



Board Report

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Agenda Number: 20.

FINANCE, BUDGET AND AUDIT COMMITTEE MAY 15, 2025

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2025 THIRD QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services FY 2025 Third Quarter Report.

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 are in progress, including information related to audit follow-up activities.

BACKGROUND

It is customary for MAS to deliver the quarterly status report. The FY 2025 third quarter report covers the period from January 1 to March 31, 2025.

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 of Metro Departments and their operating units, including Planning and Development, Operations, Program Management, The Chief People Office, Strategic Financial Management, Customer Experience, Safety, Customer Experience, and units of 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, quality assurance, financial management, including audit support, audit follow-up, and resolution tracking.

DISCUSSION

The following summarizes MAS activity for FY 2025 third quarter:

Performance Audits: 8 projects were in progress.

Contract, Financial and Compliance Audits: 8 audits with a total value of \$33 million were completed; 79 were in progress.

Financial and Compliance Audits of Metro: 140 audits were completed by external Certified Public Accounting (CPA) firms

Audit Follow-up and Resolution: 8 recommendations were closed; 33 recommendations are open.

The FY 2025 Third Quarter Report is included as Attachment A.

EQUITY PLATFORM

Management Audit Services' quarterly audit activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. There are no known equity impacts or concerns from audit services conducted during this period.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

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

*Based on population estimates from the United States Census and VMT estimates from the highway performance monitoring system data between 2001-2019.

..Implementation_of_Strategic_Plan_Goals **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Management Audit Services FY 2025 Third Quarter Report supports Metro's Vision 2028 Goal #5:

Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

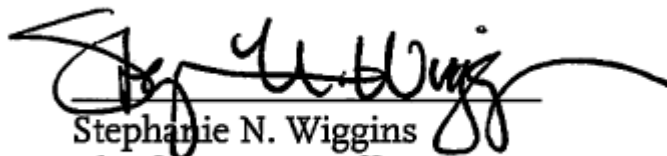
Management Audit Services will continue to report audit activity throughout the current fiscal year.

ATTACHMENT

Attachment A - MAS FY 2025 Third Quarter Report

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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 2025 Third Quarter



Metro

**MANAGEMENT
AUDIT SERVICES**

Table of Contents

Executive Summary	3
<i>Summary of In-Progress Audit Activity</i>	3
<i>Summary of Completed Audit Activity</i>	3
Contract, Financial & Compliance Audits	4
Financial and Compliance Audits of Metro	5
External Quality Assurance Review (Peer Review)	8
Audit Follow-Up and Resolution	9
Summary Tables	
Appendix A – Performance Audits in Progress	10
Appendix B – Contract, Financial and Compliance Audits Completed	11
Appendix C – Open Audit Recommendations	12
Appendix D – FY22-24 External Quality Assurance Review	15

Executive Summary

In Progress Projects
as of March 31, 2025

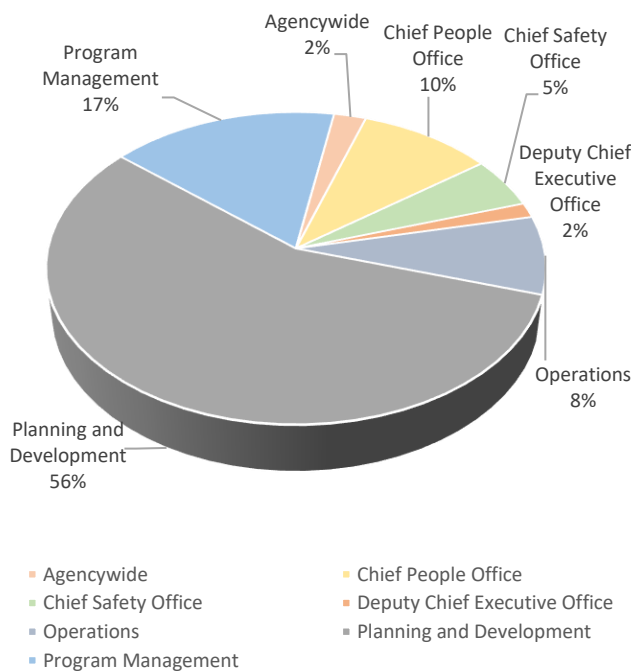


Summary of In-Progress Audit Activity

As of March 31, 2025, Management Audit Services (MAS) had 87 in-progress projects, including 8 performance projects and 79 contract, financial and compliance audits. The in-progress performance projects are listed in Appendix A.

As of the reporting period, there are 33 open MAS audit recommendations.

Summary of Audit Activity by Department
Reporting Period
January 1, 2025 – March 31, 2025



Summary of Completed Audit Activity

MAS completed 148 audit projects. The projects are comprised of eight (8) contract, financial and compliance audits, and 140 financial and compliance audits of Metro issued by external Certified Public Accountant (CPA) firms.

The completed contract, financial and compliance audits are highlighted on page 4. The other audits issued by external firms are highlighted beginning on page 5.

A summary of the open audit recommendations is included on page 9.

External Quality Assurance Review

MAS completed a successful external quality assurance review; highlights are included on page 8.

Contract, Financial & Compliance Audits

MAS staff completed 8 independent auditor reports on agreed-upon procedures for the following:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
City of Glendale - Beeline Maintenance Facility	\$4,426,000	\$-
City of Palmdale – Rancho Vista Blvd Widening	\$6,575,317	\$653,954
City of Los Angeles, Department of Public Works – Destination Crenshaw Sankofa Park	\$19,647,358	\$-
City of South Gate – Firestone Blvd at Otis Improvements	\$850,000	\$-
City of Burbank – SR 134 Corridor Arterial Signal Improvements	\$1,920,979	\$79,021
<i>Reviewed and questioned costs were not identified for the following, as these audits reviewed labor rates for pre-award or indirect cost rates.</i>		
Grimshaw Architects	N/A	N/A
JAD & Associates	N/A	N/A
ABCS Consulting Services	N/A	N/A
Total Amount	\$33,419,654	\$732,975

Details on contract, financial and compliance audits completed during FY 2025 third quarter are included in Appendix B.

Financial and Compliance Audits of Metro

The following highlights 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, 2024. The resulting reports include:

- Annual Comprehensive Financial Report (ACFR);
- Single Audit for the Federal Funds;
- 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;
- Federal Funding Allocation Data for NTD as a Transportation Operating Agency (ID#90154);
- 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 FY24, which indicates that all financial statements were fairly presented, and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements.

Crowe identified one finding in the Single Audit report and two findings in the 90154 Report related to variances. The results of these audits were presented to the committee during the March board cycle.

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, 2024:

- 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
 - Low-Income Fare is Easy (LIFE) Program
- Metrolink Program
- EZ Transit Pass Program
- Access Services*
- LADOT

The 131 audits issued by external CPA firms reviewed funds allocated to jurisdictions for these programs.

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, 2024.

The auditors found 33 instances of non-compliance for Proposition A and C, consisting of 17 findings not resulting in questioned costs. Sixteen (16) findings with questioned costs totaling \$280 thousand for Proposition A and \$1.2 million 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, 2024.

The auditors found 10 instances of non-compliance for Measure R, consisting of four (4) findings not resulting in questioned costs. Six (6) findings with questioned costs totaling \$4.5 million for Measure R represent nearly 3% 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.

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, 2024.

The auditors found 12 instances of non-compliance for Measure M, consisting of four (4) findings not resulting in questioned costs. Eight (8) findings with questioned costs totaling \$586 thousand 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; 33 findings for the TDA Article 3 program and one (1) finding for Metrolink. Metro Program Managers are working with the fund 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.

**Results of the Access Services audit will be included in the FY25 fourth quarter report pending completion.*

Business Interruption Fund

MAS contracted with BCA Watson Rice to conduct an audit of the 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 fiscal year ended June 30, 2024.

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

External Quality Assurance Review (Peer Review)

As required by auditing standards, The Association of Local Government Auditors (ALGA) conducted a peer review of MAS' compliance with the Institute of Internal Auditors (Red Book) and with the Comptroller General of the United States (Yellow Book) standards and practices for the three-year period ending June 30, 2024. The peer review team, comprised of highly qualified audit professionals from various parts of the country, certified that they are free from personal, external, and organizational impairments to independence. They evaluated MAS' quality control system, sampled engagements, and work papers for adherence to standards, and interviewed staff, executive leadership, and the Finance, Budget, and Audit Committee Chair. They also examined evidence of staff qualifications, development, and training.

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 and MAS' management response is included in Appendix D.

Audit Follow-Up and Resolution

The tables below summarize the open audit recommendations as of March 31, 2025.

MAS and External Audit Recommendations				
Executive Area	Closed	Currently Open	New	Past Due
Chief People Office	3			
Chief Safety Office		5		
Operations	3	14		
Strategic Financial Management	2	14		
Total	8	33		

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

Appendix A

Performance Audit - In Progress Projects as of March 31, 2025				
No.	Area	Project Number & Title	Description	Estimated Date of Completion
1	Program Management	*24-CON-P01 - Eastside Access Improvement Project (EAIP)	Assess whether usage of EAIP funds, including grants, complied with applicable terms, conditions, and restrictions, and determine whether the executed scope of the EAIP aligned with the scope described in the Board Report, Grant, and other funding agreements and assess reasons for variances, including change orders.	4/2025
2	Program Management	24-CON-P01 - Purple (D-Line) Extension 1 (PDLE1)	Evaluate the state of processes and planning for final-year activities (testing, certification, training, activation) of PDLE1 transit project prior to start of revenue operations.	4/2025
3	Chief People Office	*24-PEN-P01 – Employee Pension Benefits	Verify the accuracy of pension payroll deductions and contributions for active eligible employees.	6/2025
4	Chief Safety Office	24-SEC-P01 – Physical Security Monitoring Equipment	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	7/2025
5	Chief People Office	*24-BEN-P01 – Employee Health Care Benefits	Verify the accuracy and completeness of the health and dental benefits enrollment and the corresponding payroll deductions for all active eligible recipients, excluding represented employees and retirees, and confirm elected coverages correspond with payroll deductions and benefits received.	7/2025
6	Program Management / Operations	25-CON-P01 - Gold Line Extension Phase 2B	Evaluate Metro's oversight of the Metro Gold Line Foothill Extension Construction Authority's project management of Gold Line Extension Phase 2B Project, and Metro Operations' project management over the final year processes leading to revenue service.	7/2025
7	Deputy Chief Executive Officer	*25-DEO-P01 - Small Business Enterprise (SBE)/Disadvantaged Business Enterprise (DBE) Certification Processes	Evaluate if DEOD's SBE/DBE certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.	9/2025
8	Program Management	25-CON-P02 - Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.	9/2025

Schedule Adjustment Notes

In the third quarter of FY 25, adjustments were made to the completion dates for various performance audit projects in varying stages. The completion dates for the East Side Improvement project (24-CON-C01) and the Purple (D-Line) Extension 1 (24-CON-P01) project were adjusted due to the project reports still undergoing final quality reviews. The Employee Pension Benefits project (24-PEN-P01) and Employee Health Care Benefits project (24-BEN-P01) are complementary projects with complexities requiring expanded due diligence over data analysis. The Physical Security Monitoring Equipment project (24-SEC-P01) fieldwork is near conclusion and the Gold Line Extension Phase 2B project (25-CON-P01) project was placed on hold to address scope limitations. The adjusted dates are deemed reasonable and attainable.

* Audits 1, 3, 5 and 7 listed above were initiated at the request of Metro's Chief Executive Officer.

Appendix B

Contract, Financial and Compliance Audit - Audits Completed as of March 31, 2025				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Program Management	23-CON-A02 - Agreed-Upon Procedures	Grimshaw Architects	2/2025
2	Planning & Development	25-PLN-A04 - Agreed-Upon Procedures	City of Glendale	3/2025
3	Program Management	24-CON-A06 - Agreed-Upon Procedures	JAD & Associates	3/2025
4	Planning & Development	24-PLN-A18 - Agreed-Upon Procedures	City of Palmdale	3/2025
5	Planning & Development	25-PLN-A10 - Agreed-Upon Procedures	City of Los Angeles	3/2025
6	Program Management	24-CON-A04 - Agreed- Upon Procedures	ABCS Consulting Services	3/2025
7	Planning & Development	25-HWY-A06 - Agreed-Upon Procedures	City of South Gate	3/2025
8	Planning & Development	25-HWY-A08 - Agreed-Upon Procedures	City of Burbank	3/2025

Appendix C

Open Audit Recommendations as of March 31, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	21-SEC-P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	3 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
2	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	1	OCI Management should establish and document a formal process for overseeing training courses that are required under the OCI Training Matrix and delivered by either OCI or the Divisions to ensure compliance with the PTASP.	6/30/2025	
3	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	2	OCI Management should update the OCI Standard Operating Procedures (SOP), Revision 1, January 22, 2020, to ensure alignment with the PTASP OCI Training Matrix and current practices.	6/30/2025	
4	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	3	OCI Management should explore the feasibility of adding the proper naming convention within OTTS when an employee completes training courses for the first, second, and third avoidable accidents within 18 months of the first accident. The naming convention should align with the procedures outlined in the PTASP on Post Accident Training.	6/30/2025	
5	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	4	OCI Management should explore the feasibility of utilizing OTTS or collaborate with Talent Development, to assess the capability of using the Adobe Learning Management System to capture not only employees' training course titles and hours but also as a data repository for all hard copy files associated with an employee's completed training records. This will help ensure that all training files are maintained in a centralized location. Regardless of the chosen approach, OCI Management should pursue an alternative solution, including documenting the process.	6/30/2025	
6	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	5	To help with archival and retrieval of OCI Matrix training courses, OCI Management should collaborate with the Divisions to develop a standardized method for retaining attendee rosters. This approach should be uniform and adopted across all Bus Divisions.	6/30/2025	
7	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	6	For consistent record keeping across OCI and the Bus Divisions, OCI and Division Management should document their process for the electronic archiving of training records for employees and Goodyear contractor personnel. This should include a training checklist outlining essential documents (e.g. DL260) required for each type of OCI Matrix training course.	6/30/2025	
8	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	7	OCI Management should collaborate with the Divisions to formally communicate the need to comply with the OCI Training Matrix as it relates to recommendations 1-7.	6/30/2025	
9	Operations	22-OPS-P03 - Performance Audit of Operations Central Instruction & Development Training	9	OCI Management should work with Corporate Safety to ensure that the OCI Training Matrix includes current course descriptions, and any updates should be communicated to all staff that have responsibility for compliance with the OCI Training Matrix.	6/30/2025	

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

Appendix C

Open Audit Recommendations as of March 31, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
10	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	1	Logistic Planners (Planners) should document policies and procedures that include processes, methodologies, key parameters, considerations, and filters used by Logistics staff during the monthly review process to establish reorder points, business impact and other relevant criteria.	6/27/2025	
11	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	2A	Incorporate into Policies and Procedures requirements for Planners to review and populate all prior missing Business Impact fields.	6/27/2025	
12	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	2B	Incorporate into Policies and Procedures requirements for regular review and update to the Business Impact field.	6/27/2025	
13	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	3	Require Planners to reexamine inventory items classified as Business Impact C for upgrade consideration to Business Impact to "A" or "B" if inventory items are known to cause revenue vehicles to be downed or out of service. This would accurately reflect their criticality.	6/27/2025	
14	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	4	Collaborate with ITS to make the Business Impact field a mandatory data entry field in the MRO/IO system.	6/27/2025	
15	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	5	Logistics Management should eliminate terminated and retired employees' master key access to facilities by either replacing all locks with electronic key card access or altering locks to prevent older master keys from gaining access to the buildings.	10/31/2024	12/27/2025
16	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	6	Ensure newly issued keys are assigned to appropriate individuals. When an individual no longer needs a key, collect and log the key's return.	10/31/2024	12/27/2025
17	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	7	Remove key card access for terminated and retired employees.	10/31/2024	12/27/2025
18	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	8	Work with Building Services and Facilities Maintenance to limit access to all their storerooms to those who require it, revoke access for all others, and confirm that their access has been removed. Logistics should also review the logs in detail on a regular basis to ensure they are up to date.	10/31/2024	12/27/2025
19	Strategical Financial Management	23-VCM-P03 - Performance Audit of Critical Spare Parts Inventory	9	Logistics should document any exceptions to policies and procedures regarding general cycle count timelines, including how the respective area counts are to be performed.	10/31/2024	9/27/2025
20	Strategical Financial Management	23-ITS-P01 - Performance Audit of Third-Party Risk Management - Outsourced Service Providers	4 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
21	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	1	The Chief Safety Officer should instruct Emergency Management to collaborate with Contracted Bus Services to include Contracted Bus Services in the Bus COOP as a mission essential function and update the Bus COOP and external contractor agreements with any necessary information related to Contracted Bus Service emergency procedures.	4/30/2025	

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

Appendix C

Open Audit Recommendations as of March 31, 2025						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
22	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	2	Emergency Management should collaborate with Bus Operations for annual Bus COOP training and testing.	12/31/2025	
23	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	3	Emergency Management should coordinate with the Bus Operations 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; and reference and attach/link all Bus COOP-related SOPs as appendices to the Bus COOP.	4/30/2025	
24	Operations	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	4	Bus Operations should update the SOP contact details as requested by Emergency Management on a periodic basis, e.g., quarterly or semi-annually; when a revised organization chart is issued with changes to key personnel; or whenever there is a change in executive continuity personnel.	4/30/2025	
25	Operations	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	5	Bus Operations should create a roster of trained personnel and include it in the Bus COOP or reference the SOP.	4/30/2025	
26	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	6	Emergency Management should collaborate with Bus Operations to ensure that each Bus division has a designated primary and secondary relocation site for maintenance and/or storage for enough of its buses to maintain service, including a schedule of required equipment, tools, and spares that should be relocated with staff and vehicles.	4/30/2025	
27	Chief Safety Office	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	7	Emergency Management should collaborate with Bus Operations to establish which backup facilities (a primary and secondary location) each employee should report to in an emergency.	4/30/2025	
28	Operations	23-SEC-P01 - Performance Audit of Bus Operations' Continuity of Operations Plan	8	Bus Operations should establish a formal working group to secure agreements with the various utility companies that support Metro Bus Operations to commit these entities to provide Metro with priority for service continuity and restoration in emergency situations, in accordance with Metro's regulatory tier as an essential public service. The working group should include representation from Sustainability, Governmental Relations, Emergency Management, Vendor Contract Management, Project Delivery Third Party Coordination, and County Counsel.	3/31/2025	



External Quality Control Review

of the
Los Angeles County Metropolitan Transportation
Authority - Management Audit Services Department
(MASD)

Conducted in accordance with guidelines of the
Association of Local Government Auditors
for the period July 1, 2021 through June 30, 2024



Association of Local Government Auditors

January 30, 2025

Kimberly L. Houston, Deputy Chief Auditor
Los Angeles County Metropolitan Transportation Authority - Management Audit Services Department
One Gateway Plaza
Los Angeles, CA 90012

Dear Kimberly L. Houston,

We have completed a peer review of the Los Angeles County Metropolitan Transportation Authority (LA MTA) Management Audit Services Department (MASD) for the period July 1, 2021 through June 30, 2024. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guides* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests to determine whether your internal quality control system was adequately designed and operating effectively 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. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, LA MTA Audit Committee Board Chairperson and Deputy CEO.

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 1, 2021 through June 30, 2024, MASD's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of conformance with *the Standards*, resulting in a rating of generally conforms, and compliance with *Government Auditing Standards*, resulting in a rating of pass.



Miguel Montiel
CIA, CGAP
Audit Manager
City of El Paso, TX



Camille Jones
CPA
Asst. City Controller IV
City of Houston, TX



Rebekah Bein
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January 30, 2025

Mr. Miguel Montiel
ALGA Peer Review Team Lead
Audit Manager, City of El Paso
218 N Campbell
El Paso, TX 79902

Dear Mr. Montiel,

On behalf of Los Angeles County Metropolitan Transportation Authority (Metro) and Management Audit Services (MAS), I would like to thank you, Camille Jones, Rebekah Bein, and Tammy Nevin for successfully completing the Association of Local Government Auditors (ALGA) Peer Review for the three-year period, July 1, 2021 through June 30, 2024.

We were pleased to learn an independent peer review team found MAS' internal quality control system is suitably designed and operating effectively to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing* 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, thus, resulting in a rating of pass. The final peer review report will be shared with Metro's executive leadership and the Metro Board of Directors.

Sincerely,

Kimberly L. Houston
Deputy Chief Auditor

Management Audit Services

FY 2025 Third Quarter Report

Finance, Budget & Audit Committee
May 15, 2025

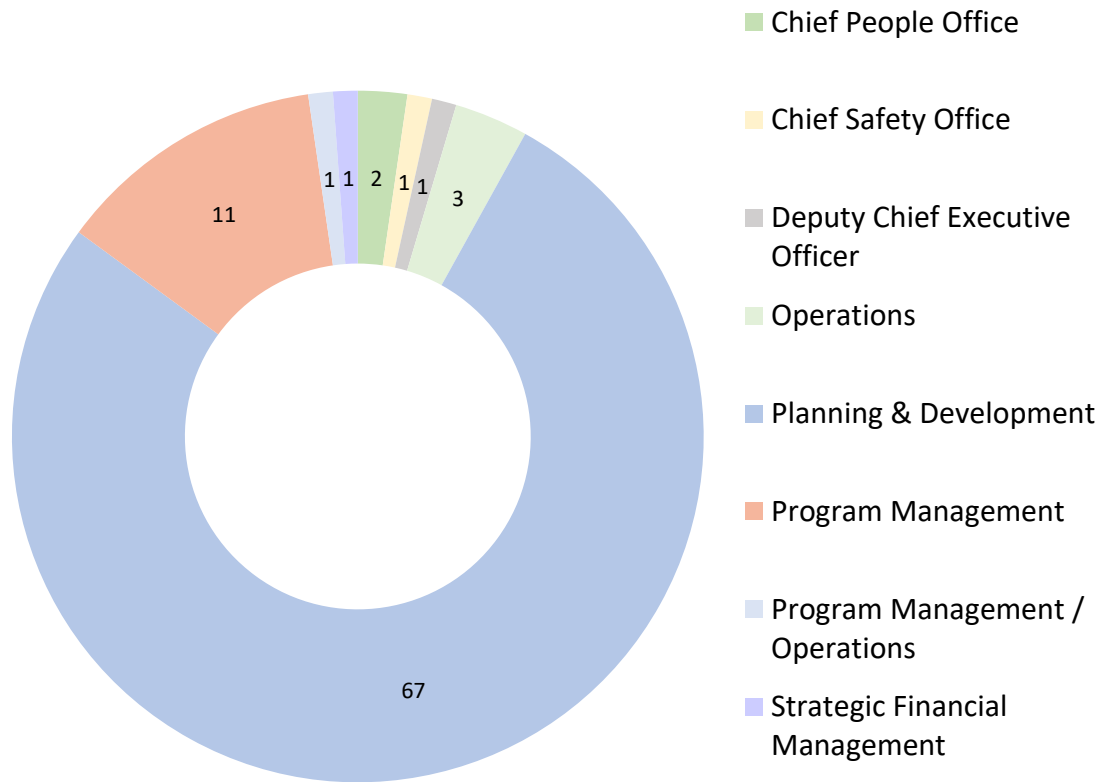
Kimberly Houston, Deputy Chief Auditor



MANAGEMENT
AUDIT SERVICES









In Progress: MAS Audit Activity

Agency Representation

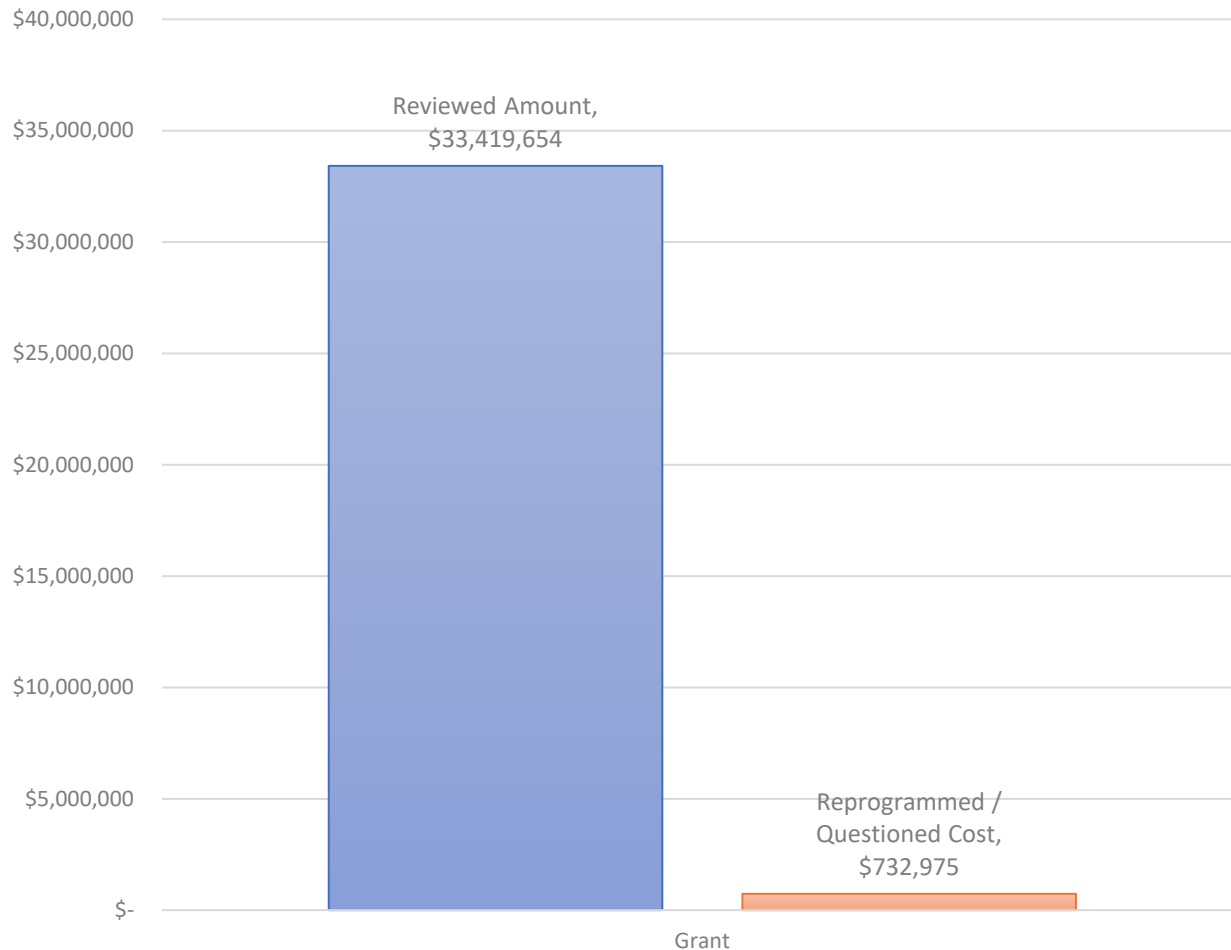


- 8 Performance Audits
- 79 Contract, Financial and Compliance Audits

In Progress: Performance Audits

			Estimated Completion	
	Audit Title	Description	FY25 Q4 Apr - Jun	FY26 Q1 Jul - Sep
1	Eastside Access Improvement Project	Evaluate if fund usage complied with applicable terms and if the scope aligned with the board-approved scope and other agreements.		
2	Purple (D-Line) Extension 1 (PDLE1)	Evaluate the state of processes and planning for final-year activities (testing, training, activation) prior to start of revenue operations.		
3	Employee Pension Benefits	Verify accuracy of pension payroll deductions and contributions for active eligible employees.		
4	Physical Security Monitoring Equipment	Assess adequacy of policies and procedures regarding video monitoring equipment.		
5	Employee Health Care Benefits	Verify accuracy of health / dental benefits enrollment and payroll deductions for active eligible employees.		
6	25-CON-P01 - Gold Line Extension Phase 2B	Evaluate oversight of the Construction Authority's management of Gold Line Phase 2B and Metro Operations' management of the final year processes leading to revenue service.		
7	SBE / DBE Certification	Evaluate if certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.		
8	Division 20 Portal Widening Turnback Facility	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.		

Completed: Contract, Financial & Compliance Audits



- Delivered financial audits that reviewed incurred project costs of \$33M.

External Quality Assurance Review (Peer Review)

- Peer Review for the three-year period ending June 30, 2024, is required by auditing standards
- Peer Review Team evaluated MAS' quality control system for adherence to audit standards
- Interviewed staff, executive leadership, and the Finance, Budget, and Audit Committee Chair
- Peer Review Team found that MAS fully complies with auditing standards and practices

Thank you