

**Board Report**

File #: 2015-1240, **File Type:** Informational Report

Agenda Number: 7.

**FINANCE, BUDGET AND AUDIT COMMITTEE
SEPTEMBER 16, 2015**

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2015 YEAR-END REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the year-end report of **Management Audit Services** for the period ending June 30, 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 fourth 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, Program Management, Information Technology, Communications and Executive Office. Contract Pre-Award and Incurred Cost Audit are responsible for external audits in Planning and Development, Program Management 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 fourth quarter and for the fiscal year ending June 30, 2015 is as follows:

Internal Audits: two internal audits were completed for the fourth quarter; five reports were completed for the year. As of June 30, 2015, 15 internal audits were in process.

External Audits: 34 contract audits with a total value of \$103.5 million and five incurred cost audits with a total value of \$36 million were completed during fourth quarter. Sixty-one contract pre-award audits with a total value of \$141 million and 27 incurred cost audits with a total value of \$137 million were completed for the year. Two contract pre-award audits and 42 incurred cost audits were in process.

Other Audits: Details of additional audits completed by external certified public accountants (CPAs) during the year are included in Attachment A.

Audit Follow-up and Resolution: 19 recommendations were added and 55 recommendations were closed. As of June 30, 2015, there were 46 open audit recommendations.

Management Audit's FY 2015 year-end report is included as Attachment A.

NEXT STEPS

Management Audit will provide the first quarter summary of FY 2016 audit activity to the Board at the January 2016 Finance, Budget and Audit Committee meeting.


ATTACHMENTS

Attachment A - Management Audit Services Quarterly Report to the Board for the period ending June 30, 2015.

Prepared by: Monica Del Toro, Audit Administration, (213) 922-7494

Yvette Suarez, Interim Chief Auditor, (213) 922-1096

Reviewed by: Stephanie Wiggins, Deputy Executive Officer, (213) 922-1023



Phillip A. Washington
Chief Executive Officer