



Board Report

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**FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 17, 2015**

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2015 THIRD QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the third quarter report of **Management Audit Services** for the period ending March 31, 2015.

ISSUE

At its January 2005 meeting, the Board designated the Executive Management and Audit Committee (EMAC) as their audit committee. The EMAC requested a quarterly report from Management Audit Services (Management Audit) on its audit activities. In July 2011, the audit responsibilities were transferred to the Finance, Budget and Audit Committee. This report fulfills the requirement for the third quarter of FY 2015.

DISCUSSION

Management Audit provides audit support to the Chief Executive Officer (CEO) and his executive management. The audits we perform are categorized as either internal or external. Internal audits evaluate the processes and controls within the agency. External audits analyze contractors, cities or non-profit organizations that we conduct business with or receive Metro funds.

There are four groups in Management Audit: Performance Audit, Contract Pre-Award Audit, Incurred Cost Audit and Audit Support and Research Services. Performance Audit is primarily responsible for all audits for Operations, Finance and Administration, Planning and Development, Engineering and Construction, Information Technology, Communications and Executive Office. Contract Pre-Award and Incurred Cost Audit are responsible for external audits in Planning and Development, Engineering and Construction and Vendor/Contract Management. All of these units provide assurance to the public that internal processes are efficiently, economically, effectively, ethically, and equitably performed by conducting audits of program effectiveness and results, economy and efficiency, internal controls, and compliance. Audit Support and Research Services is responsible for administration, financial management, budget coordination, and audit follow-up and resolution tracking.

The summary of Management Audit activity for the quarter ending March 31, 2015 is as follows:

Internal Audits: seventeen internal audits were in process.

External Audits: seven contract pre-award audits with a total value of \$25.5 million and six incurred cost audits with a total value of \$7 million were completed; 16 contract audits, 40 incurred cost audits were in process.

Audit Follow-up and Resolution: five recommendations were closed during the third quarter. At the end of the quarter, there were 49 open audit recommendations.

Management Audit's FY 2015 third quarter report is included as Attachment A.

NEXT STEPS


Management Audit will provide the FY 2015 year-end summary of audit activity to the Board at the September 2015 Finance, Budget and Audit Committee meeting.

ATTACHMENTS

Attachment A - Management Audit Services Quarterly Report to the Board for the period ending March 31, 2015.

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Phillip A. Washington
Chief Executive Officer