



Metro

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August 29, 2008

TO: BOARD OF DIRECTORS

THROUGH: ROGER SNOBLE *RS*
CHIEF EXECUTIVE OFFICER

FROM: RUTHE HOLDEN *rh*
CHIEF AUDITOR, MANAGEMENT AUDIT SERVICES

SUBJECT: STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF
MAY 31, 2008

ISSUE

At the March 2005 Executive Management and Audit Committee meeting, the committee requested that the status of all open audit recommendations be reported monthly. This includes audits performed by Management Audit Services (Management Audit) and, in compliance with Management Audit Services 1, external audits performed by outside auditors.

DISCUSSION

Management Audit's monthly audit follow-up report includes all open audit recommendations related to findings reported by Financial Audit, Information Technology (IT) Audit, Operational Audit, and outside auditors; statistics on the number of recommendations closed or completed since the last report; and a summary of audit activities in Contract Audit and Grant Audit.

During the month of May, the Office of the Inspector General issued two reports, Audit of Miscellaneous Expenses for the Period October 1, 2007 to December 31, 2007 (08-AUD-09), which had no findings, and Follow-up Audit on the Bus Operations Customer Complaints and Comments Program (08-AUD-05) which contained one recommendation that was already implemented when the final report was issued.

We are actively working with staff to close each recommendation as quickly as possible. The total open recommendations as of May 31, 2008 are included in Attachment A.

The following table summarizes the follow-up activity for audit recommendations during May 2008.

Table 1
Summary of Financial, IT, Operational and External Audit Recommendations
As of May 31, 2008

Executive Area	Closed or Completed	Under Review	Extended	Not Yet Due	Total Open Recom.
Chief Financial Services Officer					
Chief Administrative Services Officer			12		12
Chief Communications Officer	1				
Chief Real Property Management & Development			1		1
Chief Planning Officer			6	4	10
Chief Operating Officer			1	12	13
General Mgr. Rail Operations			1	1	2
Totals	1		21	17	38

Contract Audit conducts audits related to pre-awards, change orders, and incurred costs, as well as providing support for claims, contract closeouts and contract related litigation. Grant Audit conducts closeout audits of projects funded by the Call-for-Projects.

During May 2008, 85 contract audit reports remained open pending the results of negotiations. Grant Audit issued four final reports and had four audit reports in the draft audit stage.

NEXT STEPS

Management Audit Services will provide the next monthly status report for the period ending June 30, 2008.

Attachment A: Open Audit Recommendations Report

**All Open Audit Recommendations
Status as of May 31, 2008**

No.	Report Number	Report Date	Audit Entity	Title	Erec Area	Rec No	Recommendation	Original Completion Date	Extended Completion Date	Comments
1	07-CEO-106	10/24/2007	MAS	Wireless Network Security	Chief Administrative Services Officer; Gen. Mgr. Rail Operations; Chief Real Property	1	We recommend that the Executive Officer of Administration coordinate a task force including individuals representing the Chief Information Officer, Chief of Real Property Management and Development, and the Chief Operating Officer to jointly develop an agency-wide policy for wireless systems.	12/31/2007	12/31/2008	Extended once. On target to meet extended due date.
2	07-CEO-106	10/24/2007	MAS	Wireless Network Security	Chief Administrative Services Officer; Gen. Mgr. Rail Operations; Chief Real Property	2	We recommend that the Chief Information Officer, Chief of Real Property Management and Development, and the Chief Operating Officer work together and identify the most cost effective and efficient measure of correcting the weaknesses identified during this audit in ATMS, M3 and UFS such as sharing an Intrusion Detection System. Also, we recommend all three groups analyze the feasibility of implementing the latest wireless technology release along with best practices to improve security.	6/30/2008	12/31/2008	Extended once. On target to meet extended due date.
3	07-ITS-001	6/25/2007	MAS	Wireless Device and Service Utilization	Chief Administrative Services Officer	1.1	Consistent with Gen 5, the Wireless Policy should be reviewed and specific definitions/guidelines for what constitute a reimbursable personal call need to be included in the policy to ensure fair and consistent treatment.	9/31/07	12/31/2007	Revised policy drafted.
4	07-ITS-001	6/25/2007	MAS	Wireless Device and Service Utilization	Chief Administrative Services Officer	2.1	We recommend that the policy be revised to appropriately define levels of responsibility and accountability in approving requests for wireless device and services relative to the risks involved.	9/31/07	12/31/2007	Revised policy drafted.
5	07-ITS-001	6/25/2007	MAS	Wireless Device and Service Utilization	Chief Administrative Services Officer	3.1a	We recommend that the wireless devices issued to non-employees under the old policy be recalled.	9/31/07	12/31/2007	Revised policy drafted.
6	07-ITS-001	6/25/2007	MAS	Wireless Device and Service Utilization	Chief Administrative Services Officer	3.1b	We recommend that all cell phone users be required to notify ITS when they are transferred to another department. In addition, ITS should annually send out a report listing all current cell phone users reporting to that approver requesting the approver indicate any changes that have occurred, sign off and send back the report to ITS. These requirements should also be incorporated into the policy.	9/31/07	12/31/2007	Revised policy drafted.
7	06-ITS-109	4/13/2007	MAS	Software License Policy and Procedures	Chief Administrative Services Officer	1.1	We recommend the Chief Information Officer review the draft Information Technology IT Standards Compliance Policy in accordance with GEN 5 prior to adoption to ensure it includes the specific items identified in the audit report.	8/31/2007	11/30/2008	Extended twice. On target to meet extended due date.
8	06-ITS-109	4/13/2007	MAS	Software License Policy and Procedures	Chief Administrative Services Officer	1.2	We also recommend incorporating in the new policy sections 1.4 Compliance, and 1.10 Violation of Policy and Discipline from the existing ITS policy, Information Security IT 1.	8/31/2007	11/30/2008	Extended twice. On target to meet extended due date.
9	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	2	The Chief Information Officer should coordinate with Records Management to resolve the conflict with Policy GEN 8, which states that only Records Management Center staff are authorized to delete or destroy public records, including erasing data from hard drives.	12/31/2006	12/31/2007	Revised policy drafted.

**All Open Audit Recommendations
Status as of May 31, 2008**

Attachment A

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10	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	4	The Director, General Services, should coordinate with ITS to revise Policy GEN 8 to establish specific procedures for destroying unneeded or damaged electronic storage media.	12/31/2006	12/31/2007	Revised policy drafted.
11	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	5	The Director, General Services should revise Policy GEN 8 to include a definition of the term "public records" cited in the policy.	12/31/2006	12/31/2007	Revised policy drafted.
12	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	6	The Director, General Services, should inform LACMTA departments and staff of the requirement in Policy GEN 8 to turn in applicable electronic storage media to the Records Management Center.	1/31/2007	12/31/2007	Revised policy drafted.
13	06-ACC-004	12/5/2006	MAS	Real Estate Controls	Chief Real Property Management & Development	1	Real Estate Department (RED) should prioritize and complete the task of populating the real estate database. Both RED and ITS should complete the work needed within RED's estimated 12 months to fully implement RPMIS by the end of next fiscal year.	6/30/2008	8/30/2008	Extended once. On target to meet extended due date.
14	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	1	LACMTA policy for major projects should emphasize the importance of continuity in the environmental review from conceptuality through the implementation of long-range projects. As continuity of staff and consultants cannot be insured over the duration of many years, it is important that applying the tiering process allowed by NEPA/CEQA that all prior project related documents are made available by LACMTA staff overseeing the process and reviewed by consultants charged with evaluating cultural resources.	1/31/2008	10/31/2008	Extended once. On target to meet extended due date.
15	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	2	LACMTA should provide training in the Section 106 process to all staff responsible for the review of cultural resource management documents required under NEPA/CEQA. LACMTA staff dealing with critical environmental issues involving cultural resources should have the appropriate level of experience and qualifications needed to fully assess the environmental documents being reviewed. Further, the consultants preparing the environmental documents should meet the secretary of Interior's Standards and Guidelines for cultural resources consultants.	7/31/2009		
16	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	3	When the Area of Potential Effect changes, a thorough review of all pertinent environmental documents must be completed in order to determine the potential for previously unidentified effects to significant cultural resources and/or environmental impacts.	2/29/2008	10/31/2008	Extended once. On target to meet extended due date.
17	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	4	When property must be acquired, a full investigation of prior land use should be undertaken. Policy should clearly identify which LACMTA department is responsible for investigating prior land use. Where sensitive land use such as cemeteries or related facilities are identified, limited field investigation at a minimum should be conducted.	1/31/2008	10/31/2008	Extended once. On target to meet extended due date.

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18	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	5	LACMTA should establish a policy that, when a cemetery lies adjacent to the project alignment, within a site development tract, or where property may be acquired, prior land use over time must be thoroughly investigated. The modern limits to a cemetery may not always reflect its actual boundaries. Historically, graves of indigents have been found outside the recognized limits of many early cemeteries.	1/31/2008	10/31/2008	Extended once. On target to meet extended due date.
19	06-TD1-004	1/26/2007	MAS	Call for Projects Business Process Audit	Chief Planning Officer	1A	Conduct project manager handbook training again for all managers.	6/30/2008		
20	06-TD1-004	1/26/2007	MAS	Call for Projects Business Process Audit	Chief Planning Officer	1B	Evaluate the conversion of the current paper files to an electronic file system for easy storage, transfer, tracking, and supervisory review.	6/30/2008		
21	06-INTP-TCBA	5/10/2006	MAS	Report on the Immediate Needs Transportation Program (INTP)	Chief Planning Officer	5.1	We recommend that administrative fees paid to the brokers should be reassessed after changes to the program have been made.	6/30/2007	8/30/2008	Extended once. On target to meet extended due date.
22	06-INTP-TCBA	5/10/2006	MAS	Report on the Immediate Needs Transportation Program (INTP)	Chief Planning Officer	6.1	We recommend that FAME establish a consistent methodology for allocating indirect expenses to programs based on personnel cost or other equitable allocation methods.	6/30/2007	12/31/2007	Extended once. Status report incomplete; awaiting additional information from Project Manager.
23	06-INTP-TCBA	5/10/2006	MAS	Report on the Immediate Needs Transportation Program (INTP)	Chief Planning Officer	11.1	LACMTA should consider soliciting bids for the administration of the INTP program, but not until the program requirements are more well-defined and decisions on changes to the program have been made.	6/30/2007	8/31/2008	
24	07-OPS-005	2/26/2008	MAS	Rail Service Interruption Communication	General Mgr, Rail Operations; Chief Communications Officer	1	We recommend the General Manager, Rail Operations and the Chief Communications Officer coordinate a consistent policy for all rail station phone usage and signage that will clarify phone access during emergency and non-emergency situations and assist patrons in locating and using station phones.	7/31/2008		
25	06-MRL-002	11/29/2006	MAS	Audit of Advanced Transit Management System Security	General Mgr, Rail Operations	3.1	We recommend that the DEO Rail Operations establish a separate ATMS test environment to protect the production system and delete the existing generic and test accounts.	3/31/2007	6/30/2008	Extended twice. On target to meet extended due date.
26	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	1	The Chief Operations Officer should adopt a practice of documenting decisions that affect school tripper service and make this requirement part of its school tripper policy. Currently, decisions that affect school tripper schedules and routes are generally made in a decentralized manner by each of the five sector management teams and little if any documentation is available. Specifically, when a decision about bus routing or scheduling is made that affects school trippers, operations should carefully assess and document the rationale for the decision in relation to the applicable sections of 49 CFR Part 605.	5/31/2008		

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27	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	2A	In order to minimize the risk of non-compliance to 49 CFR 605, the Chief Operations Officer should (A) immediately cease the runs found in our review that were in non-compliance with the various criteria that we examined;	6/30/2008		
28	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	2Ba	and (B) - institute a policy requiring the following: All school trippers should be published on a timetable to ensure both the general public as well as the student population are aware of the services;	6/30/2008		
29	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	2Bb	If a school tripper route deviates from the normal bus line routing, the deviation should be published or noted on a timetable to ensure both the general public as well as the student population are aware of the routing; and	6/30/2008		
30	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	2Bc	All locations where buses stop should be properly marked with a bus stop placard and signage indicating the bus line numbers servicing the stop.	6/30/2008		
31	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	3a	The Chief Operations Officer should develop and implement a policy and procedures regarding how school tripper "pink letters" will be managed. The policy should ensure the following: School tripper "pink letters", whenever possible, should require notification of the general public through the use of a service change notice.	9/30/2008		
32	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	3b	Uniform standards for the documentation of school tripper "pink letters" should be implemented in all of the sectors. This would include the standardization of the "pink letter" form and oversight over the "pink letter" information being input into the SLS 2000 system to ensure accuracy. It should also include the documentation of all requests being made by the schools and districts.	9/30/2008		
33	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	3c	Criteria for the accommodation of a school tripper "pink letter" should be established in order to maintain uniformity among the sectors. Example: Prior notice of at least two weeks should be given in order to properly schedule sector assets and distribute the required service change notices.	9/30/2008		
34	07-OPS-001	1/23/2008	MAS	Bus Operator Accident Management Process	Chief Operating Officer	1	For Operators who fail to fill out VAMS/TransiSafe Form 3; complete the revisions to the Standard Operating Procedures requiring the TOS to open a VAMS/TransitSafe Form 3 in the system as soon as the Operator reports the accident.	6/30/2008		
35	07-OPS-001	1/23/2008	MAS	Bus Operator Accident Management Process	Chief Operating Officer	2	For Operators who may not report accidents at all, Operations Management should require the new Accident Investigation Group to study, develop and report on: (a) procedures that will capture unrecorded accidents, and (b) methods of using technology, such as the Incident Based Camera currently being installed, to detect unreported accidents.	6/30/2008		

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36	07-OPS-O06	12/6/2007	MAS	Continuity of Operations Plan	Chief Operating Officer	1, 2	Security sensitive	12/31/2008		Three recommendations. Completion dates: 12/31/08, 12/31/08; rec. 3 closed in March.
37	06-SEC-01	6/26/2006	MAS	Gateway Building Security	Chief Operating Officer	2	Security sensitive	12/31/2006	6/30/2008	Two recommendations closed, and one open recommendation extended once.