6

Metro

EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
MARCH 18, 2004

SUBJECT: MANAGEMENT AUDIT SERVICES QUARTERLY REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the quarterly report of Management Audit Services.

ISSUE

The MTA Board of Directors requested a periodic report on audit activities by Management Audit Services. A periodic update on the status of audit recommendations and a report on issues and follow-up action was also requested.

BACKGROUND

Management Audit Services performs two types of audits – internal audits of MTA operations and external audits of our contractors and grantees. In addition, Management Audit Services administers the MTA's contractor pre-qualification program.

The **Internal Audit Group** consists of <u>Internal Audit</u> which is responsible for evaluating the internal control system of the MTA, as well as determining compliance with policy and regulation, ensuring the safeguarding of assets and evaluating MTA functions, activities and processes for efficiency and effectiveness; <u>Information Technology Audit</u> which conducts general control audits, system development audits, application audits and technical audits of the MTA's information technology systems, programs and activities; and <u>Control Self Assessment</u> which assists management in defining objectives, implementing self assessment of risks, controls, residual risks, and developing action plans to mitigate excessive risk.

The **External Audit Group** consists of <u>Contract Audit</u> which conducts audits related to pre-awards, change orders, and incurred costs, as well as providing support for claims, contract close-outs and related litigation; and <u>Project Audit</u> which conducts close-out audits of projects funded by the Call-for-Projects and also provides oversight for the annual Consolidated Audit of financial and compliance audits, which is performed by a CPA firm under contract to MTA.

DISCUSSION

Internal Audit Reports Issued

Since our last report, Internal Audit has issued the following audit reports:

DATE ISSUED	SUBJECT
06/16/03	Travelers Insurance
06/30/03	TOTS Timekeeping & Payroll System
06/30/03	First Transit Contractor Bus Service
06/30/03	Wide Area Network – Firewalls (IT)
07/09/03	HR/Payroll Disaster Recovery Plan Test (IT)
09/08/03	SAFE Purchase Card Program
09/18/03	ATMS Project Management Interim Report #2 (IT)
09/23/03	ATMS Transit Database System Interim Report #1 (IT)
09/26/03	MTA Purchase Card Program
10/27/03	Workers' Compensation Special Investigation Unit
11/14/03	Maintenance & Material Management Interim Report #1 (IT)
11/21/03	Universal Fare System Interim Report #1 (IT)
12/31/03	Property Management
01/30/04	ATMS Project Management Interim Report #3 (IT)
01/30/04	IT Review (IT)

Eight of the above 15 audit reports concern the Information Technology (IT) area. Five of these 8 reports are interim reports on our on-going reviews of the Advanced Transportation Management System (ATMS), Universal Fare System (UFS) and Maintenance & Material Management System (M³). These 3 technology projects have a combined life-of-project budget of almost $250 million. We are continuing to monitor these projects to ensure that the project management plans are adequate, that they are being implemented as intended and that reported project status is reasonably accurate. To date we have made a number of observations that have been acted upon by the respective project teams. We will continue to monitor these projects until they are fully implemented.

Implementation of Audit Recommendations

The MTA Board of Directors requested that we periodically report the status of the implementation of audit recommendations.

General Management Policy #19, titled *MTA Reports Resolution, Follow-Up & Tracking Policy*, requires executive management to establish and maintain a system to track all audit recommendations. Management Audit Services was tasked with this responsibility and, working with Information Technology Services, developed the Findings and Recommendations Management System (FARMS) as a central repository for all audit findings, recommendations, responses, proposed corrective actions, follow-ups and close-out information. The FTA has designated this system as a "best practice" and included it in the FTA Best Practices Procurement Manual.

Using this system, Management Audit Services performs follow-up on the implementation of all audit recommendations on a quarterly basis. During the year MTA implemented 113 Internal Audit recommendations. These recommendations are the responsibility of various MTA groups as shown in **Exhibit 1**:

EXHIBIT 1
Internal Audit Recommendations

MTA Group	Implemented 01/01/03 – 12/31/03	Outstanding as of 12/31/03	Past Due as of 12/31/03
Metro Operations	44	17	16
Countywide Planning	6	1	1
Construction	2	2	2
Communications	2	0	0
Chief of Staff	4	13	4
Staff Support	32	28	17
ITS	23	11	8
Totals	113	72	48

Management has generally been responsive in implementing the recommendations made by Internal Audit. As some noteworthy examples, our 3 reports on rail car maintenance practices included 39 recommendations and rail management has so far implemented 36 of these recommendations. Our reports on treasury operations and petty cash each included 8 recommendations which have all been implemented. Our report on MTA and SAFE purchase cards included 12 recommendations and 10 of these have been implemented to date.

After the end of each quarter's follow-up, we provide management with a report detailing the internal recommendations which are past due, i.e. not implemented by the original expected completion date. These 48 Internal Audit recommendations, which generally represent the residual ones or those of lesser importance, are shown in **Attachment A.**

In addition, Management Audit Services performs follow-up on the implementation of all external audit recommendations. These include those made by the Office of the Inspector General, FTA, PUC, Booz-Allen, PricewaterhouseCoopers, etc. During the year MTA implemented 144 External Audit recommendations. These recommendations are the responsibility of various MTA groups as shown in **Exhibit 2**:

EXHIBIT 2
External Audit Recommendations

MTA Group	Implemented 01/01/03 – 12/31/03	Outstanding as of 12/31/03	Past Due as of 12/31/03
Metro Operations	39	20	14
Countywide Planning	11	2	2
Construction	0	0	0
Communications	0	0	0
Chief of Staff	15	12	11
Staff Support	54	3	2
ITS	25	12	7
Totals	144	49	36

It should be noted that so far management has implemented 28 of the 37 recommendations made in the Booz-Allen Management Audit. In addition, Procurement implemented all 20 recommendations contained in the Procurement System Review performed on behalf of the FTA. Rail operations implemented 19 of the 20 remaining open recommendations from the PUC's Triennial On-Site Safety Audit.

After the end of each quarter's follow-up, we provide management with a report detailing the external recommendations which are past due, i.e. not implemented by the original expected completion date. These 36 External Audit recommendations are shown in **Attachment B.**

NEXT STEPS

Management Audit Services will continue to track all audit recommendations until they are either implemented or otherwise resolved.

ATTACHMENT

A. Internal Audit Recommendations Past Due as of 12/31/03
B. External Audit Recommendations Past Due as of 12/31/03

Prepared by: John Beamer, Internal Audit Manager, MASD

RICHARD BRUMBAUGH
Chief Financial Officer

ROGER SNOBLE
Chief Executive Officer

Attachment A
Internal Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
01IA-020	03/13/02	Size of Non-Revenue Vehicle Fleet	Operations	1	Develop a methodology for determining the size of the non-revenue fleet needed and standards for measuring efficient use. **Status:** Considerable progress made but delayed by work stoppage.	04/30/02	03/31/04
01IA-020	03/13/02	Size of Non-Revenue Vehicle Fleet	Operations	2	Incorporate standards for efficient use into operating procedures. **Status:** Dependent upon #1.	06/30/02	03/31/04
02IA-004	06/28/02	Red Line Rail Car Maintenance Program	Operations	2.2	Strictly adhere to the inspections schedule by performing all inspections on time. **Status:** Improvements have been made but full adherence has been hampered by opening of the Gold Line and the recent work stoppage.	09/30/02	03/31/04
02IA-004	06/28/02	Red Line Rail Car Maintenance Program	Operations	2.6	Adopt a variable budget for inspection work tied to mileage so labor and material deviations will not impact it. **Status:** Hope to implement in FY05.	09/30/02	06/30/04
02IA-010	03/28/03	Green Line Rail Car Maintenance Program	Operations	1.6A	Correct various daily inspection practices including adequate training. **Status:** Training is nearing completion.	03/31/03	03/31/04
02IA-007	12/31/02	Farebox Vaulting Process	Operations	1.1	Revise and update the procedures for controlling the farebox vaulting process. **Status:** A task force reviewed the procedures and the suggested changes are pending review and approval.	06/30/03	03/31/04
02IA-007	12/31/02	Farebox Vaulting Process	Operations	1.2	Relocate Division 7 vaulting operation to a secure area. **Status:** Dependant upon approval of process changes.	06/30/03	03/31/04
02IA-007	12/31/02	Farebox Vaulting Process	Operations	2.1	Ensure that all vaulting activity is recorded via VCR and reviewed. **Status:** Dependant upon approval of process changes.	06/30/03	03/31/04
02IA-007	12/31/02	Farebox Vaulting Process	Operations	2.2	Develop written procedures for operation of surveillance equipment. **Status:** Dependant upon approval of process changes.	06/30/03	03/31/04

Attachment A
Internal Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
03IA-018	06/30/03	First Transit Revenue Audit	Operations	1	Negotiate settlement to recover $315,430 under contract provisions. **Status:** Negotiations are proceeding.	09/30/03	03/31/04
03IA-018	06/30/03	First Transit Revenue Audit	Operations	5	Work with Procurement to amend contracts to improve method of billing. **Status:** Modification in process.	09/30/03	03/31/04
02IA-002	06/30/03	Transit Operating and Trends System Timekeeping and Payroll	Operations	1.2A	Request Payroll to work with ITS to ensure that personal time off not used by part-time employees is paid off annually. **Status:** Delayed due to work stoppage.	09/30/03	03/31/04
02IA-002	06/30/03	Transit Operating and Trends System Timekeeping and Payroll	Operations	1.2B	Request ITS to work with HR to establish personal time off balances for part-time employees in the HR system. **Status:** Delayed due to work stoppage.	09/30/03	03/31/04
02IA-002	06/30/03	Transit Operating and Trends System Timekeeping and Payroll	Operations	1.2C	Work with Payroll to ensure pay adjustments are correct. **Status:** Delayed due to work stoppage.	09/30/03	03/31/04
02IA-002	06/30/03	Transit Operating and Trends System Timekeeping and Payroll	Operations	2.2A	Use control reports to identify time and attendance discrepancies. **Status:** Delayed due to work stoppage.	09/30/03	03/31/04
02IA-002	06/30/03	Transit Operating and Trends System Timekeeping and Payroll	Operations	2.2B	Request ITS to implement unique identification and password for each user. **Status:** Delayed due to work stoppage.	10/31/03	03/31/04
01IA-021	04/30/02	Project Management Business Process	Planning	2.1B	Work with OMB to improve FIS functionality for project budgeting. **Status:** OMB is in process of developing "life of project" reporting.	07/31/02	09/30/04

Attachment A
Internal Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
00IA-009	06/21/01	Contract Administration Controls	Construction	1.2	Reconcile contract values between FIS and CCS. **Status:** After a number of attempts to develop automation to assist this process, it was decided to re-establish the CCS database using the FIS operating system.	03/31/02	09/30/04
00IA-009	06/21/01	Contract Administration Controls	Construction	1.3	Develop written procedures for the reconciliation process. **Status:** Dependent upon #1.2.	03/31/02	09/30/04
02IA-017	12/19/02	Streetcar Restoration	Administration	1	Supervise restoration of two streetcars. **Status:** Projects at two high schools continue behind schedule.	07/30/03	06/30/04
02IA-017	12/19/02	Streetcar Restoration	Administration	2	Track financial status of the projects. **Status:** Projects at two high schools continue behind schedule.	07/30/03	06/30/04
02IA-017	12/19/02	Streetcar Restoration	Administration	3	Provide computer-aided design files or obtain waiver. **Status:** Projects at two high schools continue behind schedule.	07/30/03	06/30/04
02IA-015	12/31/03	Property Management	Administration	1.5	Establish procedures for accuracy and reliability of data input and updates. **Status:** Procedures to be modified.	12/31/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommenda-tions	Accounting	2.1	Perform an annual reconciliation of rolling stock between FIS and VMS. **Status:** Buses reconciled; awaiting additional information from rail operations in order to do rail cars.	06/30/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommenda-tions	Accounting	2.2	Establish policies and procedures manual for additions and deletions to rolling stock inventory. **Status:** Completion of the manual is pending.	06/30/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommenda-tions	Accounting	3.1A	Establish policies and procedures manual for additions and deletions to equipment inventory. **Status:** Completion of the manual is pending.	06/30/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommenda-tions	Accounting	5.1	Manual should include key functional areas. **Status:** Completion of the manual is pending.	06/30/03	03/31/04

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Internal Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
02IA-020	02/26/03	Fixed Asset Recommendations	Accounting	5.2	Manual should include a chart of accounts with adequate explanation. **Status:** Completion of the manual is pending.	06/30/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommendations	Accounting	5.4	Manual should include a listing of data processing reports from other systems used in fixed asset accounting. **Status:** Completion of the manual is pending.	06/30/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommendations	Accounting	5.5	Manual should include descriptions of all related policies and procedures. **Status:** Completion of the manual is pending.	06/30/03	03/31/04
03IA-005	09/26/03	Purchase Card Program	Accounting	2.3	Resolve remaining unliquidated cardholders' balance on US Bank invoice. **Status:** Resolution in process.	10/31/03	03/31/04
00IA-009	06/21/01	Contract Administration Controls	Finance	2.1	Develop policies, procedures and a system for tracking Board approved Authorization For Expenditure (AFE) limits. **Status:** Procedures for Contract Modification Authority have been drafted and are pending presentation to the CEO.	09/30/01	03/31/04
02IA-020	02/26/03	Fixed Asset Recommendations	Procurement	3.1B	Establish policies and procedures manual for additions and deletions to equipment inventory. **Status:** Completion of the manual is pending.	06/30/03	03/31/04
02IA-020	02/26/03	Fixed Asset Recommendations	Procurement	3.2	Perform an annual certification of the equipment listing. **Status:** Certification in process.	02/14/03	03/31/04
03IA-001	04/04/03	Commission Revenues	Procurement	1A	Award new contracts for vending machines, video games and pay telephones in bus divisions. **Status:** One contract for pay telephones awarded; others are pending.	09/30/03	03/31/04

Report Number	Report Date	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
03IA-001	04/04/03	Commission Revenues	Procurement	2A	New contracts should specify handling of checks and statements. **Status:** Dependent on #1A.	09/30/03	03/31/04
03IA-005	09/26/03	Purchase Card Program	Procurement	3.2	Obtain and maintain required participant documentation. **Status:** 40% complete.	10/31/03	06/30/04
01IA-011	04/30/02	Change Management	Information Technology Services	1.2	Develop procedures to standardize all requests for IT services. **Status:** Acquired an automated software system but discovered a problem with installation. Resolution pending.	12/31/02	06/30/04
01IA-011	04/30/02	Change Management	Information Technology Services	1.3	Develop a standardized body of test data without compromising sensitive and confidential information. **Status:** Software packages are being researched.	06/30/03	06/30/04
01IA-011	04/30/02	Change Management	Information Technology Services	3	Establish and implement standards governing programmer change control activities. **Status:** Dependent upon #1.2.	12/31/02	06/30/04
02IA-021	06/28/02	Security Administration	Information Technology Services	1	Prepare and adopt an information security policy. **Status:** Policy in process.	06/30/02	03/31/04
02IT-001	12/23/02	HR/Payroll Environment	Information Technology Services	2.1	Adopt an information security policy which addresses HR/Payroll issues. **Status:** Policy in process.	06/30/03	03/31/04
02IT-001	12/23/02	HR/Payroll Environment	Information Technology Services	2.2F	Strengthen logon security by upgrading from Windows 95 & 98 to Windows 2000 operating system. **Status:** Was delayed due to budgetary constraints.	06/30/03	06/30/04
02IT-002	12/31/02	LAN Security	Information Technology Services	1.1	Adopt an information security policy which address Local Area Networks. **Status:** Policy in process.	06/30/03	06/30/04
02IT-003	04/30/03	LAN Windows NT/2000	Information Technology Services	3.1	Periodically scan Local Area Networks operating systems for unauthorized software. **Status:** Searching for another software package.	07/07/03	03/31/04
03IA-016	10/27/03	Workers' Compensation Special Investigation Unit	Risk Management	1.2	Implement policies and procedures which address physical security issues. **Status:** Draft procedures are pending management approval.	12/31/03	03/31/04

Attachment A
Internal Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
03IA-016	10/27/03	Workers' Compensation Special Investigation Unit	Risk Management	1.3	Develop productivity and performance measures for the unit. **Status:** Measures under consideration.	12/31/03	03/31/04
03IA-016	10/27/03	Workers' Compensation Special Investigation Unit	Risk Management	2.4	Obtain a machine for the unit to copy videotapes in a secure manner. **Status:** Order of machine is in process.	12/31/03	03/31/04

Report Number	Report Date	Audit Entity	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
Booz-Allen 1	08/31/01	Booz-Allen	MTA Management Audit	Operations	M5	Enhance warranty training and staffing. Implement a procedures manual. **Status:** The M3 system will include warranty tracking.	05/31/02	09/30/04
Booz-Allen 1	08/31/01	Booz-Allen	MTA Management Audit	Operations	M6	Provide accounting reimbursements to Divisions for amounts received under warranty. **Status:** The M3 system will ensure proper identification of amounts received under warranty.	06/30/03	09/30/04
Booz-Allen 1	08/31/01	Booz-Allen	MTA Management Audit	Operations	R1	Explore opportunities for joint use of CNG facilities with City of Los Angeles. **Status:** The City of Los Angeles is utilizing CNG facilities at Division 15. To date no additional utilization has been identified.	08/31/01	03/31/04
FTA TRI FY02	01/31/03	FTA	FY 02 Triennial Review	Operations	2	Submit quarterly documentation of the performance of preventive maintenance on Red Line Cars. **Status:** Performance of preventive maintenance continues to be behind schedule.	06/30/03	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	1	Obtain approval and authorization for the Acting Transit Operations Supervisor (ATOS) program. Clearly define purpose, goals and objectives. **Status:** Implementation has been delayed by the AFSCME negotiations and subsequent strike by mechanics.	08/10/01	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	2	Establish written procedures and procedures for the ATOS program. **Status:** Implementation has been delayed by AFSCME negotiations and subsequent strike by mechanics.	03/30/03	06/30/04

Attachment B
External Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Audit Entity	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	3	Obtain authorization for additional compensation for operators in ATOS positions. **Status:** Implementation has been delayed by the AFSCME negotiations and subsequent strike by mechanics.	03/30/03	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	4	Modify payroll system to compute additional ATOS pay. **Status:** Implementation has been delayed by AFSCME negotiations and subsequent strike by mechanics.	08/22/01	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	6	Establish policy for maximum time operator can serve in an ATOS position. **Status:** Implementation has been delayed by AFSCME negotiations and subsequent strike by mechanics.	03/30/03	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	7	Establish criteria for selecting operators for ATOS positions. **Status:** Implementation has been delayed by AFSCME negotiations and subsequent strike by mechanics.	03/30/03	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	8	Establish policies on the number of authorized ATOS positions. **Status:** Implementation has been delayed by AFSCME negotiations and subsequent strike by mechanics.	03/30/03	06/30/04
01-AUD-03	06/12/01	OIG	Payroll and Overtime Controls - ATOS Program	Operations	10	Request MASD to audit payroll procedures. **Status:** Implementation has been delayed by AFSCME negotiations and subsequent strike by mechanics.	03/30/03	06/30/04

Report Number	Report Date	Audit Entity	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
03-AUD-03	04/23/03	OIG	MTA's Compensatory Time Off Program	Operations	1	Request ITS Department to develop a control to ensure balances are paid off as of May 31 each year. **Status:** Waiting for evidence that that the control has been developed and implemented.	05/31/03	03/31/04
03-AUD-04	07/11/03	OIG	Controls Over Bus Parts and Rebuilt Items	Operations	2	Provide training on verifying quantities and condition of parts before accepting them. **Status:** Waiting for evidence that training has been conducted.	07/01/03	03/31/04
PUC Triennial 98-00	06/29/01	PUC	Triennial Performance Audit Regional Transportation Entity	Planning	8	Establish a countywide transportation performance reporting program. **Status:** Reported as complete. Waiting for evidence.	06/30/02	03/31/04
PUC Triennial 98-00	06/29/01	PUC	Triennial Performance Audit MTA Operations	Planning	1	Examine the existing financial and performance data collection and reporting process and ensure the data is reported consistently. **Status:** Reported as complete. Waiting for evidence.	06/30/03	03/31/04
Booz-Allen 1	08/31/01	Booz-Allen	MTA Management Audit	Administration	H4	MTA should establish job families. **Status:** Establishment in process.	05/27/03	06/30/04
Booz-Allen 1	08/31/01	Booz-Allen	MTA Management Audit	Administration	R4	Issue a Request for Proposal for concessionaire agreements: **Status:** RFP to be issued 4th quarter of FY 04.	04/15/02	06/30/04
01-AUD-17	02/26/02	OIG	Controls Over Real Estate	Administration	1	Establish a comprehensive and complete inventory of Real Estate. **Status:** A comprehensive inventory is being developed.	10/31/02	06/30/04
01-AUD-17	02/26/02	OIG	Controls Over Real Estate	Administration	3	Follow-up with Assessor's Office to convert titles to MTA. **Status:** Real Estate is working with the Assessor's Office to identify property.	06/30/02	06/30/04

Report Number	Report Date	Audit Entity	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
01-AUD-17	02/26/02	OIG	Controls Over Real Estate	Administration	4	Reconcile property records to County Assessor's records. **Status:** Reconciliation is ongoing.	12/31/02	06/30/04
01-AUD-17	02/26/02	OIG	Controls Over Real Estate	Administration	5	Reconcile Real Estate and Accounting's real estate inventory records. **Status:** Reconciliation is ongoing.	10/31/02	06/30/04
02-AUD-04	06/03/02	OIG	Utilization of Seconded Employees	Administration	1	Develop MTA policy on utilization. **Status:** Policy to be issued by March 31, 2004.	10/31/02	03/31/04
03-AUD-01	02/12/03	OIG	Property Management Controls	Administration	1b	Seek sufficient resources to implement an automated real estate inventory system. **Status:** A computerized system is being developed.	07/1/03	06/30/04
03-AUD-01	02/12/03	OIG	Property Management Controls	Administration	2b	Adhere to criteria for establishing rent/negotiating delinquent rent and document: **Status:** Policies and procedures being revised to require documentation.	06/30/03	03/31/04
03-AUD-01	02/12/03	OIG	Property Management Controls	Administration	2c	Develop inspection schedules for MTA-owned properties. **Status:** Schedule being incorporated into policies and procedures.	06/30/03	03/31/04
03-AUD-01	02/12/03	OIG	Property Management Controls	Administration	2e	Emphasize and clarify criteria for conducting credit checks: **Status:** Policies and procedures being modified.	06/30/03	03/31/04
02-AUD-05	09/30/02	OIG	Payroll System Avoiding Duplicate Payments	Accounting	4	Enter payroll adjustments into automated feeder systems to avoid duplication of manual adjustments. **Status:** Payroll indicates this is an Operations issue. Resolution in process.	12/31/03	03/31/04
03-AUD-05	06/17/03	OIG	Controls Over Cellular Telephones	ITS	4a	Develop written oversight procedures. **Status:** ITS procedure being developed.	09/01/03	03/31/04

Attachment B
External Audit Recommendations
Past Due as of 12/31/2003

Report Number	Report Date	Audit Entity	Title	Executive Area	Rec No.	Recommendation & Status	Original Completion Date	Revised Completion Date
03-AUD-05	06/17/03	OIG	Controls Over Cellular Telephones	ITS	4b	Maintain documentation of oversight reviews. **Status:** ITS procedure being developed.	09/1/03	03/31/04
03-AUD-05	06/17/03	OIG	Controls Over Cellular Telephones	ITS	4c	Require MASD to perform periodic audits. **Status:** ITS procedure being developed.	09/01/03	03/31/04
03-AUD-10	08/22/03	OIG	Controls Over Mobile Telephones and Radios	ITS	A2	Ensure appropriate credits are received for service plans **Status:** Remaining credit is anticipated shortly.	11/30/03	03/31/04
03-AUD-10	08/22/03	OIG	Controls Over Mobile Telephones and Radios	ITS	A4	Ensure credits are received for Service and Repair plan. **Status:** Nextel to provide an audit of charges and credits.	11/30/03	03/31/04
03-AUD-10	08/22/03	OIG	Controls Over Mobile Telephones and Radios	ITS	A5	Evaluate the need for special telephone features. **Status:** Nextel is researching billings for evidence of billing special features. Appropriate refunds will be made if billed.	11/30/03	03/31/04
03-AUD-10	08/22/03	OIG	Controls Over Mobile Telephones and Radios	ITS	D1	Charge each cost center for mobile telephone costs. **Status:** Feasibility study is being conducted.	12/31/03	03/31/04
02-AUD-06	06/26/02	OIG	Pre-Qualification Program	MASD	2c	Establish criteria for acceptable risk and circumstances when additional review should be performed. **Status:** MTA ordinance is being written.	07/31/02	06/30/04