Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

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FINANCE, BUDGET AND AUDIT COMMITTEE
SEPTEMBER 17, 2026

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2026 FOURTH QUARTER AND CUMULATIVE YEAR-END REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services FY 2026 Fourth Quarter and Cumulative year-end report.

ISSUE

Management Audit Services (MAS) is required to provide a quarterly activity report to the Board that presents information on audits that have been completed or are in progress, including information related to audit follow-up activities. The FY 2026 fourth quarter report covers the period from April 1, 2026, to June 30, 2026, and the cumulative FY 2026 year-end for the period from July 1, 2025, through June 30, 2026.

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 related to Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management including the Chief Executive Office, and other internal areas. Contract, Financial, and Compliance Audit is primarily responsible for external audits in Planning, Program Management, and Vendor/Contract Management. MAS' functional units provide assurance to the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably; and that desired outcomes are being achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, quality assurance, financial management, including audit support, audit follow-up, and resolution tracking.

DISCUSSION

The following table summarizes MAS activity for FY 2026 fourth quarter and FY 2026 year ending June 30, 2026:

	FY 2026 Fourth Quarter	FY 2026 Year-End	In-Progress as of June 30, 2026
Performance Audits		5 audit projects completed	10 audit projects
Contract, Financial and Compliance Audits	5 audit projects completed with a total value of $10 million	33 audit projects completed with a total value of $1.2 billion	83 audit projects
Financial Compliance Audits of Metro	13 audit projects completed	153 audit projects completed	
Audit Follow-up and Resolution*	4 closed	33 closed	13 open recommendations
	26 closed (OIG)	80 closed (OIG)	35 open recommendations (OIG)

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

The FY 2026 Fourth Quarter and Cumulative Year-End Report is included as Attachment A.

DETERMINATION OF SAFETY IMPACT

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

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. For example, performance audits are selected with consideration of social, governance, environmental, and other relevant risks. In addition, audits of public-facing programs include discussions with program sponsors about how they incorporate equity into their program management. 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.

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 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 Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2026 Fourth Quarter 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 2026 Fourth Quarter and Cumulative Year-End Report

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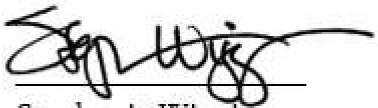

Stephanie Wiggins
Chief Executive Officer

Quarterly Report to Metro Board of Directors

FY 2026 Fourth Quarter and Cumulative Year-End Report

Metro

MANAGEMENT
AUDIT SERVICES

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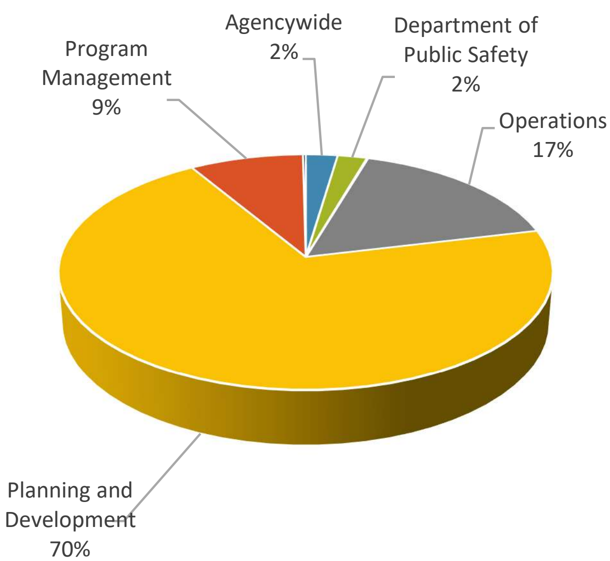
Reporting Period
April 1, 2026 – June 30, 2026



Summary of In-Progress Audit Activity

Management Audit Services (MAS) has 93 in-progress projects as of June 30, 2026, which include 10 performance projects and 83 contract, financial and compliance audits. The in-progress performance projects are listed in Appendix A.

As of the reporting period, there are 13 open MAS audit recommendations and 35 open for the Office of the Inspector General (OIG).

Summary of Fourth Quarter Completed Audit Activity

MAS completed 18 audit projects. The projects are comprised of 5 contract, financial and compliance audits, and 13 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 5. The other audits issued by external firms are highlighted on page 6.

A summary of the open audit recommendations is included on page 7.

This section includes performance audits completed in accordance with Global Internal Audit Standards and Generally Accepted Government Auditing Standards, in addition to other types of projects performed by the Performance Audit team to support Metro. Other projects may include independent reviews, analyses, or assessments of select areas. All performance projects are intended to help support decision-making and promote organizational effectiveness.

More performance audit projects were carried over from FY26 to FY27 than in previous fiscal years. Contributing factors included key staff shortages, delays in receiving necessary documentation, complex data analysis requirements, additional information requests on projects already in the reporting phase, and the implementation of strengthened internal quality review procedures. In FY27, the Performance Audit team will focus on completing these carry-over projects to ensure their timely resolution. This will also position the team to begin work on the priority projects identified in the FY27 Annual Audit Plan.

Canceled Audits

Information Technology Governance Project

This project's overall objective was to assess the effectiveness of Metro's IT Governance, including whether established practices are functioning as intended and the adequacy of the IT Continuity of Operations Plan. The project was to be outsourced to a third-party subject matter expert, but initial procurement efforts were not successful. While checking in with Executive Management to confirm the project's next steps and timeline, MAS learned that the Office of the CEO had initiated a major internal review of information technology-related structures and processes, which would encompass a review of significant elements of IT Governance. After considering the duplicative nature of the proposed work and the best use of finite MAS resources, MAS made the decision to cancel the project.

MAS staff completed 5 independent auditor reports on agreed-upon procedures for the following:

Project	Reviewed Amount	Questioned and/or Reprogrammed Amount
City of Downey - Lakewood Blvd. Improvement Project Phase 3C	$5,635,307	$1,367,106
City of Pasadena - Cordova Street Road Diet Project	$4,204,433	$0
City of Burbank - Burbank Traveler Information and Wayfinding System Project	$286,659	$4,832
Reviewed and questioned costs were not identified for the following as these audits reviewed labor rates for pre-award or indirect cost rates and/or Local Employment Program Compliance.		
Alstom Transportation, Inc.	N/A	N/A
PQM, Inc.	N/A	N/A
Total Amount	**$10,126,399**	**$1,371,938**

Contract, financial and compliance audits completed during FY 2026 are included in Appendix C.

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

Consolidated Audits – Issued Various Dates

Access Services

MAS contracted with Simpson and Simpson, CPAs (Simpson) to conduct the financial and compliance audit of Access Services (Access) for the year ended June 30, 2025. The auditor found that their financial statements were presented fairly, in all material respects. The auditor also found that Access complied, in all material respects, with applicable compliance requirements. The audit identified one internal control finding related to an unsupported balancing entry in net assets, which the auditor attributed to inadequate and untimely reconciliation procedures and ineffective review and validation controls. To address this, the auditor recommended investigating the root cause of this journal entry, recording any necessary correcting entries, and designing and implementing a net asset roll forward reconciliation control as part of the standard financial closing process for each reporting fund.

Low-Income Fare is Easy (LIFE) Eligibility

MAS contracted Simpson to assess the compliance of the International Institute of Los Angeles (IILA) with the LIFE program's eligibility verification requirements for the periods of July 1, 2024 through December 31, 2024 and January 1, 2025 through June 30, 2025. The auditor sampled 118 patrons from the LIFE program for both audits. Of these, 63 patrons responded for the first audit, and 59 patrons responded for the second audit. All were confirmed as meeting the program's minimum income and other eligibility criteria. Simpson noted an improvement in the response rate for FY25 compared to FY24. However, the auditor encountered challenges in contacting the remaining sampled patrons due to inaccurate contact information provided and was unable to verify eligibility. To address this, Simpson recommends implementing a process for patrons to update their contact information when clear inaccuracies are identified. This proactive measure will help maintain data integrity and enhance communication during the verification process. The Metro Program Manager is working with the administrators to implement this recommendation.

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 Metro's Business Interruption Fund (BIF) Administrative Guidelines and Fund Disbursement Procedures for the fiscal year ended June 30, 2025.

The auditors found that PCR complied, in all material respects, with Metro's BIF Administrative Guidelines and Fund Disbursement Procedures. The audit identified one Other Matter finding related to non-compliance caused by PCR's inadvertent omission of a specific certification requirement related to breach and remedy provisions per the BIF Administrative. There is no known impact on the program cost due to this non-compliance item, and this is the first year that this non-compliance item has been identified.

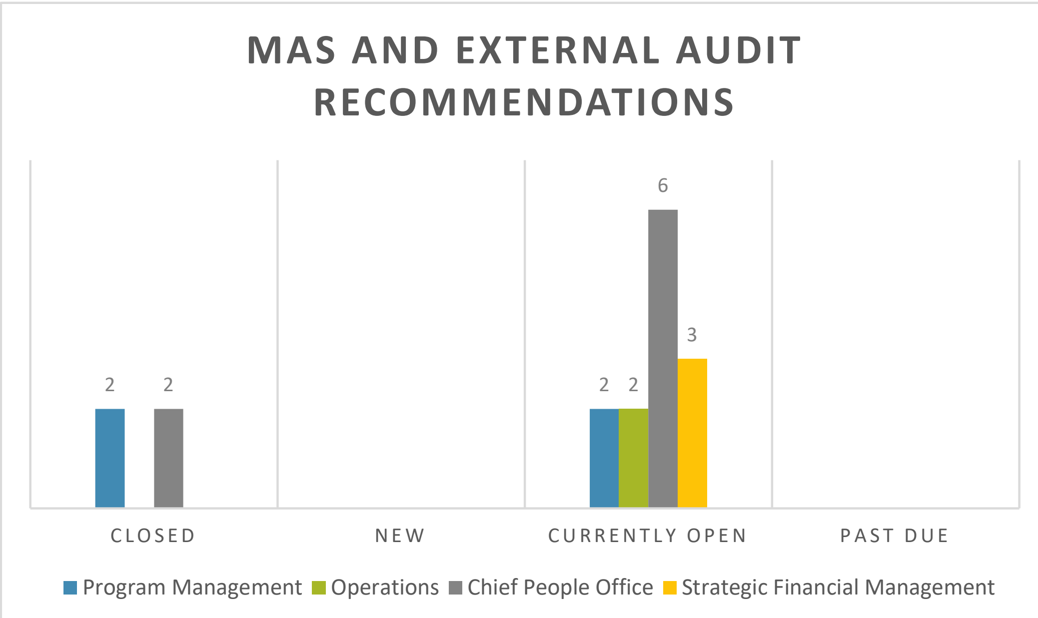
Financial and Compliance Audits – Issued Various Dates

MAS contracted with BCA Watson Rice to conduct financial and compliance audits for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The resulting reports include:

- Propositions A&C Schedules of Revenues and Expenditures;
- Measure R Schedule of Revenues and Expenditures;
- Measure M Schedule of Revenues and Expenditures;
- Gateway Center Financial Statements;
- Los Angeles Union Station Property Financial Statements;
- PTSC-MTA Risk Management Authority (PRMA) Financial Statements;
- Regional Transit Access Pass (TAP) Service Center TAP Settlement and Clearing Accounts;
- ExpressLanes Fund Financial Statements; and
- ExpressLanes Pay-As-You-GO (PAYG) Fee Adjustment

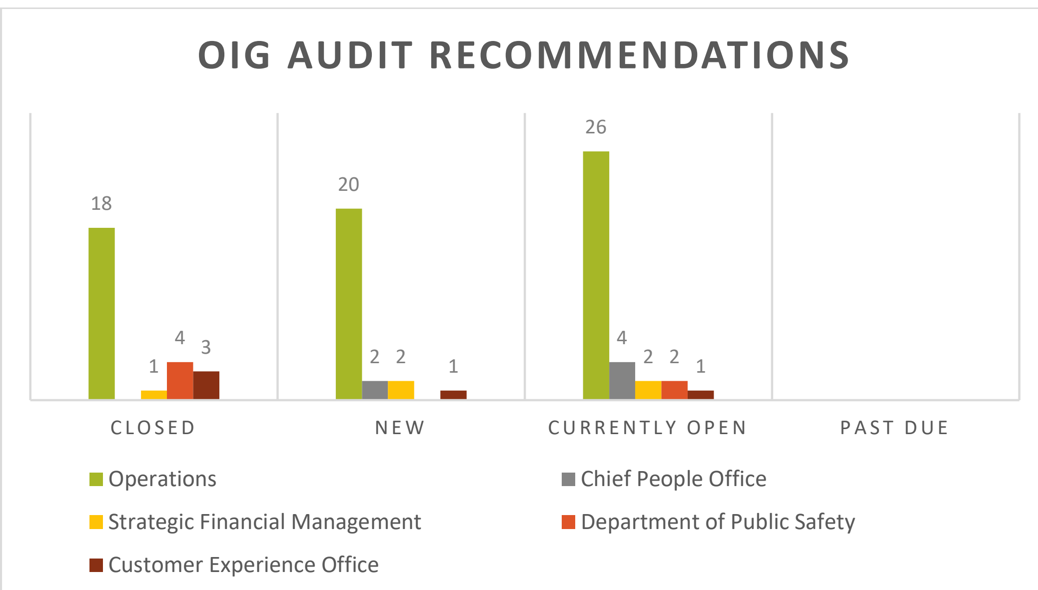
The auditor found that the above financial statements were presented fairly, in all material respects, for the reporting period. The auditor also found that Regional TAP Services Center complied, in all material respects, with the compliance requirements described in the TAP Financial Position Rules. Finally, the auditor found that Metro complied, in all material respects, with Metro's PAYG Fee Policy. There were no findings or recommendations issued as a result of these audits.

The graphs below summarize the open audit recommendations as of June 30, 2026:



13 open recommendations

4 closed recommendations



35 open OIG recommendations

26 closed OIG recommendations

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

Cumulative FY 2026 Completed Audit Activity

As of the FY 2026 year-end, MAS completed 191 audit projects and closed 33 recommendations.

Summary of Completed Projects

The completed audit projects comprise of:

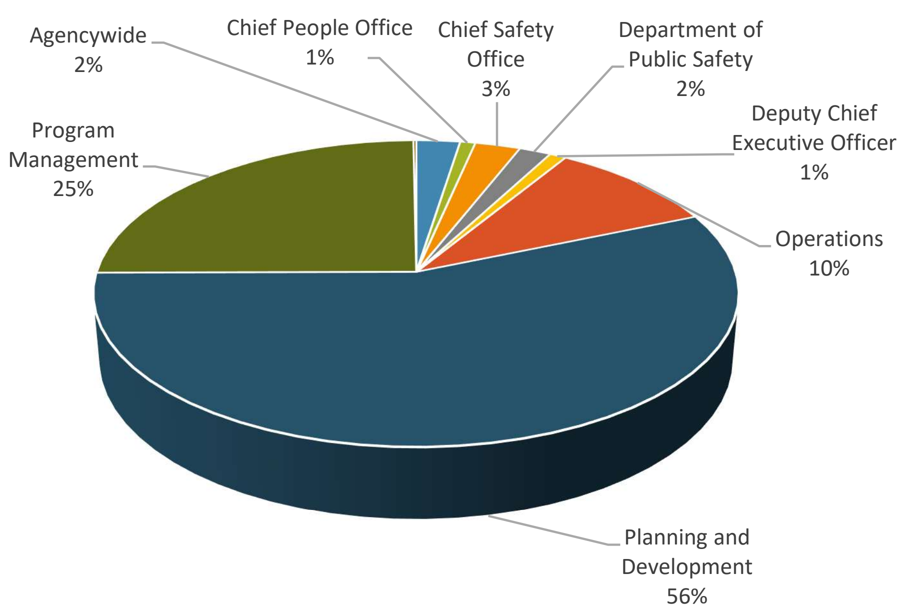
- Five (5) performance audits, which also include independent reviews, analysis, or assessments of select areas;
- 33 contract, financial, and compliance audits with an audit value amount of $1.14 billion, of which $7.5 million or 0.66% of identified unused funds that may be reprogrammed; and
- 153 financial and/or compliance audits issued by external auditors comprised mainly of legally mandated audits of the cities and County of Los Angeles.

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

Audit Follow-up

MAS closed 33 open recommendations and 80 OIG recommendations during the fiscal year.

Cumulative FY 2026 Audit Activity by Department



Department Highlights

Quality Assurance Improvement Program

During FY26, MAS concluded its review of the updated Yellow Book standards. These standards contain guiding principles that enable effective internal auditing. This review supports MAS' efforts to ensure quality is assessed at both an individual audit engagement level and an internal audit activity level. Additionally, the review facilitated the identification of required updates for the MAS' Policy Manual, as well as the Board-approved Audit Charter.

Following is a summary of the various activities to support improved performance, quality, and value-added internal audit services:

- **Completed Activities**
    - Task force preliminary review of the Yellow Book standards
    - Performed a comprehensive review and update of MAS' Audit Charter
- **In-progress Activities**
    - Internal Quality Self-Assessment for FY25 and FY26 underway: Assessment will evaluate MAS' conformance against the updated standards
- **Upcoming Activities**
    - Upon CEO review and Board approval of the Audit Charter, MAS will finalize its Policy Manual and procedures in TeamMate, the electronic work paper system, to ensure consistent procedures across MAS engagements

Construction Audit Training

To build internal capacity and strengthen internal knowledge, MAS contracted with RL Townsend & Associates to design and deliver live, targeted training in construction audit practices. This training was a key step toward equipping audit staff with the foundational knowledge, tools and practical techniques needed to conduct effective audits of construction projects. Strengthening this capability will enable MAS to better support management in monitoring project risks, evaluating controls, and identifying areas for improvement within the capital program.

This training session focused on construction auditing and was tailored to Metro's operational processes. The vendor delivered a customized and interactive course designed for audit professionals responsible for conducting effective construction audits. The course provided technical insight and practical audit techniques specific to this area, along with key industry terminology and relevant internal controls. Attendees earned continuing professional education (CPE) credits through sessions covering a wide range of technical topics.

Appendix A

Performance Audit - In Progress Projects as of June 30, 2026

No.	Area	Project Number & Title	Description	Estimated Date of Completion
1	Planning and Development	25-PLN-P01 - Project Grant Funding	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.	9/2026
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.	9/2026
3	Department of Public Safety	25-SEC-P02 - Safety Response to Reported Incidents	Evaluate whether existing policies and procedures are adequate to ensure timely decision-making and effective deployment of resources in response to safety-related service requests from employees and the public.	9/2026
4	Department of Public Safety	24-SEC-P01 – Physical Security Monitoring Equipment	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	10/2026
5	Planning and Development	26-PLN-P01 - Measure M Subregional Program (MSP)	Evaluate the effectiveness, implementation performance, and subregional project progress to ensure MSP is maximizing the program's capacity and adhering to project schedule(s).	10/2026
6	Operations	26-OPS-P02 - Wayside Track Maintenance	Evaluate how Metro ensures that track maintenance complies with FTA State-of-Good-Repair requirements.	11/2026
7	Operations	26-OPS-P01 - Non-revenue Vehicles	Assess the availability and readiness of the non-revenue vehicle fleet for operational deployment and use.	12/2026
8	Planning and Development	26-PLN-P02 - Real Estate Condition and Utilization	Determine if Metro has a comprehensive inventory of its real estate and if its system accurately describes and monitors the current utilization of properties.	1/2027
9	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.	3/2027
10	Operations	26-OPS-P03 - Bus Division Operations Efficiencies	Examine Metro's Bus Divisions' administrative operations and explore ways to build efficiencies into processes and utilize technology, including AI, to accomplish goals.	5/2027

Appendix B

Performance Audit - Audits Completed as of June 30, 2026				
No.	**Area**	**Audit Number & Title**	**Description**	**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.	8/2025
2	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.	10/2025
3	Chief People Office	24-PEN-P01 – Employee Pension Benefits	Verify the accuracy of pension payroll deductions and contributions for active eligible employees.	11/2025
4	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 final year processes leading to revenue service.	2/2026
5	Deputy Chief Executive Officer	25-DEO-P01 - Small Business Enterprise (SBE) Certification Processes	Evaluate if the Diversity and Economic Opportunity Department (DEOD)'s SBE certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.	3/2026

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2026

No.	Area	Audit Number & Type	Auditee	Date Completed
1	Planning and Development	24-PLN-A12 - Grant	City of Los Angeles Department of Transportation	7/2025
2	Planning and Development	24-PLN-A27 - Grant	County of Los Angeles Department of Public Works	7/2025
3	Planning and Development	25-PLN-A06 - Grant	City of Downey	7/2025
4	Planning and Development	25-PLN-A01 - Grant	City of El Monte	7/2025
5	Planning and Development	25-HWY-A05 - Grant	City of Torrance	7/2025
6	Program Management	25-CON-A02 - Contract	NSI Engineering	8/2025
7	Planning and Development	24-PLN-A23 - Grant	City of Huntington Park	8/2025
8	Planning and Development	25-PLN-A05 - Grant	City of Los Angeles	8/2025
9	Program Management	24-CON-A05(A) - Contract	Barrio Planners, Inc.	9/2025
10	Program Management	25-CON-A04 - Contract	Global ASR Consulting, Inc.	9/2025
11	Planning and Development	24-PLN-A13 - Grant	Port of Los Angeles	9/2025
12	Planning and Development	24-HWY-A03 - Grant	City of Agoura Hills	9/2025
13	Planning and Development	20-PLN-A09 - Grant	Port of Long Beach	9/2025

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2026				
No.	**Area**	**Audit Number & Type**	**Auditee**	**Date Completed**
14	Program Management	24-CON-A06(B) - Contract	JAD & Associates	9/2025
15	Planning and Development	24-PLN-A20 - Grant	City of Burbank	10/2025
16	Planning and Development	25-PLN-A16 - Grant	City of Culver City	11/2025
17	Planning and Development	25-HWY-A11 - Grant	City of Pico Rivera	11/2025
18	Planning and Development	25-PLN-A27 - Grant	City of South Pasadena	12/2025
19	Planning and Development	25-PLN-A26 - Grant	City of Carson	12/2025
20	Planning and Development	25-PLN-A30 - Grant	City of Gardena	12/2025
21	Planning and Development	24-PLN-A26	City of Hawthorne	1/2026
22	Planning and Development	26-HWY-A03	City of La Canada Flintridge	1/2026
23	Planning and Development	24-CON-A05(B)	Barrio Planners, Inc.	2/2026
24	Planning and Development	24-CON-A04(E)	ABCS Consulting Services	2/2026
25	Planning and Development	25-CON-A06	Thornton Tomasetti	2/2026

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2026				
No.	**Area**	**Audit Number & Type**	**Auditee**	**Date Completed**
26	Planning and Development	25-PLN-A15	City of Santa Clarita	2/2026
27	Planning and Development	26-PLN-A04	City of Glendale	2/2026
28	Planning and Development	26-PLN-A03	City of Beverly Hills	3/2026
29	Planning and Development	25-HWY-A04	City of Downey	5/2026
30	Planning and Development	26-PLN-A12	City of Pasadena	6/2026
31	Operations	25-OPS-A01	Alstom Transportation, Inc.	6/2026
32	Planning and Development	25-PLN-A08	City of Burbank	6/2026
33	Program Management	25-CON-A01	PQM, Inc.	6/2026

Appendix D

Open Audit Recommendations as of June 30, 2026

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1-2	Operations	21-SEC-P01 - Performance Audit of Rail Operations' Continuity of Operations Plan	2 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
3-5	Strategical Financial Management	23-ITS-P01 - Performance Audit of Third-Party Risk Management - Outsourced Service Providers	3 Total	These recommendations address findings in Metro's Operational System and/or other security-sensitive programs.	Ongoing	
6	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	1b	Perform monthly reconciliations of human resource/payroll deduction report to validate that payroll deductions align with carrier invoices.	10/31/2025	12/31/2026[1]
7	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	1d	Implement monitoring of dependent eligibility and 'age-out' events.	9/30/2025	12/31/2026[1]
8	Chief People Office	24-BEN-P01 - Performance Audit of Employee Health Benefits	1e	Identify methods to automate the procedures in 1(b) and 1(c) above as part of the new payroll system implementation.	12/31/2025	12/31/2026[1]
9	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	2a	The Chief People Officer should direct Pension and Benefits management to develop detailed SOPs covering the employee pension contribution process, including report generation, review, and exception handling.	11/30/2025	12/31/2026[1]
10	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	7	The Chief People Officer should direct Pension and Benefits to evaluate the upcoming Oracle HCM Cloud Suite implementation to assess opportunities for automating the pension process, replacing manual workflows, scanning employee documents, improving change history, and ensuring enhanced integration across Human Resources, Payroll, and Pension and Benefits functions to improve accuracy and efficiency in pension management.	12/31/2025	12/31/2026[1]
11	Chief People Office	25-PEN-P01 - Performance Audit of Employee Pension Benefits	8	The Chief People Officer should direct Pension and Benefits and ITS Administration management to incorporate enhanced controls and validations into the upcoming Oracle HCM Cloud Suite system. These enhanced controls and validations should include mechanisms such as logical checks to prevent contradictory or missing pension codes from being assigned, particularly for ineligible job classes. Also, job status changes should automatically trigger reviews to ensure pension codes are updated promptly. Increased automation will help minimize manual data entry errors.	12/31/2025	12/31/2026[1]
12	Program Management	25-CON-P01 - Gold Line Extension Phase 2B	4.1	Metro should review the current project (GLE2B1) forecast and identify any cost savings and the impact of allocated funding sources.	9/30/2026	

[1] Extension is related to Oracle Human Capital Management (HCM) project, which is tentatively scheduled to go live in December 2026.

Appendix D

Open Audit Recommendations as of June 30, 2026						
No.	**Area**	**Audit Number & Title**	**Rec. No.**	**Recommendation**	**Original Completion Date**	**Extended Completion Date**
13	Program Management	25-CON-P01 - Gold Line Extension Phase 2B	4.2	Metro should consult with Strategic Financial Management to determine if any revision to the LOP budget is required to reflect current forecasts for sections to Pomona or Montclair.	9/30/2026	

[1] Extension is related to Oracle Human Capital Management (HCM) project, which is tentatively scheduled to go live in December 2026.

Appendix E

Open OIG Audit Recommendations as of June 30, 2026

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	16	Continue to test and determine the effectiveness of the independent solar panel lights on top of the signposts. Consider expanding use of the solar lights if the cost and benefits of these lights prove to be a good solution.	6/30/2025	10/31/2026
2	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	19	Consider sustainable options like lights generated by small solar panels or other environmentally conscious methods, as stated earlier.	6/30/2025	10/31/2026
3	Operations	25-AUD-05 - Review of Metro Bus Stops Cleanliness and Safety	20	Monitor the effectiveness of the Bus Lane Enforcement (BLE) program in keeping Metro bus lanes clear from parked vehicles across the system to improve transit safety and reliability.	6/30/2027	
4	Chief People Office	25-AUD-08 - Statutorily Mandated Audit of Miscellaneous Expenses	1	When providing training for staff, ensure that there are no cost-free in-house programs or external programs that Metro partners with who provides similar highly qualified training at a substantially lower cost that still meet the quality and expertise level, before purchasing these services outside of Metro.	3/31/2026	9/30/2026
5	Chief People Office / Vendor/Contract Management	25-AUD-08 - Statutorily Mandated Audit of Miscellaneous Expenses	4	Consider creating an executive leadership professional services bench to help ensure that Metro supports the professional development of its senior level executives in a fiscally responsible manner.	3/31/2026	9/30/2026
6	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	13	Consider installing clear signage stating that the emergency call box is for emergency use only, and misuse is subject to penalties.	9/30/2025	9/30/2026
7	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	16	Once the prototypes of the Call Point Blue Light Project are installed, evaluate their effectiveness and conduct a comprehensive cost-benefit analysis based on the knowledge gained from the Call Point Blue Light Project..	6/30/2026	10/31/2026
8	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	17	Conduct a comprehensive evaluation of the existing camera infrastructure to identify performance gaps and limitations.	12/31/2026	
9	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	18	Ensure any new system being considered meets Metro's needs as an upgrade to high resolution, reliable camera systems with enhanced capabilities such as pan, tilt, and zoom (PTZ) functionality for improved coverage and flexibility, and will replace obsolete call boxes and legacy cameras with a unified system that offers superior image quality and remote monitoring capabilities.	12/31/2027	
10	Operations	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	19	Consider integrating Artificial Intelligence and automation in any future camera systems deployed in Metro Rail Stations.	12/31/2028	
11	Department of Public Safety	26-AUD-01 - Review of Metro Call Boxes in Rail Stations and Major Bus Terminals	21	Expand surveillance coverage by installing functional cameras in previously unmonitored areas, such as the Willow Station patron and employee parking lot.	12/31/2028	
12	Department of Public Safety	25-AUD-06 - Supplemental Billings Review FY24	6	Metro should enforce the contract requiring LAPD to submit annually the List of Maximum Fully Burdened Hourly Rates and all the required supporting documentation ninety (90) days prior to the start of each fiscal year, and any changes to the CAP rates during the fiscal year. Metro should also review the billing rates for all invoices not reviewed by BCA for FY2024 to determine the extent of overbillings for FY 2024.	Pending Review	

Appendix E

Open OIG Audit Recommendations as of June 30, 2026						
No.	**Area**	**Audit Number & Title**	**Rec. No.**	**Recommendation**	**Original Completion Date**	**Extended Completion Date**
13	Strategic Financial Management	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	1	Consider enhancing the parking payment system by enabling customers to pay for parking directly using their TAP card, with the parking fee automatically deducted from the card balance.	4/30/2028	
14	Strategic Financial Management	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	2	Implement an “Open Pay” option for parking lot fees where patrons may simply use a bank card to complete the parking fee transaction.	4/30/2028	
15	Operations	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	3	Coordinate with parking enforcement personnel to strengthen monitoring and enforcement activities at locations where unauthorized or abandoned vehicles are observed.	6/30/2026	7/31/2026
16	Operations	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	4	Instruct enforcement personnel to prioritize high-risk locations and 2026 World Cup Lots and address long-standing violations promptly.	6/30/2026	7/31/2026
17	Operations	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	5	Increase the frequency of signage inspections beyond quarterly audits, particularly at high-traffic stations and during special event periods, particularly for the Lots serving the 2026 World Cup.	6/30/2026	7/31/2026
18	Operations	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	6	Develop and implement standard operating procedures for the timely repair, cleaning, or replacement of damaged, defaced, or improperly installed signage. Define response timelines based on severity and high-traffic parking facilities, particularly for the Lots serving the 2026 World Cup.	6/30/2026	7/31/2026
19	Operations	26-AUD-07 - Review of Metro's Payment System and Signage at Parking Lots for the 2026 FIFA World Cup	8	Provide training to facility staff on accessibility standards and the importance of maintaining compliant spaces.	8/31/2026	
20	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	1A	Enhance integration between incident reporting and TAGRS.	9/30/2026	
21	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	3A	Strengthen end-to-end incident-to-work-order integration and closure documentation by requiring work order references (or other documented rationale).	11/30/2026	
22	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	3B	Improve documentation of incident work orders to ensure accountability between FM and the responsible department assigned to make incident repairs. Establish an incident report showing the response and closure with measurable timelines to repair depending on the incident category.	11/30/2026	
23	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	3C	Strengthen data input standard that allows the real time measurement of incident time between opening and closing.	11/30/2026	
24	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	3D	Develop reporting capabilities to identify incidents by rail station and rail line.	5/30/2026	7/31/2026
25	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	4A	Standardize incident coding and description requirements (i.e., minimum data fields and definitions by incident types and utilizing the “Notes” section for additional commentary).	11/30/2026	
26	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	4B	Require meaningful closure notes and evidence (what was done, by whom, date completed, and reference work order/task order, where applicable).	5/31/2026	7/31/2026

Appendix E

Open OIG Audit Recommendations as of June 30, 2026						
No.	**Area**	**Audit Number & Title**	**Rec. No.**	**Recommendation**	**Original Completion Date**	**Extended Completion Date**
27	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	4C	Implement supervisory quality assurance for incident entry and closure, including periodic data audits and exception reporting for vague descriptions, missing notes, or closure codes without documentation.	7/31/2026	
28	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	4D	Provide targeted training to employees to improve consistency across EAMS' users and departments.	11/30/2026	
29	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	5A	Leverage peer practices to strengthen incident management by moving toward a more integrated asset management platform (similar to NYCT's EAMS) with supervisor validation of entries.	11/30/2026	
30	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	8A	Strengthen field-to-system reporting by requiring all incidents identified during inspection to be promptly entered into reporting system, with periodic reconciliation between inspection logs and the incident List.	11/30/2026	
31	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	8B	Develop targeted action plans with emphasis on elevator/escalator reliability, cleanliness, and safety-critical items.	12/31/2026	
32	Operations	26-AUD-05 - Review of Metro Rail Station Repairs	8C	Enhance strategies to address recurring issues such as odors, vandalism/etching, and damaged finishes by increasing cleaning frequency, deploying deterrents, and using more durable/protective materials.	12/31/2026	
33	Customer Experience Office	26-AUD-05 - Review of Metro Rail Station Repairs	9C	Metro should adopt a coordinated, multi-pronged approach to identifying, resolving, and communicating rail station repairs, including: Communicate status and closure of these items back to reporting parties through CCATS, social media channels and the Transit Watch (Everbridge) application to enhance transparency and customer confidence.	Pending Review	
34	Chief People Office	26-AUD-08 - Statutorily Mandated Audit of Miscellaneous Expenses July 1, 2025 to September 30, 2025	1	We recommend the Chief People Office include a statement in the Metro Business Travel Guidelines (GEN 65) which states that mandatory fees associated with lodging e.g. resort fees are reimbursable miscellaneous travel expenses and are not included in the lodging dollar limit that can be claimed for lodging.	7/31/2026	
35	Chief People Office	26-AUD-08 - Statutorily Mandated Audit of Miscellaneous Expenses July 1, 2025 to September 30, 2025	2	We recommend the Chief People Office instruct employees to be familiar with Metro's Business Travel Guidelines and submit a justification memo for lodging expenses when they exceed the allowable GSA rates.	7/31/2026	

MANAGEMENT AUDIT SERVICES

FY 2026 Fourth Quarter and Cumulative Year-End Report

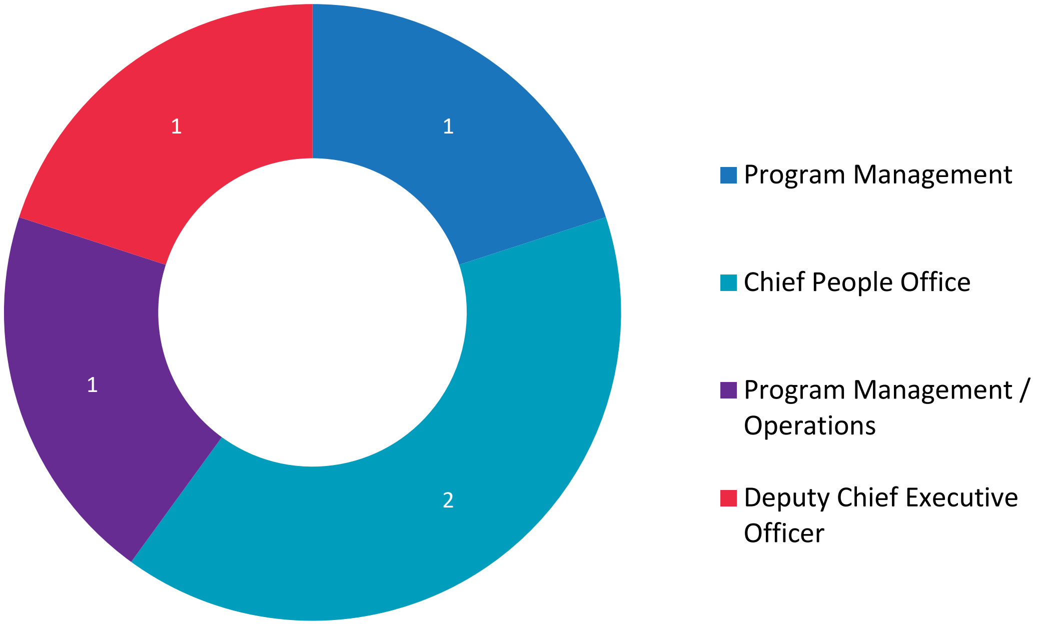
Finance, Budget and Audit Committee
September 17, 2026

Kimberly Houston, Deputy Chief Auditor
Lauren Choi, Sr. Director, Audit
Yvette Suarez, Sr. Manager, Audit

Metro

Completed Annual: Performance Audits

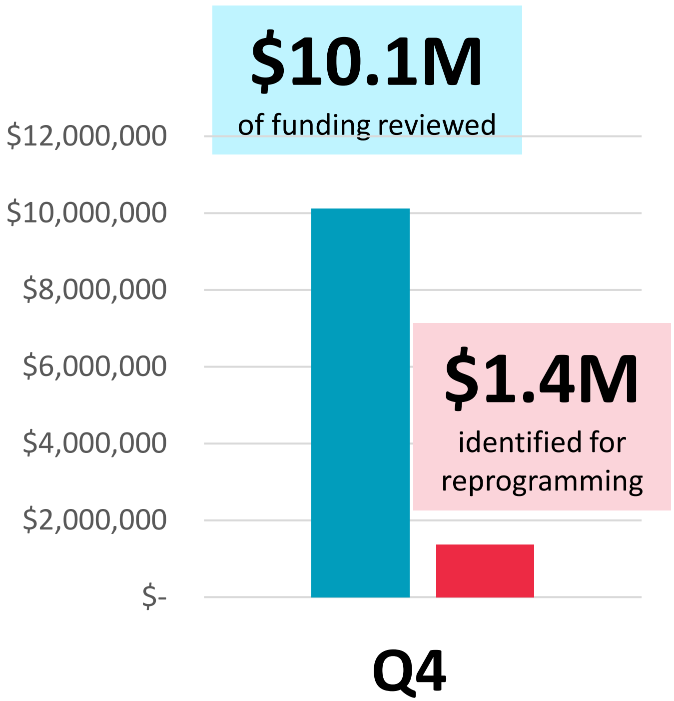
Agency Representation

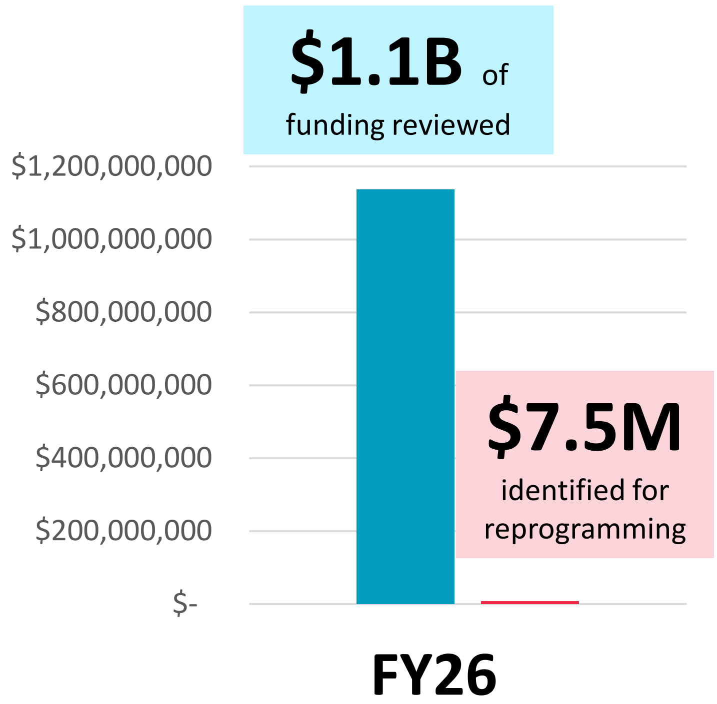


5 Completed Performance audits

1. Eastside Access Improvement Project
2. Employee Health Care Benefits
3. Employee Pension Benefits
4. Gold Line Extension Phase 2B
5. SBE Certification Processes

Completed Q4 and Annual: Contract, Financial & Compliance Audits



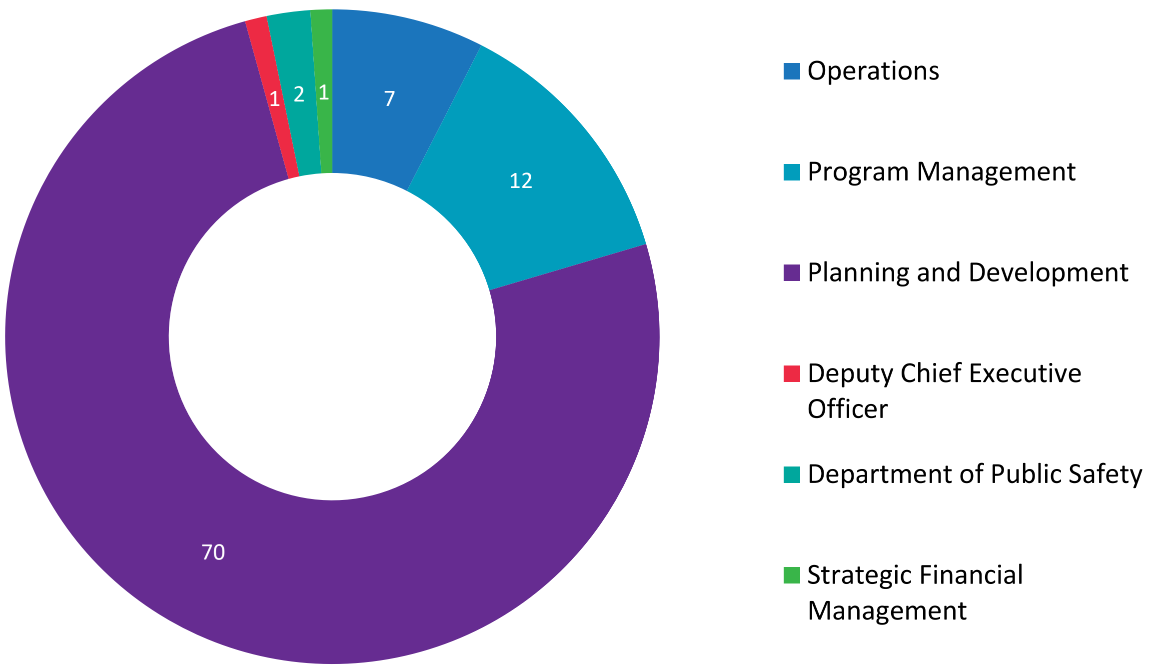


5 audit reports issued in Q4

33 audit reports issued in FY26

In Progress: MAS Audit Activity by Area

Agency Representation



10 Performance audits in progress

83 Contract, Financial, and Compliance Audits in progress

Metro

In Progress: Performance Audits

No.	Project Title	Area	Description	Estimated Date of Completion
1	Project Grant Funding	Planning and Development	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.	**FY27 Q1**
2	Purple (D-Line) Extension 1 (PDLE1)	Program Management	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.	**FY27 Q1**
3	Safety Response to Reported Incidents	Department of Public Safety	Evaluate whether existing policies and procedures are adequate to ensure timely decision-making and effective deployment of resources in response to safety-related service requests from employees and the public.	**FY27 Q1**
5	Physical Security Monitoring Equipment	Department of Public Safety	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	**FY27 Q2**
6	Measure M Subregional Program (MSP)	Planning and Development	Evaluate the effectiveness, implementation performance, and subregional project progress to ensure MSP is maximizing the program's capacity and adhering to project schedule(s).	**FY27 Q2**
7	Wayside Track Maintenance	Operations	Evaluate how Metro ensures that track maintenance complies with FTA State-of-Good-Repair requirements.	**FY27 Q2**
8	Non-revenue Vehicles	Operations	Assess the availability and readiness of the non-revenue vehicle fleet for operational deployment and use.	**FY27 Q2**
9	Real Estate Condition and Utilization	Planning and Development	Determine if Metro has a comprehensive inventory of its real estate and if its system accurately describes and monitors the current utilization of properties.	**FY27 Q3**
4	Division 20 Portal Widening Turnback Facility	Program Management	Evaluate Metro's project management processes for the Project to date, including managing and mitigating project risks.	**FY27 Q3**
10	Bus Division Operations Efficiencies	Operations	Examine Metro's Bus Divisions' administrative operations and explore ways to build efficiencies into processes and utilize technology, including AI, to accomplish goals.	**FY27 Q4**

Thank you!

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