



Board Report

File #: 2017-0913, **File Type:** Informational Report

Agenda Number: 8.

FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 14, 2018

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2018 SECOND
QUARTER REPORT**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the second quarter report of Management Audit Services (Management Audit) for the period ending December 31, 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 second 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 December 31, 2017 is as follows:

Internal Audits: One internal audit was completed and thirteen were in process.

External Audits: Two contract pre-award audits with a total value of \$1.2 million were completed and 15 incurred cost audits with a total value of \$57 million were completed. Four contract pre-award audits and 43 incurred cost audits were in process.

Other Audits: Fifteen audits were completed by external CPA firms.

Audit Follow-up and Resolution: Nine recommendations were closed during the second quarter. At the end of the quarter, there were 28 open audit recommendations. In addition, three recommendations for the OIG were closed. Details of all open, extended, and closed recommendations can be found in the Second Quarter Board Box titled "Status of Audit Recommendations".

Management Audit's FY 2018 second quarter report is included as Attachment A.

NEXT STEPS

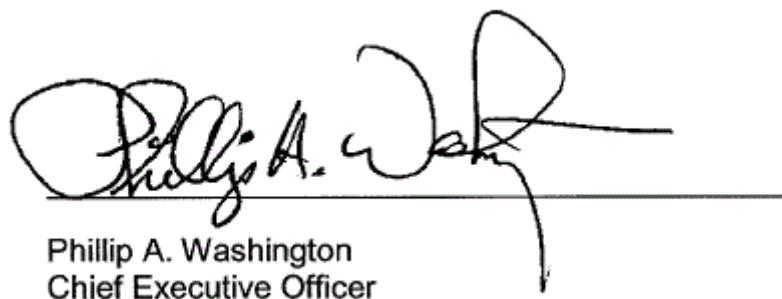
Management Audit will provide the FY 2018 Third Quarter report of audit activity to the Board at the May 2018 Finance, Budget and Audit Committee meeting.

ATTACHMENT

Attachment A - Management Audit Services Quarterly Report

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