



Metro

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MARCH 2, 2016

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP WASHINGTON *PHW*
CHIEF EXECUTIVE OFFICER

FROM: DIANA ESTRADA *DE*
CHIEF AUDITOR, MANAGEMENT AUDIT SERVICES

**SUBJECT: STATUS OF AUDIT RECOMMENDATIONS AS OF
DECEMBER 31, 2015**

ISSUE

At the March 2005 Executive Management and Audit Committee meeting, the committee requested that the status of all open audit recommendations be reported to them. The report includes audits performed by Management Audit and audits performed by outside auditors.

DISCUSSION

In this report Management Audit fulfills the request to report the corrective actions for all open audit recommendations related to findings for Metro Operations, Planning and Development, Information Technology, Finance and Budget, Program Management, Vendor/Contract Management, Labor/Employee Relations, Executive Office, and other funded agencies.

During the second quarter of FY16 fourteen recommendations were added. The total open recommendations as of December 31, 2015 are included in attachment A.

We are actively working with staff to close each recommendation as quickly as possible. Any findings that have not been corrected 90 days after the due date are reported as late.

NEXT STEPS

Management Audit Services will provide the next quarterly status report for the period ending December 31, 2015.

Attachment A: Open and Extended Audit Recommendations Report

Table 1
Summary of MAS and External Audit Recommendations
as of December 31, 2015

Executive Area	Late	Extended	Not Yet Due/Under Review	Total Open Recommendations
Program Management				
Labor/Employee Relations	1	2	4	7
Finance and Budget			1	1
Information Technology		4	2	6
Metro Operations	3	11	18	32
Planning and Development	1	17		18
Vendor/Contract Management			1	1
Totals	5	34	26	65

**FY16 Q2 Open Audit Recommendations
December 31, 2015**

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Recommendation	Finding/Corrective Action	Original Completion Date	Extended Completion Date
1	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	1	We recommend the Chief Operations Officer require the Scheduling department to: Upgrade to 2013 HASTUS and change their current practices to fully utilize the ATP module to calibrate route runtimes and trip-specific operational layover requirements to feed back into key scheduling processes.	Ineffective use of ATP analytical module for Running Time and Minimum Layover Analyses: Scheduling will: Implement the cumulative method for calculating running time analyses and calibrate operational Layover/Recovery pending implementation of Hastus 2014 upgrade and merging of APC and AVL dataset	6/30/2016	12/31/2016
2	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	2	We recommend the Chief Operations Officer require the Scheduling department to: Provide training on all ATP features.	Ineffective use of ATP analytical module for Running Time and Minimum Layover Analyses: Scheduling will: Require Giro to focus training efforts on ATP features	6/30/2016	12/31/2016
3	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	3	We recommend the Chief Operations Officer require the Scheduling department to: Provide training on all AP features. a. Develop the requirements to utilize AVL data to supplement missing data from the APC. b. Customize the current ATP module to improve its functionality until the proposed 2013 upgrade can be accomplished.	Ineffective use of ATP analytical module for Running Time and Minimum Layover Analyses: Scheduling will: Assess the cost/benefit of customizing the current ATP module, pending availability of the APC and AVL dataset prior to Hastus 2014 upgrade.	6/30/2016	12/31/2016
4	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	4	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Defining the higher minimum of either 1) the United Transportation Union Labor Agreement, or 2) an operational minimum layover time.	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will define the operation minimum layover time based on the results of the run time analyses.	6/30/2016	12/31/2016
5	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	5	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Looking for opportunities to interline routes as a strategy for achieving a more cost effective solution.	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will look for additional interlining opportunities that are "streetable".	6/30/2016	12/31/2016
6	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	6	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Developing a more robust, realistic deadhead matrix and use the matrix during the vehicle blocking process to globally optimize its bus system schedules.	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will review and update the deadhead matrix to support new and existing interlining solutions.	6/30/2016	12/31/2016
7	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	7	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Defining the maximum number of vehicle groups possible for any given trip.	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will update Hastus to allow for a mix of vehicle types after a review the route infrastructure to ensure/certify the type of vehicles that can operate on a particular line.	6/30/2016	12/31/2016
8	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	8	We recommend the Chief Operations Officer consider utilizing more of HASTUS' Minbus module features by: Training Schedulers to use Minbus advanced features.	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will require Giro to provide additional training on MinBus	6/30/2016	12/31/2016
9	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	11	We recommend the Chief Operations Officer: Consider multi-division operator run cutting to optimize workforce distribution amongst divisions.	Ineffective use of CrewOpt optimization module in creating crew schedules: Scheduling will require Giro to perform additional training on new rules for multi-division operator run cutting in Hastus.	6/30/2014	12/31/2016
10	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	12	We recommend the Chief Operations Officer: Adopt integrated scheduling to improve the efficiency of run cuts	Ineffective use of CrewOpt optimization module in creating crew schedules: Scheduling will adopt integrated scheduling to improve run cut efficiency.	6/30/2014	12/31/2016
11	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	13	We recommend the Chief Operations Officer transition to HASTUS for scheduling rail service. The plan should include transition milestones and estimated completion dates.	CrewOpt not used for rail crew schedule: Scheduling will transition to HASTUS for scheduling rail service. A plan should be developed to include transition milestones and estimated completion dates.	6/30/2016	12/31/2016

**FY16 Q2 Open Audit Recommendations
December 31, 2015**

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Recommendation	Finding/Corrective Action	Original Completion Date	Extended Completion Date
12	9154-KPMG-FY13	12/19/2013	KPMG	Independent Accountants' Report on Applying Agreed-Upon Procedures	Planning & Development	13-03	We recommend the Authority consider expanding its current review procedures to specifically address potential transposition errors in the PMT data in the sampling worksheet.	Insufficient controls over review of samples for transposing errors: The Authority has implemented several short term solutions including an additional reviewer and formula testing process to identify conflicts for correction in advance of data reporting. The procurement process of an electronic vanpool operator reporting system, the long-term solution, is underway. As a result of the short-term corrective actions this was not a repeat finding in the subsequent year.	6/30/2015	6/30/2017
13	9154-KPMG-FY13	12/19/2013	KPMG	Independent Accountants' Report on Applying Agreed-Upon Procedures	Planning & Development	13-04	We recommend the Authority enhance the controls over the review of the NTD data to ensure errors are identified prior to the data being reported.	Insufficient controls over reporting of NTD data: The Authority has implemented several short term solutions including an additional reviewer and a formula testing process identify conflicts for correction in advance of data reporting. The procurement process of an electronic vanpool operator reporting system, the long-term solution, is underway. As a result of the short-term corrective actions this was not a repeat finding in the subsequent year.	6/30/2015	6/30/2017
14	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	4	Document existing procedures to improve internal control and oversight of grantees/sub-recipients	The use of grant tracking and reporting systems for the RGM unit could be improved to document existing procedures to improve internal control and oversight of grantees/sub-recipients. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop, monitor and periodically update unit policies and procedures.	6/30/2015	6/30/2016
15	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	5	Activities at high risk for error and non-compliance should be identified and procedures documented for consistent implementation across all modes and project managers.	The use of grant tracking and reporting systems for the RGM unit could be improved to identify activities at high risk for error and non-compliance. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop, monitor and periodically update unit policies and procedures.	6/30/2015	6/30/2016
16	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	7	Proceed with development of grants management module in the FIS system.	The RGM Unit grant tracking and reporting systems require improvement and should proceed with development of grants management module in FIS. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	12/31/2016
17	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	8	Coordinate FIS module development with a more comprehensive grants management database system for tracking grants within the RGM Unit. Consider using a user-friendlier "Windows-based" environment for the grants management database.	The RGM Unit grant tracking and reporting system require improvement and should coordinate FIS module development with a more comprehensive grants management database system. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	12/31/2016
18	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	9	Inventory and evaluate current "shadow systems" to help determine project manager requirements. This may provide useful information for the creation of a centralized database.	The RGM Unit grant tracking and reporting systems require improvement and should inventory and evaluate current "shadow systems" to help determine project manager requirements. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	12/31/2016
19	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	10	Develop protocols on who can update the data and how often.	The RGM Unit grant tracking and reporting systems require improvement and should develop protocols on who can update the data and how often. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	12/31/2016
20	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	11	Develop a high-level summary of grants for Metro executive staff and Board members based on their need for that information.	The RGM Unit grant tracking and reporting systems require improvement and should develop a high-level summary of grants for Metro executive staff and Board members. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	12/31/2016

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21	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	12	Consider revising its organizational structure to provide clearer definition of responsibilities, improved levels of supervision and review, and improved management control and oversight. One possible structure would be around the key functions or elements of grants management.	The RGM Unit organizational structure requires improvement and should consider revising its organizational structure. RGM will work with the Chief Planning Officer to review RGM's organizational structure. The Chief Planning Officer will seek budget authority to hire consultant assistance for this review and hire additional staff to implement organizational changes as needed based on the review.	6/30/2015	6/30/2016
22	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	13	Develop teams around each of these key elements, with a supervisor responsible for managing and directing each team's activities.	The RGM Unit organizational structure requires improvement and should consider developing teams surrounding each of their key elements. RGM will work with the Chief Planning Officer to review RGM's organizational structure. The Chief Planning Officer will seek budget authority to hire consultant assistance for this review and hire additional staff to implement organizational changes as needed based on the review.	6/30/2015	6/30/2016
23	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	19	Develop a process to ensure implementation of timely and appropriate corrective actions to address closeout activities such as final reporting, project closeouts and other events that affect the closeout process.	The grant close-out process could be improved by developing a process to ensure implementation of timely and appropriate corrective actions. RGM will work with the grants tracking database consultant to consider adding functionality that will monitor grant/loan active and close-out status, and generate reports accordingly.	6/30/2015	12/31/2016
24	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	20	Designate an individual to serve as the grant closeout liaison.	The grant close-out process could be improved by designating an individual to serve as the grant closeout liaison. RGM will work with the grants tracking database consultant to consider adding functionality that will monitor grant/loan active and close-out status, and generate reports accordingly. This recommendation is currently being implemented.	6/30/2015	12/31/2016
25	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	21	Create a tool, such as an "Aging Report" to enable the liaison to quickly identify a critical event and to perform necessary updates to close the grant.	The grant close-out process could be improved by creating a tool, such as an aging report, to enable to liaison to quickly identify critical events. RGM will work with the grants tracking database consultant to consider adding functionality that will monitor grant/loan active and close-out status, and generate reports accordingly.	6/30/2015	12/31/2016
26	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	24	Establish a procedure to coordinate all grants within the agency and communicate that to all Metro departments/staff.	Grants originating outside of the RGM unit and CFP process need better coordination and should establish a procedure to coordinate all grants within the agency. Management concurs with the finding and recommendations, and will try to establish a procedure to coordinate all grants within the agency through RGM. We intend on having the procedure communicated to all agency units/departments through interoffice memo.	6/30/2015	7/31/2015 (LATE)
27	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	26	Inventory individual roles and responsibilities and develop procedures for transfer of knowledge and cross training of other team members.	Project Manager succession planning should be considered. We will consider succession planning activities with the assistance of consultants, and believe that the management responses to Findings 3, 4 and 5 will support this effort for RGM and will address Recommendations 26, 27 and 28. Additional information is needed to determine whether implementation of Recommendations 29 and 30 is appropriate; therefore no actions can be proposed in response at this time.	6/30/2015	6/30/2016
28	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	27	Develop a process focused less on modal specialization and adopt a model whereby a greater number of team members are trained across a wider spectrum of activities and modes.	Project Manager Succession Planning Should Be Considered whereby a greater number of team members are trained across a wider spectrum of activities. We will consider succession planning activities with the assistance of consultants, and believe that the management responses to Findings 3, 4 and 5 will support this effort for RGM and will address Recommendations 26, 27 and 28.	6/30/2015	6/30/2016
29	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	28	Establish formal training; verify that processes are consistent but sufficiently flexible to accommodate variations in managing grants and projects.	Project Manager Succession Planning Should Be Considered including established formal training with consistent processes. We will consider succession planning activities with the assistance of consultants, and believe that the management responses to Findings 3, 4 and 5 will support this effort for RGM and will address Recommendations 26, 27 and 28.	6/30/2015	6/30/2016

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30	12-HCP-P01	9/4/2014	MAS	Metro Freeway Service Patrol	Vendor and Contract Management	3	Develop goals and objectives, and reinstitute performance measurements, for the oversight of the Metro Freeway Service Patrol Program	Inadequate program management oversight; should upgrade the data collection system. The FSP Communication/Data Collection system is being upgraded to automatically create the necessary reports as well as supervise certain aspects of the drivers' activity by May 2016.	5/30/2016	
31	14-ADM-P01	4/30/2015	MAS	Mobile Devices	Information Technology	2	We recommend that the Chief Information Officer implement appropriate Mobile Device Management software to manage all mobile devices and enforce security	Governance process for mobile devices can be improved by implementing Mobile Device Management Software. ITS will implement appropriate software.	9/30/2015	11/15/2015
32	14-ADM-P01	4/30/2015	MAS	Mobile Devices	Information Technology	3	We recommend that the Chief Information Officer expand ITS wireless Device and Service policies and procedures to include written security requirements for mobile devices.	Governance process for mobile devices can be improved by expanding Device and Service policies and procedures. ITS will update their policies and procedures.	9/30/2015	12/31/2015
33	14-ADM-P01	4/30/2015	MAS	Mobile Devices	Information Technology	4	We recommend that the Chief Information Officer implement a device management platform that will provide adequate device level security controls.	Governance process for mobile devices can be improved by implementing a device management platform. ITS will implement Mobile Device Management software	9/30/2015	2/29/2016
34	14-OPS-P03	6/30/2015	MAS	Operations Training Tracking System (OTTS)	Information Technology	1	We recommend that the Chief Information Officer work with the Information Security Officer to disable users; access accounts timely	Inadequate management of user's Access Accounts-accounts are not disabled in a timely manner. The process will be changed from weekly to daily and a more timely process will be developed to remove users' access.	9/30/2015	2/29/2016
35	14-OPS-P03	6/30/2015	MAS	Operations Training Tracking System (OTTS)	Information Technology	2	We recommend that the Chief Information Officer work with the Information Security Officer develop an enhanced security program that provides system owners with pertinent information to validate users' access and includes periodic auditing of application and network access.	Inadequate management of user's Access Accounts-system owners do not have information to validate accounts. A plan to better address the administration of access controls will be developed	11/30/2015	
36	14-OPS-P03	6/30/2015	MAS	Operations Training Tracking System (OTTS)	Information Technology	3	We recommend that the Chief Information Officer work with the Information Security Officer to create a specific digital identity for all users across application, in the long term. This will enable access controls to be assigned and evaluated against this identity, simplifying access monitoring and verifications from initiation to termination.	Inadequate management of user's Access Accounts-users do not have a specific user identity. A feasibility study to develop an Enterprise Identity Management Solution will be performed.	3/30/2016	
37	NTD-KPMG-FY14	1/23/2015	KPMG	Transportation Operating Agency - 9154	Operations	1	We recommend the Authority enhance the controls over the review of the NTD data to ensure errors are identified prior to the data being reported.	Insufficient controls over reporting of NTD data. The Authority will consider increasing its existing review procedures to specifically address any transposition and arithmetic errors in the calculation used for FTA reporting.	9/30/2015 (LATE)	
38	NTD-KPMG-FY14	1/23/2015	KPMG	Transportation Operating Agency - 9154	Operations	2	We recommend the Authority enhance the controls over the review of the NTD data to ensure transposing errors are identified prior to the data being reported.	Insufficient review over reporting of NTD data for vehicle revenue miles. The Authority will consider increasing its existing review procedures to specifically address any transposition and arithmetic errors in the calculation used for FTA reporting.	9/30/2015 (LATE)	
39	NTD-KPMG-FY14	1/23/2015	KPMG	Transportation Operating Agency - 9154	Operations	3	We recommend the Authority enhance the controls over the review of the NTD data to ensure transposing errors are identified prior to the data being reported.	Insufficient review over reporting of NTD data for contracted expenditures. The Authority will consider increasing its existing review procedures to specifically address any transposition and arithmetic errors in the calculation used for FTA reporting.	9/30/2015 (LATE)	
40	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Operations	1	We recommend the Executive Director, Maintenance, require Non-Revenue Fleet management to perform a one-time analysis to establish a baseline for the optimum fleet size for the non-revenue fleet based on mission needs, vehicle utilization, life cycle costs, etc.	No methodology to determine optimum fleet size. Management agrees with the recommended actions and will complete a one-time fleet analysis by November 2015.	11/30/2015	
41	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Operations	2	We recommend the Executive Director, Maintenance, require Non-Revenue Fleet management to monitor the assignment and usage of non-revenue vehicles fleet.	No methodology to determine optimum fleet size. Management agrees with the recommended actions and will complete annual vehicle usage reviews and continue to monitor vehicles for underutilization and reassignment, as necessary.	11/30/2015	

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42	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Operations	3	We recommend the Executive Director, Maintenance direct Non-Revenue to update GEN 16 to require Department/Cost Center managers to certify annual usage via signed certification statement. Executive Officers must approve certification.	Noncompliance with IRS regulations. Non-Revenue agrees with the recommendations and will work with Executive management to make the necessary revisions to the GEN 16 policy to clarify policy criteria and language in order to promote compliance with IRS taxable income reporting requirements. In addition, we will modify the Commuter Mileage form to include a Dept./CC Manager certification.	12/31/2015	
43	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Operations	4	We recommend the Executive Director, Maintenance direct Non-Revenue to revise GEN 16 to clarify the criteria for overnight usage.	Noncompliance with IRS regulations. Non-Revenue agrees with the recommendations and will work with Executive management to make the necessary revisions to the GEN 16 policy to clarify policy criteria and language in order to promote compliance with IRS taxable income reporting requirements.	12/31/2015	
44	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Operations	5	We recommend the Executive Director, Maintenance direct Non-Revenue to customize the M3 Motor Pool application to improve its functionality to track and report overnight usage for all department pools.	Noncompliance with IRS regulations. Non-Revenue agrees with the recommendations and will work with General Services to customize the M3 Motor Pool application to improve its functionality to track and report overnight usage for all departmental pools.	11/30/2015	
45	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	6	We recommend the Executive Director, Employee and Labor Relations direct General Services to fully utilize M3 Motor Pool application to track and report overnight usage for General Services Pool vehicles.	Noncompliance with IRS regulations. General Services agrees with the recommendation and will hold a meeting with Information Technology and Non-Revenue to discuss each department's system needs and the system capabilities for the M3 Motor Pool application.	9/30/2015 (LATE)	
46	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	7	We recommend the Executive Director, Employee and Labor Relations direct General Services to immediately cancel all unknown key card assignments.	Uncontrolled key card assignments to Gateway Parking Garage. General Services agrees with the recommendations and will cancel all unknown key card assignments.	9/30/2015	3/31/2016
47	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	8	We recommend the Executive Director, Employee and Labor Relations direct General Services to recertify all key card assignees and implement a process to manage key card assignments.	Uncontrolled key card assignments to Gateway Parking Garage. General Services agrees with the recommendations and will develop procedures to recertify key card assignees.	3/31/2016	
48	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	9	We recommend the Executive Director, Employee and Labor Relations direct General Services to update GEN 17 to provide specific guidelines for the assignment and use of complementary key cards.	Uncontrolled key card assignments to Gateway Parking Garage. General Services agrees with the recommendations and will review and update GEN 17 to include specific guidelines for the assignment and use of complementary key cards to the Gateway Parking Garage.	6/30/2016	
49	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	10	We recommend the Executive Director, Employee and Labor Relations direct General Services to terminate long term assignment of pool vehicles that restricts the availability of vehicles to all employees to comply with GEN 16.	Noncompliance with Policy. General Services agrees with the recommendations and will review long term reservations of pool vehicles and notify employees whose job description states they are On-call that they are not eligible to use General Services' pool vehicles to commute to and from work, and/or for overnight usage. Communication will be made through department management.	9/30/2015	11/30/2015
50	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	11	We recommend the Executive Director, Employee and Labor Relations direct General Services to compare 24-hour assignments to transit subsidy recipients to ensure compliance with GEN 16.	Noncompliance with Policy. General Services agrees with the recommendations and will request that Non-Revenue include the Rideshare Program Administrator in distribution list of all 24-hour assignments in order to comply with GEN 16.	12/31/2015	
51	13-OPS-P02	8/11/2015	MAS	Non-Revenue Vehicle Usage	Labor / Employee Relations	12	We recommend the Executive Director, Employee and Labor Relations direct General Services to provide training to TCU / Maintainers on GEN 16 requirements to overnight use of pool vehicles.	Noncompliance with Policy. General Services agrees with the recommendations and will provide TCU / Maintainers with general training including, navigation of M3 system and GEN 16 requirements on overnight usage.	12/31/2015	
52	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	1	We recommend the Executive Director, Transportation to require Contracted Services to: develop a Contract Monitoring System that includes but is not limited to: a. A Contract Administration Plan that specifies the performance outputs of the statement of work and describes the methodology to conduct monitoring or surveillance. The extent and frequency of monitoring activities should be based on an assessment of risk related to each contractor and the impact if the work is not performed adequately. b. Written policies and procedures that serve as a guide to ensuring consistent, high quality contract monitoring process. c. A centralized location for receiving and maintaining contractors' submittals and reports by utilizing Metro's existing web based SharePoint system.	The Executive Director of Transportation agrees with the recommendations and will direct the Transportation Contract Services Manager to commence establishing a Contract Monitoring Plan that will include a Contract Administration Plan, policies and procedures, and a centralized web based SharePoint system. The desired system will be completed by October 2016.	10/1/2016	

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53	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	2	We recommend the Executive Director, Transportation to require Contracted Services to obtain appropriate training to enable the team to develop the appropriate skills and background to efficiently monitor contractors' performance.	The Executive Director of Transportation agrees with the recommendation to reach out to Metro's Department of Talent Development to determine if they can initiate a Contract Monitoring training program that can benefit not only Contract Services, but the entire agency by February 2016.	2/1/2016	
54	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	3	We recommend the Executive Director, Transportation to require Contracted Services to include in Policy and Procedures: a statement that documentation of decisions, requiring executive approval and authorization, be maintained. All modifications of contractual terms must be in writing and executed by the Contract Administrator, as the CEO's designee, in compliance with the contract.	The Executive Director of Transportation agrees with the recommendation and will direct the Transportation Contract Services Manager to document and comply with the recommendations presented. The completion of the entire Policy and Procedures manual is scheduled for October 2016. The Manager will consult with County Counsel by January, 2016 and implement a process that provides validation of accuracy and completeness of submittals by April 2016.	10/1/2016	
55	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	4	We recommend the Executive Director, Transportation to require Contracted Services to consult with County Counsel on their concerns regarding the liquidated damages provisions in the current contracts. Based on the outcome either reassess liquidated damages and collect amounts owed to Metro during the suspended period or issue contract amendments to change the liquidated damages provisions.	The Executive Director of Transportation agrees with the recommendation and will direct the Transportation Contract Services Manager to document and comply with the recommendations presented. The completion of the entire Policy and Procedures manual is scheduled for October 2016. The Manager will consult with County Counsel by January, 2016 and implement a process that provides validation of accuracy and completeness of submittals by April 2016.	10/1/2016	
56	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	5	We recommend the Executive Director, Transportation to require Contracted Services to validate the accuracy and completeness of contractor's submittals by recalculations, verification to original records, etc.	The Executive Director of Transportation agrees with the recommendation and will direct the Transportation Contract Services Manager to document and comply with the recommendations presented. The completion of the entire Policy and Procedures manual is scheduled for October 2016. The Manager will consult with County Counsel by January, 2016 and implement a process that provides validation of accuracy and completeness of submittals by April 2016.	10/1/2016	
57	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	6	We recommend the Executive Director, Transportation to require Contracted Services to develop procedures for monitoring contractors performance, including, but not limited to, spot checks, periodic inspections, random sampling of routine functions, based on the risk identified in the Contract Administration Plan and the analyses of contractors monthly submittals.	The Executive Director of Transportation agrees with the noted recommendations. The Transportation Contract Services Manager and Contract Services Field Representatives will begin the preparation of documented procedures and checklists for monitoring contractors' performance. The expected completion date will be June 2016.	6/1/2016	
58	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	7	We recommend the Executive Director, Transportation to require Contracted Services to develop a comprehensive checklist of review tasks for each procedure used to conduct the contractors review, document deficiencies identified and corrective actions taken.	The Executive Director of Transportation agrees with the noted recommendations. The Transportation Contract Services Manager and Contract Services Field Representatives will begin the preparation of documented procedures and checklists for monitoring contractors' performance. The expected completion date will be June 2016.	6/1/2016	
59	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	8	We recommend the Executive Director, Transportation to require Contracted Services to validate fare revenues deposits to the bank receipts or statements.	The Executive Director of Transportation agrees with the recommendations. The Transportation Contract Services Manager will issue a memorandum to the procurement Contract Manager requesting a letter notifying contractors that they are required to provide bank receipts or statements as submittals during the invoicing process for validation. A letter to the Contractor's will be issued and completed by January 2016.	1/1/2016	
60	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	9	We recommend the Executive Director, Transportation to require Contracted Services to establish a variance threshold for differences between the farebox report and the bank deposits to trigger a Revenue Compliance inspection.	The Executive Director of Transportation agrees with the recommendations. The Transportation Contract Services Manager will ensure that the current Metro established variance threshold of plus or minus 2% is monitored and reported. The Transportation Contract Services Manager will coordinate with the Revenue Compliance unit and request further inspection. This was completed in December 2015	12/1/2015	
61	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	10	We recommend the Executive Director, Transportation to require Contracted Services to work with Revenue Compliance to develop an audit process to ensure contractor's compliance with revenue regulations and perform periodic audits of the fare revenue process, as required.	The Executive Director of Transportation agrees with the recommendations. The Transportation Contract Services Manager will coordinate with Revenue Compliance to initiate the established Metro process for oversight of contractors' compliance with revenue regulations and the periodic audits of the fare revenue process. This was completed on December 2015.	12/1/2015	

**FY16 Q2 Open Audit Recommendations
December 31, 2015**

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Recommendation	Finding/Corrective Action	Original Completion Date	Extended Completion Date
62	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	11	We recommend the Executive Director of Finance & Budget, require that Revenue Collections reinstate fare media bus inspections for Contracted Bus Services.	The Executive Director, Finance & Budget Management agrees with the finding. Revenue Compliance agreed to reinstate periodic inspections of the Fare media process which was discontinued in March 2013 due to reduction of staff. Additional staffing in FY16 budget will allow reinstatement of the inspections.	12/8/2015	
63	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	12	We recommend the Executive Director of Transportation, require that Contracted Services follow-up variances and anomalies in KPI data and results with contractor to determine their cause and ensure that any necessary corrective actions have been implemented.	The Executive Director of Transportation agrees with the recommendations. The Transportation Contract Services Manager will develop a process that monitors variance, anomalies and documented follow-up actions by March 2016.	3/1/2016	
64	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Operations	13	We recommend the Executive Director of Transportation, require that Contracted Services identify KPIs as measurements for contractors' performance within future contracts.	The Executive Director of Transportation agrees with the recommendations. The Transportation Contract Services Manager will develop a process that provides for the inclusion of KPI's as measurements within future contracts. This will be implemented by June 2016.	6/1/2016	
65	13-OPS-P06	12/23/2015	MAS	Contracted Bus Service	Finance & Budget	14	We recommend the Executive Director of Transportation, require that Contracted Services document follow-up of exceptions, cited in both CHP and QA inspection reports, and corrective actions taken.	The Executive Director of Transportation agrees with the recommendation and will direct the Contract Services Transportation Manager to implement a process to follow up on exceptions noted by external inspections and document corrective actions taken, by May 2016. The process will be included in the policies and procedures for Contract monitoring.	5/1/2016	