



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
SEPTEMBER 21, 2006**

SUBJECT: MANAGEMENT AUDIT SERVICES FY 2006 YEAR-END REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the year-end report of Management Audit Services for the period ending June 30, 2006.

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 Services on its audit activities. This year-end report fulfills the requirement for fourth quarter of FY 2006.

DISCUSSION

Management Audit Services (MAS) provides audit support to the Chief Executive Officer (CEO) and his executive management. MAS provides audit services both internally reviewing agency processes, functions and systems, as well as externally reviewing compliance to contracts and memorandums of understanding (MOUs).

There are five audit groups in MAS, contract audit, grant audit, financial audit, information technology audit, and operational audit. Contract Audit audits contractor's proposals/claims to support the Office of Procurement and Material Management. Grant Audit audits compliance to MOUs for projects funded by Countywide Planning and Development. Financial Audit specializes in financial transaction reviews, Information Technology Audit audits the information technology (IT) systems, infrastructure, IT programs and activities, and Operational Audit focuses on agency operations and processes.

The summary of MAS audit activity for the fiscal year ending June 30, 2006 is as follows:

Contract Audit – 36 audits were completed reviewing an absolute value of \$55.5 million and questioning an absolute value of \$2.3 million. As of June 30, 2006, 20 audits are in process with an absolute value of \$25.3 million.

Grant Audit – 32 audits were completed reviewing \$52 million and identifying \$2.9 million of funds that can be reprogrammed through the Call-for-Projects. Thirty audits are in process reviewing \$161 million.

Financial Audit, Information Technology Audit, and Operational Audit – 17 audits, ten Controlled Self-Assessments (CSAs), and three consulting engagements were completed during the fiscal year.

Contractor Pre-Qualification – 428 applications and validations were processed and 404 were approved.

Audit Follow-up and Resolution – 72, or 50%, of all outstanding audit recommendations were completed and closed. Seventy-four new audit recommendations were added.

MAS' FY 2006 Year-End report is included as Attachment A.

NEXT STEPS

Management Audit Services will provide a first quarter summary of FY 2007 audit activity to the Board at the November 2006 Executive Management and Audit Committee meeting.

ATTACHMENT

- A. Quarterly Report on Management Audit Services activity for period ending September 30, 2006.

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**MANAGEMENT AUDIT SERVICES
QUARTERLY REPORT TO THE BOARD**

**YEAR-END
FY 2006**



Metro

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EXECUTIVE SUMMARY

Introduction

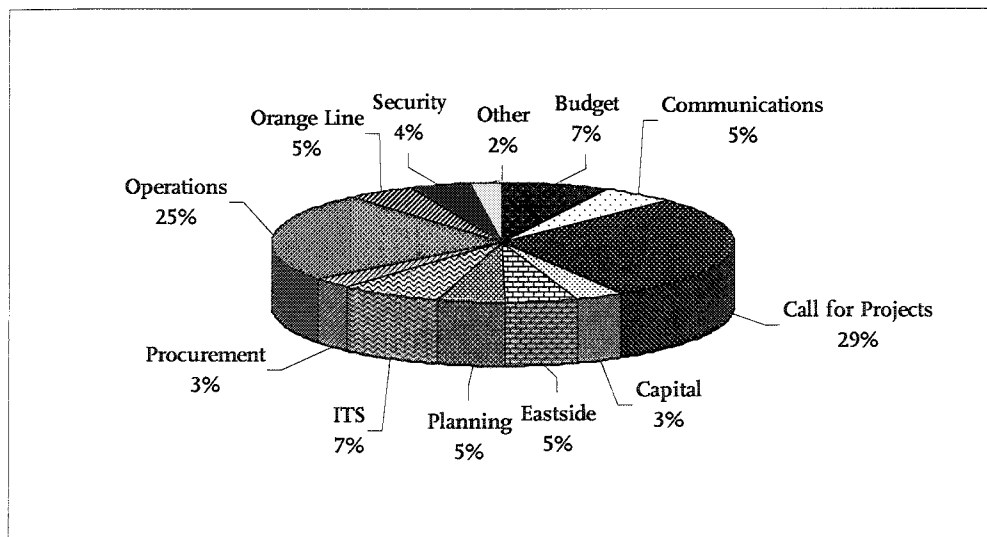
During FY 2006, 79 audits were completed; 12 audits were issued in the first quarter, 15 audits were issued in the second quarter, 15 audits were issued in the third quarter, and 37 audits were issued in the fourth quarter. In addition, ten Control Self-Assessments (CSAs) were completed, one in the first quarter, three in the second quarter, two in the third quarter, and four in the fourth quarter.

Also during the year, seven audit memos were issued for audit projects that were stopped after the preliminary survey was completed because risk to the agency was deemed to be low. The Agency Wide Risk Assessment was completed in second quarter FY06 and auditors worked on three consulting engagements, one in first quarter, one in second quarter, and one in the third quarter.

The work completed in the first, second and third quarters of FY06 is summarized in the quarterly reports issued in November 2005, February 2006, and June 2006. The completed audits for fourth quarter include nine internal audit reports, 13 contract audits, and 15 grant audits. The completed contract and grant audits are summarized on page three and completed internal audits and CSAs begin on page four.

Seventy-three audits and one CSA report were in process at the end of FY 2006.

The following chart identifies the functional areas where Management Audit Services (MAS) focused staff time and efforts during FY 2006:



Other includes hours spent on projects for Risk Management, Administration, Consent Decree analysis, and Environmental work.

EXECUTIVE SUMMARY

Audit Follow-up and Resolution has continued its more proactive approach to getting recommendations resolved. Seventy-two, or 50% of the recommendations were completed and closed during FY 2006 out of a total universe of 143. At the end of FY06, MAS had successfully closed 95% of all old audit findings. A total of 74 audit recommendations were added during the fiscal year.

The pre-qualification group processed 428 applications and validations during FY 2006, which were in support of 94 different procurement actions. The average time to process applications was decreased by 20% in FY06.

FY06 Summary of Accomplishments

MAS has undergone significant changes during FY 2006, most notably advancement in our efforts to streamline and reengineer our own processes. Auditors and staff have successfully implemented the audit workpaper software, TeamMate, into all audit work completed in FY06. Audit now has a completely paperless process. Further, with many audit resources now available in electronic searchable format, MAS staff has been able to access these documents from their workstations saving both time and resources.

MAS underwent a rigorous Quality Assurance Review (QAR) process to ensure we are complying with government auditing standards. Government auditing standards (GAS) requires each audit organization performing audits in compliance with GAS to have an appropriate internal quality control system in place and undergo a QAR once every three years. The results of MAS' QAR concluded we substantially comply with professional auditing standards and practice effective internal quality control procedures.

An agency-wide risk assessment was completed during FY06 at the request of the CEO. This is the first time the agency has undergone a formal comprehensive risk assessment of its processes and functions. A risk assessment is the process of understanding an organization's strategic, operational, compliance and financial objectives and then identifying and prioritizing potential threats/risks that could inhibit the successful completion of these objectives. The results of this risk assessment have allowed MAS to focus audits in areas that present more strategic or operational risks to the agency.

The Board adopted FY06 Audit Plan is risk based and audits are now assessed at the end of the planning phase to determine whether the risk justifies the resources necessary to complete fieldwork and issue a report. In those areas where MAS determines the risk to be low, the audit is stopped and the client is notified. This approach focuses audit resources in the areas of the agency that are more vulnerable to risks or could cause a more significant impact if anything went wrong. This also reduces client resources invested in the audit process, since they do not have to provide staff to support audit work in areas of low risk.

CONTRACTORS & OTHER AGENCY AUDITS

CONTRACT AUDIT

Contract Audit provides support to the Office of Procurement and Material Management for a wide range of large-dollar procurements and projects in the area of financial and contract compliance. This support is given throughout the procurement cycle in the form of pre-award, interim, change order, and closeout audits.

During FY 2006, 36 audits were completed, reviewing a net value of \$55.5 million and questioning a net value of \$2.3 million. Fourteen of these completed audits were for the Eastside project, eight were for Orange Line, eleven were for Operations and the others were for Planning, Environmental, and capital projects. In addition, Contract Audit completed one special request for consulting services. As of June 30, 2006, 20 audits were in process with an absolute value of \$25.3 million dollars.

For contract actions negotiated during FY 2006 (including open audit findings from prior quarters) the agency avoided \$1.2 million in cost based on questioned costs from audit findings, which resulted in a total sustention rate of 59.21%.

Throughout the year, approximately 5% of Contract Audit's efforts went to support the Eastside project and 5% to Orange Line. The rest of the audit effort was split among Operations, Environmental, and other capital projects.

Details on Contract Audits completed during FY 2006 are in Appendix A.

GRANT AUDIT

Grant Audit conducts audits for Countywide Planning's Call-for-Projects program, federally funded transportation programs, and various other grantees for transportation related projects. These include the Alameda Corridor East and CalTrans. The purpose of the audits is to ensure that money is spent in accordance with the terms of the grants or contracts and Federal cost principles.

Grant Audit completed 32 audits during FY 2006, reviewing in excess of \$52 million. We identified \$2.9 million of funds that can be reprogrammed by Countywide Planning for other projects. Thirty audits with a total value of \$161 million were in process as of June 30, 2006.

Details on Grant Audits completed during FY 2006 are in Appendix A.

INTERNAL AUDITS

FINANCIAL AUDIT

For the fourth quarter of FY 2006, two audits were completed. Credit and Collections and Contract Compliance Certification Program are summarized below. One audit on the Grant Process was stopped because the overall risk was assessed as low and a memo was issued after the survey phase.

Eight Financial audit projects are in process. The eight audits in process include: Fixed Asset, Investment Policy, Inventory Management, General Ledger, Accounts Payable, Encumbrances, Budget Process, and Payroll Process.

The financial audits completed during FY 2006 are listed in Appendix B. In addition to these reports, Financial Audit also provided consulting services to PricewaterhouseCoopers.

Credit and Collections

The primary purpose of the audit was to determine whether Credit and Collection's internal controls for fare media consignment sales, receivables, and uncollectible accounts are adequate. Based upon our review, we found no material internal control weaknesses.

Contract Compliance Certification Program

The primary purpose of the audit was to assess Contract Compliance Certification Program internal controls and compliance with program requirements for the process to set and attain DBE goals, monitor attainment of goals and report on the results. Based on our assessment and testing of the sample contract files, we found no significant instances of non-compliance and no material internal control weaknesses.

INTERNAL AUDITS

INFORMATION TECHNOLOGY AUDIT

For the fourth quarter of FY 2006, three audit reports were issued, Information Technology Services Disaster Recovery Plan (ITS DRP), Transit Operations & Trends System (TOTS) Environment, and Supervisory Control and Data Acquisition (SCADA) Environment. These reports are summarized below.

Eleven Information Technology (IT) audit projects are in process. The 11 audits in process include: Change Management System, Advanced Transportation Management System Environment, Oracle Human Resources, Budget Information and Analysis System, Supervisory Control and Data Acquisition Firewall, Payroll, Software Licensing Procedures, Compliance to Software License Agreements, Physical Access Security for Rail Operations, Disaster Recovery Plan for ITS, and Financial Information System Environment. The IT audits completed during FY 2006 are listed in Appendix B.

Audit of the Information Technology Services (ITS) Emergency Response/Information Technology Recovery Plan (DRP)

The primary purpose of the audit was to assess the adequacy of the DRP for recovering transportation information. In addition, MAS assessed the testing conducted in July 2005. We noted that the recovery of all mission critical system within 72-hours has not been tested. Management will present to the ITS Steering Committee an overview of the current process, the concurrent storage strategy, and issues that need to be addressed to meet the recovery target as specified in Metro's Emergency Preparedness Plan.

Audit of the Supervisory Control and Data Acquisition (SCADA) System

The primary purpose of the audit was to evaluate logical and physical access, back up and recovery, and configuration management of this system. We found several inadequacies in the internal controls over this system. To address the report findings, management will purchase an archive media duplication device and store duplicate copies of all SCADA program and event files for onsite and offsite storage, and develop interim control procedures for each system utilizing the most appropriate version control.

Audit of the Transit Operations & Trends System (TOTS) Environment

The primary purpose of the audit was to review the adequacy of security and change management controls to safeguard TOTS environment against unauthorized use, disclosure, modification, damage or loss; and ensure that segregation of incompatible duties exists so no one individual controls all aspects of transaction processing. During the audit, all issues identified by the auditors were addressed and corrected prior to issuing the audit report.

INTERNAL AUDITS

OPERATIONAL AUDIT

For the fourth quarter of FY 2006, five audits were completed resulting in four audit reports being issued, and four audits were stopped with memos being issued because the overall risk to the agency was deemed to be low. The three security audits, Gateway Building Security, Division Security and RCC Security, were combined into two reports that contain security sensitive information. Rail Vehicles and Facilities Leasing to the Entertainment Industry, and the Immediate Needs Transportation Program are summarized below. Audit memos were issued for the four audits that were stopped: Farebox Vaulting, DBE Program Requirements, Fleet Deployment, and Records Management.

Audits in process include the Fare Media Audit and the Call for Projects Audit. Three other audit projects, Operations Capital Projects, Major Construction, and Post-award Contract Administration, have been combined into a single audit, which is now titled the Program Management Business Process Improvement.

Four control self assessments were completed during the fourth quarter, Bus Operations, Manpower Planning, Service Planning, and Transit Access Pass (outsourced to KPMG).

The operational audits and CSAs completed during FY 2006 are listed in Appendix B

Rail Vehicles and Facilities Leasing to the Entertainment Industry

The purpose of the audit is to determine whether internal controls are adequate to provide reasonable assurance that the funds received for leasing vehicles and facilities are collected, and transactions are properly supported and recorded in the financial records. The audit noted internal control deficiency caused by inadequate segregation of duties for the leasing of rail vehicles and facilities. Management will implement controls to correct the weakness.

Immediate Needs Transportation Program (INTP)

This audit was outsourced to Thompson, Cobb, Bazilio, & Associates, PC. The purpose of this audit was to examine and report on the administrative fee paid to service providers, the efforts to coordinate and consolidate overlapping functions with other agencies, and ways to increase usage of day passes in lieu of taxi vouchers. It also analyzed the monitoring of taxi providers, how distribution of the benefits is done, changing the taxi program by implementing a new type of coupon for emergency travel, and reviewing the SMART card and other taxi oriented automation for their applications to INTP. Management is implementing changes to improve oversight of this program.

AUDIT SUPPORT SERVICES

Contractor Pre-Qualification

California Public Utilities Code §130051.21 and Ordinance #4-05 of the Administrative Code require firms to be pre-qualified prior to doing business with the agency.

During FY 2006, 428 applications and validations were processed. Three hundred and fourteen applications and 112 validations were submitted, and seven applications were in process from the end of FY 2005. Of the 428 processed, 404 firms were approved to do business with LACMTA, 23 were closed as incomplete (applicants failed to respond to requests for information), one was denied, and five applications were still in process as of June 30. The average processing time was 12 days for applications and two days for validations.

The applications processed during FY 2006 were in support of 94 different procurement actions, including contracts in construction, operations, and professional services.

Audit Follow-Up and Resolution

The more proactive follow-up approach implemented last year continues to yield more timely agreed-upon corrective actions. During the fourth quarter, 16 additional recommendations were completed and closed representing an 18% reduction in the total outstanding recommendations. Below is a table summarizing the fourth quarter activity.

During FY 2006, 74 new audit recommendations were added to the outstanding audit recommendations list. Seventy-two were completed and closed out of a total universe of 143 for a closure rate of 50%.

**Summary of MAS and External Audit Recommendations
As of June 30, 2006**

Executive Area	Closed or Completed in April	Closed or Completed in May	Closed or Completed in June	Under Review	Extended	Not Yet Due	Total Open Recom.
EO Finance	3					3	3
EO Procurement & Material Management		2		1	3	6	8
Chief Executive Officer	2		1			5	5
Chief Comm. Officer	3	2			4	2	6
Chief Planning Officer						12	12
DCEO/COO		1	2	13	4	18	35
Totals	8	5	3	14	11	46	71

Appendix A

External Audits Completed During FY 2006

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Eastside	06-LRT-06 - Change	Eastside LRT Constructors	Legal	6/2006
Operations	J-002-05 - Interim/Costs Incurred	Booz, Allen & Hamilton, Inc.	Contractual	6/2006
Eastside	05CA-J37 - Interim/Costs Incurred	Jenkins/Gales & Martinez, Inc.	Contractual	6/2006
Orange Line	G-014-05 - Change	Shimmick/Obayashi, JV	Legal	6/2006
Orange Line	06-SOJ-07 - Change	Shimmick/Obayashi, JV	Legal	6/2006
Operations	06-ASC-01 - Change	Automated Switching and Controls, Inc.	Legal	5/2006
Eastside	06-LRT-05 - Change	Eastside LRT Constructors	Legal	5/2006
Operations	06-TRI-01 - Change	Trillium USA, LLC	Legal	5/2006
Operations	06-TRI-02 - Change	Trillium USA, LLC	Legal	5/2006
Operations	06-CCO-01 - Change	Clay Construction, Inc.	Legal	5/2006
Operations	06-PCC-01 - Change	Pinner Construction Company	Legal	5/2006

Appendix A

External Audits Completed During FY 2006

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Orange Line	06-SOJ-05 - Change	Shimmick/Obayashi, JV	Legal	4/2006
Orange Line	06-SOJ-06 - Change	Shimmick/Obayashi, JV	Legal	4/2006
Capital	06-BEC-01 - Change	Brutoco Engineering and Construction, Inc.	Legal	3/2006
Eastside	06-LRT-04 - Change	Eastside LRT Constructors	Legal	3/2006
Orange Line	06-SOJ-04 - Change	Shimmick/Obayashi, JV	Legal	3/2006
Eastside	06-LRT-02 - Change	Eastside LRT Constructors	Legal	2/2006
Operations	06-NES-01 - Cost Proposal	Nationwide Environmental Services, Inc.	Contractual	2/2006
Eastside	06-LRT-01 - Change	Eastside LRT Constructors	Legal	1/2006
Eastside	05CA-J36 - Interim/Costs Incurred	Jenkins/Gales & Martinez, Inc.	Contractual	1/2006
Eastside	R-002-04 - Interim/Costs Incurred	Electrical Building Systems, Inc.	Contractual	1/2006
Eastside	R-004-04 - Interim/Costs Incurred	E2 Consulting Services, Inc.	Contractual	1/2006

Appendix A

External Audits Completed During FY 2006

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Orange Line	06-SOJ-01 - Change	Shimmick/Obayashi, JV	Legal	12/2005
Orange Line	06-SOJ-02 - Change	Shimmick/Obayashi, JV	Legal	12/2005
Operations	06-BAH-10 - Change	Booz, Allen & Hamilton, Inc.	Contractual	11/2005
Operations	06-SWI-01 - Change	Stacy and Witbeck, Inc.	Legal	10/2005
Planning	06-J&S-01 - Pre-Award	Jones & Stokes	Contractual	10/2005
Eastside	05CA-J35 – Interim/Costs Incurred	Jenkins/Gales & Martinez, Inc.	Contractual	9/2005
Eastside	J-001-03 – Interim/Costs Incurred	Jenkins/Gales & Martinez, Inc.	Contractual	9/2005
Operations	06-BBR-01 - Change	Balfour Beatty Rail Systems	Legal	8/2005
Orange Line	05CA-J13 - Interim/Costs Incurred	STV Group, Inc.	Contractual	8/2005
Eastside	S-005-05 – Final/Ind. Cost Rate	Group Delta Consultants, Inc.	Contractual	8/2005
Eastside	S-008-04 - Final/Ind. Cost Rate	E2 Consulting Services	Contractual	8/2005

Appendix A

External Audits Completed During FY 2006

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Eastside	J-005-05 – Interim/Costs Incurred	MACTEC Engineering & Consulting, Inc.	Contractual	7/2005
Environmental	05CA-T15 – Final/Costs Incurred	CH2MHill Constructors, Inc.	Legal	7/2005
Operations	05CA-J27 – Final/Costs Incurred	Harsco Track Technologies	Legal	7/2005

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	B-044-04 - Closeout	East Tujunga Wash/LA River Bikeways Phase I	Contractual	6/2006
Planning	05CA-H09 - Closeout	Real Time Transit Tech Program	Contractual	6/2006
Planning	06-CLA-20 - Closeout	Northeast Transit Center	Contractual	5/2006
Planning	06-DMJ-01 - Interim	Ramona Blvd Grade Separation Project for Alameda Corridor East	Contractual	5/2006
Planning	06-CLA-01 - Closeout	Synchronization Improvements Along Dash Routes in LA	Contractual	5/2006
Planning	06-COD-01 - Closeout	Lakewood Blvd Signal Interconnect	Contractual	5/2006

Appendix A

External Audits Completed During FY 2006

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	06-CLA-02 - Closeout	Expansion of LADOT TPS	Contractual	5/2006
Planning	06-CAC-01 - Closeout	Avalon Transportation Program	Contractual	4/2006
Planning	06GA-K06 - Closeout	Design of I-10 HOV Lane from Rte 57 to San Bernardino County Line	Contractual	4/2006
Planning	06GA-K05 - Closeout	Design of I-10 HOV Lane from Rte 57 to San Bernardino County Line	Contractual	4/2006
Planning	06-CWC-01 - Closeout	Bus Shelter Safety and Security Lighting Project	Contractual	4/2006
Planning	06-GA-K03 - Closeout	Design of I-10 HOV Lane from Rte 57 to San Bernardino County Line	Contractual	4/2006
Planning	06-CMP-01 - Closeout	Monterey Park Bus Stop Improvement	Contractual	4/2006
Planning	B-035-04 - Closeout	Arroyo Verdugo Fiber Optic Communication System	Contractual	4/2006
Planning	06-LAC-03 - Closeout	Los Angeles County Traffic Management Center	Contractual	4/2006
Planning	B-023-05 - Closeout	HOV Lanes on Rte 605 - Orange County Line to South Street	Contractual	2/2006
Planning	B-028-05 - Closeout	Chinatown Gateway Monument	Contractual	2/2006

Appendix A

External Audits Completed During FY 2006

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	06-CBM-01 - Closeout	Alameda Corridor East - CBM Consulting	Contractual	1/2006
Planning	06-GA-K02 - Closeout	Design of I-10 HOV Lane from Rte 57 to San Bernardino County Line	Contractual	1/2006
Planning	06LA-C09 - Closeout	Victory/Oxnard Bus Priority Treatments	Contractual	1/2006
Planning	B-031-05 - Closeout	Transit Store - Kiosks for 8 LANI Areas	Contractual	12/2005
Planning	06GA-W04 - Closeout	UCLA Bruin Go! Transit Pass Demonstration	Contractual	12/2005
Planning	06GA-K01 - Closeout	Dominguez Channel Bicycle Trail - Phase I	Contractual	12/2005
Planning	B-020-05 - Closeout	Union Station Improvements Project	Contractual	12/2005
Planning	06-HDR-07 - Interim	Alameda Corridor East Project-HDR Engineering	Contractual	12/2005
Planning	B-019-04 - Closeout	Mission Meridian Multi-Use Transit Oriented Parking	Contractual	11/2005
Planning	05CA-K18 - Closeout	Fremont Avenue Widening & Improvement Project	Contractual	10/2005
Planning	Caltrans - Closeout	TOS 1-5 on RTE 10 from RTE 101 to RTE 605	Contractual	9/2005

Appendix A

External Audits Completed During FY 2006

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	B-015-05 - Interim	Bechtel Infrastructure & Korve Engineering	Contractual	9/2005
Planning	05CA-Y14 – Closeout	Northbound I-710/Firestone Blvd. Off Ramp Reconstruction Phase II	Contractual	8/2005
Planning	05GA-J25 – Interim	Lim & Nascimento Engineering	Contractual	8/2005
Planning	05GA-K25 – Closeout	Solar Lighting at Bus Shelters	Contractual	7/2005

Appendix B

Internal Audits Completed During FY 2006

Financial Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Executive Officer Procurement & Material Management	04IA-001 – Contract Compliance Certification Program	This audit assessed internal controls over the establishment of DBE goals.	High	6/2006
Executive Officer Finance	06-ACC-002 – Credit and Collections	This audit reviewed the adequacy of internal controls and sample test to determine if transactions comply with policies and procedures.	Medium	6/2006
Executive Officer Procurement & Material Management	05IA-009 – Procurement Systems Review	This audit determined that Procurement's files are in compliance with applicable Federal Procurement regulations and State laws.	High	1/2006

Information Technology Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Executive Officer Procurement & Material Management/ITS	06-ITS-010 – Audit of ITS Disaster Recovery Plan	This audit is part of the FY06 plan. The objective of the audit is to ensure the contingent operation of LACMTA's transportation systems in the event of an emergency or disaster.	High	6/2006

Appendix B

Internal Audits Completed During FY 2006

Information Technology Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Operations Officer/Transit Operations & Trends Systems-ITS	03IT-008 – Transit Operations & Trends System Environment	This audit assessed the adequacy and effectiveness of internal controls established against unauthorized use, disclosure, modification, damage or loss.	High	6/2006
Chief Operations Officer/Wayside Engineering	05IT-001 – Supervisory Control & Data Acquisition (SCADA)	This audit determined the adequacy and effectiveness of internal controls for the SCADA System.	Medium	6/2006
Chief Operations Officer/Safety	05IT-002 – Drivers License Monitoring System	This audit determined whether adequate and effective internal controls are established for safeguarding data against disclosure, unauthorized use, or modification and to ensure compliance with the terms of the contract with the State of California DMV system.	Medium	2/2006
Chief Operations Officer - Information Technology Services	06-OPS-017- Audit of Advanced Transportation Management System Disaster Recovery Plan	The objective of this audit was to verify whether the Advanced Transportation Management System DRP is current, complete and effective to ensure the continuity of LACMTA operations.	High	1/2006

Appendix B

Internal Audits Completed During FY 2006

Information Technology Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Operations Officer - Information Technology Services	05-M3-TCBA - Audit on the Acquisition and Implementation of the M3 System	This audit assessed the adequacy of the project management of the M3 System acquisition and implementation.	High	12/2005
Chief Operations Officer - Information Technology Services	04IT-006 - Audit of Fuel Management System	This audit determined whether the internal controls for the Fuel Management System are adequate and effective to ensure transactions are authorized, accurate and complete.	High	7/2005

Operational Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Operations Officer/Security	06-SEC-001 – Gateway Building Security	Security sensitive	High	6/2006
Chief Operations Officer/Security	06-SEC-005 – Security of RRC Building (no report)	Security sensitive	High	6/2006
Chief Operations Officer/Security	06-SEC-009 – Division and RRC Security	Security sensitive	High	6/2006

Appendix B

Internal Audits Completed During FY 2006

Operational Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Planning Officer	06-INTP-TCBA - Audit on the Immediate needs Transportation Program	This audit examined the administrative fee paid to service providers, efforts to coordinate and consolidate overlapping functions with other agencies, and ways to increase usage of day passes.	High	5/2006
Chief Communications Officer	06-CMS-006 – Rail Vehicles and Facilities Leasing to the Entertainment Industry	This audit is part of the FY06 audit plan and tested adequacy of controls and improve the filming process.	Medium	5/2006
Chief Executive Officer	06-AWRA-KPMG - Agency Wide Risk Assessment	The assessment looked at the agency's strategic, operational, compliance and financial objectives, identifying and prioritizing potential threats/risks that could inhibit successful completion of these objectives.	High	1/2006
Executive Officer Finance/Risk Management	05-PLPD-TCBA - Audit on Public Liability and Property Damage Claims	This audit determined that there is an adequate system of controls over claims review, settlement and payment process, and that claims handling is consistent with accepted insurance industry standards.	Medium	9/2005

Appendix B

Internal Audits Completed During FY 2006

Operational Audit - Controlled Self Assessments

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Executive Officer	06-TAP-KPMG - Transit Access Pass	Organizational objectives, risks, and controls are identified and documented.	-	6/2006
Chief Operations Officer	06-OAD-017 - Service Planning	Organizational objectives, risks, and controls are identified and documented.	-	6/2006
Chief Operations Officer	06-OAD-016 - Manpower Planning	Organizational objectives, risks, and controls are identified and documented.	-	5/2006
Chief Operations Officer	05SA-006 - Bus Operations	Organizational objectives, risks, and controls are identified and documented.	-	4/2006
Chief Operations Officer	06-PMM-015 - Rail Warehousing	Organizational objectives, risks, and controls are identified and documented.	-	3/2006
Chief Planning Officer	5-2-02-01 - Regional Transportation Planning	Organizational objectives, risks, and controls are identified and documented.	-	3/2006
Executive Officer Finance	05SA-004 - Pension & Benefits	Organizational objectives, risks, and controls are identified and documented.	-	12/2005
Chief Communications Officer	06-MAC-014 - Customer Relations	Organizational objectives, risks, and controls are identified and documented.	-	12/2005

Appendix B

Internal Audits Completed During FY 2006

Operational Audit - Controlled Self Assessments

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Operations Officer	06-CNS-013 - Contract Services	Organizational objectives, risks, and controls are identified and documented.	-	11/2005
Executive Officer Finance	05CA-005 - Workers Compensation Claims	Organizational objectives, risks, and controls are identified and documented.	-	9/2005