*MANAGEMENT AUDIT SERVICES
QUARTERLY REPORT TO THE BOARD*

**Los Angeles County Metropolitan
Transportation Authority**

*YEAR-END REPORT
FY 2019*

Metro

TABLE OF CONTENTS

EXECUTIVE SUMMARY

FY19 Summary of Audit Activity

During FY 2019, we completed or managed 219 engagements consisting of 65 audits issued by MAS and 154 external CPA firms' reports. Details are as follows:

- 16 audit reports issued in the first quarter;
- 19 audit reports issued in the second quarter;
- 13 audit reports issued in the third quarter;
- 17 audit reports issued in the fourth quarter;
- 154 financial and compliance audits issued during the fiscal year (mostly legally mandated such as Propositions A&C, Measure R, Measure M, STA, TDA, NTD, and other funds distributed to the cities and County of Los Angeles).

The work completed in the first, second, and third quarters of FY 2019 were summarized in the quarterly reports issued in November 2018, February 2019, and May 2019. The completed audits for fourth quarter include three internal audit reports and 14 incurred cost audits. The completed contract pre-award and incurred cost audits are summarized on page 4 and completed internal audits begin on page 5. Sixty audits were in process at the end of FY 2019. A list of all contract pre-award and incurred cost audit projects completed in FY 2019 are included in Appendix A and B, respectively. All internal audits completed during FY 2019 are included in Appendix C. All internal audits in process as of June 30, 2019 are included in Appendix D.

The following chart identifies the functional areas where Management Audit focused audit staff time and efforts during FY 2019:
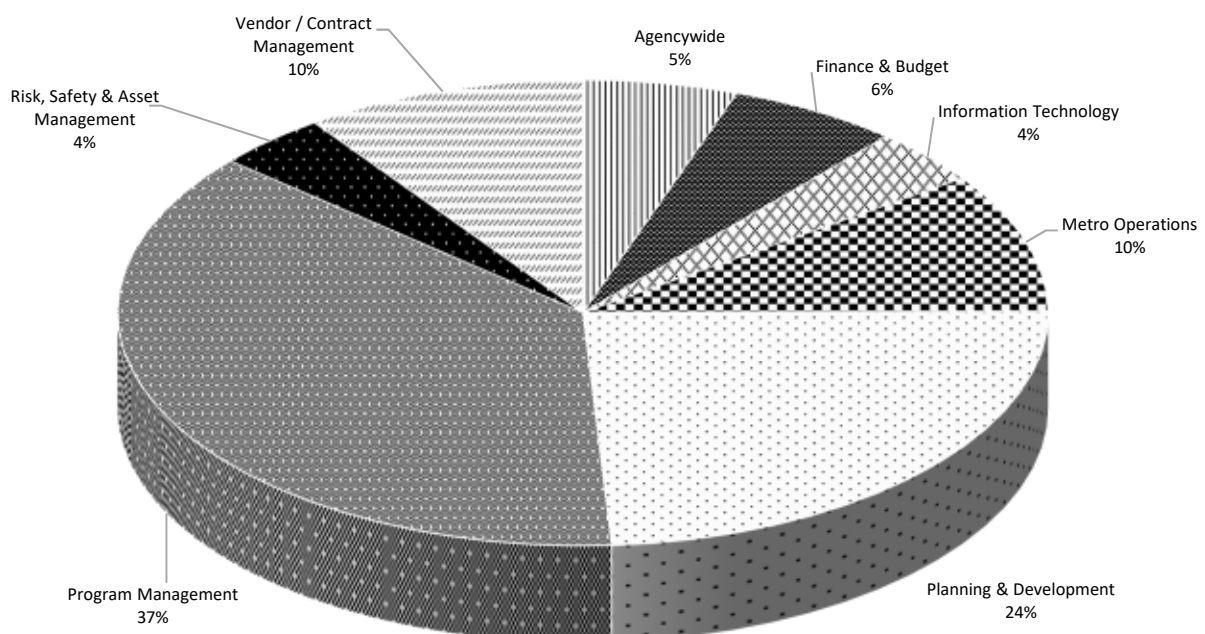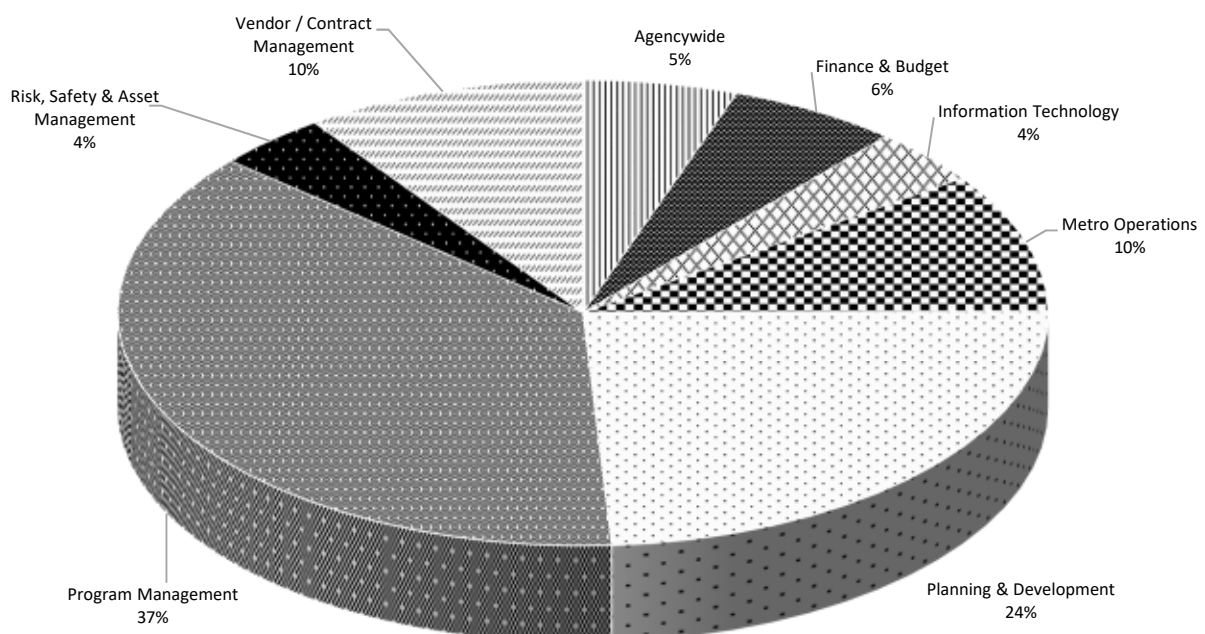
EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Other Activities

<u>Small Business Enterprise/Disadvantaged Business Enterprise Trainings</u>
Metro recognizes that the SBE/DBE firms may have challenges including limited knowledge to comply with the requirements of Federal Acquisition Regulations (FAR) Part 31, Contract Cost Principles and Procedures which are included in all Metro contracts and limited resources to support the audit efforts.

Management Audit Services (MAS) partnered with V/CM to put together a series of educational training programs for SBE/DBEs to better understand contract and audit requirements including FAR Part 31 cost allowability, audit process, adequate accounting system and the different types of contract audits (e.g. pre-award, incurred cost, close out, etc.) including the associated level of audit support and effort that goes with each type. Training programs include speaking at Metro sponsored events such as How to Do Business with Metro workshop, Transportation Business Advisory Council (TBAC), and other training programs dedicated for SBE/DBEs. MAS conducted two workshops (March and April) at Metro's Headquarters and trained approximately 80 attendees. Attendees had the opportunities to ask their audit and contract questions to the MAS and V/CM executives during these events.

EXTERNAL AUDITS

Contract Pre-Award Audit

Contract Pre-Award Audit provides support to the Vendor/Contract Management Department for a wide range of large-dollar procurements and projects. This support is provided throughout the procurement cycle in the form of pre-award, interim, change order, and closeout audits, as well as assistance with contract negotiations.

During FY 2019, we completed eight audits, reviewing a net value of $69.2 million. Auditors questioned $8.7 million or 12.5% of the proposed costs. The eight audits supported procurements in the following areas:

- ➢ Four (4) of Metro Countywide Bikeshare Program;
- ➢ Three (3) of Metro Eastside Transit Corridor Phase 2 Project; and
- ➢ SR-91 Auxiliary Lane Improvement Project.

Details on Contract Pre-Award Audits completed during FY 2019 are in Appendix A.

Incurred Cost Audit

Incurred Cost Audit conducts audits for Planning and Development's Call-for-Projects and Transit Oriented Development programs, Program Management's highway projects, federally funded transportation programs, and various other transportation related projects, including Caltrans projects. The purpose of the audits is to ensure that grantees spend funds in accordance with the terms of the grants/contracts and federal cost principles.

Incurred Cost Audit completed 48 audits during FY 2019. We reviewed $1.2 billion of funds and identified $74 million or 6% of unused funds that may be reprogrammed. Forty-eight incurred cost audits were in process as of June 30, 2019.

Details on Incurred Cost Audits completed during FY 2019 are in Appendix B.

INTERNAL AUDITS

Management Audit completed nine internal audit reports in FY 2019. Twelve internal audits were in process as of June 30, 2019. A list of the internal audits in process is included in Appendix D. Details of the three internal audits completed during the fourth quarter are listed below.

Performance Audit of the Regional Connector Transit Corridor Project

Management Audit contracted Talson Solutions, LLC (Talson) to complete a performance audit of the Regional Connector Transit Corridor Project. The purpose of the audit was to evaluate the efficiency and effectiveness of overall project management processes for the following areas:

- Budgeted vs. Actual Costs and Schedule
- Risk Assessment and Risk Mitigation
- Compliance with the Full Funding Grant Agreement (FFGA) in the areas of funding, schedule, quality management and risk management

Talson found that Metro is compliant with the FFGA in adopting a financial plan for financing all project costs, which includes identifying the state, local and private sources of funding for the project along with the value of funds available and committed to the project. However, some inconsistencies were noted in the reported funding values for two fund sources:

- Lease Revenue
- Congestion Mitigation & Air Quality Program

The total reported values for these two fund sources differed among the various project related reports. Management concurred with all recommendations and is implementing the corrective actions.

Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes

The purpose of the audit was to evaluate whether changes from the Sheet Metal, Air, Rail & Transportation (SMART) Union Collective Bargaining Agreement effective July 1, 2017 were effectively implemented in HASTUS, and to assess the adequacy of the implementation plans for the pending system changes.

We found that of the nine total changes resulting from the SMART Bargaining Agreement effective July 1, 2017, seven were effectively implemented in HASTUS. However, the manual processes and controls for the remaining two system changes which were related to Off Call-Back (OCB) and Line Instructor Premium (LIP) were inadequate to prevent errors and to fully comply with the SMART agreement. In addition to the above findings, we identified three process improvement opportunities related to vacation balances, timely release of assignments and accuracy of payroll processing for fallback. Management concurred with all recommendations and is implementing the corrective actions.

INTERNAL AUDITS

Performance Audit of the Tracking of Small Business Enterprise / Disadvantaged Business Enterprise (SBE/DBE) Goals

The purpose of the audit was to evaluate the effectiveness of the process used by the Diversity & Economic Opportunity Department (DEOD) to track and monitor SBE/DBE goal achievement and the reliability of the information captured and reported from the SBE/DBE goal achievement monitoring process.

We found that DEOD has implemented procedures and has provided training amongst the responsible parties to pro-actively track the achievement of SBE/DBE goals while the contracts are still on-going. However, we found that the tracking and monitoring of SBE/DBE goal achievement can be significantly improved by maintaining accurate contract information, timely communicating shortfall information to contractors and documenting resolutions on shortfall status. Management concurred with all recommendations and is implementing the corrective actions.

OTHER AUDITS

Other audits completed during FY19 by external CPA firms contracted by MAS include:

STIP/PPM Program Year 2015 and 2016 – Issued October 2018 and May 2019
In June 2013, Metro entered into a Fund Transfer Agreement (Agreement) with Caltrans to provide planning, programming and monitoring of projects for the development and preparation of the Regional Transportation Improvement Program.

Metro is required to comply with the Agreement and to ensure that State Transportation Improvement Program (STIP) Planning, Programming, and Monitoring (PPM) funds are used in conformance with Article XIX of the California State Constitution, and for PPM purposes as defined in the Agreement.

Vasquez completed the financial and compliance audits of STIP for the period December 10, 2014 through December 31, 2018. The auditor found that the financial schedule presents fairly, in all material respects and that Metro complied, in all material respects, with the compliance requirements of the Agreement and Article XIX of the California State Constitution applicable to Metro's STIP PPM Program for the period December 10, 2014 to December 31, 2018.

LACMTA Gateway Center - Basic Financial Statements – Issued November 2018
Metro acquired the Union Station and Gateway Center properties in April 2011 and entered into a Leasing and Operations Management Agreement with Morlin Asset Management for the management and operations of the Gateway Center and Union Station.

We contracted BCA to conduct an audit of the financial statements for these two entities for the year ended June 30, 2018. The auditor found that the financial statements present fairly, in all material respects, the financial position of each entity.

Los Angeles Union Station Property - Basic Financial Statements – Issued November 2018
Metro acquired the Union Station and Gateway Center properties in April 2011 and entered into a Leasing and Operations Management Agreement with Morlin Asset Management for the management and operations of the Gateway Center and Union Station.

We contracted BCA to conduct an audit of the financial statements for these two entities for the year ended June 30, 2018. The auditor found that the financial statements present fairly, in all material respects, the financial position of each entity.

Metro ExpressLanes Fund - Financial Statements – Issued November 2018
Metro ExpressLanes started as a one-year demonstration program that tested innovations to improve existing transportation systems in three sub-regions: San Gabriel Valley, Central Los Angeles, and South Bay. The first Metro ExpressLanes commenced revenue operations in November 2012 on the I-110 Harbor Freeway, between Adams Blvd. and the 91 freeway. The second began revenue operations in February 2013 on the I-10 El

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OTHER AUDITS

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Monte Freeway between Alameda St. and the 605 Freeway. In April 2014, the Board voted unanimously to make the ExpressLanes on the I-110 and I-10 Freeways permanent. Later that year the California State Legislature approved a motion making the toll lanes permanent in Los Angeles and that the Governor sign it to become official.

An audit of the financial statements of Metro ExpressLanes, an enterprise fund of Metro, was performed by BCA for the fiscal year ended June 30, 2018. BCA found that the financial statements present fairly, in all material respects, the financial position of the Metro ExpressLanes fund as of June 30, 2018.

PTSC - MTA PRMA - Basic Financial Statements – Issued November 2018
In October 1998, the Public Transportation Services Corporation (PTSC) and Metro entered into a joint powers agreement to create the PTSC-MTA Risk Management Authority (PRMA) for the purpose of establishing and operating a program of cooperative self-insurance and risk management. PRMA receives all of its funding from Metro and PTSC. As PTSC also receives its funding from Metro, PRMA is a component unit of Metro and is included in its financial statements as a blended component unit.

An audit of PRMA's financial statements by an independent CPA firm is required annually. We retained BCA to conduct the audit for the fiscal year ended June 30, 2018. BCA found that the financial statements present fairly, in all material respects, the financial position of PRMA as of June 30, 2018.

Regional Transit Access Pass (TAP) Service Center TAP Settlement and Clearing Account - Basic Financial Statements – Issued November 2018
Los Angeles TAP was created by Metro through Board action to implement a region-wide universal fare system which provides a fully integrated, electronic fare collection system that allows seamless multi-modal travel throughout the region using smart card technology. This universal fare system is known today as the Regional TAP Program. The Regional TAP Program is managed by the Regional TAP Service Center utilizing Metro staff resources.

We contracted BCA to conduct an audit of the financial statements for the year ended June 30, 2018. The auditor found that the statement of net position present fairly, in all material respects, the financial position of the Regional TAP Service Center Settlement and Clearing Accounts as of June 30, 2018.

Schedule of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds – Issued November 2018
The MTA Reform and Accountability Act of 1998 requires the completion of an independent audit to determine compliance by Metro with the provisions of Propositions A and C.

BCA completed the Independent Auditor's Report on Schedule of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds, which fulfills the

OTHER AUDITS

requirement for the year ended June 30, 2018. The auditor found that the schedules present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2018. As required by law, BCA presented the results of the audit to the Independent Citizen's Advisory Oversight Committee in January 2019. A Public Hearing was also conducted to receive public input in April 2019.

Schedule of Revenues and Expenditures for Measure R Special Revenue Fund – Issued November 2018
The voter approved Measure R Ordinance mandates that an annual audit be conducted after the end of the fiscal year to ensure that the Metro complies with the terms of the Ordinance related to the receipt and expenditure of sales tax revenues during the fiscal year.

BCA completed the Independent Auditor's Report on Schedule of Revenues and Expenditures for Measure R Special Revenue Fund, which fulfills the requirement for the year ended June 30, 2018. The auditor found that the schedule present fairly, in all material respects, the Measure R Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America. As required by law, BCA presented their audit report to the Measure R Independent Taxpayers Oversight Committee in March 2019. A Public Hearing was also conducted to receive public input in June 2019.

Schedule of Revenues and Expenditures for Measure M Special Revenue Fund – Issued November 2018
The voter approved Measure M Ordinance mandates that an annual audit be conducted after the end of the fiscal year to ensure that the Metro complies with the provisions of the Ordinance related to the receipt and expenditure of sales tax revenues during the fiscal year.

BCA completed the Independent Auditor's Report on Schedule of Revenues and Expenditures for Measure M Special Revenue Fund, which fulfills the requirement for the year ended June 30, 2018. The auditor found that the schedule present fairly, in all material respects, the Measure M Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America. As required by law, BCA will present their audit report to the Measure M Independent Taxpayer Oversight Committee in March 2019.

Basic Financial Statements and Component Audits – All parts issued by February 2019
Metro is required to be audited annually by independent certified public accountants. The resulting reports include Metro's basic financial statements and following component audits for the year ended June 30, 2018:

OTHER AUDITS

- Comprehensive Annual Financial Report;
- Single Audit Report for fiscal year ended June 30, 2018;
- Federal Funding Allocation Data for the Transportation Operating Agency (ID# 90154) for the fiscal year ended June 30, 2018;
- National Transit Database Financial Data Procedures by Transportation Operating Agency (ID# 90154) for the fiscal year ended June 30, 2018;
- Transportation Development Act Operations Agency for the fiscal year ended June 30, 2018;
- Transportation Development Act & Prop 1B PTMISEA Planning Agency for the fiscal year ended June 30, 2018;
- State Transit Assistance Special Revenue Fund's basic financial statements as of and for the years ended June 30, 2017 and 2018;
- Crenshaw Project Corporation (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) basic financial statements as of June 30, 2018;
- Service Authority for Freeway Emergencies (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) financial statements for the year ended June 30, 2018; and
- Low Carbon Transit Operations Program (LCTOP) and Report on Internal Control over Compliance for the fiscal year ended June 30, 2018.

Metro's basic financial statements include our audited financial statements, supplemental information and unmodified audit opinion from Crowe, the independent external auditor. Crowe issued unmodified opinions on all audit reports for FY18, meaning that all financial statements for FY18 were fairly presented and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements respectively. However, in the Single Audit Report, Crowe noted one significant deficiency in our internal control over compliance with major federal programs pertaining to sub-recipient monitoring of federal awards. Metro's Grants Management will implement preventative controls by clarifying to sub recipients that in completing their annual self-certification, the response applies to the entire entity federal awards and not just the particular grant. Additionally, Grants Management will verify the sub-recipients' responses using the search on Federal Audit Clearinghouse to ensure that no single audit is required for the sub-recipients.

Consolidated Audit – Issued various dates
These financial and compliance audits are needed to ensure that the recipients (e.g. 88 cities) of subsidies included in the Consolidated Audit are adhering to the statutes of each applicable funding source. The Consolidated Audit process includes financial and compliance audits for the fiscal year ended June 30, 2018 for the following programs:
- Local Funding Program to 88 cities and Unincorporated Los Angeles County
  - Proposition A Local Return
  - Proposition C Local Return
  - Measure R Local Return

OTHER AUDITS

- Measure M Local Return
- Transit Development Act (TDA) Article 3 and Article 8 Programs
- Proposition A Discretionary Incentive Program
- Transit System Funds to Commerce, Redondo Beach, and Torrance
- Transit Development Act (TDA) Article 4
- State Transit Assistance (STA)
- Proposition A 95% of 40% Discretionary
- Proposition C 5% Security
- Proposition C 40% Discretionary
- Proposition 1B Funds
- Measure R 20% Bus Operations and Clean Fuel Bus Funds
- Measure M 20% Bus Transit Operation Fund
- Proposition A 40% Discretionary – Growth Over Inflation (GOI) Fund to Burbank, Glendale, LADOT and Pasadena Transit System Operators
- Fare Subsidies Programs
  - Immediate Needs Transportation Program (INTP)
  - Rider Relief Transportation Program (RRTP)
  - Support for Homeless Re-Entry (SHORE) Program
- Metrolink Program
- EZ Transit Pass Program
- Access Services
- LADOT Operating Data (Proposition A Incentive Programs)

Local Return
Proposition A and C
Vasquez and Simpson & Simpson found that the Cities and County, with the exception of the City of Compton, complied in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Local Return Programs for the year ended June 30, 2018.

The auditors found 48 instances of non-compliance for Proposition A and C. Questioned costs totaling $1.1 million and $1.7 million for Proposition A and Proposition C, respectively represent approximately 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 & Simpson found that the County and Cities, with the exception of City of Compton, complied in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Local Return Programs for the year ended June 30, 2018. The Measure R Local Return audit results were presented to the Measure R Independent Taxpayers Oversight Committee

OTHER AUDITS

(MRITOC) on March 6, 2019. A Public Hearing for MRITOC was also conducted to receive public input on June 5, 2019.

The auditors found 28 instances of non-compliance for Measure R. Questioned costs totaling $4 million for Measure R represent approximately 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 & Simpson found that the Cities and County complied in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Local Return Programs for the year ended June 30, 2018. The Measure M Local Return audit results were presented to the Measure M Independent Taxpayer Oversight Committee (MMITOC) on March 6, 2019.

The auditors found 14 instances of non-compliance for Measure M. Questioned costs totaling $700 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; two findings for Metrolink program, nine findings for the TDA Article 3 program and three for the EZ Transit Pass Program. Fourteen compliance findings were also identified for the Immediate Needs Transportation Program (INTP) (9), and Rider Relief Transportation Program (RRTP) (5). Metro Program Managers are working with the funds recipients to resolve the findings. The respective auditors will validate the resolution of the findings identified in these audits in the following years' audits.

AUDIT SUPPORT SERVICES

Audit Follow-Up and Resolution

During FY 2019, 47 recommendations were added and 51 recommendations were closed. At the end of the quarter, there were 42 outstanding audit recommendations. The table below summarizes the fourth quarter activity.

Summary of MAS and External Audit Recommendations
As of June 30, 2019

Executive Area	Closed	Late	Extended	Not Yet Due/Under Review	Total Open
Communications	3		2		2
Finance & Budget	1			1	1
Information Technology Services			2	3	5
Metro Operations				12	12
Planning and Development				3	3
Program Management	5		2	3	5
System Security and Law Enforcement				1	1
Vendor/Contract Management	2			13	13
Total	11		6	36	42

In addition to the above MAS and external audit recommendations, 64 were closed during fourth quarter for the Office of the Inspector General (OIG); total of 213 were closed for the year. At the end of the quarter there were 59* outstanding OIG audit recommendations.

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

*This total does not include recommendations for the Audit of Westside Purple Line Extension Section 2- Modification No. 52 as the management response and/or estimated completion dates are still pending.

		Contract Pre-Award Audit - Audits Completed During FY19				
No.	Area	Audit Number & Type	Auditee	Frequency	Requirement	Date Completed
1	Planning & Development	18-PLN-A18 - Attestation Agreed-upon Procedures	Bcycle, LLC	2nd Time	VCM Policy	7/2018
2	Planning & Development	18-PLN-A19 - Attestation Agreed-upon Procedures	Accel Employment Service, Inc.	2nd Time	VCM Policy	7/2018
3	Planning & Development	18-PLN-A20 - Attestation Agreed-upon Procedures	Alameda Bicylce, Inc.	2nd Time	VCM Policy	7/2018
4	Program Management	18-CON-A23 - Attestation Agreed-upon Procedures	TRC Solutions, Inc.	Once	VCM Policy	8/2018
5	Planning & Development	19-PLN-A02 - Attestation Agreed-upon Procedures	HNTB Corporation	Once	VCM Policy	9/2018
6	Planning & Development	19-PLN-A03 - Attestation Agreed-upon Procedures	Mott MacDonald Group, Inc.	Once	VCM Policy	9/2018
7	Planning & Development	18-PLN-A17 - Attestation Agreed-Upon Procedures	Bicycle Transit Systems, Inc.	2nd Time; Last Audit 3.5 years ago for Pre-Award	V/CM Policy and Contract Terms	10/2018
8	Planning & Development	19-PLN-A01 - Attestation Agreed-Upon Procedures	Cordoba Corporation	First Time	V/CM Policy and Contract Terms	11/2018

			Incurred Cost Audit - Audits Completed During FY19			
No.	Area	Audit Number & Type	Auditee	Frequency	Requirement	Date Completed
1	Program Management	18-CON-A07 - Agreed-Upon Procedures	DHS Consulting, Inc.	Once	V/CM	7/2018
2	Program Management	17-CON-A31 - Agreed-Upon Procedures	Brierley Associates	Once	V/CM	7/2018
3	Planning & Development	18-PLN-A05 - Closeout	City of Signal Hill	Once	Per Project Manager's request and MOU.P0008095 terms	7/2018
4	Program Management	18-CON-A18 - Agreed-Upon Procedures	AMEC Environment & Infrastructure, Inc.	Once	V/CM	8/2018
5	Program Management	17-CON-A43 - Agreed-Upon Procedures	Safe Utility Exposure, Inc.	Once	V/CM	8/2018
6	Program Management	18-CON-A19 - Agreed-Upon Procedures	AMEC Environment & Infrastructure, Inc.	Once	V/CM	8/2018
7	Program Management	18-HWY-A02 - Closeout	City of Torrance	Once	Per Project Manager's request and MOU.MR312.58 terms	8/2018
8	Program Management	18-CON-A08 - Agreed-Upon Procedures	Ramos Consulting Services, Inc.	Once	V/CM	9/2018
9	Program Management	18-CON-A15 - Agreed-Upon Procedures	EPC Consultants, Inc.	Once	V/CM	9/2018
10	Program Management	18-HWY-A09 - Closeout	City of Burbank	Once	Per Project Manager's request and MOU.MR310.08 terms	10/2018
11	Planning & Development	17-PLN-A31 - Closeout	City of Inglewood	Once	Per Project Manager's request and MOU.TOD.312.02.03 terms	10/2018
12	Planning & Development	19-PLN-A04 - Closeout	City of Culver City	Once	Per Project Manager's request and FA920000000F7401 terms	10/2018
13	Planning & Development	18-PLN-A16 - Closeout	City of Santa Clarita	Once	Per Project Manager's request and MOU.P00F3105 terms	10/2018
14	Planning & Development	18-PLN-A15 - Closeout	City of Huntington Park	Once	Per Project Manager's request and MOU.TOD.312.02.14 terms	10/2018
15	Program Management	18-HWY-A07B - Closeout	WKE, Inc.	First Time	V/CM Policy and Contract Terms	11/2018
16	Program Management	18-CON-A10 - Agreed-Upon Procedures	ABCS Consulting Services	First Time	V/CM Policy and Contract Terms	11/2018
17	Program Management	18-HWY-A07A - Closeout	Cambridge Systematics, Inc.	First Time	V/CM Policy and Contract Terms	11/2018
18	Planning & Development	17-PLN-A26 - Closeout	City of Compton	Once	Per Project Manager's request and MOU.P0006297 terms	11/2018
19	Program Management	19-CON-A04 - Agreed-Upon Procedures	Intueor Consulting, Inc.	First Time	V/CM Policy and Contract Terms	11/2018

Appendix B

No.	Area	Audit Number & Type	Auditee	Frequency	Requirement	Date Completed
		Incurred Cost Audit - Audits Completed During FY19				
20	Program Management	18-CON-A16 - Agreed-Upon Procedures	Ghirardelli Associates, Inc.	First Time	V/CM Policy and Contract Terms	11/2018
21	Planning & Development	18-PLN-A22 - Closeout	City of Pasadena	Once	Per Project Manager's request and MOU.P000F1320 terms	12/2018
22	Program Management	17-HWY-A05 (P) - Closeout	City of South Gate	Once	Per Project Manager's request and MOU.P00F1178 terms	12/2018
23	Program Management	17-HWY-A05 (H) - Closeout	City of South Gate	Once	Per Project Manager's request and MOU.MR306.17 terms	12/2018
24	Program Management	17-PLN-A19 - Agreed-Upon Procedures	LSA Associates, Inc.	6th Time; Last Audit 3.5 years ago for Contract Modification	V/CM Policy and Contract Terms	12/2018
25	Program Management	18-CON-A21 - Agreed-Upon Procedures	Barrio Planners, Inc.	First Time	V/CM Policy and Contract Terms	1/2019
26	Program Management	18-HWY-A08 - Closeout	Caltrans	Once	Per Project Manager's request and MOU. P0002198 Terms	2/2019
27	Program Management	18-HWY-A04 - Closeout	City of Calabasas	Once	Per Project Manager's request and MOU.MR311.33 Terms	2/2019
28	Program Management	17-CON-A33 - Agreed-Upon Procedures	Carbinha, Hearn & Associates	First Time	V/CM Policy and Contract Terms	2/2019
29	Program Management	18-CON-A09 - Agreed-Upon Procedures	ABA Global, Inc.	First Time	V/CM Policy and Contract Terms	2/2019
30	Planning and Development	19-PLN-A07 - Closeout	Los Angeles County	Once	Per Project Manager's request and FA.920000000F7703 Terms	3/2019
31	Program Management	18-CON-A20 - Agreed-Upon Procedures	LKG-CMC, Inc.	First Time	V/CM Policy and Contract Terms	3/2019
32	Program Management	19-HWY-A04 - Closeout	City of Torrance	Once	Per Project Manager's request and FA 920000000MR31259 Terms	3/2019
33	Program Management	19-HWY-A08 - Closeout	City of Glendale	Once	Per Project Manager's request and MOU. 310.40Terms	3/2019
34	Planning and Development	18-PLN-A09 - Closeout	City of Los Angeles	Once	Per Project Manager's request and MOU. P0008084 Terms	3/2019
35	Planning and Development	17-HWY-A13 - Closeout	Caltrans	Once	Per Project Manager's request and MOU. MR312.24 Terms	4/2019
36	Planning and Development	18-HWY-A10 - Interim	Caltrans	First Time	Per Project Manager's request and MOU. MR312.25 Terms	4/2019
37	Planning and Development	19-HWY-A02 - Closeout	Caltrans	Once	Per Project Manager's request and MOU. MR315.28 Terms	4/2019

			Incurred Cost Audit - Audits Completed During FY19			
No.	Area	Audit Number & Type	Auditee	Frequency	Requirement	Date Completed
38	Planning and Development	19-PLN-A06 - Closeout	City of Glendale	Once	Per Project Manager's request and FA. P003715 Terms	4/2019
39	Program Management	19-CON-A02 - Agreed-Upon Procedures	Safeprobe, Inc.	Once	V/CM Policy and Contract Terms	5/2019
40	Program Management	18-CON-A17 - Agreed-Upon Procedures	Ninyo & Moore	First Time	V/CM Policy and Contract Terms	6/2019
41	Planning and Development	18-PLN-A23 - Closeout	City of Los Angeles	Once	Per Project Manager's request and MOU. P000F1342 Terms	6/2019
42	Planning and Development	18-HWY-A05 - Closeout	City of Calabasas	Once	Per Project Manager's request and MOU. MR311.07 Terms	6/2019
43	Program Management	17-PLN-A16B - Agreed-Upon Procedures	Ramboll Environ	First Time	V/CM Policy and Contract Terms	6/2019
44	Program Management	17-PLN-A16C - Agreed-Upon Procedures	Ramboll Environ	First Time	V/CM Policy and Contract Terms	6/2019
45	Program Management	17-PLN-A16D - Agreed-Upon Procedures	Ramboll Environ	First Time	V/CM Policy and Contract Terms	6/2019
46	Program Management	17-PLN-A16E - Agreed-Upon Procedures	Ramboll Environ	First Time	V/CM Policy and Contract Terms	6/2019
47	Program Management	19-CON-A06 - Agreed-Upon Procedures	Ted Tokio Tanaka Architects	First Time	V/CM Policy and Contract Terms	6/2019
48	Program Management	17-PLN-A15 - Agreed-Upon Procedures	URS/AECOM	First Time	V/CM Policy and Contract Terms	6/2019

No.	Area	Audit Number & Title	Description	Frequency	Requirement	Date Completed
			Internal Audit - Audits Completed During FY19			
1	Vendor / Contract Management	17-VCM-P04 - Performance Audit of Pre-Award Process	To determine Vendor/Contract Management's adequacy of the justification documentation for the vendor contract selection method (e.g. best value, lowest bid). To determine the extent of key information utilization to select vendors for contract awards.	First Time	Per FY17 Audit Plan	8/2018
2	Program Management	16-CON-P04A - Follow-Up Performance Audit Construction Quality Assurance Program	To verify implementation of recommendations from the prior audit of the Construction Quality Assurance Program (11-CON-K02).	First Time	Per FY16 Audit Plan	10/2018
3	Vendor / Contract Management	18-VCM-P01 - Annual Audit of Business Interruption Fund	Evaluate Business Interruption Fund Program.	3rd Time; Last Audit a year ago	Per FY18 Audit Plan	11/2018
4	Program Management	16-CON-P04B - Performance Audit of Effectiveness of Quality Assurance Processes	To evaluate the efficiency and effectiveness of quality assurance practices and process for minor projects (less than 100 million).	First Time	Per FY16 Audit Plan	1/2019
5	Vendor/Contract Management	16-VCM-P01 - Performance Audit of P-Card	Evaluate compliance to P-card purchase requirements.	3rd Time; Last Audit 6 and 10 years ago	Per FY16 Audit Plan	3/2019
6	Agency-Wide	18-RSK-P01 - Performance Audit of Vendor/Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	Evaluate the adequacy of V/CM's COOP and Standard Operating Procedures to support V/CM's mission essential functions during emergencies.	2nd Time; Last Audit 12 years ago	Per FY18 Audit Plan	3/2019
7	Program Management	18-CON-P01 Performance Audit of Project Management of the Regional Connector Transit Project	Evaluate the adequacy and effectiveness of project management controls for Regional Connector Project.	First Time	Per FY18 Audit Plan	5/2019
8	Information Technology Services / Metro Operations	18-ITS-P01 - Performance Audit of HASTUS - Confirmation of Collective Bargaining Agreement Changes	Evaluate whether changes from the SMART Collective Bargaining Agreement effective July 1, 2017 were effectively implemented in the HASTUS System, and assess the adequacy of the implementation plans for the pending system changes.	First Time	Per FY18 Audit Plan	5/2019
9	Vendor/Contract Management	18-VCM-P02 - Performance Audit of Tracking of SBE/DBE Goals	To evaluate the process of tracking and monitoring SBE/DBE goals achievement and reliability of the information captured by DEOD.	First Time	Per FY18 Audit Plan	6/2019

No.	Area	Audit Number & Title	Description	Frequency	Requirement	Estimated Date of Completion
**Internal Audit - In Process Audits as of June 30 2019**
1	Agency-Wide	18-RSK-P02 - Performance Audit of Finance (Payroll)'s Continuity of Operations Plan (COOP)	Evaluate the adequacy of Finance (Payroll)'s COOP and Standard Operating Procedures (SOPs) to support Payroll's mission essential function during emergencies.	2nd Time; Last Audit 9 years ago	Per FY18 Audit Plan	7/2019
2	Metro Operations	19-OPS-P04 - Contracted Bus Services	To determine compliance with contract requirements as it relates to bus maintenance, quality control and driver safety of MV Transportation Inc.	First Time	Board Request	8/2019
3	Human Capital & Development / Finance & Budget	17-OMB-P04 - Performance Audit of Position Reconciliation Process	To evaluate the adequacy of the Position Reconciliation Process between the cost centers, Human Capital & Development and Office of Management and Budget.	2nd Time; Last Audit 9 years ago	Per FY17 Audit Plan	9/2019
4	Metro Operations	19-OPS-P03 - Performance Audit of Rail Communication Systems	Determine the adequacy of the security controls over Rail Communication network system for Rail Operations Control equipment, including but not limited to the firewall, and password policies; logical security of remote sites; protocol including criteria and guidelines used to protect the network; rail communication systems redundancy; change management process, and incident response process.	First Time	Per FY19 Audit Plan	9/2019
5	Pension and Benefits	19-BEN-P01 - Performance Audit of Benefit Eligibility	Evaluate adequacy of internal controls over eligibility process for employee dependents for medical benefits.	First Time	Per FY19 Audit Plan	9/2019
6	Metro Operations	19-OPS-P03 - Performance Audit of SCADA Security Controls	To determine the adequacy of the security controls for the SCADA Systems, including but not limited to the new virtualized SCADA server/workstations for Rail Operations Control Room (ROC) equipment, logical and physical security of remotes for external remove connection, and other additional areas as deemed necessary.	2nd Time; Last Audit 7 years ago	Per FY19 Audit Plan	9/2019
7	System Security & Law Enforcement	19-SEC-P01 - Agreed-Upon Procedures over Assets Purchased by Metro for Los Angeles Sheriff's Department (LASD) Contracts	Verify the existence, location, condition and use of assets, final disposition of retired assets and disposal proceeds, and completeness and accuracy of LASD's and Metro's records of these assets.	First Time	Per FY19 Audit Plan	9/2019
8	Metro Operations	16-OPS-P03 - Performance Audit of Accident Prevention Program	Determine the efficiency and effectiveness of Operations' Accident Prevention Practices.	First Time	Per FY16 Audit Plan	10/2019
9	Vendor/Contract Management	17-VCM-P02 - Performance Audit of Change Order Internal Controls	To evaluate the adequacy and effectiveness of internal controls over the Contract Change Order Process, and to evaluate the utilization of Key Information by VCM.	First Time	Per FY17 Audit Plan	10/2019
10	Metro Operations / System Security & Law Enforcement	18-AGW-P01 - Performance Audit of Internal Controls over Overtime Payments for AFSCME	Verify compliance with PUC regulation (e.g. 12 hours workhour limit) for Rail Transit Operation Supervisor and evaluate adequacy of current controls and oversight for overtime requests. In addition, follow up on prior audit recommendations.	First Time	Per FY18 Audit Plan	10/2019

No.	Area	Audit Number & Title	Description	Frequency	Requirement	Estimated Date of Completion
			Internal Audit - In Process Audits as of June 30 2019			
11	Metro Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering & Maintenance Training Phase I	Determine whether existing and newly hired employees of Wayside Systems Engineering & Maintenance completed the required training (technical, safety, and mandated) including required refresher courses; required certification per position is current; and employees have the right certification for the tasks assigned.	First Time	Per FY19 Audit Plan	10/2019
12	Agency-Wide	19-RSK-P01 - Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan (COOP)	Evaluate the adequacy of System Security and Law Enforcement's COOP and Standard Operating Procedures (SOPs) to support Payroll's mission essential function during emergencies.	2nd Time; Last Audit 9 years ago	Per FY18 Audit Plan	11/2019

				Open Audit Recommendations as of June 30 2019		
No.	**Area**	**Audit Number & Title**	**Rec. No.**	**Recommendation**	**Original Completion Date**	**Extended Completion Date**
1	Communications	16-COM-P01 Special Fares Programs	21	We recommend the Communications Department to renew the agreement with the Court to confirm mutual agreement. **Update: MOU is in the final stages. Metro Commute Services (MCS) is obtaining input from County Counsel.**	3/31/2017	9/30/2019
2	Communications	16-COM-P01 Special Fares Programs	23	We recommend the Communications Department obtain a written agreement with DCFS to confirm the mutual agreement and to retain the legal rights to enforce DCFS to meet the Program guidelines and requirements. **Update: MOU is in the final stages. Metro Commute Services (MCS) is obtaining input from County Counsel.**	3/31/2017	12/31/2019
3	Information Technology Services	17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management	3	We recommend that the Chief Information Officer require that all IT required project documentation be completed for each phase of all IT projects, based on the IT Project Management Methodology. This is especially important to show adequate requirements analysis and measurement of end-user involvement, testing, and acceptance. **Update: ITS reports that it is in the process of recruiting additional members for its executive management team who will focus on project management and the PMO (project management office) function. The recruitment of these executive has not been completed but is expected to be finalized by the end of the calendar year.**	6/30/2019	12/31/2019
4	Information Technology Services	17-ITS-P01 Performance Audit of Information Technology Services (ITS) Project Management	5	We recommend that the Chief Information Officer require that IT controls are designed into new systems and reflected within IT project management plans, and resulting operational procedures. A risk-based approach to the design and implementation of controls, related to application and related systems and business processes, should be utilized. Focus should be placed on risks that have the highest impact and likelihood to occur. At a minimum, the following controls should be addressed on all IT projects to ensure a sound control environment upon completion: Data Security Controls, Financial Controls, Application Controls, General Computer Controls (Infrastructure), Data Conversion Controls, Interface Controls, Data Integrity Controls. **Update: ITS reports that it is in the process of obtaining a subject matter expert to assist in reviewing its proposed IT Project Management Methodology that it plans to roll out in the future, which will address the subject matter of this recommendation.**	6/30/2019	12/31/2019

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

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
5	Operations	17-OPS-P07 Performance Audit of the Track Allocation Process	4a	We recommend the Chief Operations Officer consider directing Rail Operations to add more fields in the electronic Track Allocation Request Form to assist Rail Operations Controllers in minimizing some of their manual entries. For example, the Track Allocation Request Form could be further configured to include a check box indicating if the schedule was activated or not, as well as the time and date it was activated, and a drop down menu to include reasons for schedule modification.	6/30/2019	
6	Operations	17-OPS-P07 Performance Audit of the Track Allocation Process	4b	We recommend the Chief Operations Officer consider directing the Track Allocation Coordinator to measure effectiveness of schedules by periodically assessing whether crews that were scheduled to access the ROW actually accessed the ROW. This will provide visibility to the stakeholders as well as assist the Track Allocation Coordinator in modifying future schedules. This periodic review will only be possible once the data from the newly implemented log has been collected.	6/30/2019	
7	Program Management	16-CON-P04B Performance Audit of the Quality Assurance Process Over Minor Construction Projects	2	We recommend that the Chief of the Program Management Unit direct the Senior Director of the Quality Management Unit to document and maintain the results of the Quality Management quality assurance services provided for each minor construction project. Records of these activities include inspection reports, test activities, reports of non-conforming work found, reports of corrective actions taken and surveillances performed.	4/25/2019	
8	Program Management	16-CON-P04B Performance Audit of the Quality Assurance Process Over Minor Construction Projects	4	We recommend that the Chief of the Program Management Unit direct the Senior Director of the Quality Management Unit to continue to develop the IQMS as a centralized document control system for the maintenance of quality records for all minor construction projects. Use a consistent naming convention for the file name and use titles that correspond to the content so that files are easily searchable and accessible. **Update: A contract for a Quality Management Consultant was approved and the program unit intends to issue task orders in the future that will involve review of the numbering system and development of key performance indicators.**	4/25/2019	8/30/2019

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No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
9	Program Management	16-CON-P04B Performance Audit of the Quality Assurance Process Over Minor Construction Projects	5	We recommend that the Chief of the Program Management Unit direct the Senior Director of the Quality Management Unit to develop unit specific key performance indicators to help measure the efficiency and effectiveness of the quality services provided by Quality Management. Quality Management's KPI should consider both workload and results factors, and could include but not be limited to the following: Length of time between the opening and closing of NCRs; Percentage of reoccurring NCRs; Trends on NCRs; and Number of quality audits performed on schedule. **Update: A contract for a Quality Management Consultant was approved and the program unit intends to issue task orders in the future that will involve review of the numbering system and development of key performance indicators.**	4/25/2019	8/30/2019
10	Vendor/Contract Management	16-VCM-P01 Performance Audit of Purchase Card (P-Card) Program	2	We recommend that Executive Officer of Vendor/Contract Management, support services direct the Agency Program Coordinator to work with Talent Development to add P-Card refresher training to the training profile of all Cardholders and Approving Officials showing it as mandatory training to automatically trigger a refresher training reminder. This would afford the mandatory P-Card refresher training similar process such as Human Trafficking Awareness and Basic IT Security Awareness training which both are required for all Metro employees.	9/30/2019	
11	Finance & Budget	16-VCM-P01 Performance Audit of Purchase Card (P-Card) Program	4	We recommend that Accounts Payable coordinate with Information Technology Systems and the Agency Program Coordinator to automate the approval process to improve processing time of P-Card statements as well as authentication of the approvers.	8/30/2019	
12	System Security and Law Enforcement	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1a	We recommend that the Emergency Management Unit collaborate with the business units, starting with V/CM, to ensure that the business unit COOPs, and all related documents (e.g., SOPs), include the essential content necessary to support the agency-wide program.	6/30/2020	
13	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1b	We further recommend that over the next 12 to 18 months, V/CM should consider focusing its efforts on completing and including the following content with Emergency Management's support and guidance: criteria for COOP activation and relocation decisions; flow charts and decision trees; step-by-step instructions applicable to Gateway or agency-wide emergencies; names, titles and contact details such as phone numbers and emails for all continuity personnel (e.g., Advance Team, CMG, and successors); distribution and logistics dependencies, such as MEFs, mission essential systems, records, databases, supplies and equipment; mission essential records and database storage locations.	10/30/2020	

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No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
14	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	2	We recommend that V/CM management review and reassess the COOP and SOPs periodically to verify that any resulting updates are implemented, including updating V/CM's COOP contact details in the event of key personnel changes.	4/30/2020	
15	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	3	We recommend that V/CM management work with Emergency Management to arrange for COOP execution training by an emergency management expert concurrently with each annual update.	7/31/2020	
16	Program Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	4	We recommend that the Chief Program Management Officer take the lead role in collaborating with all responsible parties, such as V/CM, Project Delivery Third Party Coordination, County Counsel, etc., to establish agreements with utility companies to guarantee service continuity and restoration in emergency situations.	3/31/2020	
17	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	5	We recommend that V/CM management consider referencing all the existing COOP-related SOPs to the COOP and/or attaching them as appendices to the COOP, doing the same to the SOPs under development as they are completed.	10/30/2020	
18	Planning & Development	18-CON-P01 Performance Audit of the Regional Connector Transit Corridor Project	1	We recommend Metro's Countywide and Planning Development Management to corroborate with the project team to perform a reconciliation of the funding sources in status reports and identify causes for the differences in funding amounts reported among the various reports.	6/30/2019	
19	Planning & Development	18-CON-P01 Performance Audit of the Regional Connector Transit Corridor Project	2	We recommend Metro's Countywide and Planning Development Management to conduct Fiscal Stability Overview and Funding Commitment Inventory analyses annually for the planned capital programs.	12/31/2019	
20	Planning & Development	18-CON-P01 Performance Audit of the Regional Connector Transit Corridor Project	3	We recommend Grants Management and Oversight Unit Strategic Management to review if existing procedures are in-place to corroborate or document the allocation and changes in project revenue streams such as the Lease Revenue and FAST/CMAQ funds in fiscal years, 2020/2021 and 2021/2022.	6/30/2019	
21	Program Management	18-CON-P01 Performance Audit of the Regional Connector Transit Corridor Project	7	We recommend Project Controls Management to consider including a discussion and/or illustration on the forecasted contingency amount as part of the Cost Contingency Drawdown Analysis in the monthly and quarterly project status reports.	6/30/2019	

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No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
22	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	1	We recommend Operations management develop a procedure to track operators that were already assigned OCB for the week to reduce the risk of assigning them OCB again the same week.	9/30/2019	
23	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	2	We recommend Operations management ensure that Division Staff require Operators to provide a signed VCB request form to prevent the VCB from being erroneously recorded as OCB.	9/30/2019	
24	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	3	We recommend Operations management periodically monitor OCB assignments and identify Division(s) with high exception rates. Perform a root cause analysis to evaluate alternatives to resolve, e.g., requesting support to cover workforce shortages in certain Division(s).	12/31/2019	
25	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	4	We recommend Operations management continue working with ITS to implement the planned automated controls to prevent OCB more than once per week.	7/31/2019	
26	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	5	We recommend Operations management immediately perform all the needed corrections for underpayments and overpayments for all LIP eligible hours from July 1, 2017 to date.	12/31/2019	
27	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	6	We recommend Operations management, after completing recommendation number 5 above, partner with ITS to perform periodic true ups to determine any over/underpayment, and submit required corrections to Payroll regularly and in a timely manner until calculations can be automated.	12/31/2019	
28	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	7	We recommend Operations management reinforce the training with the Division Staff to properly record all LIP eligible hours and pay codes including special conditions for non-certified Line Instructors.	12/31/2019	

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

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
29	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	8	We recommend Operations management collaborate with ITS, in consultation with Employee and Labor Relations, to assess possibilities to automate LIP calculations and reporting as practical in either HASTUS or the Payroll system.	12/31/2019	
30	Information Technology Services	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	9	We recommend ITS management collaborate with Operations to explore possible solutions to prevent negative vacation balances in the Payroll System calculation.	9/30/2019	
31	Information Technology Services	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	10	We recommend ITS management collaborate with Giro, Inc. to ensure that the data transfer from the Payroll system to HASTUS is complete with regard to PTO balances.	9/30/2019	
32	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	11	We recommend Operations management continue to work with ITS to correct the design of the automated control in HASTUS that will enable timely release of those vacant assignments after 60 days' continuous absence.	7/31/2019	
33	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	12	We recommend Operations management immediately partner with ITS department in determining any underpayments due to fallback hours, and make timely corrections necessary for all holidays starting May 2018 to date.	9/30/2019	
34	Information Technology Services	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	13	We recommend Information Technology Services management work with Giro, Inc. to explore the solution for accurate record transfer from HASTUS to the Payroll system for Rail Operators with fallback time on holidays. This requires that actual fallback hours instead of pre-scheduled fallback hours are transferred to the Payroll system.	7/31/2019	
35	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	1	We recommend that DEOD Management collaborate with Contract Administration to develop procedures and establish the timeline for ensuring that information about modifications to contract values is promptly communicated from contract administrators to DEOD staff to update the B2G system information.	10/30/2019	

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

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
36	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	2	We recommend that DEOD Management identify individuals within DEOD who should receive the contract change data from the Contract Administrators and Project Managers for updating the information in the B2G system.	10/30/2019	
37	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	3	We recommend that DEOD Management implement a supervisory review of DEOD staff/consultants' data entries to ensure the data entered into the B2G system is complete, accurate and valid.	10/30/2019	
38	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	4	We recommend that DEOD Management work with ITS and the Vendor of the B2G System to explore the feasibility of creating a reporting template in the B2G system that includes a built in formula that will automatically calculate the elements that DEOD requires for TBAC reports. This should include ensuring that the reporting template links properly to data sources within the B2G system for calculation purposes and that the calculations are correct.	10/30/2019	
39	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	5	We recommend that DEOD Management work with the ITS and the Vendor of the B2G system to explore the possibility of developing a standardized shortfall communication template which includes all needed elements to inform contractors of their shortfall status. The template should be linked to data sources within the B2G system for accurate information. Also explore the possibility whether the letters can be automatically sent out to contractors for timely communication of the shortfall status. (This is for the long-term.)	10/30/2019	
40	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	6	We recommend that the DEOD Management direct the Compliance Managers to develop a mechanism to ensure that all required shortfall letters are actually being prepared and sent to the respective Prime Contractors for remedial action. (For example, periodically performing a supervisory review to compare the quantity of Prime contractors that are in a shortfall status as of a given date to the actual shortfall letters that have been prepared and sent out to the respective Prime contractor. Based on the comparison, reconcile any differences if noted.)	10/30/2019	
41	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	7a	We recommend that DEOD management Instruct the DEOD consultant to prepare written procedures for all key activities for inputting, tracking/monitoring and communicating SBE\DBE compliance data in the B2G system.	10/30/2019	

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

Appendix E

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				Open Audit Recommendations as of June 30 2019		
42	Vendor/Contract Management	18-VCM-P02 Performance Audit of the Tracking of Small Business Enterprise (SBE) / Disadvantaged Business Enterprise (DBE) Goals	7b	We recommend that DEOD management Instruct the DEOD consultant to train another designated DEOD staff in inputting, tracking and monitoring data in the B2G system, using these procedures.	10/30/2019	

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

Management Audit Services FY 2019 Year-End Report   28

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
				OIG Open Audit Recommendations as of June 30 2019		
1	Operations	17-AUD-04 Review of Metro Safety Culture and Rail Operational Safety	24 Total	The 117 recommendations included in this report address findings in Safety Culture, Red Signal Violations, Safety Assessment of Infrastructure Elements, Technology, Operations and Maintenance, Human Resources, and etc. **Update: As of July 2019, 103 of 117 recommendations were closed.**	Pending	
2	System Safety and Law Enforcement	18-AUD-03 Review of Metro Rail Service Disruptions	6	Review approach to Police/Health delay incidents (while not part of this analysis, these delay incidents warrant review based on their frequency and duration).	8/30/2019	
3	System Safety and Law Enforcement	18-AUD-03 Review of Metro Rail Service Disruptions	7	Partner with law enforcement agencies to review process used for police/health incidents.	8/30/2019	
4	Operations	18-AUD-03 Review of Metro Rail Service Disruptions	9	Set priorities based on Metro's asset assessment as soon as it is completed to reduce delay incidents.	6/30/2019	9/30/2019
5	Operations	18-AUD-03 Review of Metro Rail Service Disruptions	25	Consider converting some P2000 cars running on the MBL/Expo lines back to the MGL operation if the ATO/ATP packages removed earlier are still available. The critical float will be the P2000 MGL cars with their line specific ATO/ATP equipment.	12/31/2020	
6	Operations	18-AUD-03 Review of Metro Rail Service Disruptions	52	Establish a process and a criterion for replacement of existing signal installations that includes useful life of installation, failure rate, obsolescence, service needs, and available funding. While the Metro asset inventory will provide an important resource to this end when it is finished, this system of prioritization should be formalized and implemented in current signal procedures.	6/30/2019	9/30/2019
7	Operations	18-AUD-03 Review of Metro Rail Service Disruptions	57	Establish a process and a criterion for replacement of existing traction power equipment that includes useful life of installation, failure rate, obsolescence, service needs, and available funding. While the Metro asset inventory will provide an important resource when it is finished, this system of prioritization should be formalized and implemented in current signal procedures.	6/30/2019	9/30/2019
8	Communications	18-AUD-04 Increasing Public Transit and Rideshare Use Study	1	Increase marketing to specific audience groups to increase ridership by developing additional marketing programs directly aimed at user groups such as students, business and government entities, and employees "Live Near Your Work" campaigns.	Pending	
9	Communications	18-AUD-04 Increasing Public Transit and Rideshare Use Study	2a	Coordinate with other LA County public agencies to encourage additional use of public transit and participation in rideshare programs, including maximizing allowable transit subsidies over parking subsidies. For example, the City of LA could increase its monthly transit subsidy to be more in line with monthly transit costs.	12/31/2019	

No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
		OIG Open Audit Recommendations as of June 30 2019				
10	Communications	18-AUD-04 Increasing Public Transit and Rideshare Use Study	2b	Coordinate with other LA County public agencies to encourage additional use of public transit and participation in rideshare programs, including maximizing allowable transit subsidies over parking subsidies. For example, the County of LA could expand its current commuter programs to provide employees subsidies for using public transit/rideshare for commute trips for all County work locations at a monthly rate closer to actual costs.	12/31/2019	
11	Communications	18-AUD-04 Increasing Public Transit and Rideshare Use Study	3	Explore modifications to Metro's Employer Annual Pass Program to further encourage transit usage, such as the addition of a monthly pass option.	Pending	
12	Communications	18-AUD-04 Increasing Public Transit and Rideshare Use Study	5	Encourage use of public transit at meetings and events where contractors will be present.	Pending	
13	Operations	19-AUD-01 Metro Transit Security Performance Review	7	Metro Operations should monitor and track the amount of time required to transfer calls requiring a law enforcement response to the appropriate law enforcement dispatch center and take appropriate actions to ensure calls are quickly processed.	Pending	
14	Vendor/Contract Management	19-AUD-03 Audit of Controls Over Inventory At Central Maintenance Facility Warehouse	3	We recommend that the Logistics Department implement procedures to conduct physical inventories using "blind counts" consistent with best practices in which individuals performing the inventories do not have the knowledge of, or access to, the on-hand quantity in the inventory records.	7/31/2019	
15	Vendor/Contract Management	19-AUD-03 Audit of Controls Over Inventory At Central Maintenance Facility Warehouse	4	We recommend that the Logistics Department consider adding to the quarterly inventory sample counts, a sample of items from randomly selected locations and compare the counts to quantities on the inventory record (reverse). This would help to identify errors such as wrong locations recorded in the system or certain transactions not processed correctly or promptly.	7/31/2019	
16	Vendor/Contract Management	19-AUD-03 Audit of Controls Over Inventory At Central Maintenance Facility Warehouse	6	We recommend that the Logistics Department complete plans to use blanket purchase orders to procure material when appropriate to reduce procurement time and eliminate work to create a separate purchase order for each procurement.	9/30/2019	
17	Vendor/Contract Management	19-AUD-03 Audit of Controls Over Inventory At Central Maintenance Facility Warehouse	7	We recommend that the Logistics Department complete plans to review and update existing inventory guidelines and procedures.	9/30/2019	

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colspan from OIG Open Audit Recommendations as of June 30 2019						

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18	Operations	19-AUD-07 OIG Spot Check - Bus Operator Battery Reset Practices	1	We recommend that Operations Management continue to communicate to bus operators and controllers on a regular basis that the practice of bus operators performing battery shutdowns has ceased.	11/30/2019	
19	Operations	19-AUD-07 OIG Spot Check - Bus Operator Battery Reset Practices	2	We recommend that Operations Management continue to assess and provide the resources required to minimize transit customer delay time given that the battery reset process did fix some operational problems.	11/30/2019	
20	Operations	19-AUD-07 OIG Spot Check - Bus Operator Battery Reset Practices	3	We recommend that Operations Management continue to study what circumstances cause bus field repairs and what specifications might be included in future procurements for systems and devices used in buses to reduce breakdowns and improve bus performance.	11/30/2019	
21	Operations	19-AUD-07 OIG Spot Check - Bus Operator Battery Reset Practices	4	We recommend that Operations Management consider the engineering adjustments necessary for improved safety of operators or others associated with battery resets that might occur by operators regardless of the new guidelines to cease operator battery resets.	11/30/2019	
22	Operations	19-AUD-07 OIG Spot Check - Bus Operator Battery Reset Practices	5	We recommend that Operations Management consider if battery hatches should be locked the way hatches inside the buses are to prevent unauthorized access.	11/30/2019	
23	Operations	19-AUD-07 OIG Spot Check - Bus Operator Battery Reset Practices	6	We recommend that Operations Management consider if further research on what circumstances or problems are corrected by a soft software reset versus a full battery reset, if it is possible to mitigate risks for software diagnostic damages in the event of a battery reset, and if considering the time it takes for a mechanic to arrive, it might be more efficient to allow the performance of the appropriate reset in those cases.	11/30/2019	
24	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	1	Metro should continue to install the bus operator safety barriers and onboard camera and monitor systems throughout its bus fleet and continue to monitor incident data to further verify the effectiveness of both systems in preventing assaults on bus operators.	10/31/2019	
25	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	2a	Metro should ensure data collection is standardized by Metro and all transit security providers and investigators to consistently identify the types of assaults that have occurred, if the bus was equipped with a safety barrier, if the barrier was in use at the time of the assault, and if in use, how it was being used (i.e., top portion only, bottom portion only, or both portions). Standardizing the data in this manner will result in more accurate and consistent data that can be more easily analyzed to identify trends and to measure performance.	10/31/2019	

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26	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	2b	Metro should ensure data is collected on the type and extent of injuries incurred by bus operators when the safety barriers are in use. This will further aid in determining the effectiveness of the safety barriers (i.e., if bus operator injuries are lessened as a result of the barriers being used) and if design changes or modifications are necessary.	10/31/2019	
27	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	3	Metro should ensure that assault trend analysis results are used to review current policing and fare enforcement strategies to determine if law enforcement, Supervisors, and fare enforcement personnel and strategies are being appropriately deployed toward the routes and times of day in most need of Police, Supervisory, or fare enforcement presence.	10/31/2019	
28	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	4a	Metro should make the use of the barriers mandatory until Metro can determine if their use contributes to or causes accidents or increases accident frequency. Mandatory use of the barriers is the best way to evaluate their true effectiveness in reducing assaults on bus operators.	10/31/2019	
29	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	4b	If the use of the barriers is made mandatory, Metro should collect data to substantiate and study the issues identified by operators as to why they do not use the barriers. Metro can then take corrective action, such as design changes and modifications to the barriers, if accident/incident data substantiate operator concerns.	10/31/2019	
30	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	5a	Metro should further study why bus operators feel the bus safety barriers do not provide the protection needed to make them feel more secure and the other measures bus operators would like to see implemented.	10/31/2019	
31	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	5b	Evaluate the current design of the safety barriers to determine if bus operators' concerns can be addressed through design changes and modifications made to the safety barriers.	10/31/2019	
32	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	5c	Create a committee comprised of bus operators, Supervisors and Managers, Safety Department, and Bus Operations and Bus Maintenance personnel to investigate these issues and to determine appropriate mitigations. The focus of the committee should include an effort to increase barrier use, identify ways to make the barriers more effective, and evaluate training, and improve data collection and accuracy. Metro could also consider utilizing an existing committee to take on this action, if one has already been established for investigating possible safety issues with systems and equipment.	10/31/2019	
33	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	6a	Metro should review safety barrier and de-escalation training to evaluate scope of attendees, frequency, content, method of delivery, consistency of delivery, and employee engagement and understanding. Results from these evaluations should be used to modify training programs as necessary.	10/31/2019	

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34	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	6b	Consider adding both training classes as part of the new hire training course and periodic refresher training for current operators along with any other ongoing training requirements.	10/31/2019	
35	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	7a	Metro should continue to follow its current strategies and implement its current programs to prevent assaults on bus operators. These programs are consistent with industry best practices.	10/31/2019	
36	Operations	19-AUD-08 Bus Operator Safety Barrier Use and Effectiveness Study	7b	Consider using some of the evaluation tools developed by TCRP to identify in more detail where its greatest risks reside and employ tactics such as targeted fare enforcement and policing patrols to address problem areas using existing resources.	10/31/2019	