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**EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE  
SEPTEMBER 18, 2008**

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2008 YEAR-END REPORT**

**ACTION: RECEIVE AND FILE**

**RECOMMENDATION**

Receive and file the FY 2008 year-end report of Management Audit Services (Management Audit) for the period ending June 30, 2008.

**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 on its audit activities. This report fulfills the requirement for the fourth quarter of FY 2008.

**DISCUSSION**

Management Audit provides audit support to the Chief Executive Officer (CEO) and his executive management. Management Audit 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 Management Audit, 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 internal control 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 Management Audit activity for the fourth quarter and for the fiscal year ending June 30, 2008 is as follows:

Contract Audit – 37 audits were completed in fourth quarter and 72 audits were completed for the year. As of June 30, 2008, 28 audits were in process.

Grant Audit – 6 audits were completed for the year in fourth quarter and 31 audits were completed for the year. As of June 30, 2008, 29 audits were in process.

Financial Audit, Information Technology Audit, and Operational Audit – 4 audits, 3 CSA's and 1 consulting engagement were completed in fourth quarter and 11 audits, 3 control self assessments, and 2 consulting engagements were completed for the year.

Contractor Pre-Qualification – 141 applications and validations were approved in fourth quarter and 509 were approved for the year. As of June 30, 2008, 615 applications and validations were processed to support 108 solicitations.

Audit Follow-up and Resolution – 38, or 48%, of all outstanding audit recommendations were completed and closed, and 30 new audit recommendations were added.

Management Audit's FY 2008 Year-End report is included as Attachment A.


### NEXT STEPS


Management Audit will provide the first quarter summary of FY 2009 audit activity to the Board at the November 2008 Executive Management and Audit Committee meeting.

### ATTACHMENT

- A. Year-End Report on Management Audit Services activity for fiscal year ending June 30, 2008.

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Chief Auditor, Management Audit Services

  
Roger Snoble  
Chief Executive Officer

Los Angeles County Metropolitan Transportation Authority

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

**YEAR-END REPORT  
FY 2008**



**Metro**

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# EXECUTIVE SUMMARY

## FY08 Summary

During FY 2008, 123 audits were completed. These include:

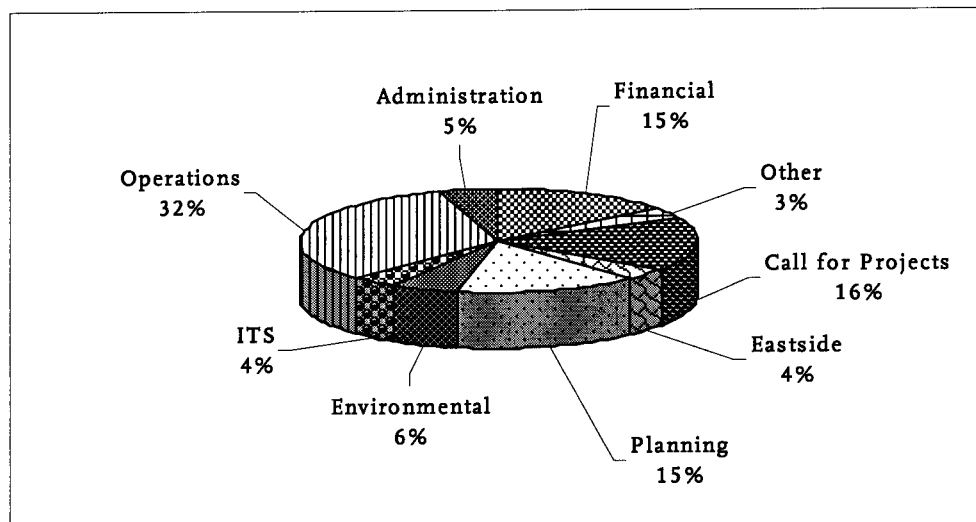
- 24 audits issued in the first quarter;
- 31 audits issued in the second quarter;
- 21 audits issued in the third quarter;
- 47 audits issued in the fourth quarter;
- 3 Control Self Assessments (CSAs) completed during the fourth quarter, and
- 2 consulting engagements completed, one in the second quarter and one in the fourth quarter.

Appendix A and B contain a list of all work completed in FY08.

The work completed in the first, second, and third quarters of FY08 are summarized in the quarterly reports issued in February 2008 and May 2008. The completed audits for fourth quarter include four internal audit reports, 37 contract audits, and six grant audits. The completed contract and grant audits are summarized on page four and completed internal audits begin on page five.

78 audits were in process at the end of FY 2008.

The following chart identifies the functional areas where Management Audit Services (Management Audit) focused staff time and efforts during FY 2008:



“Other” includes hours spent on projects for Real Estate, Communications, Safety, and an Agency-Wide project.

## EXECUTIVE SUMMARY

Audit Follow-up and Resolution continues to work with management to resolve open recommendations. Thirty-eight, or 48% of the recommendations were completed and closed during FY 2008 out of a total universe of 80. A total of 30 audit recommendations were added during the fiscal year.

The pre-qualification group processed 615 applications and validations during FY 2008 in support of 108 different procurement actions.

### Other Matters

Management Audit continues to focus on developing a cadre of highly proficient audit professionals to meet the oversight needs of the agency. This includes a training plan developed annually that incorporates a focus on core audit skills as well as specialized technical subjects. Auditing standards require that each auditor complete a minimum of 40 hours of continuing professional education annually. Management Audit has consistently provided training opportunities for staff that exceed the minimum requirements.

As part of our training program, this year, we hosted the inaugural Western Regional Audit Training Forum. The event was coordinated by Management Audit and was co-sponsored by Institute of Internal Auditors San Gabriel Valley Chapter (IIA), and the American Public Transportation Association (APTA). The purpose of the forum was to provide quality professional education for auditors on emerging audit issues at a reasonable price. The forum provided 16 continuing professional education credits. The two day event was attended by 124 people mostly from the Los Angeles area. It featured 32 speakers leading seminars on a variety of relevant issues. There were three simultaneously occurring tracks of speakers each day, allowing the participants to choose subjects most relevant to their interests. The two day event was organized into five different tracks, including emerging audit issues, information technology auditing, compliance auditing, adding value and professional development. Feedback on the event was very positive.

The third Agency Wide Risk Assessment (Risk Assessment) was completed and discussed with executive management and the Board in April of this year. A Risk Assessment is the process of understanding an organization's strategic, operational, compliance and financial objectives and then identifying and prioritizing potential threats or 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.

Some of the risk rankings have changed and new risks have been identified in this year's risk assessment. Financial and Administrative Management and Regional Planning's overall risk score is lower from last year's assessment. Financial and Administrative Management's score was lowered because of the successful completion of the annual audit with a clean opinion from the external auditors which included the new criteria from Statement of Auditing Standards 112.

## EXECUTIVE SUMMARY

Regional Planning's score lowered because several corridor projects procurements were successfully completed, which removed some of the schedule uncertainty.

Workforce and Technology's scoring increased from last year's risk ranking. Workforce's score reflects continued overall agency concern regarding staff reductions that have occurred in the last several years. In addition, Workforce's risk scoring was raised because of concerns regarding succession planning, lack of needed qualified technical personnel, disparity of certain jobs salaries compared with other local government agencies which could impact departments' ability to retain qualified staff, and reduced oversight and monitoring activities caused by the staff reductions. Technology's risk score is higher because of increased reliance on multiple interfaced enterprise wide systems and growing concern across the agency regarding how closely technology management is aligned with the strategic goals of the agency. The results of this Risk Assessment have allowed Management Audit to focus audits in areas that present more strategic or operational risk to the agency.

Lastly, in order to comply with auditing standards, Management Audit is scheduling a peer review in FY09 to assess our compliance to Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards and IIA's International Standards for the Professional Practice of Internal Auditing. The external peer review is the mechanism used to evaluate the audit department's quality assessment process. An external peer review is required to be completed every 3 years to comply with the GAO standards and every 5 years to comply with IIA standards. The last peer review for Management Audit was completed in FY06 by members of APTA's Internal Audit Committee. The FY06 peer review assessed Management Audit's compliance to GAO Standards. In order to prepare for the FY09 peer review, Management Audit completed an internal quality assurance review and also hired KPMG to assess our compliance to IIA standards.

The internal quality assurance review was completed in FY08 to assess the effectiveness of our policies and compliance to standards, train staff on quality assurance monitoring techniques and promote continuous improvement within the department. The internal quality assurance review found us generally compliant with the auditing standards but recommended some improvements to our current practices related to audit documentation.

In addition to the internal quality assurance review, we contracted with KPMG to assess compliance to IIA auditing standards. Since this is the first time that our external peer review will be assessing compliance to the IIA audit standards, we wanted an outside expert to evaluate our readiness to successfully complete the FY09 external peer review. KPMG's assessment found that we comply with both the spirit and intent of the IIA's auditing standards. However, their report also recommended some changes to our current procedures, audit documentation and reporting practices. Some of the areas they recommended we focus on include improving timeliness of reports and changing the presentation of the reports, training staff on audit techniques, standardizing workpapers and risk ranking the audit recommendations to improve understanding of the criticality of the findings. We are in the process of developing corrective action plans that will be completed in FY09 to address both assessments and improve our operations.



# 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.

During FY 2008, 72 audits were completed. Of the audits completed:

- 41 were cost proposal audits and accounting system reviews for corridor projects;
- 12 were cost proposal audits for other Planning projects;
- 2 were incurred cost audits for the Eastside project;
- 1 was Buy America audit for Operations;
- 5 were labor rate reviews;
- 1 was a cost proposal audit for an Operations project, and
- 10 were forward pricing rates project for an Environmental project.

As of June 30, 2008, 28 audits were in process.

Throughout the year, approximately 30% 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 2008 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 31 audits during FY 2008. \$9.6 million of unused funds was identified that can be reprogrammed by Countywide Planning for other projects. 29 audits with a total value of \$254 million were in process as of June 30, 2008.

Details on Grant Audits completed during FY 2008 are in Appendix A.

# INTERNAL AUDITS

## Financial Audit

For the fourth quarter of FY 2008, one financial audit was completed. The audit was co-sourced to Macias Gini, O'Connell/Macias Consulting Group (Macias) and is summarized below.

Three financial audits were in process as of June 30, 2008. They are: SAS 70 Reporting Requirements, Human Resources/TAP Interface, Obligation Authority Funding Process, and Real Estate Rental Income.

In addition to these reports, Management Audit also provided consulting services to PricewaterhouseCoopers.

### Review of Environmental Liabilities

Effective for fiscal years beginning after December 15, 2007, public agencies are required to comply with Government Accounting Standards Board Statement 49 (GASB49) "Pollution Remediation Obligations". All current and future environmental remediation liabilities, required to address the detrimental effects of existing pollution, must be reported if the remediation activities was triggered by certain conditions. An audit was co-sourced to Macias to review one bus division and one rail division's current and potential environmental liabilities and determine their impact on the agency's financial statements. Macias was also requested to identify recommendations to improve the process of reporting environmental liabilities.

Macias found the agency is not fully ready to implement GASB 49. Systems and processes are not in place to ensure that the multiple offices with responsibility for hazard identification, assessment, and cost measurement, are able to share and collect data for accurate financial reporting. No current or potential environmental liabilities or resulting financial impacts were identified at the bus and rail division reviewed in their audit.

Management has agreed to coordinate the collection and maintenance of all environmental related information, develop a policy regarding GASB 49, develop a methodology to capture cost estimates, and routinely provide estimates on anticipated costs to the Office of Management and Budget

## Information Technology Audit

For the fourth quarter FY 2008, two audits were completed, Audit of Materiel Maintenance & Management System (M3) General Controls, Audit of M3 Timekeeping System. These audits were conducted by Thompson, Cobb, Bazilio & Associates and are summarized below. One consulting engagement on the Analysis of Payroll Overtime Validations for All Unions was also completed.

# INTERNAL AUDITS

Thirteen Information Technology audit projects were in process as of June 30, 2008. Seven audits are in process from prior years' audit plans: Oracle Human Resources (HR), Budget Information and Accounting System, Compliance to Software License Agreements, Oracle Change Management, Procurement Card, Vendor Master File, and Payroll E-Time.

Four audits are in process from the FY 2008 audit plan: Audit of HR Central/Payroll System Controls, Audit of Transit Operator Activity Scheduling and Tracking (TOAST), Audit of Backup Recovery Management and Audit of Information Privacy.

## Material Maintenance and Management System General Controls

The audit verified the confidentiality, availability and integrity of data processed by the M3 System by evaluating the effectiveness of general internal controls around M3's operations and data center.

The audit identified two issues in the area of access controls for the M3 production environment. Two of the five vendor-provided default user IDs and passwords have not been changed or disabled on the Oracle database servers and the password configuration settings in UNIX platform allow technical support to use only alphabetic characters if they choose to do so. The Chief Information Officer has addressed the issue on the default user ID and password and is addressing the issue on the UNIX password configuration setting.

## Material Maintenance and Management Timekeeping System Application Controls

The audit assessed M3 internal application controls for the timekeeping module to ensure recording, calculation, adjustment, including data edits, separation of business functions, balancing of processing totals, transaction logging, and error reporting and transmission of timekeeping data to the Payroll system are adequate, complete and timely.

The audit did not identify any material weakness in the timekeeping application controls, however one issue regarding data integrity was identified that relates to payroll adjustments. The division timekeepers have access to make adjustments directly into the HR/Payroll system after the timekeeping application is closed for the pay period. These adjustments are never reconciled back to the M3 timekeeping application. Management agrees that both HR/Payroll and the M3 Timekeeping database should be in synch. However, management cannot restrict staff from making modifications directly into the HR/Payroll system until the system has been modified. Fleet Management has initiated a service request to modify the system with the business rules that require the synchronization of HR/Payroll with M3 Timekeeping application. Once implemented, management will change policy and procedures, and implement additional training.

# INTERNAL AUDITS

## Operational Audit

For the fourth quarter of FY 2008, one audit report was issued and is summarized below. Also, three control self assessments (CSA) were completed on Work Order Management, Equipment Maintenance, and Grievance Tracking System.

Five Operational audit projects were in process as of June 30, 2008. They include: Preventative Training for High Risk Operations, Key Metrics, M3-Inventory, Operations Safety Training, and Fare Media Stock Room. One consulting engagement was in process on Bus Passby, and there were four CSA's in process on Fuel Management, Inventory, Corporate Safety-Environmental, and Drivers Safety Training.

### Tier 1 Service Changes

The audit focused on internal controls for Tier I service change internal controls for the December 2006 and June 2007 shake-ups.

Tier 1 service change internal controls are adequate and implementation of major service changes complies with most FTA Title VI criteria. However, major service changes do not meet FTA's criteria related to limited English requirement. FTA Title VI requires agencies serving large urbanized areas to evaluate significant system-wide service changes at the planning and programming stages to determine if changes have a discriminatory impact on limited English proficient individuals.

In order to meet these criteria, adequate data needs to be collected and normally is received from census tract data. This data was not available from the 2000 Census; however, it should be available when the 2010 Census is completed.

The Service Performance Analysis Unit has agreed to update their current procedures to include limited English proficiency maps in the Service Performance Analysis database as they become available from the Census Bureau

# 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 2008, 615 applications and validations were processed. This represents a 8% increase from FY 2007. Four hundred and fifty seven applications and 158 validations were submitted, and 56 applications were carried over from FY07. Of the 615 processed, 509 firms were approved to do business with Metro, 18 were closed as incomplete and 140 applications and two validations were in process as of June 30, 2008. The average processing time was 30 days for applications and six days for validations. The applications processed during FY 2008 were in support of 108 different procurement actions, including contracts in construction, operations, and professional services.

## Audit Follow-Up and Resolution

During the fourth quarter, seven new audit recommendations were added to the outstanding audit recommendations list, and seven 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, 2008.

For FY 2008, a total of 30 new audit recommendations were added, and a total of 38 recommendations were completed or closed out of a total universe of 80. This represents a 48% reduction in the total outstanding recommendations.

**Summary of Management Audit and External Audit Recommendations  
As of June 30, 2008**

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							
Chief Administrative Services Officer			1		12	1	13
Chief Communications Officer		1					
Chief Real Property Management & Development					1		1
Chief Capital Management Officer						5	5
Chief Planning Officer					6	4	10
Chief Operating Officer			3			11	11
General Mgr Rail Operations	3				1	1	2
<b>Totals</b>	<b>3</b>	<b>1</b>	<b>4</b>		<b>20</b>	<b>22</b>	<b>42</b>

## Appendix A

## External Audits Completed During FY 2008

*Contract Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning	08-HTC-C01F - Cost Proposal	The Robert Group	Contractual	5/2008
Planning	08-HTC-C02E - Cost Proposal	The Robert Group	Contractual	5/2008
Planning	08-HTC-C03F - Accounting System	The Robert Group	Contractual	5/2008
Planning	08-HTC-C04E - Accounting System	The Robert Group	Contractual	5/2008
Planning	08-HTC-C01D - Cost Proposal	RAW International	Contractual	5/2008
Operations	08-LTK-C02A - Labor Rates Review	LTK Engineering Services	Contractual	5/2008
Operations	08-LTK-C02B - Labor Rates Review	Virginkar & Associates, Inc.	Contractual	5/2008
Operations	08-LTK-C02C - Labor Rates Review	LKG-CMC, Inc.	Contractual	5/2008
Operations	08-LTK-C02D - Labor Rates Review	SYSTRA Consulting, Inc.	Contractual	5/2008
Operations	08-LTK-C02E - Labor Rates Review	Turner Engineering Corporation	Contractual	5/2008

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## External Audits Completed During FY 2008

*Contract Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Requirement</b>	<b>Date Completed</b>
Operations	08-SCA-C01 - Cost Proposal	ARINC, Inc	Contractual	4/2008
Planning	08-HTC-C02A - Cost Proposal	STV Incorporated	Contractual	4/2008
Planning	08-HTC-C02B - Cost Proposal	AECOM Consult, Inc.	Contractual	4/2008
Planning	08-HTC-C02C - Cost Proposal	DMJM Harris, Inc.	Contractual	4/2008
Planning	08-HTC-C02F - Cost Proposal	Coast Surveying, Inc.	Contractual	4/2008
Planning	08-HTC-C04A - Accounting System	STV, Inc.	Contractual	4/2008
Planning	08-HTC-C04B - Accounting System	AECOM Consult, Inc.	Contractual	4/2008
Planning	08-HTC-C04C - Accounting System	DMJM Harris, Inc.	Contractual	4/2008
Planning	08-HTC-C04D - Accounting System	KOA Corporation	Contractual	4/2008
Planning	08-HTC-C04F - Accounting System	Coast Surveying, Inc.	Contractual	4/2008

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## External Audits Completed During FY 2008

*Contract Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning	08-HTC-C02D - Cost Proposal	KOA Corporation	Contractual	4/2008
Planning	08-COR-C01 - Accounting System	D'Leon Consulting Engineers	Contractual	4/2008
Planning	08-HTC-C01A - Cost Proposal	Wilbur Smith Associates	Contractual	4/2008
Planning	08-HTC-C01B - Cost Proposal	Leighton Consulting, Inc	Contractual	4/2008
Planning	08-HTC-C01C - Cost Proposal	PB Americas, Inc.	Contractual	4/2008
Planning	08-HTC-C01E - Cost Proposal	Terry A. Hayes Associates LLC	Contractual	4/2008
Planning	08-HTC-C01G - Cost Proposal	UltraSystems Environmental, Inc.	Contractual	4/2008
Planning	08-HTC-C03A - Accounting System	Wilbur Smith Associates	Contractual	4/2008
Planning	08-HTC-C03B - Accounting System	Leighton Consulting, Inc	Contractual	4/2008
Planning	08-HTC-C03C - Accounting System	PB Americas, Inc.	Contractual	4/2008



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*Contract Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning	08-HTC-C03D - Accounting System	RAW International, Inc.	Contractual	4/2008
Planning	08-HTC-C03E - Accounting System	Terry A. Hayes Associates LLC	Contractual	4/2008
Planning	08-HTC-C03G - Accounting System	UltraSystems Environmental, Inc.	Contractual	4/2008
Planning	08-PBS-C01B - Cost Proposal	Consulting Stream Limited	Contractual	4/2008
Planning	08-PBA-CO1A S1 - Cost Proposal	Cambridge Systematics, Inc.	Contractual	4/2008
Planning	08-PBA-CO1C - Cost Proposal	PB Americas, Inc.	Contractual	4/2008
Planning	08-PBA-CO1E - Cost Proposal	IBI Group, Inc.	Contractual	4/2008
Bus Operations	08-NAB-C01 - Buy America	North America Bus Industries (NABI)	Contractual	3/2008
Planning	08-PBA-C01A - Cost Proposal	Cambridge Systematics, Inc.	Contractual	3/2008
Planning	08-PBA-C01B - Cost Proposal	The Lee Andrews Group	Contractual	3/2008

## Appendix A

## External Audits Completed During FY 2008

*Contract Audit*

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	08-PBA-C01D - Cost Proposal	Redhill Group, Inc.	Contractual	3/2008
Planning	08-PBA-C01G - Cost Proposal	ECO Northwest	Contractual	3/2008
Planning	08-PBA-C01H - Cost Proposal	Pulsar Advertising	Contractual	3/2008
Planning	08-PBS-C01A - Cost Proposal	PBS&J	Contractual	3/2008
Planning	07-COR-C07C S2 - Cost Proposal	Terry A. Hayes Associates	Contractual	1/2008
Eastside	08-LRT-C02 - Change/ICE	Estside LRT Constructors	Legal	12/2007
Planning	07-COR-C07H S1 - Cost Proposal	Ted Tokio Tanaka Architects	Contractual	12/2007
Planning	07-COR-C01F S2 - Cost Proposal	Bullock & Associates, Inc.	Contractual	12/2007
Planning	07-COR-C07I S1 - Cost Proposal	Sharon Greene and Associates	Contractual	12/2007
Planning	07-COR-C01I S2 - Cost Proposal	Lenax Construction Services, Inc.	Contractual	11/2007

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## External Audits Completed During FY 2008

*Contract Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning	07-DMU-C01 - Cost Proposal	LTK Engineering Services	Contractual	11/2007
Planning	07-DMU-C01A - Cost Proposal	Wilbur Smith Associates, Inc.	Contractual	11/2007
Planning	07-COR-C03B S2 - Cost Proposal	Terry A. Hayes Associates	Contractual	11/2007
Planning	07-COR-C06C S2 - Cost Proposal	Diverse Strategies for Organizing	Contractual	10/2007
Environmental	07-JAS-C01H - Forward Pricing	Wagner Engineering & Survey, Inc.	Contractual	10/2007
Environmental	07-JAS-C01F - Forward Pricing	Weston Solutions, Inc.	Contractual	10/2007
Environmental	07-JAS-C01D - Forward Pricing	Kroner Environmental Services, Inc.	Contractual	10/2007
Environmental	07-JAS-C01G - Forward Pricing	Consensus Planning Group, Inc.	Contractual	10/2007
Planning	07-COR-C06B S1 - Cost Proposal	Valencia, Perez & Echeveste, Inc.	Contractual	10/2007
Environmental	07-JAS-C01I - Forward Pricing	The Robert Group	Contractual	10/2007

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## External Audits Completed During FY 2008

*Contract Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Contractor</b>	<b>Requirement</b>	<b>Date Completed</b>
Environmental	07-IAS-C01J - Forward Pricing	ATS Consulting, LLC	Contractual	10/2007
Environmental	07-IAS-C01K - Forward Pricing	Alellano Associates	Contractual	10/2007
Planning	07-COR-C01E S2 - Cost Proposal	Terry A. Hayes Associates	Contractual	10/2007
Planning	07-COR-C05O S2 - Cost Proposal	Civil Works Engineers, Inc.	Contractual	9/2007
Planning	07-COR-C02 S1 - Cost Proposal	Consensus Planning Group, Inc.	Contractual	9/2007
Planning	07-COR-C05H S2 - Cost Proposal	JMDiaz, Inc.	Contractual	9/2007
Planning	07-COR-C05P S1 - Cost Proposal	Vertical Mapping Resources, Inc.	Contractual	9/2007
Environmental	07-IAS-C01B - Forward Pricing	Ninyo & Moore Geotechnical and Environmental Sciences	Contractual	9/2007
Environmental	07-IAS-C01C - Forward Pricing	Applied Earthworks, Inc.	Contractual	9/2007
Environmental	07-IAS-C01E - Forward Pricing	ArcheoPaleo Resource Management, Inc.	Contractual	9/2007

Appendix A

**External Audits Completed During FY 2008**

*Contract Audit*

Area	Audit Number & Type	Contractor	Requirement	Date Completed
Planning	07-COR-C04 S1 - Cost Proposal	The Lee Andrews Group	Contractual	8/2007
Eastside	07-LRT-C08 - Change	Eastside LRT Constructors	Legal	8/2007

*Grant Audit*

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	06-LAC-G04 - Interim	Los Angeles County Department of Public Works	Contractual	6/2008
Planning	08-CLA-G03 - Closeout	Warner Transit Hub	Contractual	5/2008
Planning	08-COS-G01 - Closeout	Santa Clarita	Contractual	5/2008
Planning	08-DOT-G02 - Closeout	Los Angeles Department of Transportation	Contractual	5/2008
Planning	08-COW-G01 - Closeout	West Hollywood	Contractual	5/2008
Planning	08-CLA-G02 - Closeout	Los Angeles Department of Transportation	Contractual	4/2008

## Appendix A

## External Audits Completed During FY 2008

*Grant Audit*

Area	Audit Number & Type	Description	Requirement	Date Completed
Planning	07-COA-G01 - Closeout	City of Alhambra	Contractual	3/2008
Planning	07-CAL-G04 - Closeout	Caltrans	Contractual	3/2008
Planning	07-CAL-G08 - Closeout	Caltrans	Contractual	3/2008
Planning	07-CAL-G01 - Closeout	Caltrans	Contractual	3/2008
Planning	07-CAL-G03 - Interim	Caltrans	Contractual	2/2008
Planning	07-COG-G02 - Closeout	City of Glendale	Contractual	2/2008
Planning	08-COT-G01 - Closeout	City of Torrance	Contractual	2/2008
Planning	08-CLA-G01 - Closeout	Los Angeles Department of Transportation	Contractual	1/2008
Planning	07-CPF-G02 - Closeout	City of Pomona	Contractual	1/2008
Planning	08-STIP-C01 - Closeout	LACMTA	Contractual	12/2007

## Appendix A

## External Audits Completed During FY 2008

*Grant Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Description</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning	06-WGI-01 - Closeout	Washington Group International	Contractual	12/2007
Planning	07-CLA-G05R - Closeout	IADOT	Contractual	12/2007
Planning	07-CPE-G02 - Closeout	Palmdale Commuter Service Center	Contractual	11/2007
Planning	07-FHT-G01 - Closeout	Foothill Transit	Contractual	11/2007
Planning	07-CLA-G05 - Closeout	IADOT	Contractual	11/2007
Planning	08-COM-G01 - Closeout	City of Malibu	Contractual	11/2007
Planning	07-CPE-G01 - Closeout	City of Palmdale	Contractual	11/2007
Planning	07-SCR-G01 - Closeout	SCRRA	Contractual	10/2007
Planning	07-CSM-G01 - Closeout	Santa Monica	Contractual	9/2007
Planning	07-CAL-G02 - Closeout	Caltrans	Contractual	9/2007

## Appendix A

## External Audits Completed During FY 2008

*Grant Audit*

<b>Area</b>	<b>Audit Number &amp; Type</b>	<b>Description</b>	<b>Requirement</b>	<b>Date Completed</b>
Planning	07-COG-G01 - Closeout	Glendale	Contractual	9/2007
Planning	07-COS-G01 - Closeout	Santa Clarita	Contractual	8/2007
Planning	07-CLA-G03 - Closeout	City of L.A.	Contractual	8/2007
Planning	07-CLA-G16 - Closeout	City of L.A.	Contractual	8/2007
Planning	07-CLA-G07 - Closeout	City of L.A.	Contractual	8/2007



## Appendix B

## Internal Audits Completed During FY 2008

*Financial Audit*

Area	Audit Number & Title	Description	Risk	Date Completed
Finance	08-ACC-F03b - Review of Environmental Liabilities	Evaluate methodology for estimating significant environmental information as required by GASB no. 49 for the Comprehensive Annual Financial Report (CAFR). This audit is co-sourced with Macias Consulting Group.	High	6/2008
Executive Officer Finance	07-ACC-F03 - Audit of Petty Cash	Performance audit to review internal controls over the handling of petty cash funds.	High	10/2007

## Appendix B

## Internal Audits Completed During FY 2008

*Information Technology Audit*

Area	Audit Number & Title	Description	Risk	Date Completed
Bus Operations	08-OPS-103 - Material Maintenance and Management (M3) System General Controls Audit	Assess the confidentiality, availability and integrity by evaluating the effectiveness of general internal controls around M3 operations and data center.	High	6/2008
Bus Operations	08-OIPS-104 Material Maintenance and Management timekeeping System Application Controls Audit	Assess the internal controls of M3 system to ensure recording, calculation, adjustment, including data edits, separation of business functions and transmissions of timekeeping data to the Payroll system are adequate, complete and timely.	High	6/2008
Executive Officer Procurement & Material Management/ITS	06-ITS-107 - Supervisory Control and Data Acquisition (SCADA) Firewall System	Completion of FY06 audit in process. Assess the internal controls implemented in the firewall system for the SCADA network.	High	10/2007

**Appendix B**

<b>Internal Audits Completed During FY 2008</b>					
Agency-wide	07-CEO-106-Wireless Network Security	Assess the confidentiality, integrity and availability of the wireless network.	High	10/2007	

## Appendix B

## Internal Audits Completed During FY 2008

*Operational Audit*

Area	Audit Number & Title	Description	Risk	Date Completed
Bus Operations	07-OPS-O11 - Tier 1 Service Changes	Validate that bus performance metrics are accurate, complete and timely.	High	6/2008
Operating	08-OPS-O09 - Audit of School Tripper Program (MGC)	Audit of School Tripper compliance to Federal regulations co-sourced to Macias Consulting Group, Inc.	High	3/2008
Operating	07-OPS-O05 - Rail Service Interruption Communication	Validate adherence to policies for serving and assisting rail ridership when there is a service interruption.	Critical	2/2008

## Appendix B

## Internal Audits Completed During FY 2008

*Operational Audit*

Area	Audit Number & Title	Description	Risk	Date Completed
Safety	07-OPS-001 - Bus Ops Accident Management Process	Validate the process for monitoring and reviewing bus driver accidents and determine that system performance continues to meet transportation safety requirements.	Critical	1/2008
Operating	07-OPS-006 - Continuity of Operations Plan	Security Sensitive Distribution	Critical	12/2007

## Appendix B

## Internal Audits Completed During FY 2008

*Operational Audit - Controlled Self Assessments*

Area	Audit Number & Title	Description	Risk	Date Completed
Bus Operations	07-CSA-001B - Equipment Maintenance, RRC Power Plant	Control Self Assessment - Document business process objectives, risks and activities.	-	6/2008
Bus Operations	08-CSA-006 - Work Order Management	Control Self Assessment - Document business process objectives, risks and activities.	-	6/2008
Bus Operations	08-CSA-002 - Grievance Tracking	Control Self Assessment - Document business process objectives, risks and activities.	-	6/2008