



EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
JANUARY 19, 2006

**SUBJECT: FINAL AUDIT REPORT ON THE MAINTENANCE, MATERIAL, AND  
MANAGEMENT SYSTEM**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file the Final Audit Report on the Implementation and Acquisition of the Maintenance, Material, and Management System (M3).

**ISSUE**

In January 2005, the Chief Executive Officer (CEO) requested that Management Audit Services (MAS) outsource an audit of M3 because of issues and concerns raised regarding the status of the system implementation. The CEO notified the Board that the results of the audit would be presented to the Executive Management and Audit Committee once the audit was completed. The Board requested the CEO also brief the Office of Inspector General (OIG) once the audit was finalized. The audit was completed in December and the OIG were debriefed within a week of the final audit report being drafted.

**DISCUSSION**

After a competitive procurement, which included a 25% DBE requirement, the audit was outsourced in April to Thompson, Cobb, Bazilio & Associates, PC (TCBA). TCBA performed a System Development Life Cycle (SDLC) audit of the acquisition and implementation of the M3 System. The primary purpose of the audit was to assess the adequacy of the project management of the M3 System acquisition and implementation, including but not limited to system internal controls and security, functionality, system testing, costs incurred, overhead charged to the project and a gap analysis of systems requirements compared to the system received.

Although the acquisition and implementation of the M3 System had some problems, the audit did not identify any material issues that would prevent a successful acquisition and implementation of the M3 System. TCBA identified several issues related to the stated audit

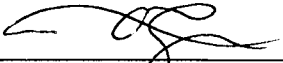
objectives, and these issues are summarized in the Audit Results Section of the report. Management has addressed or is addressing all of the findings discussed in the report.

### **NEXT STEPS**

MAS will follow-up with Management on the action plan and progress towards implementation. MAS will report to the Board on the status of open recommendations as required by the FY06 Financial Standards.



Ruthe Holden  
Managing Director, Management Audit Services



Roger Snoble  
Chief Executive Officer

