



**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
NOVEMBER 17, 2005**

SUBJECT: MANAGEMENT AUDIT SERVICES FY06 FIRST QUARTER REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the first quarter FY06 report of Management Audit Services for the period ending September 30, 2005.

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. A third quarter report was issued in May 2005, and the FY05 annual report was issued in August 2005. This report fulfills the requirement for the first quarter of FY06.

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 the Call-for-Projects to support Countywide Planning and Development. Financial Audit specializes in financial transaction reviews, Information Technology Audit Group audits the information technology (IT) systems, infrastructure, IT programs and activities, and Operational Audit focuses on agency operations and processes.

MAS is continuing its transition to a paperless environment. Implementation of TeamMate, an audit workpaper software, has been successful, and is becoming more valuable as additional modules are added and upgraded. Further, MAS is utilizing the agency's

Enterprise Content Management System, a document management system, to help with the transition from paper files to electronic files.

During the first quarter, KPMG, LLP was selected from a competitive process to complete the Agency Wide Risk Assessment. MAS staff has been assisting KPMG on this project and the results of the report will be presented to the Board during 3rd quarter FY06.

The summary of MAS audit activity for the quarter ending September 30, 2005 is as follows:

Contract Audit – 7 audits were completed reviewing \$8.7 million and questioning \$39 thousand. Twenty-three audits are in process. Audits that were negotiated during this quarter resulted in \$1.2 million cost avoidance to the agency.

Grant Audit – 4 audits were completed reviewing \$10 million and identifying \$295 thousand of unspent funds that will be reprogrammed through the Call-for-Projects. Twenty-one audits are in process.

Financial Audit, Information Technology Audit, and Operational Audit – one audit completed, one Controlled Self Assessment (CSA) completed, and one special project completed. Thirty audits, three CSA's, and one special project are in process.

Contractor Pre-Qualification – 119 applications and validations were processed and approved during the first quarter. Also, average processing time has decreased approximately 30% since the same time period last year due to streamlining efforts.

Audit Follow-up and Resolution – Thirty-three (39%) of all outstanding audit recommendations were completed and closed during the first quarter.

MAS' FY 2006 first quarter report is included as Attachment A.


NEXT STEPS

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

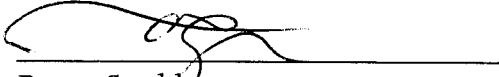
ATTACHMENT

A. Quarterly Report on Management Audit Services activity for period ending September 30, 2005.

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Ruthe Holden
Managing Director, Management Audit Services



Roger Snoble
Chief Executive Officer

Los Angeles County Metropolitan Transportation Authority

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

**FIRST QUARTER
FY 2006**



Metro

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EXECUTIVE SUMMARY

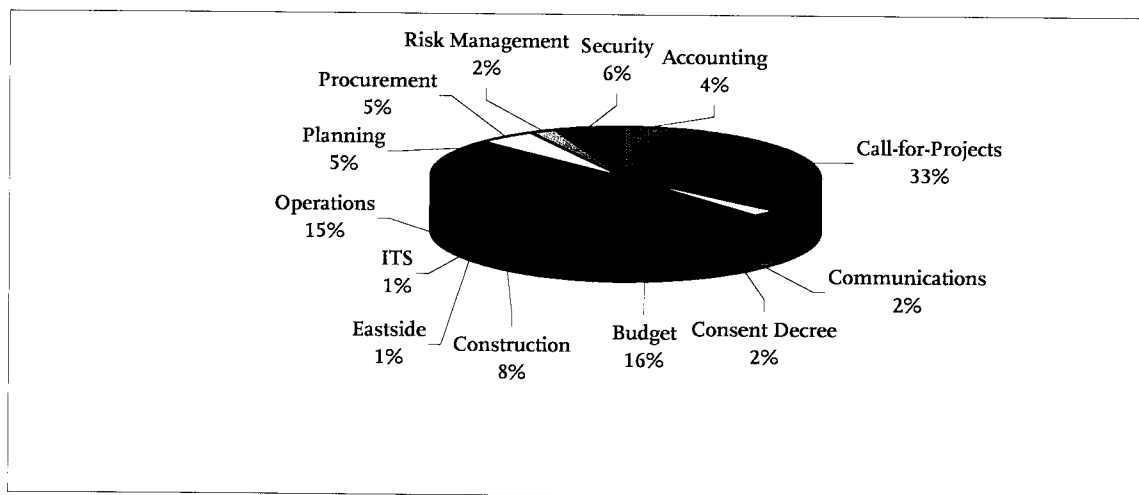
Introduction

The first quarter of fiscal year (FY) 2006 was busy for Management Audit Services' (MAS) department. Work plans were established for all auditors based on the Board approved FY06 annual audit plan. Audits for the entire year have been scheduled to ensure completion of the FY06 audit plan and smooth transition between audits.

Twelve audits were completed and final reports issued, one Controlled Self Assessment (CSA) was completed, and one special project was completed for the CEO. The completed audits include one internal audit report, seven contract audits and four grant audits. The CSA for the Workers Compensation Claims business unit was completed and signed-off. The completed special project was to provide updated Consent Decree costs.

There were 74 audits, three CSA reports and one project requested by the CEO to provide quality assurance services in process at the end of this quarter. Eleven of the in process audits are from FY05; eight of these are in draft report stage and the final reports should be issued in the next several months.

The functional areas where MAS focused staff time and efforts for the first quarter are as follows:



Audit Follow-up and Resolution has continued with a more proactive approach to getting recommendations resolved, resulting in 39% of open recommendations being closed in the first quarter.

EXECUTIVE SUMMARY

The pre-qualification group has been busy as well. We had anticipated a drop in activity this year; however, more applications have been submitted and processed than for the same time period a year ago. The pre-qualification processing time decreased 30% compared to the same time last year.

MAS staff has started getting ready for the peer review requested by Roger Snoble. The American Public Transportation Association (APTA) Audit Committee is scheduled to complete the peer review in 3rd quarter FY06. Peer reviews should be completed every three years to stay in compliance with Generally Accepted Government Auditing Standards (GAGAS), and the Institute of Internal Auditors (IIA) requires peer reviews to be completed every five years.

In order to prepare for the APTA peer review, audit policies and procedures are being reviewed and revised where necessary to comply with revised GAGAS and IIA standards and with Information Systems Audit and Control Association's (ISACA) Control Objectives for Information and Related Technology (COBIT) standards. In addition, MAS' Charter is being reviewed and revised to update the reporting relationship, to add compliance requirements for IIA and ISACA audit standards and to update the language to comply with current trends in auditing best practices.

During the first quarter, KPMG, LLP was selected from a competitive process to complete the Agency Wide Risk Assessment. MAS staff has been assisting KPMG on this project and the results of the report will be presented to the Board during 3rd quarter FY06. The Agency Wide Risk Assessment process is being highlighted in this quarter's report.

Highlight of the Quarter - Agency Wide Risk Assessment

In January 2005, the Board approved the Financial Standards requiring that we develop a risk assessment annually.

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

At Roger Snoble's direction MAS initiated a competitive procurement process and selected KPMG, LLP (KPMG) to perform an agency wide risk assessment. This is the first time the agency has undergone a formal comprehensive risk assessment of its processes and functions. KPMG has assigned key personnel to this project that have substantial experience in public transit, risk assessments, and state and local government.

EXECUTIVE SUMMARY

KPMG is currently in the process of reviewing both internal and external threats/risks to achieving the agency's objectives using a well-established and proven methodology.

The approach is based on interviews with key management, staff and other parties to:

- Establish a framework to determine the significance of threats/risks based on the likelihood that a threat/risk could materialize and the potential impact to the agency,
- Identify the key threats/risks that could adversely affect critical operations and assets,
- Prioritize the threats/risks based on the framework established above, and
- Identify the key process or operations in place that mitigate these threats/risks.

The assessment of risk is an important planning step in developing an annual audit plan; and the information from KPMG's final report will be used to develop our FY07 annual audit plan.

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.

Contract Audit completed seven audits during the first quarter of FY06, reviewing \$8.7 million and questioning a total of \$39 thousand. Four of these completed audits were for the Eastside project, and one was for the Orange Line project. As of September 30, 2005, 23 audits were in process with an absolute value of \$58 million dollars.

For all negotiations that were completed during FY06 (including open audit findings from prior quarters) Contract Administrators were able to avoid cost to the agency of \$1.24 million based on questioned costs from audit reports, which resulted in a sustention rate of 67.56%.

Approximately 60% of Contract Audit's efforts went to support the Eastside project this quarter. The rest of the audit effort was split between Orange Line, environmental and operations audit support.

Details on Contract Audits completed during first quarter FY06 are in Appendix A.

GRANT AUDIT

Grant Audit provides audit support to Countywide Planning and Development (Planning) and is responsible for determining whether funds provided through the Call-For-Project program are expended in accordance with the terms of the Memorandum of Understanding and applicable cost standards. The group also identifies whether any funds remain at project completion that may be reprogrammed by Planning for additional transportation improvement projects.

Grant Audit completed four audits, reviewing total funding in excess of \$10 million. The audits identified \$295 thousand of unspent funds that Planning will be able to reprogram and \$133 thousand of questioned cost that will be resolved. As of September 30, 2005, 21 grant audits are in process with a total value in excess of \$26 million.

Details on Grant Audits completed during first quarter FY06 are in Appendix B.

INTERNAL AUDITS

FINANCIAL AUDIT

For first quarter FY06, ten audits are in process, and one special request from the CEO for consulting services on Consent Decree costs was completed. The in process audits include three audits from FY05, six audits from the FY06 audit plan and one special request audit approved by the CEO.

The three audits in process from FY05 are ADA Paratransit Services, DBE Program Review and Procurement Systems Review. All three are in the draft report stage and should be finalized in the next several months. Six audits from the FY06 audit plan are in process. They include audits of Credit and Collections, Fixed Assets, Encumbrances, General Ledger, Grants process, and the Budget process. The Budget process audit is being integrated with an audit of the Budget Information and Accounting System audit in the IT Audit group. We expect to issue one audit report for both of these audits.

The CEO approved a special request to audit the Immediate Needs Transportation Program. This audit is being conducted to address some of the action items identified in the June 2004 Board motion. The audit is currently being outsourced to a CPA firm and should be completed in 3rd quarter FY06.

These projects are listed in Attachment A, Appendix C. The special project completed in first quarter FY06 is summarized below:

Evaluation of Consent Decree Costs

MAS provided analytical services to the CEO to update costs associated with the Consent decree. The costs were originally analyzed and compiled in 2002. MAS was given an expedited request with a short turn around to update the information for the CEO. Using the new audit software TeamMate™, MAS was able to streamline the process and provide the updated information within the deadline provided.

INFORMATION TECHNOLOGY AUDIT

For first quarter FY06, one audit report was issued on the Fuel Management System and nine Information Technology (IT) projects are in process. This includes four audits that were in process in FY05, one audit that was a CEO special request in FY05, and four audits in progress from the FY06 audit plan.

The FY05 carryover audits include audits of Financial Information Systems, Transit Operations and Trends System, Drivers License Monitoring System, the Supervisory Control and Data Acquisition System, and the Materials Maintenance and Management System

INTERNAL AUDITS

(M3). The M3 audit was requested by the CEO and has been outsourced to Thompson, Cobb, Bazilio and Associates. MAS staff is completing the rest of the FY05 audits.

The four audits in process from the FY06 audit plan include: Change Management System, Disaster Recovery Plan, Advanced Transportation Management System environment, and Budget Information and Accounting System. The Budget Information and Accounting System audit has been integrated with an audit being completed by the Financial Audit group on the budgeting process. We plan to issue a single audit report for both budget audits.

The CEO requested MAS provide quality assurances services for the M3 systems implementation. The purpose of these services is to provide advice on issues related to internal control environment in the M3 system.

These projects are listed in Attachment A, Appendix D. The audit finalized and issued in first quarter FY06 is summarized below:

Audit of the Fuel Management System

Fleetwatch was implemented in conjunction with the Material Maintenance & Management System (M3). The system is primarily used to support the fueling process at the divisions by enabling the automatic reading of the vehicle number, mileage, and fluid consumption. The vehicle information captured by the system, such as vehicle ID and mileage, is transmitted to M3 for vehicle maintenance purposes. Thus, the accuracy of the information recorded by Fleetwatch is critical.

The purpose of the audit was to determine whether the internal controls for the Fuel Management System are adequate and effective to ensure transactions are authorized, accurate and complete, and that essential system's backup is executed to prevent unwarranted disruption of the fueling activities. We concluded that the Fleetwatch internal controls need significant improvement when using a proximity card and when the system is in the manual/bypass mode.

OPERATIONAL AUDIT

For first quarter FY06, one Controlled Self Assessment (CSA) was completed; eleven operational audits and three CSA reports were in process. Four audits in process are from the FY05 audit plan, one of which is in the draft report stage and the report will be finalized in the next several months. The FY05 audits are Gateway Pool Vehicles, Bus Operator Overtime, Operations Capital Projects, and Fleet Management. Seven audits are in-process from the FY06 audit plan including: Gateway Building Security, Post-Award Contract Administration, RRC Security, Filming, Diversity Program Requirements, Division Security, and the Agency Wide Risk Assessment.

INTERNAL AUDITS

The CSA group is currently working on three business units. The CSAs in process include Bus Operations, Contract Services, and Customer Relations. In first quarter FY06, the CSA for the Workers Compensation Claims business unit was finalized and signed-off.

Details of the operational audits and control self-assessments in process are in Appendix E.

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 the first quarter of FY06, 88 applications and 39 validations were submitted, and seven applications were in process from the fourth quarter of FY05. Of the 134 applications and validations, 119 firms were approved to do business with LACMTA, six were closed as incomplete (applicants failed to respond to requests for information), and nine applications and validations were still in process as of September 30.

The average processing time was 13 days for applications and two days for validations. The processing time has decreased by 28% for applications and 33% for validations compared with the same time period during FY05. The decrease in processing time is a result in streamlining efforts.

Audit Follow-Up and Resolution

Audit Follow-Up and Resolution has continued to aggressively pursue information, which demonstrates the implementation of audit recommendations so that open findings can be closed. During the first quarter of FY06, 33 additional recommendations were completed and closed. This represents a 39% reduction in the total outstanding findings for the 1st quarter. Fifteen new recommendations were added during the first quarter from audits issued by MAS and the OIG.

Following is a table summarizing the activity during the first quarter of FY 2006:

**Summary of MAS and External Audit Recommendations
As of September 30, 2005**

Executive Area	Closed or Completed in Sept.	Closed or Completed in Aug.	Closed or Completed in July	Under Review	Extended	Not Yet Due	Total Open Recom.
Chief Capital Mgmt. Officer							
Chief Financial Officer	8	2	15	3	7	4	14
CEO/CPO		1					
Chief Comm. Officer						12	12
DCEO/COO	1	3	3	12	11	2	25
Totals	9	6	18	15	18	18	51

Appendix A

Contract Audit FY 2006 - Audits Completed During First Quarter

Area	Audit Number & Type	Contractor	Contract	Requirement	Date Completed
Eastside	05CA-J35 – Interim/Costs Incurred	Jenkins/Gales & Martinez, Inc.	PS-4310-0964	Contractual	9/2005
Eastside	J-001-03 – Interim/Costs Incurred	Jenkins/Gales & Martinez, Inc.	PS-4310-0964	Contractual	9/2005
Eastside	S-005-05 – Final/Ind. Cost Rate	Group Delta Consultants, Inc.	PS-4310-0964	Contractual	8/2005
Orange Line	05CA-J13 - Interim/Costs Incurred	STV Group, Inc.	PS-4350-0972	Contractual	8/2005
Environmental	05CA-T15 – Final/Costs Incurred	CH2MHill Constructors, Inc.	EN069	Policy	7/2005
Operations	05CA-J27 – Final/Costs Incurred	Harsco Track Technologies	OP-043434-1507	Policy	7/2005
Eastside	J-005-05 – Interim/Costs Incurred	MACTEC Engineering & Consulting, Inc.	PS-4310-0964	Contractual	7/2005

Appendix B

Grant Audit FY 2006 – Audits Completed During First Quarter

Area	Audit Number & Type	Memorandum of Understanding	MOU Number	Requirement	Date Completed
Planning	B-015-05 - Interim	Bechtel Infrastructure & Korve Engineering	MOU.P0004367	Contractual	9/2005
Planning	05GA-J25 – Interim	Lim & Nascimento Engineering	MOU.P0004367	Contractual	8/2005
Planning	05CA-Y14 – Closeout	The Northbound I-710/Firestone Blvd. Off Ramp Reconstruction Phase II	MOU.P0004299	Contractual	8/2005
Planning	05GA-K25 – Closeout	Solar Lighting at Bus Shelters	MOU.P0008416B	Contractual	7/2005

Financial Audit FY 2006 – Progress Toward Completing Audit Plan					
Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion	
Chief Financial Officer/Procurement Chief Capital Construction/Chief Planning Officer	05IA-P17-00 – Encumbrances	This audit is part of the FY06 audit plan and will determine whether encumbrances are being closed out timely and in compliance with agency policy; and review closeout process for efficiency and effectiveness.	Medium	1/2006	
Chief Financial Officer/Accounting	06-ACC-002 – Credit and Collections	This audit is part of the FY06 audit plan. It will review adequacy of internal controls and sample test to determine if transactions comply with policies and procedures.	Medium	1/2006	
Chief Financial Officer/Accounting, Material Management, Real Estate; Chief Operations Officer/Vehicles	06-ACC-004 – Fixed Assets	This audit is part of the FY06 audit plan and will sample test the fixed assets included in the FTA biannual fixed asset report for accuracy and completeness; and to follow up on OIG audit findings.	Medium	3/2006	
Chief Financial Officer/Accounting	06-ACC-007 – General Ledger	This audit is part of the FY06 audit plan. It will review adequacy of internal controls, and test sample of bank reconciliation and account analyses.	High	2/2006	
Chief Planning Officer	04IA-005 – ADA Paratransit Services	This audit was in process in FY05. It will assess the cost management and efficiency of Los Angeles area paratransit program provided by Access Services. This audit is in draft report stage.	High	12/2005	

Financial Audit FY 2006 – Progress Toward Completing Audit Plan

Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion
Chief Financial Officer/Office of Management & Budget	06-OMB-005 – Budgeting	This audit is part of the FY06 audit plan. It is to audit to evaluate the effectiveness and efficiency of the processes used in developing the agency's annual operating budget.	Medium	2/2006
Chief Planning Officer/Grants Chief Financial Officer/Grant Accounting Chief Capital Management Officer/Program Management	06-PPA-010 – Grants Process	This audit is part of the FY06 audit plan and will review the adequacy of internal controls for grant process, test sample of grants and federal/state reports for compliance to policies and procedures, and review economy and efficiency of process between accounting and planning.	High	3/2006
Chief Planning Officer/Planning	06-INT-001 – Immediate Needs Transportation Program	This audit is a special request by the CEO to respond to a Board motion. Audit is currently being outsourced to a CPA firm.	High	3/2006
Chief Financial Officer/Procurement	05IA-009 – Procurement Systems Review	This audit was in process in FY05 and will determine whether Procurement's files are in compliance with applicable Federal Procurement regulations and State laws. This audit is in the draft report stage.	High	12/2005
Chief Financial Officer/Procurement	04IA-001 – DBE Program Review	This audit was in process in FY05. It will assess internal controls over the establishment of DBE goals. This audit is in the draft report stage.	High	12/2005

Information Technology Audit FY 2006 – Progress Toward Completing Audit Plan

Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion
Chief Financial Officer/Financial Information Systems-ITS	04IT-001 – Financial Information Systems Environment	This audit was in process in FY05. The objective of this audit is to assess the adequacy and effectiveness of internal controls established for safeguarding the Financial Information System and the related data against unauthorized use, disclosure, modification, damage or loss. This audit is in draft report stage.	High	12/2005
Chief Operations Officer/Transit Operations & Trends Systems-ITS	03IT-008 – Transit Operations & Trends System Environment	This audit was in process in FY05. It will assess the adequacy and effectiveness of internal controls established against unauthorized use, disclosure, modification, damage or loss. This system is responsible for timekeeping and scheduling of the bus and rail operators at divisions. This audit is in draft report stage.	High	12/2005
Chief Operations Officer/Safety	05IT-002 – Drivers License Monitoring System	This audit was in process in FY05. Determine 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. This audit is in draft report stage.	Medium	12/2005

Information Technology Audit FY 2006 – Progress Toward Completing Audit Plan				
Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion
Chief Operations Officer/Wayside Engineering	05IT-001 – Supervisory Control & Data Acquisition (SCADA)	This audit was in process in FY05. Determine the adequacy and effectiveness of internal controls for the SCADA System. We are particularly concerned with unauthorized access and unwarranted disruption of rail activities and functions the system support. This audit is in draft report stage.	Medium	12/2005
Chief Operations Officer/Operations and Material Management - ITS	05IT-003 – Materiel Maintenance and Management System (M3)	This audit is a special request of the CEO in FY05 to review M3 system requirements, project management and system development life cycle. This audit was outsourced to Thompson, Cobb, Bazilio & Associates (TCBA).	Medium	12/2005
Chief Financial Officer/Information Technology Services	06-ITS-001 – Audit of Change Management System	This audit is part of the FY06 plan. The objective of the audit is to determine the adequacy and effectiveness of internal controls to ensure any change to the system hardware, software, database or communication network are documented, authorized, tested and performed in a segregated and controlled environment.	High	1/2006

Appendix D

Information Technology Audit FY 2006 – Progress Toward Completing Audit Plan					
Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion	
Chief Financial Officer/Information Technology Services	06-ITS-010 – Audit of 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	1/2006	
Chief Operations Officer	06-MRL-002 – Audit of Advanced Transportation Management System (ATMS) Environment	This audit is part of the FY06 plan. The objective of the audit is to determine the adequacy and effectiveness of internal controls pertaining to the ATMS computing environment to ensure the secure, contingent, and effective bus operation.	High	1/2006	
Chief Financial Officer/OMB – ITS	06-OMB-005 – Audit of Budget Information and Accounting System	This audit is part of the FY06 plan. The objective of the audit is to review the adequacy and effectiveness of internal controls programmed into Budgeting system to ensure data is accurate, timely, and kept confidential during budgeting process.	Medium	2/2006	

Appendix E

Operational Audit FY 2006 – Progress Toward Completing Audit Plan					
Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion	
Chief Financial Officer/Administration	05IA-007 – Gateway Pool Vehicles	This audit was in process in FY05. It will determine compliance with non-revenue passenger vehicle policy. This audit is postponed until installation of the M3 System is complete.	High	6/2006	
Chief Operations Officer/Security	06-SEC-001 – Gateway Building Security	This audit is in the FY06 audit plan. It will test compliance with policies & procedures related to physical security at Gateway Bldg.	High	1/2006	
Chief Financial Officer/Procurement	06-PMM-002 – Audit of Post-Award Contract Administration	This audit is in the FY06 audit plan. It is a performance audit to evaluate the adequacy of internal controls over the administration of contracts following the contract award.	Medium	6/2006	
Chief Operations Officer	03IA-017 – Bus Operator Overtime	This audit was in process in FY05. It will determine whether adequate controls have been established regarding bus operator overtime. The audit was limited to the San Fernando Valley Service Sector. This audit is in the draft report stage.	Medium	3/2006	
Chief Operations Officer	05IA-Q14 – Operations Capital Projects	This audit was in process in FY05. It will evaluate the Operations Capital Projects for efficiency and effectiveness.	Medium	6/2006	

Appendix E

Operational Audit FY 2006 – Progress Toward Completing Audit Plan				
Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion
Chief Operations Officer/Security	06-SEC-005 – RRC Security	This audit is part of the FY06 audit plan. It will audit compliance with current physical security policies & procedures.	High	1/2006
Chief Communications Officer	06-CMS-006 – Filming	This audit is part of the FY06 audit plan. It will audit adequacy of controls and improve the filming process.	Medium	11/2005
Chief Financial Officer/Procurement	06-DEO-010 – Diversity Program Requirements	This audit is part of the FY06 audit plan. It will audit performance audit to determine whether Federal Reporting requirements are consistent with staffing levels.	High	2/2006
Chief Operations Officer/Security	06-SEC-009 – Division Security	This audit is part of the FY06 audit plan. It will audit test compliance with policies & procedures related to physical security at Bus & Rail Divisions.	High	1/2006
Chief Operations Officer	05IA-001 – Fleet Management	This audit was in process in FY05. This audit will assess the adequacy of internal controls related to the Fleet Deployment Plan.	High	2/2006
Chief Executive Officer	06-001-CEO – Agency Wide Risk Assessment	Agency Wide Risk Assessment – Outsourced to KPMG to complete formal, comprehensive risk assessment analysis.	High	1/2006

Appendix E

Operational Audit FY 2006- Progress Toward Completing Audit Plan					
Area	Audit No. & Title	Audit Subject	Risk	Estimated Date of Completion	
Chief Operations Officer	05SA-006 – Bus Operations (CSA)	Organizational objectives, risks, and controls are to be identified and documented.	-	11/2005	
Chief Operations Officer	06-CNS-013 – Contract Services (CSA)	Organizational objectives, risks, and controls are to be identified and documented.	-	11/2005	
Chief Communications Officer	06-MAC-014 – Customer Relations (CSA)	Organizational objectives, risks, and controls are to be identified and documented.	-	11/2005	