The annual audit plan is driven by two key factors: (1) risk assessment results, and (2) audit resources. The goal in drafting the audit plan is to address the highest risk areas at the agency given the resources available to complete the audits.

In developing the plan, the hours included for each audit are an estimate. There are occasions where some reviews may take longer and therefore absorb more hours than proposed and in other cases, the audit will be completed in fewer hours than estimated. In addition, urgent requests arise that need audit support. When this occurs, the plan must be reassessed and Management Audit may supplement internal resources with outside consultants as long as there is funding and consultants available for the task. Therefore, not all planned audit work may be completed and the audit plan may be reassessed and adjusted during the year for unanticipated risks and work.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCE, BUDGET AND AUDIT COMMITTEE
JUNE 18, 2014

SUBJECT: FY15 AUDIT PLAN

ACTION: ADOPT THE FY15 PROPOSED AUDIT PLAN

RECOMMENDATION

Adopt the FY15 Proposed Audit Plan.

ISSUE

At its January 2008 meeting, the Board adopted modifications to the FY07 Financial Stability Policy. The Financial Stability Policy requires Management Audit Services (Management Audit) to develop a risk assessment and an audit plan each year and present it to the Board. It also requires that the Finance, Budget and Audit Committee, as the audit committee for the agency, provide input and approval of the audit plan.

DISCUSSION

Instrumental to the development of the FY15 Audit Plan was completion of the FY14 agency-wide risk assessment. The agency-wide risk assessment is continually being refined and adjusted based upon events, issues identified during audits and agency priorities. The methodology used this year is similar to last year's risk assessment, a new element added this year, was coordination with the newly formed Enterprise Risk Management group. The risk assessment continues to place a strong emphasis on the agency's internal control framework and vulnerability to fraud. We believe this year's risk assessment portrays the agency's risks in light of the changes to our risk environment and the challenges the agency faces in the next few years. The result is the FY15 Proposed Audit Plan (Attachment A).

This is the tenth year an audit plan has been developed and presented to the Board for input and adoption.

Policy Implications

An audit plan defines the work that will be completed or directed by Management Audit each fiscal year. It indicates both the depth and breadth of audit activities addressing financial, operational and compliance risks for the agency. The audit plan also identifies

Metro

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the extent to which controls are being assessed by routine audit activities, addressed proactively through advisory services, or as a result of concerns from management.

The annual audit plan is driven by two key factors: (1) risk assessment results, and (2) audit resources. The goal in drafting the audit plan is to address the highest risk areas at the agency given the resources available to complete the audits.

In developing the plan, the hours included for each audit are an estimate. There are occasions where some reviews may take longer and therefore absorb more hours than proposed and in other cases, the audit will be completed in fewer hours than estimated. In addition, urgent requests arise that need audit support. When this occurs, the plan must be reassessed and Management Audit may supplement internal resources with outside consultants as long as there is funding and consultants available for the task. Therefore, not all planned audit work may be completed and the audit plan may be reassessed and adjusted during the year for unanticipated risks and work.

DETERMINATION OF SAFETY IMPACT

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FINANCIAL IMPACT

Funding for the annual audit plan will be included in the FY15 budget in Management Audit's cost centers and the appropriate projects throughout the agency.

ALTERNATIVES CONSIDERED

One option would be not to complete an annual audit plan. This is not recommended since the audit plan is a management tool to systematically assign resources to areas that are a concern or high risk to the agency. An audit plan that strategically utilizes available resources in the highest risk audit areas is among the industry's best practices.

NEXT STEPS

Once the Board adopts the annual audit plan, Management Audit will develop the audit schedule for FY15. Management Audit will report to the Board quarterly on its progress in completing the annual audit plan. The Agency wide Risk Assessment used to develop the audit plan will continue to be coordinated with Enterprise Risk Management group in the future.

ATTACHMENTS

A.   FY15 Annual Business Plan and Proposed Audit Plan

Prepared by: Ruthe Holden, Chief Auditor
                      (213) 922-1031

Ruthe Holden
Ruthe Holden
Chief Auditor

Arthur T. Leahy
Arthur T. Leahy
Chief Executive Officer

Executive Summary

OVERVIEW

Annually, the Board requires Management Audit Services (Management Audit) to complete an agency-wide risk assessment and submit an audit plan to the Board for its input and approval.

An agency-wide risk assessment is the process of understanding an organization's strategic, operational, compliance and financial objectives to identify and prioritize threats/risks that could inhibit successful completion of these objectives. Risk assessments provide management with meaningful information needed to understand factors that can negatively influence operations and outcomes.

An audit plan is driven by two key factors: 1) risk assessment results, and 2) audit resources. The goal of preparing an audit plan is to address the highest risk areas at the agency given the resources available to complete the audits.

RISK ASSESSMENT

Instrumental to the development of the FY15 Audit Plan was completion of the FY14 agency-wide risk assessment. The agency-wide risk assessment is continually being refined and adjusted based upon events, issues identified during audits and agency priorities. The methodology used this year is similar to last year's risk assessment; however, this year we coordinated the risk assessment with the newly formed Enterprise Risk Management group. We have also updated the categorization of risks to correspond with the CEO's six key imperatives:
1. Improve Metro bus and rail transit service,
2. Renewed focus on customer service,
3. Advance our bus and rail transit projects,
4. Advance the highway and freeway program,
5. Increase emphasis on safety and security, and
6. Civil Rights compliance.

The risk assessment continues to place a strong emphasis on the agency's internal control framework and vulnerability to fraud. We believe this year's risk assessment portrays the agency's risks in light of the changes to our risk environment and the challenges the agency faces in the next few years.

The risk environment continues to evolve with the focus this year on Measure R projects, along with the agency's ability to achieve all of its goals successfully with available staffing.

The agency-wide risk assessment process began by reviewing and analyzing key documents such as the annual budget, the Basic Financial Statements, status reports on major projects, past audit reports, open and late corrective actions to prior audit findings, and the transportation plans. We then completed an extensive assessment of the different areas within the agency. We supplemented this assessment by

interviewing key personnel to obtain additional information. All of this information was used to identify risks and concerns specific to individual cost centers as well as risks impacting the entire agency. In addition, similar to last year we evaluated risks related to five outside agencies that receive significant funding from MTA: Access Services, Alameda Corridor East (ACE), Exposition Authority (Expo), Pasadena Foothill Extension Authority (Foothill), and Metrolink. Risks were then scored using two factors, magnitude of impact and likelihood of occurrence. As in prior years, a heat map is still being used to display the overall risk assessment of the agency.

Organizational Risk Heat Map
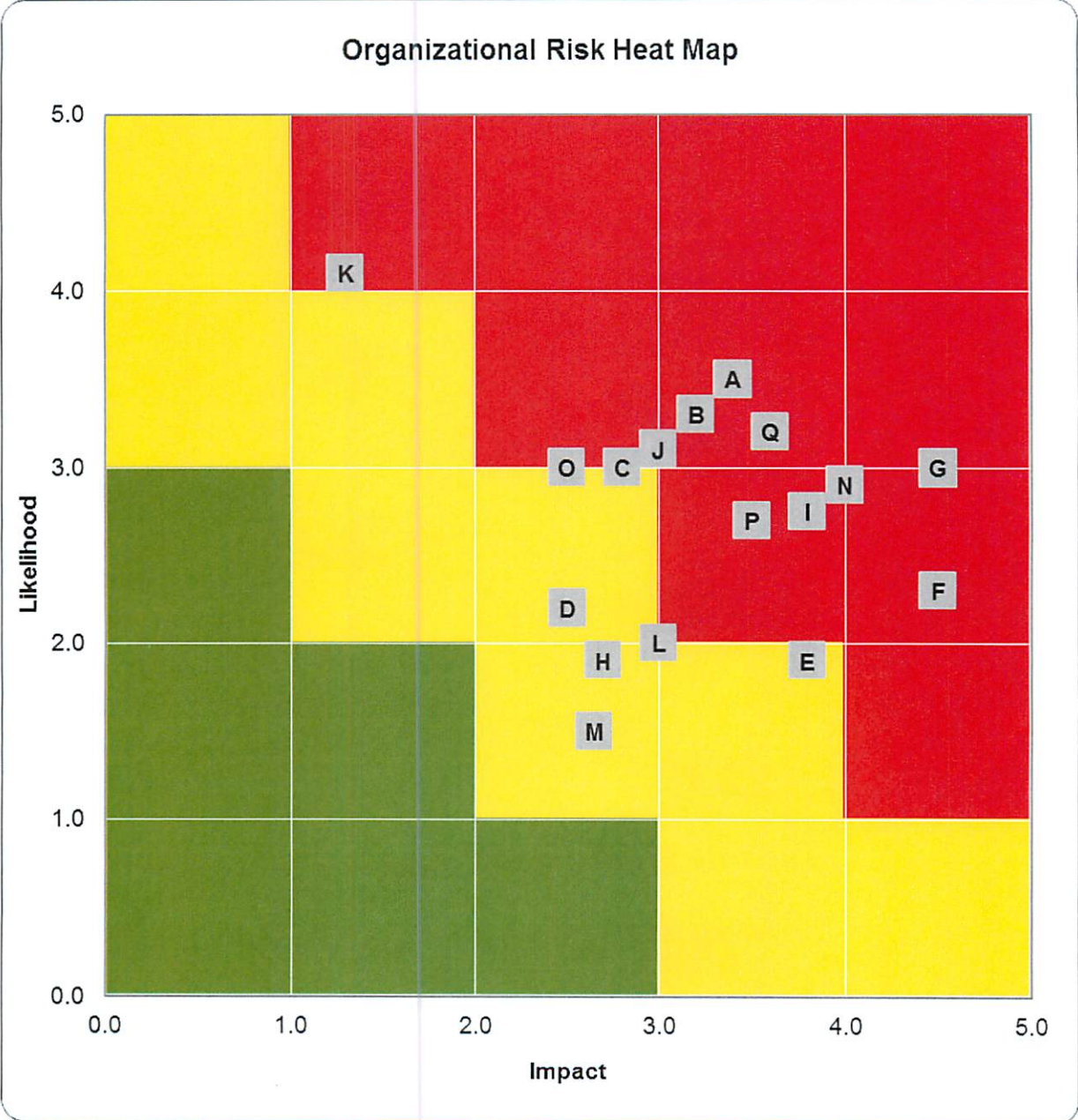
|		
A.	Engineering & Construction	I.	Labor/Employee Relations
B.	Planning & Development	J.	Program Management Office
C.	L.A. Metro Protective Svcs	K.	Metrolink
D.	Congestion Reduction	L.	Exposition Authority
E.	Finance & Administration	M.	Foothill Extension Authority
F.	Information Technology	N.	Access Services
G.	Vendor/Contract Management	O.	ACE
H.	Communications	P.	Corporate Safety & Risk Management
		Q.	Operations

<u>High Risk Areas</u>
The top internal risks include aging infrastructure, key information systems and completion of multiple corridor projects within the same timeframe. The top external risks include Metrolink and Access Services.

1) Ability to hire qualified technical staff, minimal increase in support staffing and increased efforts needed for Measure R projects are pervasive concerns that surfaced in most of the risk assessment discussions. Lean support staffing combined with multiple complex Measure R funded projects is one of the key risks the agency still faces. This risk is higher because multiple, major rail transit projects such as Crenshaw/LAX, Westside Subway Extension and Regional Connector will be competing for services from a limited pool of project support staff. There have been ongoing discussions with Senior Management to address these concerns and to shift available resources to key risk areas, but the ability of the support staff to provide oversight to these projects is still considered a key risk. This risk has impacted the overall scoring of several departments including Operations, Engineering and Construction, Planning and Development, Finance and Administration, Program Management Office, Information Technology and Vendor/Contract Management.

2) Operations' overall risk score is impacted by aging infrastructure coupled with a significant amount of deferred maintenance that is being addressed in the current budget but is still considered a risk to achieving some of the CEO's key goals.

3) Risks impacting the overall scoring of key information systems were identified in a prior year Information Technology risk assessment. The lean staffing in the support areas is also seen in Information Technology Services. Several key information systems have been identified with "single points of failure", meaning some systems have only a single individual with extensive knowledge of that system. This impacts coordination of services, disaster recovery planning, backup and strong central internal controls.

4) Metrolink's risk ranking is based upon reports that cite concerns regarding availability of financial information, OCTA's review of Metrolink's Internal Audit function, write-off of obsolete inventory and Metrolink's struggle to complete their required financial statement and A-133 audits on time.

5) Access Services' risk ranking increased because of increased costs in their current budget, and projected increases in passengers that will need to use Access Services in the future as the baby boomers continue to age.

AUDIT PLAN

For purposes of the audit plan, the agency has been organized into 12 departmental functions and 5 other agencies funded by MTA. The FY15 audit plan is summarized as follows:
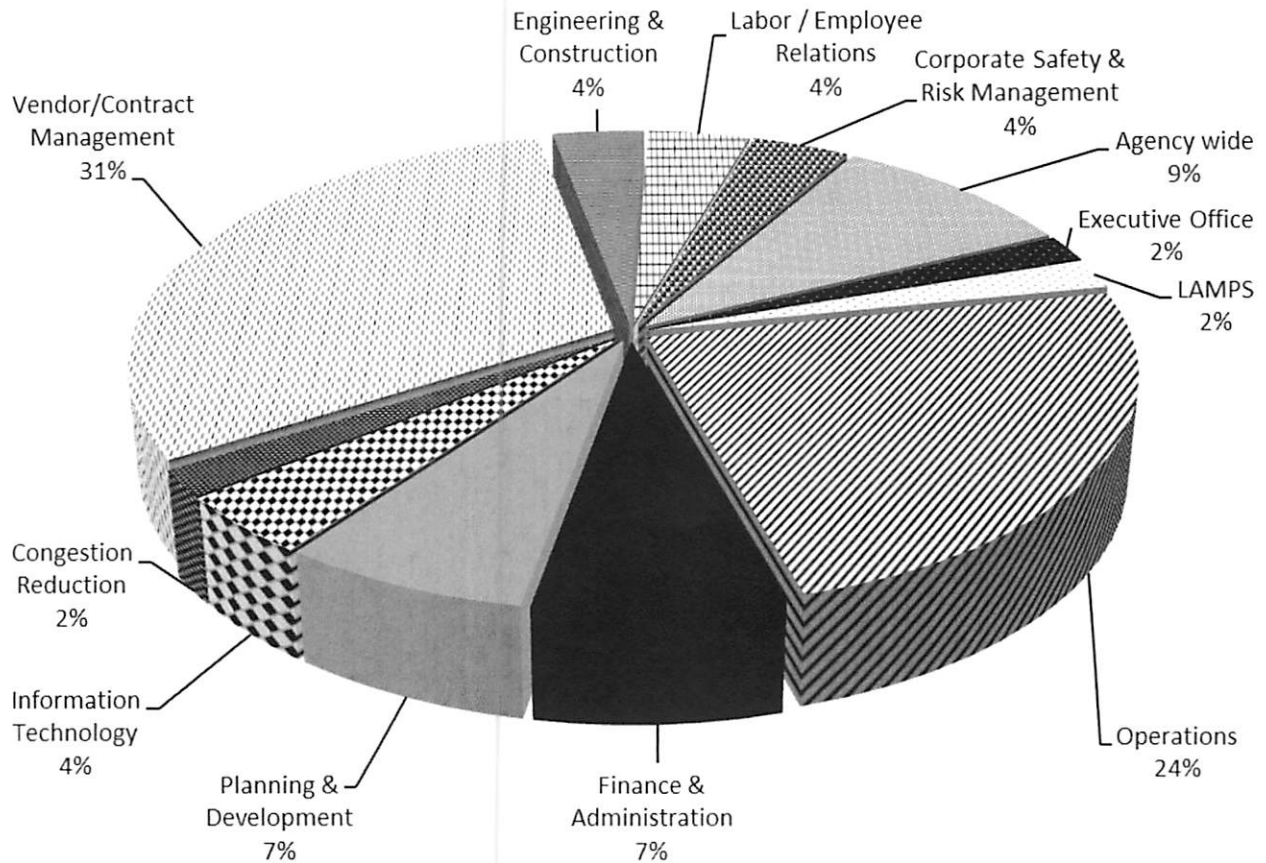
A detailed list of audits is included in Appendix A.

Audit Plan Strategy

The audit plan leveraged the information obtained during the agency-wide risk assessment process and included audits in those areas identified as critical or high risk to the agency.

The strategic goals for developing and implementing the audit plan include:
1. Improve Metro bus and rail transit service,
2. Renewed focus on customer service,
3. Advance our bus and rail transit projects,
4. Advance the highway and freeway program,
5. Increase emphasis on safety and security, and
6. Civil Rights compliance.

Most of the projects selected for the FY15 audit plan have multiple strategic goals. The following chart summarizes the audits by the primary strategic goal.

3. Advance our bus and rail transit projects 33%

4. Advance the highway and freeway programs 6%

5. Increase emphasis on safety and security 3%

6. Civil Rights compliance 2%

2. Renewed focus on customer service 9%

1. Improve Metro bus and rail transit service 47%
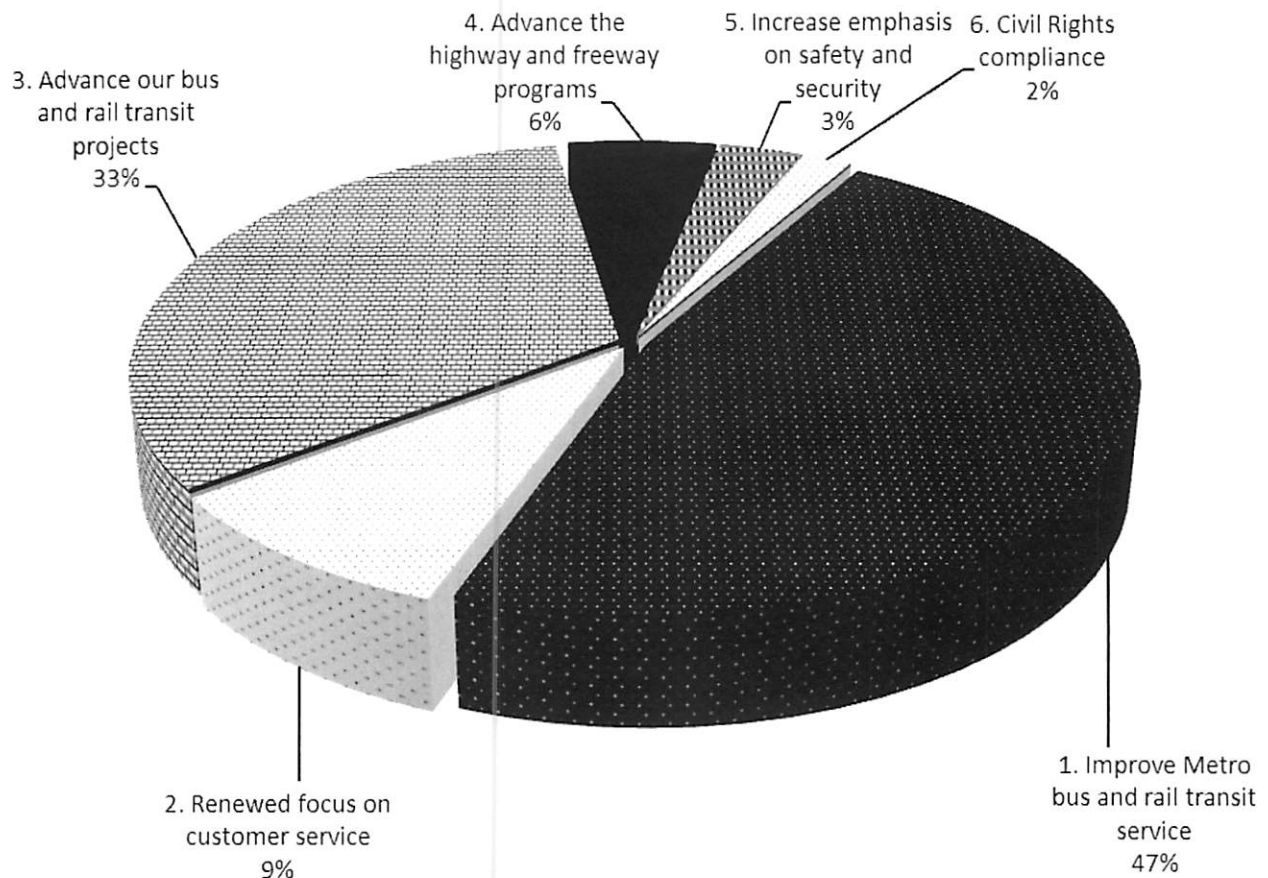
Audit Resources

Management Audit is constrained by available staff resources and budgeted professional services dollars. In FY15, the audit plan is based on budgeted staffing and resources.

In developing the plan, the hours included for each audit are an estimate. There are occasions where some audits may take longer and therefore absorb more hours than proposed and in other cases; the audit will be completed in fewer hours than estimated. In addition, urgent requests arise that need audit support. When this occurs, the plan

must be reassessed and Management Audit may supplement internal resources with outside consultants as long as there is funding and consultants available for the task. Therefore, all planned audit work may not be completed and the audit plan may be reassessed and adjusted during the year for unanticipated risks and work.

AUDIT PLAN AREAS

Internal Audits

The internal audits were selected based on the results of the FY14 agency-wide risk assessment. Areas identified as critical or high risk during the agency-wide risk assessment were given priority when identifying potential audits for the FY15 audit plan. Since there are more risks than available resources, resources were the key factor in selecting the number of risks and areas to audit.

Fifteen technology systems have been identified by management as critical to completing core business processes. They are:
1) *Infrastructure (includes Email, Web proxy & Internet)*
2) *HASTUS (formerly TOAST) – Scheduling system*
3) *Financial Information System (FIS)*
4) *Payroll*
5) *Maintenance and Materiel Management System (M3)*
6) *Human Resources*
7) *Driver's License Monitoring System (DLMS)*
8) *Transit Safety Tracking*
9) *Universal Fare System (UFS)*
10) *Advanced Transportation Management System (ATMS)*
11) *Supervisory Control and Data Acquisition (SCADA)*
12) *Vector System*
13) *Vehicle Accident Monitoring System (VAMS)*
14) *Rail Incident Management system (RIMS)*
15) *TransitSafe*

Beginning in FY09, Management Audit started focusing audit resources on these systems. This emphasis will continue in FY15 and future audit plans until the controls over all modules have been assessed. In selecting potential FY15 audits, Management Audit identified areas that would provide assurance that the critical system's internal controls are adequate and working effectively and that the system is providing timely and accurate information to management.

The majority of Management Audit's projects are focused on completing assurance work on "hard controls", such as segregation of duties, safeguarding agency assets, accurate original entries and transactions, and compliance with regulations, contracts, and memorandums of understanding (MOUs). However, business process improvement is also an important focus for the agency. Therefore, the FY15 audit plan contains projects that assess whether greater efficiencies can be achieved and where appropriate provide recommendations for business process improvements.

We continue to use AuditExchange software to increase the amount of transaction reviews without using a lot of staff resources. This software allows Management Audit

to program queries on data tables to perform 100% review of transactions to pre-set criteria. In this year's audit plan, 900 hours of staff time have been set aside to review exceptions identified during the monitoring of these scripts to identify systemic issues that need management review and correction. Additional queries will be programmed each year based on available funding. We will prioritize the areas that will be programmed based on several factors including risk ranking, management concerns and areas that are most vulnerable to fraud.

Contract & Grant Audits
Grant Audits review costs associated with MOU's issued under the Call for Projects program and Contract Audits review costs proposed or incurred on contracts and change orders issued by Procurement. The planned audits were identified based on discussions with project managers and contract administration staff, analysis of Call for Project's audit universe and Financial Information Systems' (FIS) data for contract audits. The universe of audits was balanced against the associated budget authorized to complete the work. Any additional work required beyond what is planned in the FY15 audit plan or unplanned audits requested will need to be outsourced to consultant firms and funded by the project. The grant audit work was completely outsourced in FY14 and will continue to be outsourced in FY15 because of audit staff reductions. The MOU's selected for grant audit work are either projects that expect to be finished next fiscal year or in the case of longer term projects whether an audit has been completed in the last two years.

Currently, contract audits requested for large construction projects, Corridor Projects, and rolling stock regulatory projects are the highest priority. The next highest priority is pre-award audits for all other projects, and incurred cost and closeout audits have the lowest priority when assigning work. Because staffing in Management Audit is limited, the incurred cost and closeout audits will use external staffing if there are available project funds. As these records get older and project management is either reassigned or leaves the agency, there is significant risk to MTA's ability to negotiate and close out cost reimbursable contracts.

Special Request Audits
The FY15 plan also includes 2,450 hours or approximately 9% of available hours for special projects requested by the CEO (Appendix A, Line 48). These hours provide some flexibility in the audit plan to respond to emerging issues where the CEO needs audit resources to review and provide recommendations to correct a problem or to provide information about a specific issue.

Also, in order to comply with Government Accountability Office's Generally Accepted Government Auditing Standards and Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), this year the self-assessment will be completed with audit management and external sources. The Standards require the audit activity adopt a process to monitor and assess the overall effectiveness of the audit quality process. The work will assess compliance to the Standards and to Management Audit's Charter, mission statement, objectives, audit policy manual, supervision, and staff development. In addition, the internal quality assurance review assesses our effectiveness and promotes continuous improvement within Management Audit. This internal review will also help prepare Management

Audit for the external quality assurance review mandated by the Standards that is scheduled for Fall of 2015.

OTHER PLANNED ACTIVITIES

Audit Tracking and Follow-up

For all external audit findings (OIG, State of California, FTA etc.), Management Audit is required to track and follow-up on all audit recommendations until the audit finding is closed. In addition, Management Audit tracks and follows up on internal audit findings in compliance with the Standards. To do this, Management Audit maintains an audit database which staff uses to manage, track and follow-up on all recommendations.

Beginning in March 2005, Management Audit assumed responsibility to report to the Board on all outstanding audit issues. These reports include all outstanding audit findings and a summary of the findings closed. Both the CEO and Management Audit continue to focus on this area to ensure that any significant risks to the agency are addressed in a timely manner.

Project Management of Consolidated and Annual Financial Audits

In 2009, Management Audit assumed the responsibility for managing the entire agency's planned audits by external auditors. We have included 300 hours of staff time to provide assistance to KPMG for the Annual Financial Audit and the National Transit Database audits. Audit management time is also provided to ensure these audits are completed within the scope and schedule of the contracts. In addition, 200 hours of staff time have been included to provide oversight of four additional required financial audits.

MANAGEMENT AUDIT SERVICES FRAMEWORK

Metro's vision is safe, clean, reliable, on-time, courteous service dedicated to providing Los Angeles County with a world class transportation system. Management Audit is committed to providing essential support to achieve this vision. To do this we have developed our department vision which is to deliver value by driving positive change through partnership and trust. In order to ensure our work is consistently reliable, independent and objective, Management Audit completes work under the framework of our Board approved Audit Charter. The Audit Charter includes Management Audit's mission, the standards we must comply with, and our department's objectives and core function.

Mission

Our mission is to provide highly reliable, independent, objective assurance and consulting services designed to add value and improve operations. The department accomplishes this by bringing a systematic, disciplined approach to evaluating and recommending improvements to the effectiveness of risk management, controls and governance processes.

Standards

To meet our client's expectations and for us to function with reliability and credibility, Management Audit must ensure our audits are independent, objective and accurate.

Therefore, Management Audit follows the ethical and professional standards promulgated by the Government Accountability Office, Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors International Professional Practices Framework. Depending on the type of audit being done, Management Audit also follows the standards promulgated by the American Institute of Certified Public Accountants (AICPA) and by the Information Systems Audit and Control Association (ISACA).

Objectives and Core Functions
As summarized in our Audit Charter, the primary objective of Management Audit is to assist the CEO and his management team with their important business and financial decisions by:
- Monitor and verify key regulatory and legislative compliance;
- Assess internal controls effectiveness and fiscal responsibility;
- Evaluate cost reasonableness of contracts and grants;
- Identify and recommend business process improvements;
- Evaluate and recommend efficiencies and effectiveness of programs and functions;
- Evaluate safety and security of agency systems, programs and initiatives; and
- Track and report on all outstanding external and internal audit findings.

In addition, Management Audit's objective is to foster a system and environment that supports the highest level of integrity and ethical conduct and provides assurance of an acceptable level of risk to management for all key business processes.

INTRODUCTION

The Institute of Internal Auditors (IIA) defines internal auditing as:

"…an independent, objective, assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes."

The FY15 audit plan included in Appendix A is based on IIA's definition and attempts to provide a balanced and effective review of the entire agency constrained by Management Audit resource limitations. Our FY15 plan is based on 28,900 direct audit hours to be provided by 13 budgeted audit professionals, 3 entry-level trainees and 1 intern. The audit hours for the Chief Auditor and her management team are not included in the direct audit hours.

This is the CEO's audit plan being presented to the Board for approval. The CEO has the discretion based on agency need or Board direction to reprioritize audit resources. We are dedicated to completing our audit plan while continuing to be flexible and responsive to the agency's needs.

ALLOCATION OF AUDIT RESOURCES

The direct audit hours are allocated as follows:
- 17,125 hours (59%) for new audits,
- 2,450 hours (9%)for CEO requested projects, and
- 9,325 hours (32%) for audits which are still in process.

OUTSOURCED & CO-SOURCED AUDITS

Based on industry best practices, we outsource some of the audits. On some of the work that we outsource, Management Audit now includes at least one staff auditor on the contracted work (co-sourcing) so that information is transferred internally. In addition, on some audits, staff auditors manage the work and external consultants are added to provide subject matter expertise.

This methodology trains internal auditors in specialized areas and ensures Management Audit receives the specialized expertise needed at the most economical price. The audits that we plan on either outsourcing or co-sourcing have been identified in the FY15 detailed listing of audits.

APPENDIX A

DETAILED LISTING OF AUDIT

Ref #	Audit Subject	Agency Area	Justification	Risk	Hours Needed	Co-source/ Out-source	Audit Plan Strategic Goal -Primary-
1	Performance Audit of Overtime Usage	Agency wide	Evaluate the use of overtime.	High	500		2. Renewed focus on customer service
2	Performance Audit of Bus Operations Compliance with CHP Requirements	Operations	Evaluate Bus Operations compliance with CHP inspections requirements.	High	525		1. Improve Metro bus and rail transit service
3	Rolling Stock Regulatory Audits	Operations	Evaluate vendor compliance with regulatory requirements for preaward and post award delivery of rolling stock.	High	525		3. Advance our bus and rail transit projects
4	Consolidated Audit	Finance & Administration	Financial and Compliance audit for Proposition A, Proposition C, Measure R local return funds, 1B Transit Modernization, Transit Security funds, Rider Relief Transportation Programs, TDA Program and EZ Pass Program. Includes management audit oversight activity.	High	350	Outsourced	3. Advance our bus and rail transit projects
5	Compliance Audit of TIFIA Loan Program	Finance & Administration	Evaluate compliance with TIFIA Loan reporting requirements.	High	150		3. Advance our bus and rail transit projects
6	Financial Audits for STIP, PRMA, Union Station, Express Lane	Agency wide	Financial Audit Oversight for STIP, PRMA, Union Station, Express Lane audits in Management Audit oversight.	High	200	Outsourced	3. Advance our bus and rail transit projects
7	Performance Audit of Fund Exchange Agreements	Planning & Development	Evaluate efficiency and effectiveness of the Funds Exchange Agreement Process including compliance with terms of agreement.	High	500		3. Advance our bus and rail transit projects
8	Performance Audit of Civil Rights Programs	Executive Office	Evaluate efficiency and effectiveness of the risk of non-compliance with FTA requirements.	High	500		6. Civil Rights compliance
9	Performance Audit of Records Management	Information Technology	Evaluate compliance with the regulatory requirements and Public Records Act exceptions.	High	400		5. Increase emphasis on safety and security
10	Performance Audit of SCADA System wide General and Application Controls	Operations	Evaluate system wide security for SCADA light and heavy rail operations including follow up on prior audit findings.	High	500		1. Improve Metro bus and rail transit service
11	Performance Audit of 511 System Integration and Information Technology Controls	Congestion Reduction	Evaluate efficiency and effectiveness of 511 it controls including follow-up on implementation of prior audit findings.	High	450	Co-source	2. Renewed focus on customer service

Ref #	Audit Subject	Agency Area	Justification	Risk	Hours Needed	Co-source/ Out-source	Audit Plan Strategic Goal -Primary-
12	KPMG Audit Support	Finance & Administration	Provide audit support to the agency's external audit process.	High	300		3. Advance our bus and rail transit projects
13	Performance Audit of ITS Telecommunications & Utilities Cost	Information Technology	Evaluate efficiency and effectiveness of internal controls surrounding ITS' management of telecommunications.	High	450		1. Improve Metro bus and rail transit service
14	Performance Audit of Payroll System	Finance & Administration	Evaluate efficiency and effectiveness of information technology controls.	High	520		1. Improve Metro bus and rail transit service
15	Continuous Audit of Payroll	Finance & Administration	Evaluate compliance of Payroll policies.	High	300		1. Improve Metro bus and rail transit service
16	Continuous Audit of Pcard	Vendor/Contract Management	Evaluate compliance to Pcard policies.	High	300		3. Advance our bus and rail transit projects
17	Continuous Audit of Accounts Payable	Finance & Administration	Evaluate compliance to Accounts Payable policies.	High	300		1. Improve Metro bus and rail transit service
18	Performance Audit of Fuel/Gasoline	Operations	Evaluate the efficiency and effectiveness of gasoline usage and related controls for potential cost savings.	High	400		1. Improve Metro bus and rail transit service
19	Transit Projects Incurred Cost Audits	Vendor/Contract Management	Evaluate Allowablity, Allocability and Reasonable of cost incurred under cost reimbursable contracts.	High	3500		3. Advance our bus and rail transit projects
20	Pre-Award Audits	Vendor/Contract Management	Pre-award audits of vendor proposal cost related to new acquisitions, change orders, non-competitive procurements and projects subject to Caltrans pre-award requirements.	High	3625		1. Improve Metro bus and rail transit service
21	Performance Audit of Fare Enforcement Proof of Payment	LAMPS	Evaluate effectiveness of the proof of fare payments process.	High	550		1. Improve Metro bus and rail transit service
22	Performance Audit of Usage of M3	Operations	Evaluate the effectiveness of utilization of M3 system and identify business process improvements.	High	500		2. Renewed focus on customer service
23	Performance Audit of Major Capital Projects for Business Process Improvements	Engineering & Construction	Evaluate the effectiveness and efficiency of the business process for major capital projects.	High	750		3. Advance our bus and rail transit projects
24	Performance Audit of Request for Proposal Process	Vendor/Contract Management	Evaluate efficiency and effectiveness of risk of non-compliance with FTA funding requirements.	High	120		3. Advance our bus and rail transit projects

Ref #	Audit Subject	Agency Area	Justification	Risk	Hours Needed	Co-source/ Out-source	Audit Plan Strategic Goal -Primary-
25	Performance Audit of Bus Buys Contract Performance	Operations	Evaluate efficiency and effectiveness of Bus Buy contracts.	High	400		3. Advance our bus and rail transit projects
26	Performance Audit of Operations Training and Qualifications System	Operations	Evaluate efficiency and effectiveness of Operations Training and qualification systems.	High	500		2. Renewed focus on customer service
27	Performance Audit of Wayside System Maintenance	Operations	Evaluate effectiveness of maintenance of the rail right of ways.	High	400		1. Improve Metro bus and rail transit service
28	Performance Audit of Operations Training Programs	Operations	Evaluate the effectiveness of Operations Training Programs.	High	500		2. Renewed focus on customer service
29	Performance Audit of Rail Operations Readiness Strategic Plan	Operations	Evaluate the adequacy of the agency's prepare for new lines coming into ROD and to develop lessons learned.	High	400		3. Advance our bus and rail transit projects
30	Performance Audit of Project Management for small capital projects	Agency wide	Evaluate the adequacy and effectiveness of the Project Management practices for small construction projects.	High	450		4. Advance the highway and freeway programs
31	Performance Audit of Division Management Practices	Operations	Review the efficiency and effectiveness and uniformity in Management practices for Operations' Divisions.	High	450		1. Improve Metro bus and rail transit service
32	Performance Audit of Fare Box Maintenance	Operations	Review the efficiency and effectiveness of fare box maintenance.	High	400		1. Improve Metro bus and rail transit service
33	Performance Audit of Rail Overhaul and Maintenance Programs	Operations	Efficiency and effectiveness of the rail overhaul and Refurbishment Projects programs.	High	500		1. Improve Metro bus and rail transit service
34	Performance Audit of Construction Change Order Process	Engineering & Construction	Efficiency and effectiveness of the construction change order process.	High	200		3. Advance our bus and rail transit projects
35	Follow-up Audit of Accident Prevention Program	Operations	To follow up on implementation of prior audit recommendations for Accident Prevention Program.	High	300		1. Improve Metro bus and rail transit service
36	Performance Audit of Long and Short Range Transportation Planning Process	Planning & Development	Evaluate efficiency and effectiveness of the Long and Short Range Transportation Planning Process.	High	550	Co-source	3. Advance our bus and rail transit projects
37	Performance Audit of Use of Consultant versus Staff	Agency wide	Evaluate efficient and effective use of consultants versus full time equivalents.	High	560		4. Advance the highway and freeway programs

Ref #	Audit Subject	Agency Area	Justification	Risk	Hours Needed	Co-source/ Out-source	Audit Plan Strategic Goal -Primary-
38	Performance Audit of Appropriateness of P3 Projects	Planning & Development	Evaluate efficiency and effectiveness of evaluating projects that qualify for P3 program.	High	500	Co-source	4. Advance the highway and freeway programs
39	Performance Audit of Bike Program	Planning & Development	Evaluate efficiency and effectiveness of the Bike Program in achieving its goals.	High	290		1. Improve Metro bus and rail transit service
40	System Development Life Cycle Audit of Contract Information Management System (CIMS) Phase I & II DEOD	Vendor/Contract Management	Evaluate efficiency and effectiveness of system implementation success.	High	400		3. Advance our bus and rail transit projects
41	Performance Audit of Automated Storage & Retrieval System (ASRS)	Vendor/Contract Management	Evaluate efficiency and effectiveness of ASRS upgrade.	High	235		1. Improve Metro bus and rail transit service
42	Performance Audit of Revenue Collection	Agency wide	Evaluate efficiency and effectiveness via holistic exam of the quality, accuracy and timeliness of revenue collection.	High	1000		1. Improve Metro bus and rail transit service
43	Performance Audit of Labor Relations Grievance Processing	Labor / Employee Relations	Evaluate adequacy and effectiveness of Grievance Programs.	High	500		1. Improve Metro bus and rail transit service
44	Performance Audit of Succession Planning	Labor / Employee Relations	Evaluate efficiency and effectiveness of succession planning.	High	500	Co-source	1. Improve Metro bus and rail transit service
45	Performance Audit of Mobile Devices	Information Technology	Evaluate efficiency and effectiveness of security of mobile devices and employee usage.	High	250		1. Improve Metro bus and rail transit service
46	Performance Audit of Business Continuity Program	Corporate Safety & Risk Management	Evaluate efficiency and effectiveness of the plan to restore essential operations and functions after an emergency.	High	500		1. Improve Metro bus and rail transit service
47	Performance Audit of Safety Program	Corporate Safety & Risk Management	Evaluate efficiency and effectiveness of the agency wide safety program including the accuracy of reported metrics.	High	450		5. Increase emphasis on safety and security
48	CEO Special Requests		Special audits requested by the Chief Executive Officer.	High	2450		
	MAS GRAND TOTAL				28900		