



Board Report

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FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 15, 2021

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2021 FOURTH QUARTER STATUS REPORT
AND CUMULATIVE YEAR-END REPORT**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services (MAS) FY 2021 fourth quarter status report and cumulative year-end report.

ISSUE

MAS is required to provide a quarterly activity report to Metro's Board of Directors (Board) that presents information on audits that have been completed or in progress, including information related to audit follow-up activities.

BACKGROUND

It is customary practice for MAS to deliver the quarterly audit report. The FY 2021 fourth quarter report covers the period of April 1, 2021, through June 30, 2021; and cumulative FY 2021 year-end for the period of July 1, 2020, through June 30, 2021.

DISCUSSION

MAS provides audit services in support of Metro's ability to provide responsive, accountable, and trustworthy governance. The department performs internal and external audits. Internal audits evaluate the processes and controls within the agency, while external audits analyze contractors, cities, and/or non-profit organizations that are recipients of Metro funds. The department delivers management audit services through functional groups: Performance Audit; Contract, Financial and Compliance Audit; and Administration and Policy, which includes audit support functions. Performance Audit is mainly responsible for internal audits related to Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management including the Chief Executive Office; and other internal areas. Contract, Financial and Compliance Audit is primarily responsible for external audits in Planning, Program Management and Vendor/Contract Management. MAS's functional units

provide assurance to the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably; and that desired outcomes are being achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, financial management, including audit support, audit follow-up, and resolution tracking.

The following chart summarizes MAS activity for FY 2021 fourth quarter and the fiscal year ending June 30, 2021.

	FY 2021 Fourth Quarter	FY 2021 Year-End	In-Progress as of June 30, 2021
Performance Audits	1 audit projects completed	9 audit projects completed	11 audit projects
Contract, Financial and Compliance Audits	9 audit projects completed with a total value of \$32 million	21 audit projects completed with a total value of \$197 million	66 audit projects
Transitional Indirect Cost Rate (TICR) Determinations	11 approved	15 approved	
Financial Compliance Audits of Metro	1 audit project completed	151 audit projects completed	
Audit Follow-up and Resolution*	9 closed	36 closed	
	3 closed (OIG)	40 closed (OIG)	

*Note: MAS performs audit follow-up for the Office of Inspector General (OIG).

The FY 2021 Fourth Quarter Status Report and Cumulative Year-End Report is included as Attachment A.

EQUITY PLATFORM

There are no equity impacts or concerns from audit services conducted during this period. However, MAS recognizes that the department's opportunity to advance equity starts with conducting audits with equity themes that lead to the accountability and compliance of programs and policies aimed directly or indirectly at creating more equitable outcomes in equity focused communities throughout the Los Angeles region. In the future, MAS will consider and identify agency-wide policies and programs that have equity compliance aspects and support the monitoring and compliance reporting through audit engagements as appropriate.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2021 Fourth Quarter Status Report and Cumulative Year-End Report supports Metro's Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

Management Audit Services will continue to report audit activity throughout the current fiscal year.

ATTACHMENT

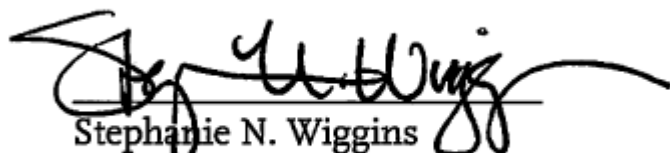
A. FY 2021 Fourth Quarter Status Report and Cumulative Year-End Report

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