



**Board Report**

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
MAY 18, 2022**

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2022 THIRD QUARTER REPORT AND AUDIT CHARTER**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

**CONSIDER:**

- A. RECEIVING AND FILING the Management Audit Services FY 2022 third quarter report; and
- B. ADOPTING the Management Audit Services Audit Charter (Attachment B).

**ISSUE**

Management Audit Services (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.

In addition, standards require that MAS review the internal audit charter periodically, present it to executive management and obtain board approval. The internal audit charter is a formal document that defines MAS' purpose, authority, independence, and responsibility.

**BACKGROUND**

It is customary practice for MAS to deliver the quarterly audit report. The FY 2022 third quarter report covers the period of January 1, 2022 through March 31, 2022.

MAS follows two audit standards: Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). To align with the updated standards' language, MAS updated the Audit Charter. The Audit Charter was last presented to the Board in October 2018.

**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’ 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 2022 third quarter:

	<b>Completed in FY 2022 Third Quarter</b>	<b>In-Progress as of March 31, 2022</b>
Performance Audits	3 audit projects	3 audit projects
Contract, Financial and Compliance Audits	3 audit projects with a total value of \$3.3 million	68 audit projects
Financial and Compliance Audits of Metro and subrecipients	140 audit projects	
Audit Follow-up and Resolution*	6 follow-up recommendations closed	
	28 follow-up recommendations closed (OIG)	

\*Note: MAS performs audit follow-up for the Office of Inspector General (OIG). The FY 2022 Third Quarter Report is included as Attachment A.

MAS revised the Board approved Audit Charter based on MAS’ internal review and recommendations made by the independent Internal Quality Self-Assessment team. The revised Audit Charter was compared to the updated audit standards and promotes continued compliance. The updated Audit Charter is provided as Attachment B.

## **EQUITY PLATFORM**

There are no equity impacts or concerns from audit services conducted during this period.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Management Audit Services FY 2022 Third Quarter Report and Audit Charter support 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**

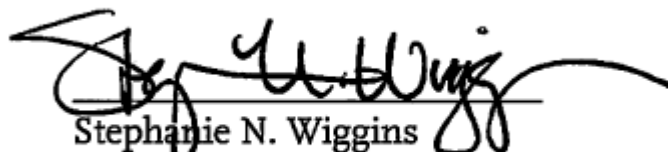
- A. FY 2022 Third Quarter Report
- B. Management Audit Services Audit Charter

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