



## Board Report

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**File #:** 2018-0685, **File Type:** Informational Report

**Agenda Number:** 13.

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### FINANCE, BUDGET AND AUDIT COMMITTEE NOVEMBER 14, 2018

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2019 FIRST QUARTER REPORT**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the first quarter report of Management Audit Services (Management Audit) for the period ending September 30, 2018.

#### **ISSUE**

Management Audit must provide a quarterly activity report to the Finance, Budget and Audit Committee which includes information on: completed audits, audits that are in progress, our follow-up activities and any other pertinent matters.

#### **BACKGROUND**

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 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 first quarter of FY 2019.

#### **DISCUSSION**

Management Audit provides audit support to the Chief Executive Officer (CEO) and his executive management team. 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, Risk, Safety and Asset Management 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 quarter ending September 30, 2018 is as follows:

Internal Audits: One internal audit was completed during the first quarter. As of September 30, 2018, 13 internal audits were in process.

External Audits: Six contract pre-award audits with a total value of \$32.7 million and nine incurred cost audits with a total value of \$925 million were completed during the first quarter. One contract pre-award audit and 51 incurred cost audits were in process.

Audit Follow-up and Resolution: Twenty-one recommendations were closed during the first quarter. In addition, 104 recommendations for the OIG were closed during the first quarter. Details of all open, extended, and closed recommendations can be found in the First Quarter Board Box titled "Status of Audit Recommendations".

Management Audit's FY 2019 first quarter report is included as Attachment A.

### **NEXT STEPS**

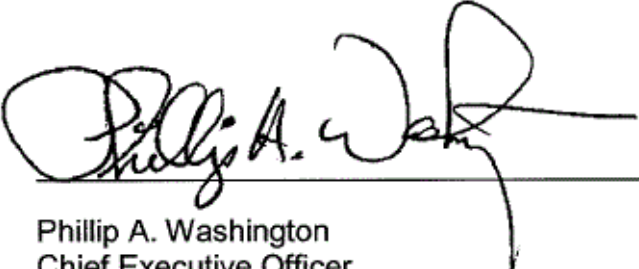
Management Audit will provide the FY 2019 Second Quarter report of audit activity to the Board at the February 2019 Finance, Budget and Audit Committee meeting.

### **ATTACHMENT**

Attachment A - Management Audit Services Quarterly Report to the Board for the period ending September 30, 2018

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