Historical Perspective

This plan is updated annually. It was last amended on **October 14, 2020**.

At its January 2008 meeting, the Board adopted modifications to the FY07 Financial Stability Policy. The Financial Stability Policy requires Management Audit Services (MAS) 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 provide input and approval of the audit plan.

Prior to the adoption of the FY05 plan, MAS prepared an annual audit plan for internal audits beginning in FY00. The plan was prepared by audit staff, then reviewed and approved by the Managing Director of Audit. At the January 2005 meeting, the Board adopted the FY06 Financial Standards, which included the requirement for management to develop a risk assessment and an audit plan each year and present it to the Board. In April 2005, the Board approved MAS's FY06 audit plan for the first time. Starting in FY06 contract and grant audits were included in the annual plan to incorporate all MAS's planned work in the audit plan. The final draft of the audit plan was reviewed by the Chief Executive Officer and then provided to the Executive Management and Audit Committee for their input and approval. At its January 2008 meeting, the Board adopted modifications to the FY07 Financial Stability Policy which superceded the agency's Financial Standards. The Financial Stability Policy was adopted in January 2007. Like the Financial Standards, the Financial Stability Policy requires management to develop a risk assessment and an audit plan each year and present it to the Board. Instrumental in developing the FY09 Annual Audit Plan was completing the FY08 agency-wide risk assessment.

Metro

<div style="background-color:yellow">**Priority Projects**</div>

Vision 2028 Goal #1 – Provide high-quality mobility options that enable people to spend less time traveling

	Title	Objective	Area
1.	Continuity of Operations Plan (COOP) – Rail Operations	This audit will evaluate the adequacy of the rail COOP and SOPs to support the achievement of Mission Essential Functions in emergency situations.	Operations
2.	Metrolink Rehabilitation Projects	This audit will assess the efficiency and effectiveness of project controls designed to ensure that these projects are completed timely and with minimal overruns.	Program Management
3.	Transit Asset Inventory Records	This audit will evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records.	Risk, Safety and Asset Management

Vision 2028 Goal #3 – Enhance communities and lives through mobility and access to opportunity

	Title	Objective	Area
1.	Micro Mobility Program	This audit will assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro rapid equity assessment tool.	Planning and Development

Vision 2028 Goal #5 **– Provide responsive, accountable, and trustworthy governance within the Metro organization**

	Title	Objective	Area
1.	Pre-Award Audits	Pre-award audits for procurements and modifications.	Vendor / Contract Management
2.	Incurred Cost Contract Audits	Incurred cost audits to verify costs are reasonable, allowable and allocable on cost reimbursable contracts for contractors.	Vendor / Contract Management
3.	Incurred Cost Grant Audits	Grant audits to verify costs are reasonable, allowable and allocable on cost reimbursable contracts for Caltrans, Cities & County MOUs.	Planning & Development / Program Management
4.	Financial and Compliance External Audits	Complete legally mandated financial and compliance audits.	Agencywide
5.	Buy America Post-Award and Post-Delivery	Conduct Buy America Post-Award / Post- Delivery Audits for rolling stock procurements.	Vendor / Contract Management
6.	US Employment and Local Employment Program	Determine vendor's compliance with the US Employment and Local Employment Program terms and conditions.	Vendor / Contract Management
7.	Business Interruption Fund	This audit will validate compliance with administrative guidelines and fund disbursement procedures.	Vendor / Contract Management
8.	COVID-19 Regulatory Compliance	This audit will determine Metro's compliance with the COVID-19 planned document as well as with applicable state transit industry guidelines.	Systems, Security & Law Enforcement
9.	Cybersecurity Follow Up	This audit will verify if corrective actions have been taken by ITS on the prior external audit recommendations provided for this area.	Information Technology Services

10.	M3 Replacement – Controls and Readiness	This audit will assess if system controls and other aspects of project preparedness have been adequately considered prior to project implementation.	Information Technology Services
11.	Telecommuting – Policy Revision	This engagement will compile information on best practices for this area, and verify selected information already collected by Metro that will inform policy decisions.	Human Capital & Development
12.	Westside Purple Line Extension	This audit will evaluate mid-life efficiency and effectiveness over project management, including monitoring of schedule, budget, risk management and quality assurance.	Project Management

Discretionary Projects

Vision 2028 Goal #1 – Provide high-quality mobility options that enable people to spend less time traveling

	Title	Objective	Area
1.	3rd Party Coordination	This audit will assess the effectiveness and efficiency of the third-party coordination process related to major construction projects.	Program Management
2.	EIS-EIR	This audit will assess the effectiveness and efficiency of the Environmental Impact Report/Environmental Impact Statement (EIR \ EIS) process.	Program Management

Vision 2028 Goal #2 – Deliver outstanding trip experiences for all users of the transportation system

	Title	Objective	Area
1.	Metrolink Security	This audit will determine if the internal controls, including monitoring, over Metrolink's security program are effective.	Program Management
2.	Microtransit Pilot Program	This audit will determine whether the Micro-transit pilot program has appropriate system controls to ensure the accuracy, completeness, timeliness, and proper distribution of pilot program data.	Office of Extraordinary Innovation / Operations
3.	Rail Overhaul – Project Management	This audit will assess Metro's project management practices for rail overhaul & refurbishment projects to as compared to established procedures & best practice frameworks.	Operations

<u>**Vision 2028 Goal #3**</u> **– Enhance communities and lives through mobility and access to opportunity**

	Title	Objective	Area
1.	Access Services Operations and KPIs	This audit will evaluate the effectiveness and efficiency of Access Services operations and assess the reliability of data used to support KPIs.	Office of Civil Rights

<u>**Vision 2028 Goal #5**</u> **– Provide responsive, accountable, and trustworthy governance within the Metro organization**

	Title	Objective	Area
1.	EAMS Pre-Implementation Reviews	This audit will evaluate the condition of selected processes prior to the EAMS implementation.	Information Technology Services
2.	IT Awareness Third Party Vendors	This audit will assess third party vendors level of awareness of Metro's information security policies.	Information Technology Services
3.	Pre-Award Cost Price Analysis	This audit will evaluate the adequacy of the process performed by contract administrators for pre-award cost-price analyses.	Vendor / Contract Management
4.	Real Estate Management System	This audit will determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System.	Planning & Development

Risk Assessment Results

A risk assessment was done to identify areas of high importance which resulted in a tentative workplan with two project categories:

➢ *Priority projects* which are deemed to be of high importance and will be worked on first.

➢ *Discretionary projects* which are less critical and will be addressed as conditions warrant.

Category Factors

Relevance

Potential Value

Timely Completion

Resource Balancing

Stakeholder Feedback

Risk Discussion Themes

Proposed Audit Plan

Priority	Discretionary
Business Interruption Fund	3rd Party Coordination
COOP – Rail Operations	Access Services Operations and KPIs
COVID-19 Regulatory Compliance	EAMS Pre-Implementation Reviews
Cybersecurity Follow Up	EIS-EIR
M3 Replacement – Controls and Readiness	IT Awareness Third Party Vendors
Metrolink Rehabilitation Projects	Metrolink Security
Micro Mobility Program	Microtransit
Telecommuting – Policy Revision	Pre-Award Cost Price Analysis
Transit Asset Inventory Records	Rail Overhaul – Project Management
Westside Purple Line Extension	Real Estate Management System

Risk Considerations

Priority	Underlaying Risk
Business Interruption Fund	Financial
COOP – Rail Operations	Recovery & Business Continuity
COVID-19 Regulatory Compliance	Safety / Regulatory Compliance
Cybersecurity Follow Up	Information Security
M3 Replacement – Controls and Readiness	ITS Project Execution
Metrolink Rehabilitation Projects	Financial
Micro Mobility Program	Equity
Telecommuting – Policy Revision	Human Capital / Equity
Transit Asset Inventory Records	Documentation Adequacy
Westside Purple Line Extension	Quality Assurance

Next Steps

- Initiate kick-off process – October 2020

- Quarterly reporting to the Board – through June 30, 2021

Questions