

MANAGEMENT AUDIT SERVICES

# FY 2026 Second Quarter Report



**Finance, Budget and Audit Committee**  
**February 19, 2026**

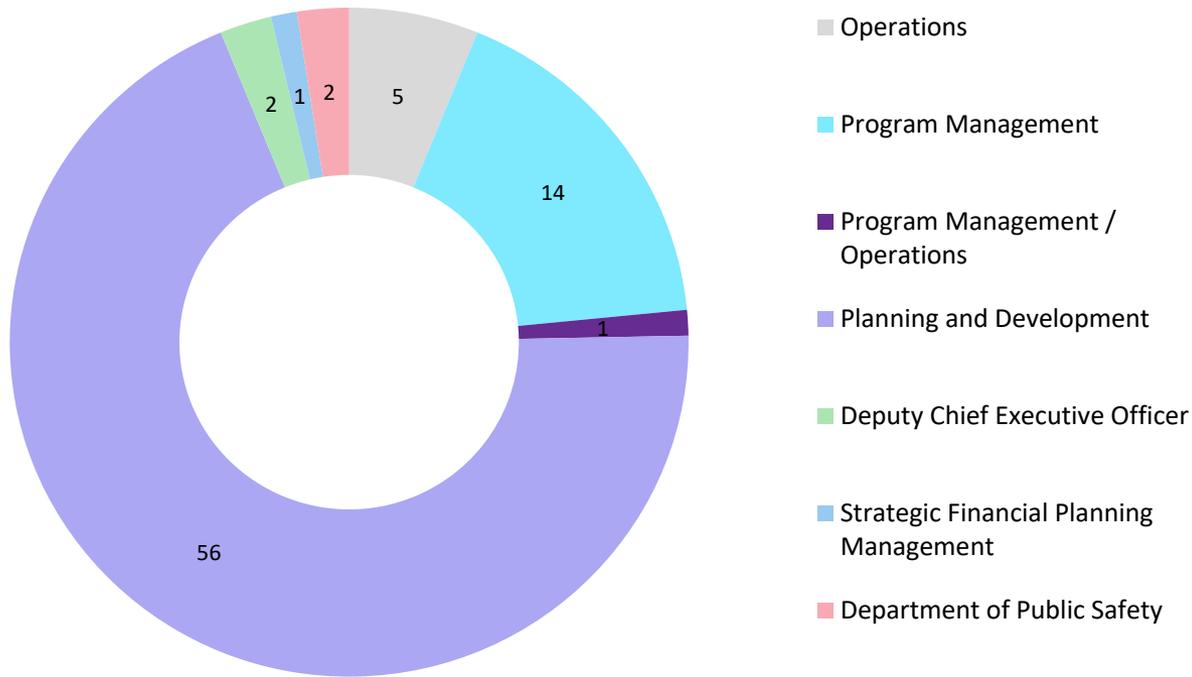
Kimberly Houston, Deputy Chief Auditor  
Lauren Choi, Sr. Director, Audit  
Alfred Rodas, Sr. Director, Audit



**Metro**<sup>®</sup>

# In Progress: MAS Audit Activity by Area

## Agency Representation



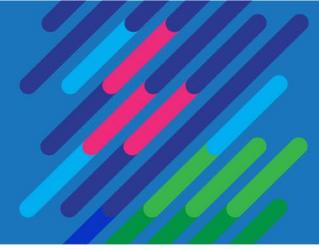
**12** Performance audits in progress

**69** Contract, Financial, and Compliance Audits in progress

# In Progress: Performance Audits

No.	Project Title	Area	Description	Estimated Date of Completion
1	Gold Line Extension Phase 2B	Program Management / Operations	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.	FY26 Q3
2	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.	FY26 Q3
3	Small Business Enterprise (SBE) Certification Processes	Deputy Chief Executive Officer	Evaluate if DEOD's SBE certification procedures effectively identify eligible businesses and comply with relevant laws, regulations, and policies.	FY26 Q3
4	Project Grant Funding	Planning and Development	Assess whether Metro is adequately allocating its resources to maximize funding identified and received.	FY26 Q3
5	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.	FY26 Q4
6	Physical Security Monitoring Equipment	Chief Safety Office	Assess the adequacy of policies and procedures regarding video monitoring equipment at the agency.	FY26 Q4
7	Safety Response to Reported Incidents	Chief Safety Office	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.	FY26 Q4
8	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).	FY26 Q4
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 Q1
10	Non-revenue Vehicles	Operations	Assess the availability and readiness of the non-revenue vehicle fleet for operational deployment and use.	FY27 Q1
11	Wayside Track Maintenance	Operations	Evaluate how Metro ensures that track maintenance complies with FTA State-of-Good-Repair requirements.	FY27 Q1
12	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 Q1

# Completed: Employee Health Care Benefits



## Objective

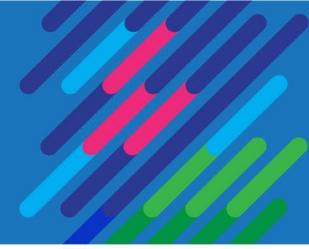
Verify all active eligible recipients (excluding represented employees and retirees) receiving Metro's health and dental coverages were receiving benefits from their selected providers and that elected coverage corresponded with payroll deductions.

## Audit Results

For the review period, discrepancies in dental and medical coverage records were identified for 82 employees, from a population of 3,207 employees (non-contract and board members). These discrepancies included employee payroll deductions not matching amounts billed by the carrier, and instances where employees were not reflected in monthly carrier billings. In addition, of 3,676 medical and dental elections reviewed, 43 were incorrectly based on prior-year rates.

All of these discrepancies could have affected the health benefit coverage of the above employees. MAS provided management with recommendations and will follow up to ensure implementation.

# Completed: Employee Pension Benefits



## Objective

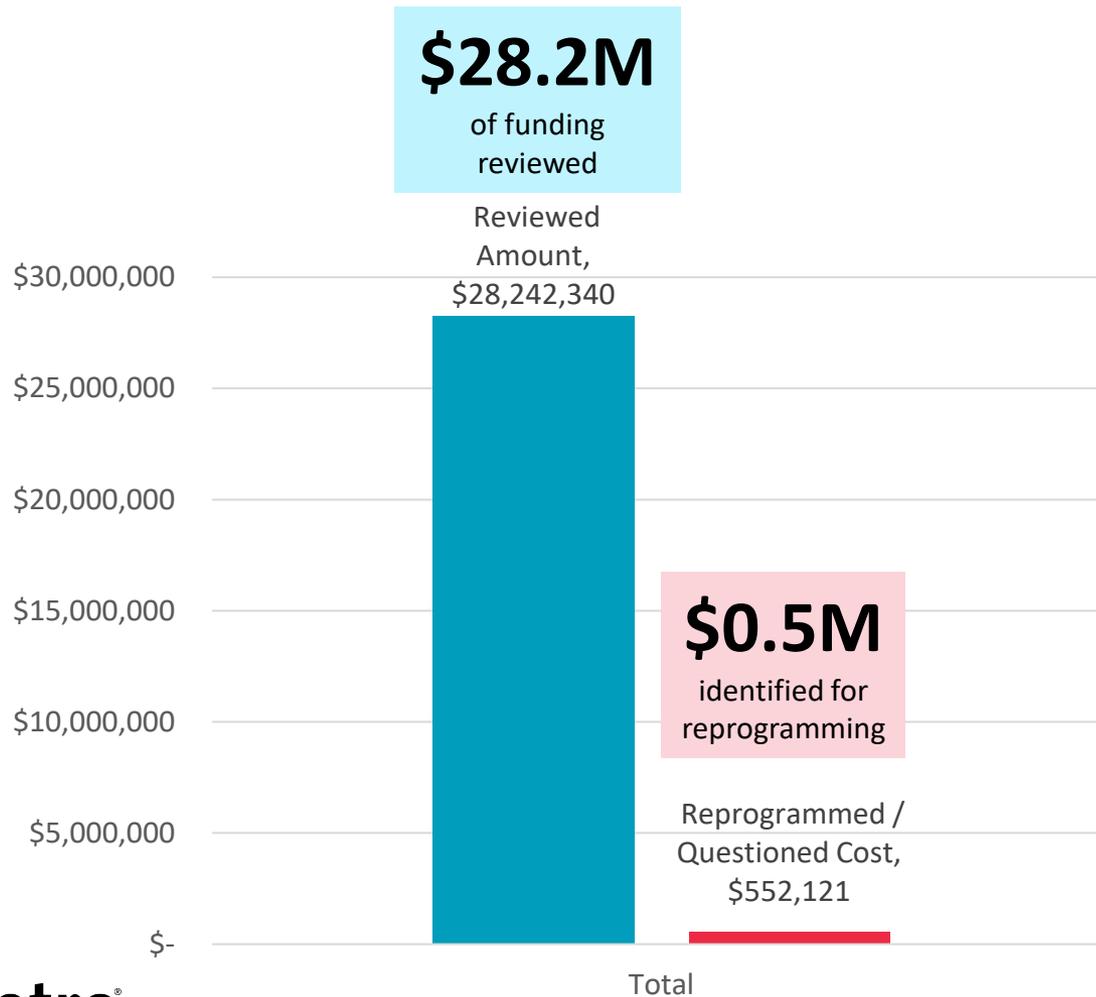
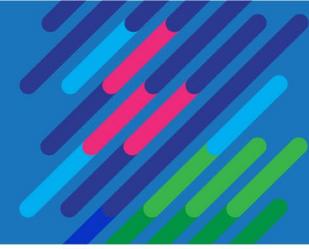
Verify the accuracy of pension payroll deductions and contributions for all active PEPRA eligible employees.

## Audit Results

For calendar year 2024, inaccuracies were identified in employee pension contribution payroll deductions affecting 119 (3% of 3,835) employees. Forty-seven (47) of these errors resulted from a miscalculation during the annual reset process, where employee pension contribution amounts for the year are zeroed out at the start of the year. The miscalculation resulted in the premature termination of employee pension contribution payroll deductions in 2024 for employees covered under PEPRA. Management had discovered this error, and MAS confirmed the existence of this condition and identified its cause. The remaining 72 errors stemmed from coding issues, incorrect job status designations, and missed deductions on manual checks.

MAS provided management with recommendations and will follow up to ensure implementation.

# Completed: Contract, Financial & Compliance Audits



**6** audit reports issued in Q2



Thank you!



**Metro**<sup>®</sup>

