



## Board Report

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### FINANCE, BUDGET AND AUDIT COMMITTEE NOVEMBER 15, 2017

**SUBJECT: MANAGEMENT AUDIT SERVICES FY2018  
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, 2017.

#### **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 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 2018.

#### **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, 2017 is as follows:

Internal Audits: two internal audits were issued and fourteen were in process.

External Audits: four contract pre-award audits with a total value of \$10.4 million were completed and 14 incurred cost audits with a total value of \$300 million were completed. Two contract pre-award audits and 48 incurred cost audits were in process.

Audit Follow-up and Resolution: 21 recommendations were closed during the first quarter. At the end of the quarter, there were 37 open audit recommendations. In addition, 89 recommendations for the OIG were closed. 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 2018 first quarter report is included as Attachment A.

### **NEXT STEPS**

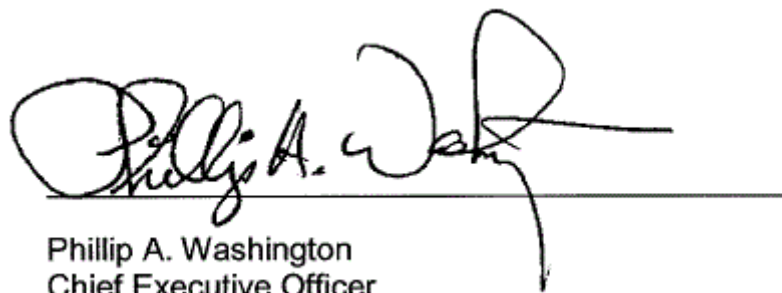
Management Audit will provide the FY 2018 Second Quarter report of audit activity to the Board at the February 2018 Finance, Budget and Audit Committee meeting.

### **ATTACHMENT**

Attachment A - Management Audit Services Quarterly Report

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