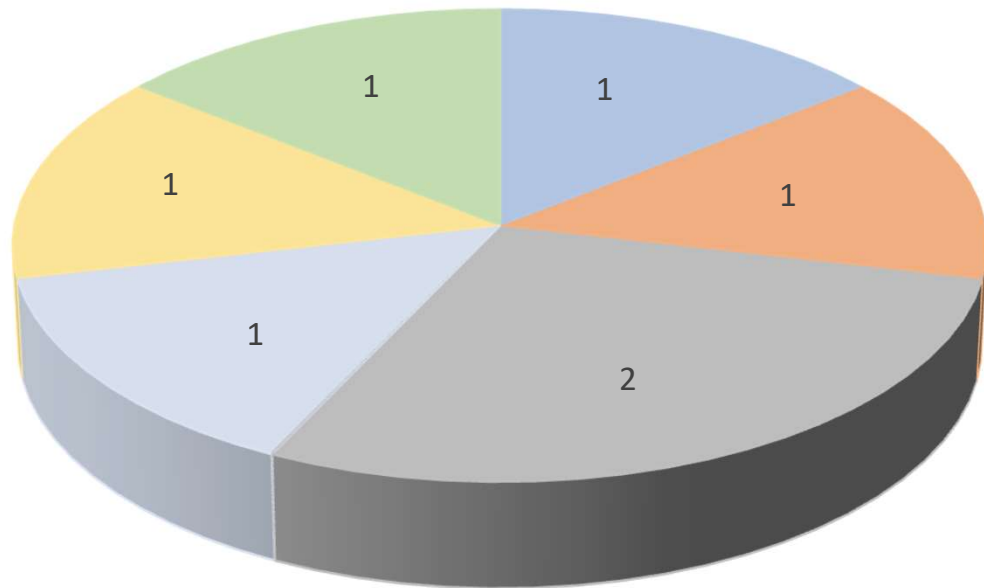
Completed: Contract, Financial & Compliance Audits



- Delivered financial audits that reviewed \$90M of funding for FY23 YE and \$6.6M for FY23 Q4; and identified \$6.6M and \$.5M, respectively for reprogramming.

Completed: Performance Audits

Agency Representation



Chief People Office
Operations
Program Management

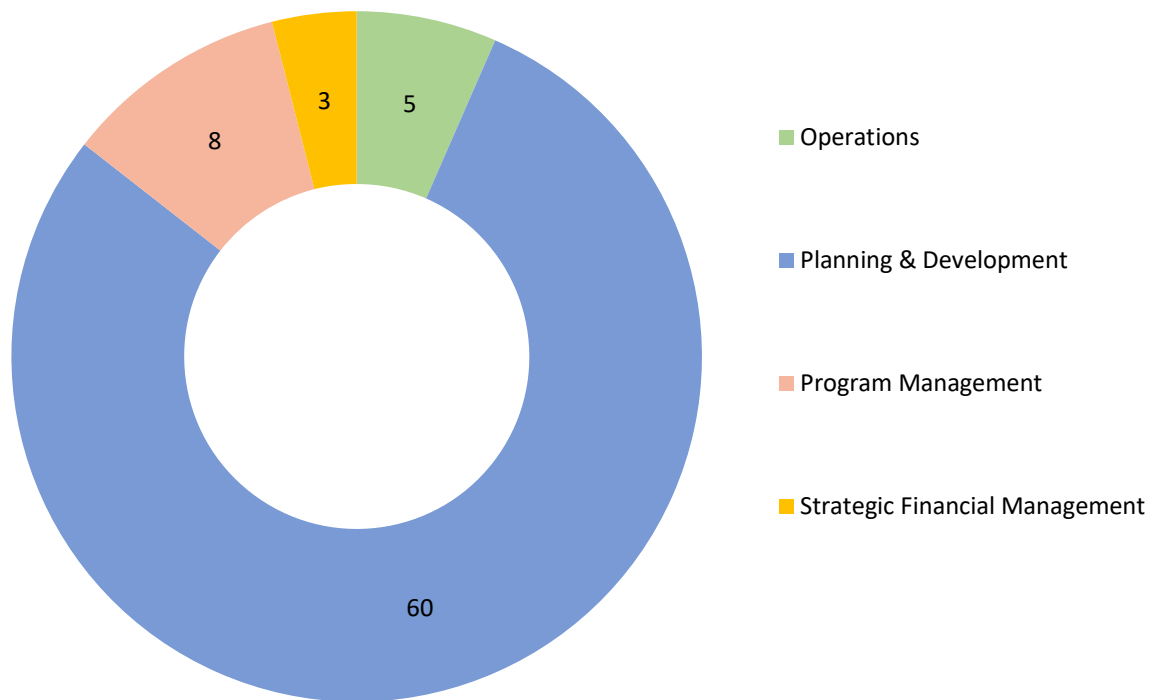
Chief Safety Office
Planning and Development
Strategic Financial Management

Completed 7 Audits:

- Micro Mobility Pilot Program
- Transit Asset Inventory
- Cybersecurity Assessment
- Central Maintenance Shops
- Metro Center Project
- Business Interruption Fund
- Micro Transit Pilot Project







In Progress: MAS Audit Activity

Agency Representation



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

In Progress: Performance Audits

	Audit Title	Description	Estimated Completion			
			FY24 Q1 Jul - Sept	FY24 Q2 Oct - Dec	FY24 Q3 Jan - Mar	FY24 Q4 Apr - Jun
1	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.				
2	OCI Training	Assess compliance of training records of new bus operators and of operations employees with applicable requirements, completeness and accuracy.				
3	Capital Project Inflation Risk	Review Metro's process for projecting and managing inflation risk for construction projects.				
4	Business Continuity Plan - Rail	Evaluate the adequacy of Rail Operations' COOP and SOPs to support Rail Operations' mission essential functions during emergencies.				
5	Third Party Risk Management	Assess Metro's third party risk management policy and program, with a focus on management of information security risks.				
6	Contract Price Structures for Professional Services	Assess process performed by contract administrators / project managers for firm fixed-price professional service contracts, payment structures and performance milestones.				

Next Steps

- Ongoing implementation of performance and financial audits and reporting
- Delivery of Consolidated Audit Reports and Annual Comprehensive Financial Reports (FY 23)
- Focused efforts on MAS quality improvement and value-added audit services