

Management Audit Services

FY 2022 Second Quarter Report

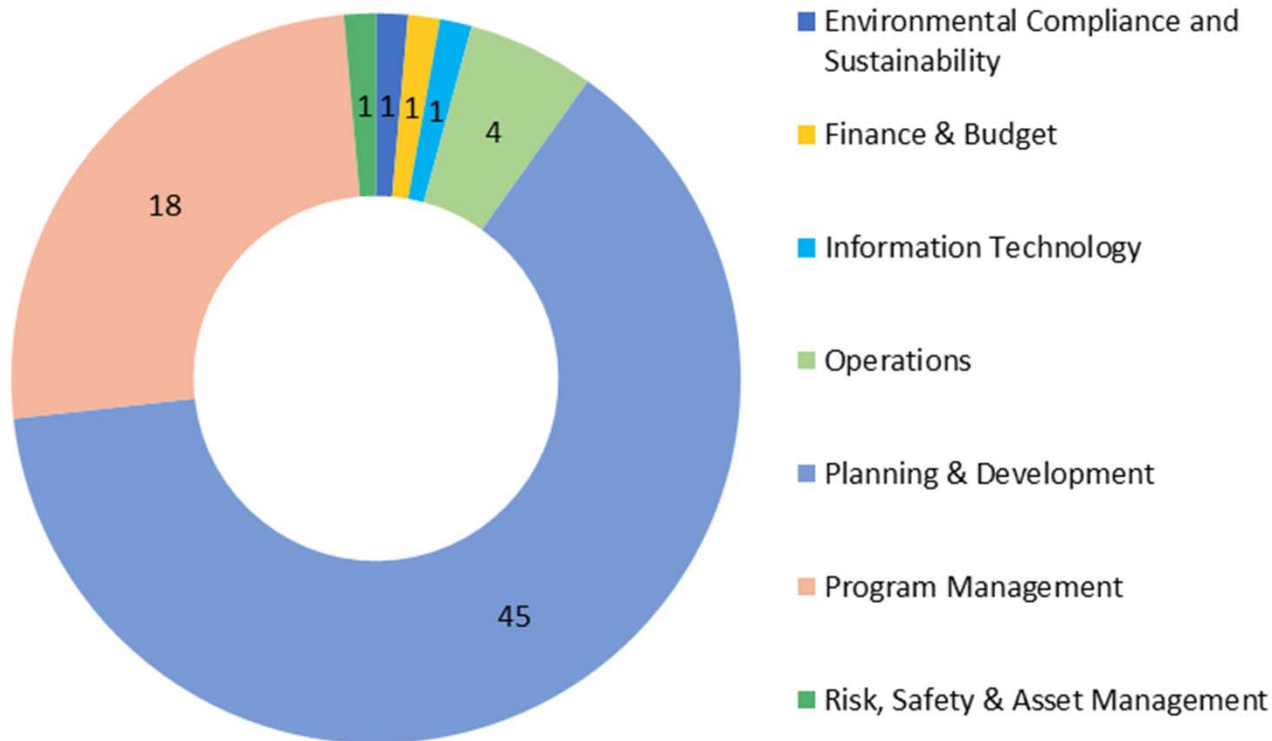
Finance, Budget & Audit Committee
February 16, 2022



MANAGEMENT
AUDIT SERVICES






In Progress: MAS Audit Activity

Agency Representation



- 5 Performance Audits
- 66 Contract, Financial and Compliance Audits

In Progress: Performance Audits

| | Audit Title | Description | Estimated Completion | | | |
|---|--|---|-----------------------|----------------------|---|----------------------|
| | | | FY22 Q1 Jul - Sept | FY22 Q2 Oct - Dec | FY22 Q3 Jan - Mar | FY22 Q4 Apr - Jun |
| 1 | Metro Owned Renewable Identification Numbers (RINs) & Low Carbon Fuel Standards (LCFS) Annual Verification | To support the annual reporting by the Agency of RINs related information to the Environmental Protection Agency. | | |  | |
| 2 | IT Security Awareness | Evaluate the extent of information technology security awareness within the Agency. | | |  | |
| 3 | Micro Mobility Vehicles Program | Assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro Rapid Equity Assessment Tool. | | |  | |
| 4 | Transit Asset Inventory Records | Evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records. | | |  | |
| 5 | Real Estate Management System | Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System. | | |  | |

Completed: Performance Audit of Program Management Support Services (PMSS)

Objective

Assess conformity of services performed and billed by KKCS/Triunity JV (Contractor) to the scope of work and other provisions of the Contract.

Audit Results

MAS' general assessment is that services performed and billed by the Contractor in most respects conformed to the Scope of Work and other provisions of the Contract.

Findings / Recommendation Themes

Finding 1: Non-compliance with contract terms & conditions regarding leased project vehicles

- Contract terms and conditions
- Compliance training

Finding 2a: No consistency in performing background / reference checks

- Qualification and experience verification

Finding 2b: No consistency in signing off for acceptance of final consulting deliverables

- Consulting deliverables

BPI 1: Invoices contained immaterial errors and/or omissions

- Checklist, timesheet and billing summary template
- Invoice package process
- Responsibilities of reviewers s/b delineated

BPI 2: Invoices contained immaterial errors and/or omissions

- Contract costs s/b tracked by element

BPI 3: Annual indirect cost rate reconciliations submitted late

- Contract costs s/b tracked by element

Completed: Performance Audit of Internal Controls Over Overtime Payments – AFSCME Transportation Operations

Objective

Evaluate the adequacy of internal controls over overtime payments to AFSCME employees in Bus and Rail Transportation.

Audit Results

MAS found that internal controls over AFSCME Transit Operations Supervisors (TOS) and Rail Transit Operations Supervisors (RTOS) overtime (OT) were generally adequate.

Findings / Recommendation Themes

Finding 1: Errors in use of pay codes resulted in some over / under payments

- Periodic training or retraining

Finding 2: 12-hour continuous work policy does not provide for exceptions resulting in apparent violations that were in fact appropriate

- Policy revision and training

Finding 3: OT related documents not prepared or retained

- Documentation retention and training

Finding 4: Vacation payroll code may have been used to cash out accrued vacation time

- Policy communication

Completed: Performance Audit of Expanded Discount Programs

Objective

Evaluate the effectiveness of internal controls over the purchase process for the Small Employer Pass (SEP) and E-Pass discount passes and identify opportunities for internal control and process improvements.

Audit Results

MAS found that controls over the SEP appeared to be working as intended.

Findings / Recommendations

Finding 1: E-Pass program contract agreements not renewed once program transitioned from pilot to permanent

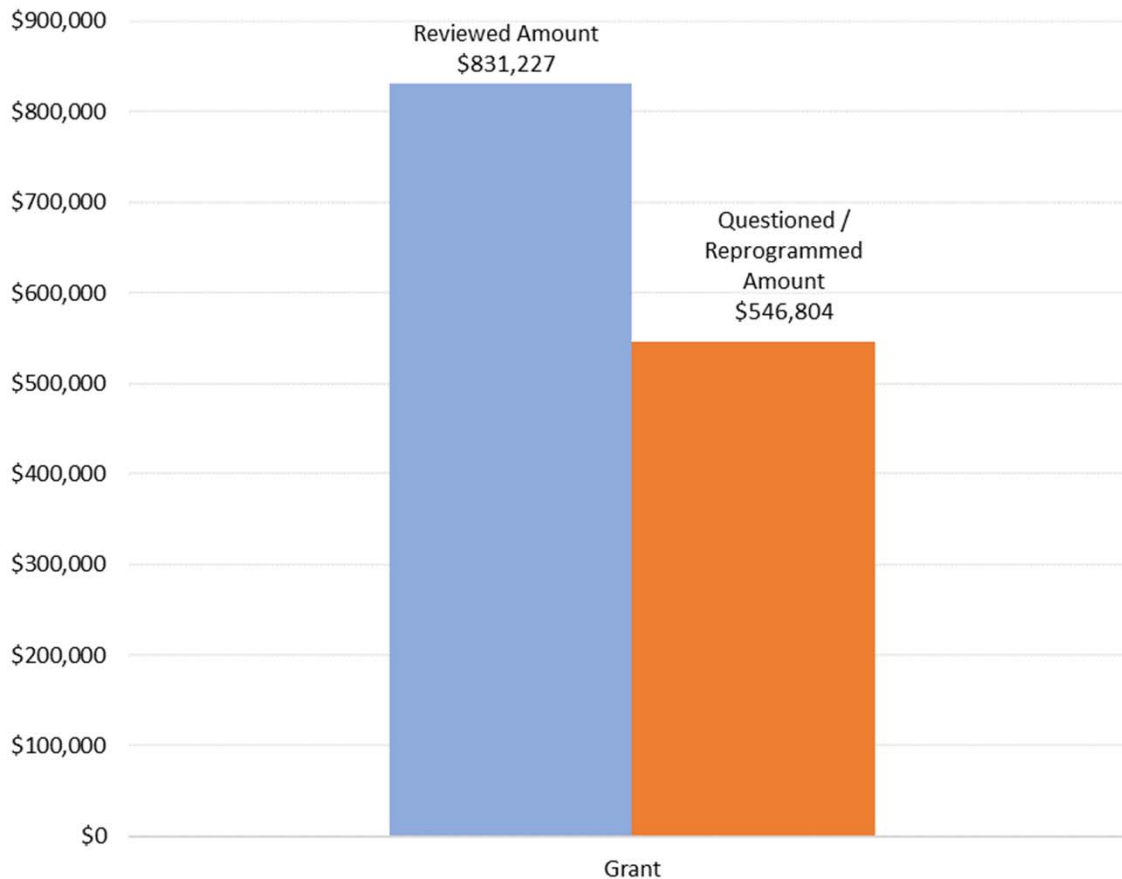
- Update all E-Pass contracts with new language
- Ensure all contracts are enforceable by including signatures from all parties

Finding 2: No written procedure manuals for E-Pass or U-Pass programs.

- Prepare SOPs for both programs aligned with written agreements
- Use SEP checklist for transitioned accounts
- Update the SEP Handbook
- Build / procure a billing system to generate invoices automatically
- Develop a monthly report that includes amounts collected / billed

Completed: Contract, Financial & Compliance Audits

Reviewed / Questioned Amount



- Delivered financial audits that reviewed \$830 thousand of funding; and identified \$546 thousand (66%) for reprogramming

Next Steps

- Report on Consolidated Audit Reports and Annual Comprehensive Financial Reports (FY 21)
- Present MAS Audit Charter for approval
- Ensure ongoing implementation of performance and financial audits and reporting

Thank you