



Board Report

File #: 2023-0512, File Type: Informational Report

Agenda Number: 11.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 20, 2023

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2023 FOURTH QUARTER STATUS REPORT
AND CUMULATIVE YEAR-END REPORT**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services (MAS) FY 2023 Fourth Quarter status report and cumulative FY 2023 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 are 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 2023 Fourth Quarter report covers the period of April 1, 2023, through June 30, 2023; and the cumulative FY 2023 year-end for the period of July 1, 2022, through June 30, 2023.

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 assure 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, quality assurance, and audit support, including audit follow-up, and resolution tracking.

The following summarizes MAS activity for FY 2023 Fourth Quarter and FY 2023 year ending June 30, 2023.

Performance Audits: One (1) audit project was completed for the quarter; seven (7) for the fiscal year; and six (6) were in progress.

Contract, Financial, and Compliance Audits: Eighteen (18) audits including twelve (12) Contract Pre-award audits for the Engineering Support Services for Vertical Transportation Systems & Related Services Project and four (4) financial and compliance audits of grantees with a total expenditure value of \$7 million were completed for the quarter. Forty-six (46) audits with a total expenditure value of \$90 million were completed for the fiscal year; and seventy (70) were in progress.

Financial and Compliance Audits of Metro: 147 audits were issued by external Certified Public Accounting (CPA) firms.

Transitional Indirect Cost Rate (TICR): Two (2) TICR approvals were issued for the Small Business Entities (SBE).

Audit Follow-up and Resolution: Nineteen (19) recommendations were closed for the quarter; and 45 for the fiscal year.

Note: MAS performs audit follow-up for the Office of Inspector General (OIG). Two (2) recommendations were closed for the quarter; and six (6) for the fiscal year.

The FY 2023 Fourth Quarter Status Report and Cumulative Year-End Report are included as Attachment A.

EQUITY PLATFORM

Management Audit Services' quarterly audit activities provide an additional level of review and assessment to identify potential equity impacts from Metro's work and performance. These quarterly activities inform the cumulative end-of-year report. There are no known equity impacts or concerns from audit services conducted during FY 2023.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2023 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

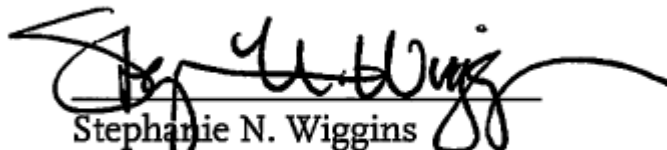
Management Audit Services will continue to report audit activity throughout the current fiscal year.

ATTACHMENT

Attachment A - FY 2023 Fourth Quarter Status Report and Cumulative Year-End Report

Prepared by: Kimberly Houston, Deputy Chief Auditor, (213) 922-4720
 Lauren Choi, Senior Director, Audit, (213) 922-3926
 Alfred Rodas, Senior Director, Audit, (213) 922-4553
 Monica Del Toro, Senior Manager, Audit, (213) 922-7494

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101


Stephanie N. Wiggins
Chief Executive Officer