

Management Audit Services

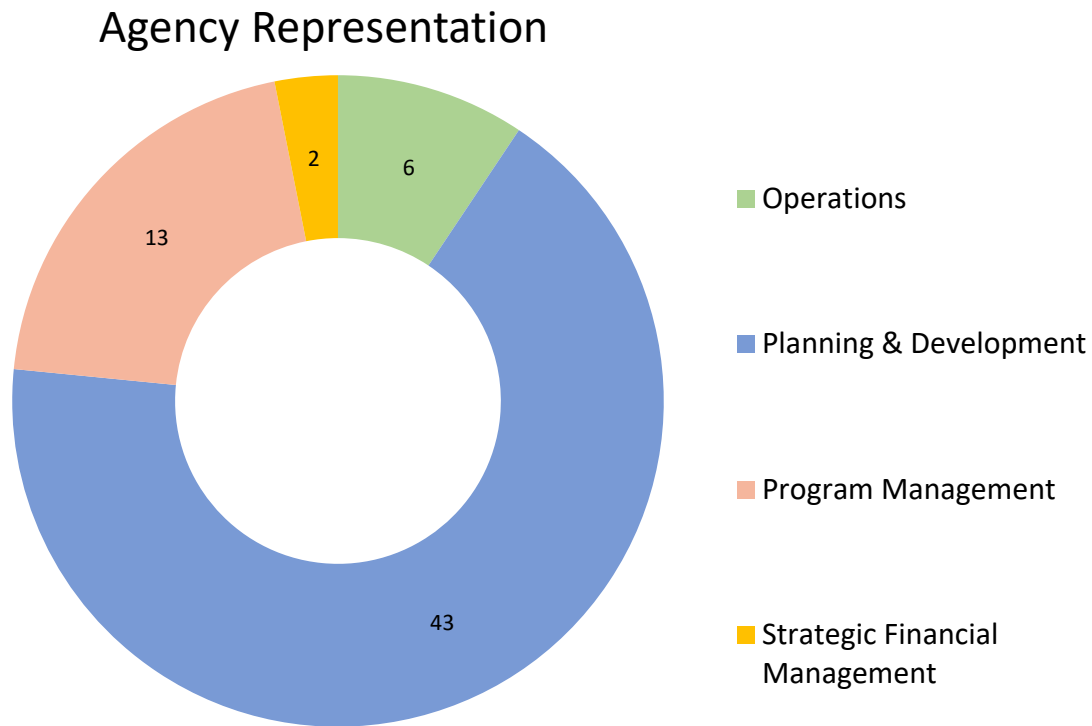
# FY 2023 Second Quarter Report

Finance, Budget & Audit Committee  
March 15, 2023









MANAGEMENT  
AUDIT SERVICES

# In Progress: MAS Audit Activity



- 6 Performance Audits
- 58 Contract, Financial and Compliance Audits

# In Progress: Performance Audits

	Audit Title	Description	Estimated Completion	
			FY23 Q3 Jan - Mar	FY23 Q4 Apr - Jun
1	Micro Transit Program	Assess Shared Mobility's efforts in managing the Micro Transit program		
2	Metro Center Project	Examine the factors that contributed to Metro needing to repay back CalOES grant funds related to the Metro Center Project.		
3	Real Estate Management System	Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new system.		
4	OCI Training	Assess the compliance of training records of new Bus Operators and of Operations employees with applicable requirements, completeness and accuracy.		
5	Business Continuity of Operations Plan (COOP)	Evaluate the adequacy of Rail Operations' COOP and Standard Operating Procedures to support Rail Operations' mission essential functions during emergencies.		
6	Contract Price Structures	Assess the process performed for firm fixed price professional service contracts.		

# Completed: Special Review of Central Maintenance Shops (CMS) Manufacturing Process

## Objective

Determine whether the CMS manufacturing request process is reasonable, efficient (time and cost), complete and whether safety considerations are considered.

## Audit Results

MAS found that the CMS manufacturing request process was substantially documented, with all steps in the process performed in a logical order, focused on customer needs and in compliance with applicable laws, regulations and policies.

## Findings / Recommendation Themes

Observation 1: Provide complete, detailed instructions to customers for Work Requests.

- Create and attach detailed specific standard instructions to the Work Request form, e.g., blueprint, sample part, etc.

Observation 2: Request budget to create a permanent full-time drafting technician position.

- Request budget for a permanent full-time drafting technician position, so CMS can hire and retain an experienced employee to do the work.

# Completed: Special Review of Metro Center Project (MCP)

## Objective

The main objectives of this special review were to determine the factors that contributed to Metro needing to repay back the California State Office of Emergency Services (CalOES) grant funds related to the MCP and confirm that the planned scope for MCP aligns with the scope described in the October 2020 Board Report. In addition, MAS reviewed project management practices, Metro's plan to back fill the funding gap, and internal communication related to timeliness of the MCP grant.

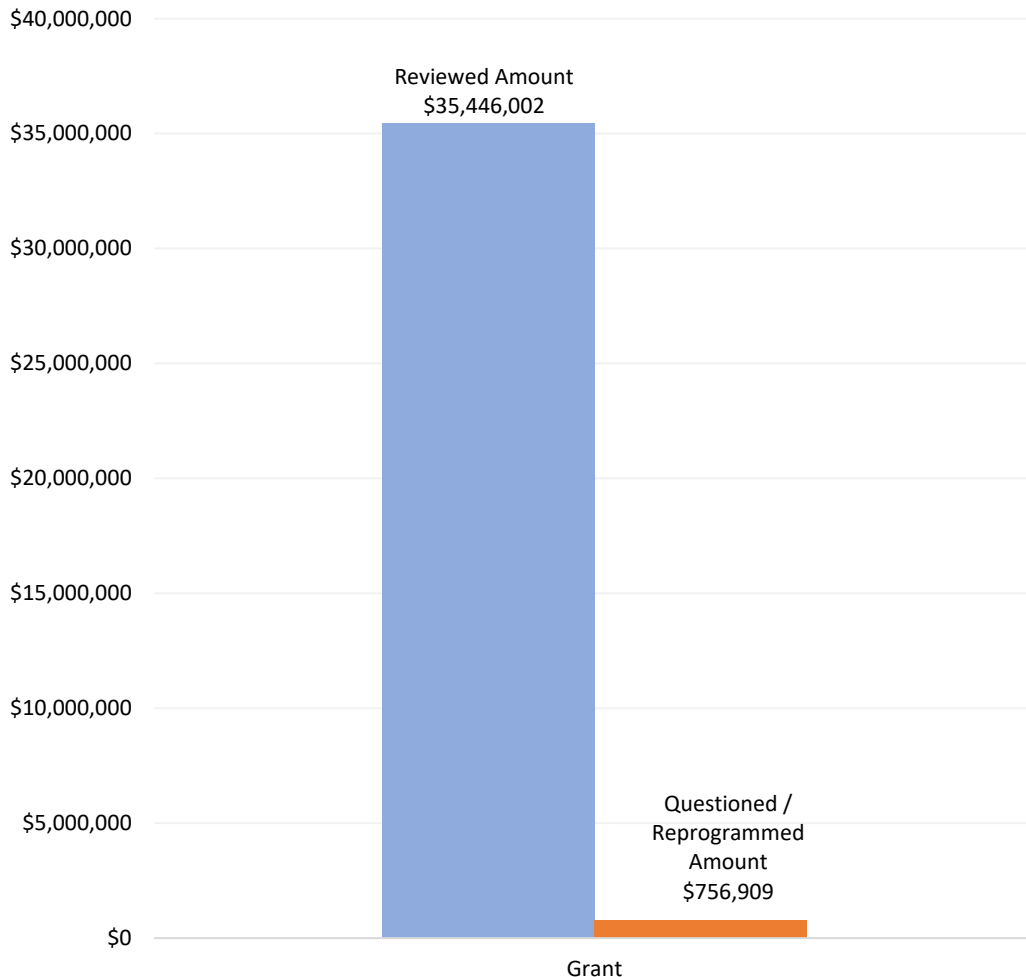
## Audit Results

- Formal project management started 3 years late and did not appear to follow the critical path until the 4½ year mark. Over 2 years was lost.
- Preliminary engineering could have started three or more years earlier than in 2016. The project could then have approached substantial completion before COVID hit.
- Design/build (D/B) procurement could have saved a year with consultation and better planning to avoid the first-round procurement failure and many amendments.
- After the 3½ year iterative D/B procurement phase, completing MCP before grants expired was nearly impossible.
- Quarterly Project Status Reports prior to June 2022 were unreliable.

In addition, distribution of Project Status Reports and oral communications to relevant stakeholders were not consistent. However, written communications were adequately documented, local funding was correctly determined to be the only feasible source to fill the funding gap and no substantial issues were noted with the planned project scope, change orders or appropriate use of grant program funds.

There were 14 recommendations included in the review that address the observations noted above. Management concurred with most of the recommendations. MAS will follow up to ensure implementation of the recommendations.

# Completed: Contract, Financial & Compliance Audits



- Delivered financial audits that reviewed \$35M of funding; and identified \$750K (2%) for reprogramming

Thank you