

**Metro**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
SEPTEMBER 20, 2007**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2007 YEAR-END REPORT****ACTION: RECEIVE AND FILE****RECOMMENDATION**

Receive and file the FY 2007 year-end report of Management Audit Services for the period ending June 30, 2007.

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 report fulfills the requirement for the fourth quarter of FY 2007.

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, 2007 is as follows:

Contract Audit – 103 audits were completed, and as of June 30, 2007, 29 audits were in process.

Grant Audit – 16 audits were completed, and 15 audits were in process with a total value of \$145 million.

Financial Audit, Information Technology Audit, and Operational Audit – 17 audits, four controlled self assessments, and seven consulting engagements were completed.

Contractor Pre-Qualification – 572 applications and validations were processed and 502 were approved.

Audit Follow-up and Resolution – 81, or 62%, of all outstanding audit recommendations were completed and closed. Sixty new audit recommendations were added.

MAS' FY 2007 Year-End report is included as Attachment A.

NEXT STEPS

Management Audit Services will provide the first quarter summary of FY 2008 audit activity to the Board at the November 2007 Executive Management and Audit Committee meeting.

ATTACHMENT

- A. Year-End Report on Management Audit Services activity for fiscal year ending June 30, 2007.

Prepared by: Ruthe Holden, Chief Auditor, MAS

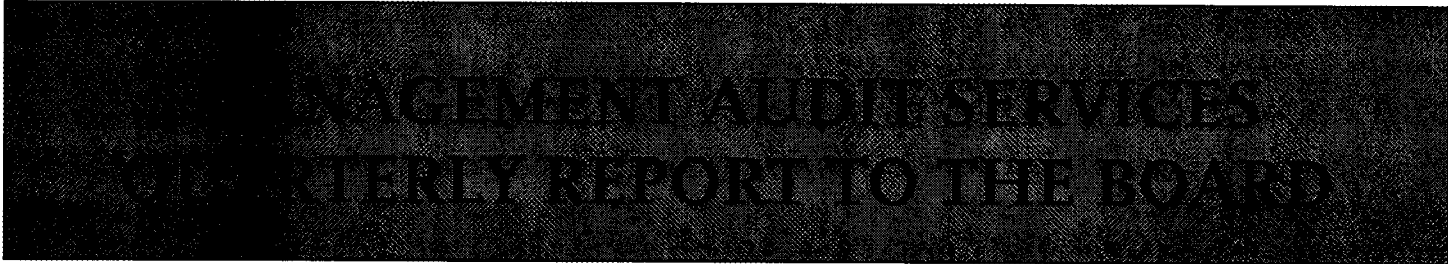


Ruthe Holden
Chief Auditor, Management Audit Services



Roger Snoble
Chief Executive Officer

Los Angeles County Metropolitan Transportation Authority



**YEAR-END REPORT
FY 2007**

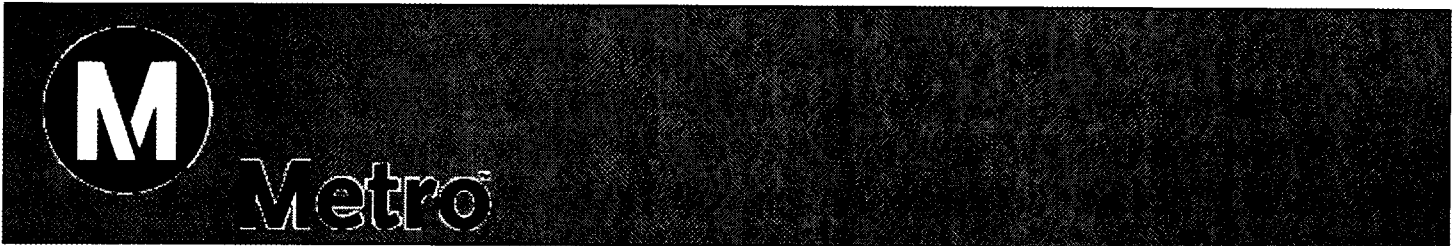




TABLE OF CONTENTS

EXECUTIVE SUMMARY	
FY07 Summary	1
Other Matters	2
EXTERNAL AUDITS	
Contract Audit	3
Grant Audit	3
INTERNAL AUDITS	
Financial Audit	4
Information Technology Audit	5
Operational Audit	6
AUDIT SUPPORT SERVICES	
Contractor Pre-Qualification Function	7
Audit Follow-Up and Resolution	7
SUMMARY TABLES	
Appendix A – Contract Audit – Completed Audits	8
Appendix B – Internal Audit – Completed Audits	21

FY07 Summary

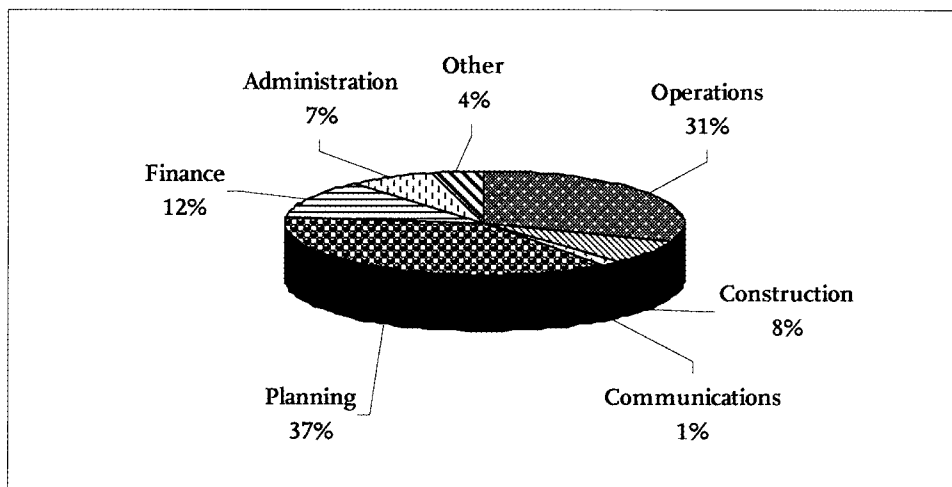
During FY 2007, 136 audits were completed; 12 audits were issued in the first quarter, 18 audits were issued in the second quarter, 45 audits were issued in the third quarter, and 61 audits were issued in the fourth quarter. In addition, four Control Self Assessments (CSAs) were completed; one in the second quarter, and three in the third quarter.

MAS also completed the second Agency Wide Risk Assessment (Risk Assessment). In addition, eight consulting engagements were finished, two in the first quarter, two in the second quarter, one in the third quarter, and three in the fourth quarter.

The work completed in the first, second, and third quarters of FY07 is summarized in the quarterly reports issued in November 2006, February 2007 and June 2007. The completed audits for fourth quarter include three internal audit reports, 54 contract audits, and four grant audits. The completed contract and grant audits are summarized on page three and completed internal audits begin on page four.

Sixty-two audits were in process at the end of FY 2007.

The following chart identifies the functional areas where Management Audit Services (MAS) focused staff time and efforts during FY 2007:



“Other” includes hours spent on projects for Communications, Safety, and Budget.

EXECUTIVE SUMMARY

Audit Follow-up and Resolution has continued its more proactive approach to getting recommendations resolved. Eighty-one, or 62% of the recommendations were completed and closed during FY 2007 out of a total universe of 131. A total of 60 audit recommendations were added during the fiscal year.

The pre-qualification group processed 572 applications and validations during FY 2007, which were in support of 102 different procurement actions.

Other Matters

MAS continues to focus on internally developing talents, specialties and leading edge practices. During FY 2007 the department developed a new technique to use in risk-based auditing. This ensures that audits consistently measure risk at Executive Management's risk tolerance level. In addition, this technique ensures that auditors focus their scarce resources on areas in the agency which can add value. MAS was asked to present this new technique at the Institute of Internal Auditors' Annual Risk and Control Conference.

We completed our second Risk Assessment during the second quarter of FY07. This year's Risk Assessment was done entirely by MAS staff and built upon the FY06 Risk Assessment that was completed by KPMG. 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. Each year the prior Risk Assessment is reviewed and updated. In addition, specific areas are identified to expand the analysis and review deeper into that area of the agency. The results of this Risk Assessment have allowed MAS to focus audits in areas that present more strategic or operational risk to the agency.

The Board adopted FY07 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 when 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. During FY07, three memos were issued for audit projects that were stopped after the preliminary survey because risk to the agency was deemed to be low.



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 2007, 103 audits were completed. Eighty-two of the completed audits were cost proposal audits for the five corridor projects, eleven were compliance audits, three were incurred cost audits for the Eastside project, two were Buy America audits for Operations, four were cost proposal audits for an Operations projects, and the other one was a forward pricing rates project for an Environmental project. As of June 30, 2007, 29 audits were in process.

For contract actions negotiated during FY 2007 (including open audit findings from prior quarters) the agency avoided \$437 thousand in cost based on questioned costs from audit findings.

Throughout the year, approximately 80% of Contract Audit's effort was in support of Planning's corridor projects. The rest of the audit effort was split between Operations and Eastside audit support.

Details on Contract Audits completed during FY 2007 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, including 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 16 audits during FY 2007. \$4.9 million of unused funds was identified that can be reprogrammed by Countywide Planning for other projects. Fifteen audits with a total value of \$145 million were in process as of June 30, 2007.

Details on Grant Audits completed during FY 2007 are in Appendix A.

A dark, textured banner with the words "INTERNAL AUDITS" in a light, serif font, centered across the top of the page.

INTERNAL AUDITS

Financial Audit

For the fourth quarter of FY 2007, one audit was completed. The audit is summarized below.

Three financial audits were in process as of June 30, 2007. They are: Petty Cash, Expenditure Reporting and Mechanic Overtime.

The seven financial audits completed during FY07 are listed in Appendix B. In addition to these reports, Financial Audit also provided consulting services to PricewaterhouseCoopers.

Unpaid Vendor Invoices

Accounts Payable processes approximately 72,000 invoices annually valued at about \$2 billion through the Financial Information System (FIS) Accounts Payable module. The audit assessed the adequacy of and compliance with internal controls for the unpaid vendor invoice processes. The audit included analysis of a statistical sample of unpaid vendor invoices for March 2006.

The audit found that the internal controls established over the unpaid vendor invoice process are adequate. However, we found one instance in which an invoice was sent directly by the vendor to the cost center rather than to Accounts Payable as required by Accounts Payable procedures. Management has agreed to establish procedures to correct the problem.

INTERNAL AUDITS

Information Technology Audit

For the third quarter FY 2007, one audit report was issued and a consulting engagement was completed. The audit is summarized below.

Ten Information Technology (IT) audit projects are in process. Four audits are in process from the FY 2006 audit plan: Oracle Human Resources, Budget Information and Accounting System, Supervisory Control & Data Acquisition Firewall, and Compliance to Software License Agreements. Six audits in process from the FY 2007 audit plan include: Oracle Change Management, Wireless System, Universal Fare System, Procurement Card, Vendor Master File, and Payroll E-Time.

The four IT audits completed during FY07 are listed in Appendix B. In addition to these reports, IT Audit completed three consulting engagements, two during the first quarter and one during the fourth quarter.

Software License Policy and Procedures

The audit assessed the policies & procedures for software purchases, vendor licensing agreements and copyright laws. Software is subject to copyright protection pursuant to 17 USC Section 102, as well as any additional restrictions included in the vendor licensing agreements.

There are no formal written policies and procedures that cover software purchase and usage. Information Technology Services (ITS) does have a policy, Information Security IT 1, which includes general language on license agreements and copyright laws. However, current ITS policy language does not provide adequate direction to staff to comply with copyright laws nor does it provide adequate protection to the agency in the event that staff is violating the law.

ITS has agreed to complete and finalize the Information Technology Standards Compliance Policy in accordance with GEN 5 (General Management Administrative Policy & Procedures Guidelines), and to ensure that it provides clear guidance to staff regarding their responsibility to comply with applicable laws and license agreements, and provides some protection to the agency if employees violate the law.

INTERNAL AUDITS

Operational Audit

For the fourth quarter of FY 2007, one audit report was issued and is summarized below. Also, two consulting engagements were completed, and preliminary work was completed on another audit project, Compliance with the Americans with Disabilities Act, resulting in a memo to the auditee notifying them that the audit had been stopped because the overall risk to the agency was deemed to be low. The consulting engagements included support of the Office of the Inspector General in the development of the Access Services Incorporated audit scope, and support for the KPMG performed risk assessment of M3.

Five Operational audit projects were in process as of June 30, 2007. They include: M3 Utilization and Processes, Bus Warranty Administration, Scheduled Bus Performance, Rail Service Interruption, and Accident Management Process.

The six operational audits completed during FY07 are listed in Appendix B. In addition to these reports, Operational Audit completed four consulting engagements, one during second quarter, one during third quarter, and two during the fourth quarter.

Wireless Communication Devices

The audit focused on the internal controls for assigning wireless communication devices (cell phones and pagers), user recertification, reimbursement for non-business calls and analysis of wireless communication provider plans. The period reviewed was FY06.

Based on our review, we determined that program requirements are being met and blackberry issuance complies with agency policy. However, we did note several issues that need management attention. ITS policy requires personal calls to be reimbursed; however, reimbursement for personal calls ensuing from Metro business requirements is not addressed in the policy. This is left to supervisor/manager discretion and has resulted in inconsistent application. Also ITS policy, excluding pagers, requires CEO approval for all wireless device requests and service resulting in a disparity between the level of management oversight and the corresponding risk. Consistent with Gen 5, Management has agreed to convene a task force from all applicable Strategic Business Units (SBU) to review the wireless policy to ensure it is consistent with current acceptable business practices.

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 2007, 572 applications and validations were processed. This represents a 32% increase from FY 2006. Three hundred and seventy three applications and 194 validations were submitted, and five applications were carried over from FY06. Of the 572 processed, 502 firms were approved to do business with Metro, 13 were closed as incomplete, one firm received a mandatory denial because they were debarred by a federal agency, and 56 applications were in process as of June 30, 2007. The average processing time was 20 days for applications and two days for validations. The applications processed during FY 2007 were in support of 102 different procurement actions, including contracts in construction, operations, and professional services.

Audit Follow-Up and Resolution

During the fourth quarter, 20 new audit recommendations were added to the outstanding audit recommendations list, and eight additional recommendations were completed and closed. Below is a table summarizing the recommendations closed or completed during the fourth quarter, and the open recommendations as of June 30, 2007.

For FY 2007, a total of 60 new audit recommendations were added, and a total of 81 recommendations were completed or closed out of a total universe of 131. This represents a 62% reduction in the total outstanding recommendations.

Summary of MAS and External Audit Recommendations As of June 30, 2007

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.
Chief Financial Services Officer						1	1
Chief Administrative Services Officer	2		1		9	12	21
Chief Real Property Management & Development		1	1			2	2
Chief Planning Officer		1	1		3	9	12
Chief Operating Officer		1				2	2
General Mgr Rail Operations				9	1	2	12
Totals	2	3	3	9	13	28	50

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C10H - Cost Proposal	HDR	Contractual	6/2007
Planning	07-COR-C10F - Cost Proposal	DMJM Harris, Inc	Contractual	6/2007
Planning	07-COR-C10D - Cost Proposal	CirclePoint	Contractual	6/2007
Planning	07-COR-C10E - Cost Proposal	D'Leon Consulting Engineers Corp	Contractual	6/2007
Planning	07-COR-C10J - Cost Proposal	Morgner Construction Management	Contractual	6/2007
Planning	07-COR-C12 - Cost Proposal	Arellano Associates	Contractual	6/2007
Planning	07-COR-C10A - Cost Proposal	CDM/DMJM Harris JV	Contractual	6/2007
Planning	07-COR-C05P - Cost Proposal	Vertical Mapping Resources Inc	Contractual	6/2007
Planning	07-COR-C01G-S1 - Cost Proposal	Wagner Engineering & Survey, Inc.	Contractual	6/2007
Planning	07-COR-C01E-S1 - Cost Proposal	Terry A. Hayes Associates	Contractual	6/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C01F-S1 - Cost Proposal	Bullock & Associates, Inc.	Contractual	6/2007
Planning	07-COR-C01I-S1 - Cost Proposal	Lenax Construction Sevices Inc	Contractual	6/2007
Planning	07-COR-C07C-S1 - Cost Proposal	Terry A. Hayes Associates	Contractual	6/2007
Planning	07-COR-C06C-S1 - Cost Proposal	Diverse Strategies for Organizing, Inc.	Contractual	6/2007
Planning	07-COR-C03B-S1 - Cost Proposal	Terry A. Hayes Associates	Contractual	6/2007
Planning	07-COR-C05O-S1 - Cost Proposal	Civil Works Engineers, Inc.	Contractual	6/2007
Planning	07-COR-C05H-S1 - Cost Proposal	JMDiaz, Inc.	Contractual	6/2007
Planning	07-COR-C05A-S1 - Cost Proposal	Wagner Engineering & Survey, Inc.	Contractual	6/2007
Planning	07-COR-C07D-S1 - Cost Proposal	Fehr and Peers Associates, Inc.	Contractual	6/2007
Planning	07-COR-C08B - Cost Proposal	Camp, Dresser & McKee, Inc.	Contractual	5/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C06D-S1 - Cost Proposal	Moore Iacafano Goltsman, Inc.	Contractual	5/2007
Planning	07-COR-C08C - Cost Proposal	LKG-CMC, Inc.	Contractual	5/2007
Planning	07-COR-C08D - Cost Proposal	MACTEC Engineering and Consulting, Inc.	Contractual	5/2007
Planning	07-COR-C07H - Cost Proposal	Ted Tokio Tanaka Architects	Contractual	5/2007
Planning	07-COR-C071 - Cost Proposal	Sharon Greene and Associates	Contractual	5/2007
Planning	07-COR-C09 - Cost Proposal	The Robert Group	Contractual	5/2007
Planning	07-COR-C11 - Cost Proposal	The Robert Group	Contractual	5/2007
Planning	07-COR-C10C - Cost Proposal	Camp, Dresser & McKee, Inc.	Contractual	5/2007
Planning	07-COR-C10B - Cost Proposal	AECOM Consult, Inc	Contractual	5/2007
Planning	07-COR-C101 - Cost Proposal	LKG-CMC, Inc.	Contractual	5/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Eastside	C0803 - Change	Lenax Construction Services Inc	Legal	5/2007
Eastside	C0803 - Change	Lenax Construction Services Inc	Legal	5/2007
Planning	07-COR-C05J-SI - Cost Proposal	LSA Associates, Inc.	Contractual	5/2007
Planning	07-COR-C05L-S1 - Cost Proposal	Environ International Corporation	Contractual	5/2007
Planning	07-COR-CO5N-S1 - Cost Proposal	The Tioga Group, Inc.	Contractual	5/2007
Planning	07-COR-C10G - Cost Proposal	EDAW, Inc.	Contractual	5/2007
Planning	07-COR-C03D-S1 - Cost Proposal	Jenkins/Gales & Martinez, Inc.	Contractual	5/2007
Planning	07-COR-C03G-S1 - Cost Proposal	Fehr and Peers Associates, Inc.	Contractual	5/2007
Planning	07-COR-C06D - Cost Proposal	Moore Iacafano Goltsman, Inc.	Contractual	4/2007
Planning	07-COR-C05L - Cost Proposal	Environ International Corporation	Contractual	4/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C05O - Cost Proposal	Civil Works Engineers, Inc.	Contractual	4/2007
Planning	07-COR-C05N - Cost Proposal	The Tioga Group, Inc.	Contractual	4/2007
Planning	07-COR-C06C - Cost Proposal	Diverse Strategies for Organizing, Inc.	Contractual	4/2007
Planning	07-COR-C06B - Cost Proposal	Valencia, Perez & Echeveste, Inc.	Contractual	4/2007
Planning	07-COR-C07E - Cost Proposal	IBI Group	Contractual	4/2007
Planning	07-COR-C07C - Cost Proposal	Terry A. Hayes Associates	Contractual	4/2007
Planning	07-COR-C07D - Cost Proposal	Fehr and Peers Associates, Inc.	Contractual	4/2007
Planning	07-COR-C07F - Cost Proposal	LKG-CMC, Inc.	Contractual	4/2007
Planning	07-COR-C07B - Cost Proposal	PB Americas, Inc.	Contractual	4/2007
Planning	07-COR-C07A - Cost Proposal	Camp, Dresser & McKee, Inc.	Contractual	4/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C07J - Cost Proposal	Intueor Consulting, Inc.	Contractual	4/2007
Planning	07-COR-C01J - Cost Proposal	Diaz-Yourman & Associates	Contractual	4/2007
Planning	07-COR-C08A - Cost Proposal	PB Americas, Inc.	Contractual	4/2007
Planning	07-COR-C07G - Cost Proposal	MACTEC Engineering and Consulting, Inc.	Contractual	4/2007
Planning	07-COR-C01C - Cost Proposal	Gruen Associates	Contractual	3/2007
Planning	07-COR-C01D - Cost Proposal	Paragon Partners	Contractual	3/2007
Planning	07-COR-C01H - Cost Proposal	Transportation Management & Design	Contractual	3/2007
Planning	07-COR-C01F - Cost Proposal	Bullock & Associates, Inc.	Contractual	3/2007
Planning	07-COR-C01I - Cost Proposal	Lenax Construction Services Inc.	Contractual	3/2007
Planning	07-COR-C01G - Cost Proposal	Wagner Engineering & Survey, Inc.	Contractual	3/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C01E - Cost Proposal	Terry A. Hayes Associates	Contractual	3/2007
Planning	07-COR-C02 - Cost Proposal	Consensus Planning Group, Inc.	Contractual	3/2007
Planning	07-COR-C03B - Cost Proposal	Terry A. Hayes Associates	Contractual	3/2007
Planning	07-COR-C03D - Cost Proposal	Jenkins/Gales & Martinez, Inc.	Contractual	3/2007
Planning	07-COR-C03A - Cost Proposal	PB Americas, Inc.	Contractual	3/2007
Planning	07-COR-C03C - Cost Proposal	Wilbur Smith Associates	Contractual	3/2007
Planning	07-COR-C03E - Cost Proposal	Camp, Dresser & McKee, Inc.	Contractual	3/2007
Planning	07-COR-C05B - Cost Proposal	Paragon Partners	Contractual	3/2007
Planning	07-COR-C03F - Cost Proposal	RAW International, Inc.	Contractual	3/2007
Planning	07-COR-C05A - Cost Proposal	Wagner Engineering & Survey, Inc.	Contractual	3/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C05C - Cost Proposal	Iteris, Inc.	Contractual	3/2007
Planning	07-COR-C05D - Cost Proposal	Gruen Associates	Contractual	3/2007
Planning	07-COR-C05E - Cost Proposal	PBS&J, Inc.	Contractual	3/2007
Planning	07-COR-C05F - Cost Proposal	IBI Group	Contractual	3/2007
Planning	07-COR-C05G - Cost Proposal	Cambridge Systematics, Inc.	Contractual	3/2007
Planning	07-COR-C03G - Cost Proposal	Fehr and Peers Associates, Inc.	Contractual	3/2007
Planning	07-COR-C04 - Cost Proposal	The Lee Andrews Group	Contractual	3/2007
Planning	07-COR-C05H - Cost Proposal	JMDiaz, Inc.	Contractual	3/2007
Planning	07-COR-C05I - Cost Proposal	C&C Aerial Mapping Corporation	Contractual	3/2007
Planning	07-COR-C05K - Cost Proposal	URS Corporation	Contractual	3/2007

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C06A - Cost Proposal	The Robert Group	Contractual	3/2007
Planning	07-COR-C05J - Cost Proposal	LSA Associates, Inc.	Contractual	3/2007
Operations	07-ASC-C01 - Change	Automated Switching and Controls, Inc.	Legal	2/2007
Orange Line	07-SOJ-08 - Change	Shimmick/Obayashi, JV	Legal	2/2007
Operations	07-HKS-C01 - Cost Proposal	HK Systems, Inc.	Contractual	2/2007
Planning	07-NAB-C01 - Buy America	NABI	Contractual	2/2007
Planning	07-COR-C01A - Cost Proposal	Iteris, Inc.	Contractual	2/2007
Planning	07-COR-C01B - Cost Proposal	DMJM + Harris	Contractual	2/2007
Operations	07-CTS-C01 - Change	Cubic Transportation Systems, Inc.	Legal	1/2007
Environmental	07-JAS-C01A - Forward Pricing	Jones and Stokes Associates, Inc.	Contractual	12/2006

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Operations	06-ANS-01 - Interim Buy America	AnsaldoBreda S.p.A.	Contractual	11/2006
Eastside	07-LRT-C04 - Change	Eastside LRT Constructors	Legal	11/2006
Eastside	Incurred Cost - FY05	Barrio Planners	Contractual	11/2006
Eastside	Incurred Cost - FY01	Barrio Planners	Contractual	11/2006
Eastside	Incurred Cost - FY02 and FY03	Barrio Planners	Contractual	11/2006
Eastside	07-LRT-C02 - Change	Eastside LRT Constructors	Legal	10/2006
Eastside	07-LRT-C03 - Change	Eastside LRT Constructors	Legal	10/2006
Operations	06-GIR-01 - Cost Proposal	Giro, Inc.	Contractual	9/2006
Operations	06-SMT-C01 - Cost Proposal	Simmons Machine Tool Corp.	Contractual	9/2006
Eastside	07-LRT-C01 - Change	Eastside LRT Constructors	Legal	8/2006

Appendix A

External Audits Completed During FY 2007

Contract Audit

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Operations	06-CTS-01 - Change	Cubic Transportation Systems, Inc.	Contractual	8/2006
Operations	07-TMD-C01 - Cost Proposal	Transporation Management & Design, Inc.	Contractual	8/2006
Eastside	06-LRT-07 - Change	Lenax Construction Services, Inc.	Legal	8/2006

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	07-CLB-G02 - Closeout	Southeast Regional Transit Information Network	Contractual	6/2007
Planning	07-CLA-G14 - Closeout	San Fernando Valley Transit Hubs	Contractual	6/2007
Planning	07-CRB-G01 - Closeout	South Bay Transit Providers Commuter Service Centers Project	Contractual	6/2007
Planning	07-CLA-G08 - Closeout	Westside Los Angeles Transit Hubs Project	Contractual	5/2007
Planning	MOU No. P0000409A - Closeout	Caltrans	Contractual	2/2007

Appendix A

External Audits Completed During FY 2007

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	MOU No. P0008410 (1 of 2) - Closeout	Caltrans	Contractual	2/2007
Planning	MOU No. P0008410 (2 of 2) - Closeout	Caltrans	Contractual	2/2007
Planning	STIP Regional Rideshare Program - Closeout	LACMTA	Contractual	12/2006
Planning	07-CLA-G01 - Closeout	LADOT	Contractual	11/2006
Planning	07-CLA-G06 - Closeout	LADOT	Contractual	11/2006
Planning	MOU No. P0000349 - Closeout	Caltrans	Contractual	10/2006
Planning	06-KMI-01 - Closeout	Kinder Morgan, Inc.	Contractual	10/2006
Planning	06-FPL-01 - Closeout	FPL & Associates	Contractual	10/2006
Planning	06-CCC-01 - Closeout	Culver City	Contractual	9/2006
Planning	06-ACT-01 - Closeout	ACT Consulting	Contractual	7/2006

Appendix A

External Audits Completed During FY 2007

Grant Audit

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	06-COH-01 - Closeout	South Bay Council of Government	Contractual	7/2006

Appendix B

Internal Audits Completed During FY 2007

Financial Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Planning Officer	06-ACC-009 - Internal Controls for Unpaid Vendor Invoices	Assess unpaid vendor invoices for compliance with internal controls.	Medium	6/2007
Chief Financial Services Officer	06-ACC-007 - Bank Reconciliation and Account Analysis	Completion of FY06 audit. Performance audit to review internal controls over the periodic reconciliation of the agency's bank accounts.	High	3/2007
Chief Planning Officer	07-STIP-SS - Closeout Audit of 2004-2005 STIP PPM	Determine whether the costs related to STIP were allowable costs under the terms of the Agreement and the Federal Acquisition Regulation.	High	3/2007
Chief Financial Services Officer	07-CAP-MGA - Compliance Audit of FY 2007 Cost Allocation Plan	Determine compliance with requirements, accuracy of the financial data reasonableness of the methodology.	High	3/2007

Appendix B

Internal Audits Completed During FY 2007

Financial Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Real Property Management & Development	06-ACC-004 - Real Estate Controls	Completion of FY06 audit. Review the agency fixed assets report to determine accuracy and completeness. Follow-up on prior audit findings.	High	12/2006
Chief Financial Services Officer	06-CAP-MGO - Compliance Audit of FY 2005 Cost Allocation Plan	Determine compliance with requirements, accuracy of the financial data reasonableness of the methodology.	High	9/2006
Chief Financial Services Officer	06-FIN-005 - Investment Policy	Completion of FY06 audit. Verify the accuracy of what is being reported to the Board (in compliance with California Government Code 53646, LACMTA issues a quarterly report on compliance to LACMTA investment policies).	Medium	8/2006

Appendix B

Internal Audits Completed During FY 2007

Information Technology Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Agency-wide	06-ITS-009 - Software Licensing Procedures	Completion of FY06 audit. Determine if policies and procedures for software purchases are adequate.	High	4/2007
Chief Financial Services Officer	06-ACC-008 - Payroll Interface Systems	Completion of FY06 audit. Assess the internal controls implemented in the payroll system interfaces.	High	3/2007
Chief Operations Officer	06-ITS-I18 - Physical Access to Train Control and Communications Rooms	Completion of FY06 audit. Assess physical access controls for safeguarding the SCADA computers and related communication resources.	High	3/2007
Chief Operations Officer	06-MRL-002 - ATMS Security	Completion of FY06 audit. Assess the adequacy of controls for safeguarding ATMS resources.	High	11/2006

Appendix B

Internal Audits Completed During FY 2007

Operational Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Administrative Services Officer	07-ITS-001 - Wireless Device and Service Utilization	Validate that wireless device program requirements are being met and blackberry issuance complies with agency policy.	High	6/2007
Chief Planning Officer; Chief Capital Management Officer	07-MGLEE-001 - Forensic audit of the Metro Gold Line Eastside Extension Los Angeles Crematorium Site	Investigate how Metro's environmental and pre-construction review process did not detect the mass grave prior to submission of the FEIR and Statement to the FTA.	High	1/2007
Chief Planning Officer	06-TDI-004 - Call for Projects Administration	Completion of FY06 audit. Evaluate the adequacy of internal controls and project management process of periodic call for projects.	Medium	1/2007
Chief Operations Officer	05IA-V13-00 - Family and Medical Leave	Completion of FY05 audit. Assess compliance to the Family and Medical Leave Policy.	High	12/2006

Appendix B

Internal Audits Completed During FY 2007

Operational Audit

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Financial Services Officer	06-CVS-008 - Fare Media Controls	Completion of FY06 audit. Performance Audit to evaluate the security and controls in place to protect fare media from the time it is printed until the asset is no longer the responsibility of the agency.	High	10/2006
Chief Operations Officer	03IA-017 – Bus Operators OCB/VCB Assignments at San Fernando Valley Sector	Completion of FY05 audit. Determine whether adequate controls have been established regarding bus operator overtime.	Medium	8/2006

Operational Audit - Controlled Self Assessments

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Operations Officer	Non-Equipment Maintenance	Organizational objectives, risks, and controls are identified and documented.	-	3/2007
Chief Operations Officer	Facility Services Maintenance	Organizational objectives, risks, and controls are identified and documented.	-	3/2007

Appendix B

Internal Audits Completed During FY 2007

Operational Audit - Controlled Self Assessments

Area	Audit Number & Title	Description	Risk	Date Completed
Chief Operations Officer	Equipment Maintenance - RRC Support Shops	Organizational objectives, risks, and controls are identified and documented.	-	3/2007
Chief Operations Officer	Bus Maintenance	Organizational objectives, risks, and controls are identified and documented.	-	12/2006

