



**Metro**

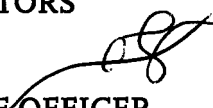
Metropolitan Transportation Authority


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October 28, 2008

**TO:** BOARD OF DIRECTORS

**THROUGH:** ROGER SNOBLE   
CHIEF EXECUTIVE OFFICER

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

**SUBJECT:** STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF  
JULY 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 in its audits as well as 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 July, Management Audit issued two audit reports, Oracle Human Resources System Security (06-ITS-I04) which had five recommendations, and Budget Information & Analysis System (06-OMB-I05) which had two recommendations, and all seven recommendations were implemented before issuance of the final report. The Office of the Inspector General issued one audit report, Fueling Non-Revenue Vehicles (08-AUD-08) which had three recommendations that were all implemented before the final report was issued.

Two of the open recommendations were closed during July. We are actively working with staff to close each recommendation as quickly as possible. The total open recommendations as of July 31, 2008 are included in Attachment A.

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

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

Executive Area	Closed or Completed	Under Review	Extended	Not Yet Due	Total Open Recom.
Chief Financial Services Officer	2			0	0
Chief Administrative Services Officer	5		12	1	13
Chief Real Property Management & Development			1		1
Chief Planning Officer	2		7	1	8
General Mgr. Rail Operations			1	1	2
Chief Operating Officer	3			11	11
Chief Capital Management Officer				5	5
Totals	12		21	19	40

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 July 2008, 84 contract audit reports remained open pending the results of negotiations. Grant Audit issued two final reports and had one audit report in the draft audit stage.

**NEXT STEPS**

Management Audit Services will provide the next monthly status report for the period ending August 31, 2008.

Attachment A:       Open Audit Recommendations Report

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

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Recommendation	Findings/Corrective Action	Original Completion Date	Extended Completion Date	Comments
1	08-OPS-103	6/30/2008	MAS	Material Maintenance and Management (M3) System General Controls	Chief Administrative Services Officer	2	Management should review current settings and modify the password configurations to be aligned with LACMTA policies and best practices. At a minimum, the settings should include alphanumeric and special characters for password configuration.	Password configuration settings for the UNIX technical support staff could be improved. The UNIX password configuration setting will be modified to specifically enforce the addition of numeric and/or special character(s) in the password format.	8/30/2008		Will be closed in August
2	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.	Lack of Policy to regulate the installation of Wireless Networks. The CIO corrected the weaknesses identified in the audit for M3. In addition, the CIO will draft an agency-wide policy for wireless systems and will coordinate a review of the draft policy with ATMS and UFS management.	12/31/2007	12/31/2008	Extended once. Draft policy has been submitted for review.
3	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.	Inconsistencies and control weaknesses found in the implementation of wireless networks. The CIO has corrected the M3 issues identified in the report. Project Management and Rail Operation management will work together with the CIO to identify the most cost effective and efficient methods to correct the specific wireless weaknesses identified in the report.	6/30/2008	6/30/2009	Extended once.
4	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.	Inconsistent reimbursement for personal calls. To maintain consistency among Metro policies, ITS discussing this finding with Chief Ethics Officer. The Ethics Department has agreed to further define existing language in the Employee Code of Conduct to help clarify the definition and eligibility of personal phone calls made using Metro equipment. Once Ethics publishes this information, the ITS Wireless Device and Service Utilization Policy will be amended to reference the Ethics Department definition of what constitutes personal usage.	9/30/2007	12/31/2007	Will be closed in September
5	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.	Approval requirements for wireless devices are not based on Associated Risk. ITS and the Executive Officer of Administration will convene a task force from all user Strategic Business Units (SBU) to review the wireless policy to ensure it is consistent with current acceptable business practices. The results of this review will be incorporated into the ITS Wireless Device and Service Utilization Policy as appropriate.	9/30/2007	12/31/2007	Will be closed in September
6	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.	Other Policy compliance inconsistencies. As of 5/31/07, there are 14 cell phones assigned to non-Metro employees, 11 assigned to cost center 8010 Construction, 2 assigned to cost center 1210 County Counsel and 1 assigned to cost center 1110 Office of Board Secretary. ITS will request cost center 8010 Construction to return the cell phones assigned to non-Metro employees to comply with the audit recommendation. If there are pre-existing Metro contractual obligations that may preclude termination of service, Construction will be asked to provide a written justification for the continued need for service and projected service termination date. In addition, the Policy, "ITS Information Technology Wireless Device and Service", will be amended to allow contractors within cost center 1210, County Counsel and cost center 1110, Office of Board Secretary, to be issued cell phones.	9/30/2007	12/31/2007	Will be closed in September

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7	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.	Other Policy compliance inconsistencies. ITS will modify the annual Wireless Device Certification form to include the approver on record as part of the information to be verified in the certification process. The Wireless Device and Service Utilization Policy will be modified to include responsibility of the approver to notify ITS of any change in status.	9/30/2007	12/31/2007	Will be closed in September
8	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.	Lack of software purchase and usage policy and procedures. The Chief Information Officer will finalize the draft of the IT Standards Compliance Policy in accordance with GEN 5 prior to adoption and ensure it includes the recommended areas.	8/31/2007	11/30/2008	Extended twice. Policy is drafted and is being reviewed by CIO
9	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.	Lack of software purchase and usage policy and procedures. The Chief Information Officer will finalize the draft of the IT Standards Compliance Policy in accordance with GEN 5 prior to adoption and ensure it includes the recommended areas.	8/31/2007	11/30/2008	Extended twice. Policy is drafted and is being reviewed by CIO
10	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.	Written policies and procedures had not been developed for erasing data from computer hard drives prior to their disposal. ITS will work together with Records Management to resolve the conflict with the language in 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. The revised language will clarify responsibilities.	12/31/2006	12/31/2007	Revised policy is drafted. Waiting for policy to be approved by the Board.
11	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.	LACMTA departments were not following the requirement in Policy GEN 8. Records Management and Legal Counsel will review Policy GEN 8 and add procedures for destroying unneeded or damaged electronic storage media.	12/31/2006	12/31/2007	Revised policy is drafted. Waiting for policy to be approved by the Board.
12	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.	LACMTA departments were not following the requirement in Policy GEN 8. An updated opinion by Legal Counsel is that public records are defined according to Government Code 6252(e) of the California Public Records Act, and if a definition is included in the policy, then the policy will become outdated the moment the government code changes. So Counsel suggested that in the body of the policy, the first time the term "public records" is used, there will be a notation referencing the code (i.e. public records is defined according to Government Code section 6252(e) of the CPRA). This way the validity of the policy will not be effected should there be changes to the code.	12/31/2006	12/31/2007	Revised policy is drafted. Waiting for policy to be approved by the Board.
13	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.	LACMTA departments were not following the requirement in Policy GEN 8. Upon the completion of revisions to Policy GEN 8, the Records Manager will issue a communications memo to all staff informing them of policy requirements. The Records Manager will also update the instructions of the relevant quarterly Management Orientation Program (MOP) training courses.	1/31/2007	12/31/2007	Revised policy is drafted. Waiting for policy to be approved by the Board.
14	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 Real Property Management Information System by the end of next fiscal year.	Real Property Management Information System is not functional. Real Estate Department has retained an as-needed employee to work 100% on completing the data input required to populate the Real Property Management Information System.	6/30/2008	8/30/2008	Extended once Will be superseded by new audit finding in August.

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

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Recommendation	Findings/Corrective Action	Original Completion Date	Extended Completion Date	Comments
15	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.	National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) Compliance Process. Planning and Construction Management will implement draft guidance to staff ensuring compliance of NEPA/CEQA documents with existing Policy, a memo directing staff to display all NEPA/CEQA documents and technical reports in Library and a copy submitted to Records Management, a memo stating that all RFPs include environmental consultants to acknowledge in writing they have complied with existing Policy or explain why their scope of work requires less than a complete set of documents, a guidance memo establishing a mitigation measure requiring a "handover meeting".	1/31/2008	10/31/2008	Extended once.
16	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.	National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) Compliance Process. Planning and Construction will write a guidance memo establishing that each Area Team and Construction Environment staff with a copy of section 106, corresponding CEQA requirements and written commentary and explanation by a recognized expert in the field ordered within one month; construction environmental compliance staff working on environmental documents who have not taken a qualified CEQA/NEPA training course shall be enrolled within two years.	7/31/2009		
17	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.	Changes in the Area of Potential Effect Over Time. Planning and Construction will write a guidance memo establishing the Area of Potential Effect Changes, a thorough review of all pertinent environmental documents will be completed and documented including the consultant to certify compliance with NEPA/CEQA guidelines. All new NEPA/CEQA work or modification to existing work resulting from a change in Area of Potential Effect will include requirements that the consultant certify their work conforms to the NEPA/CEQA 106 guidelines.	2/29/2008	10/31/2008	Extended once. Will close in September.
18	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.	Property Acquisition and Communication. Planning in conjunction with Construction will write a policy regarding Property Acquisition and Communication that will include responsibilities to investigate prior land use.	1/31/2008	10/31/2008	Extended once. Will close in September.
19	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.	Property Acquisition and Communication. The policy will include specific directives for what has to be done when sensitive land uses like cemeteries or related facilities are involved. The policy will include: -Field investigations -Cemetery or related facilities adjacent to the alignment -Cemetery or related facilities on the alignment -Cemetery or related facilities within a site development tract -Thorough investigation -Modern limits to a cemetery may not always reflect its actual boundaries	1/31/2008	10/31/2008	Extended once. Will close in September.
20	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.	Administrative fees paid to brokers should be reassessed after changes to the program have been made. Once the program is modified and the details are finalized, staff will reassess the fee keeping in mind the new program requirement and funding availability. Reducing emphasis on the taxi vouchers could help keep the administrative fee in check.	6/30/2007	8/31/2008	Extended once.

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21	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.	First African Methodist Episcopal Church cost allocation of indirect expenses was not consistent. Previously, steps were taken to correct some of the problems, and we are waiting for any additional audit recommendations. Staff will develop a cost methodology for allocating indirect expenses. This can be implemented with the start of a new program July 1, 2008. In addition, staff in their FY 2007 budget has allocated funds for the audit of the program and intends to perform annual audits of the program.	6/30/2007	12/31/2007	Extended once. Will close in September.
22	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.	Future solicitation process for brokers' contracts should be considered. Once the program requirement, the mission statement and the taxi program are well defined, staff will proceed with the procurement to select agencies to administer the program. Staff concurs with the audit recommendations for general qualification of the brokers, which are as follows: Not-for-profit status; offices located within LA County; size and organizational structure that provides administrative support to the program with low overhead costs; capable of maintaining LACMTA's insurance requirements; offers a broad base of social service programs or provides transportation services to the underserved population of LA County.	6/30/2007	8/31/2008	Extended once.
23	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.	Need to adopt consistent customer phone usage guidelines and clear telephone signage at rail stations. Communications/Marketing are developing bigger, bolder signs that will go around, or above the intercoms identifying them as passenger assistance phones. Communications/Marketing are developing signs that will be visible on the platform perpendicular to the path of patrons as they walk down the platform that will lead them to our emergency/information phones (currently in progress. Red Line Union Station will be set up as a model for review and comment. The new TPIS (Train Passenger Information system) is coming online with the ability to inform our customers of current delay and schedule adjustments. The new system, already on line in the preliminary stages will soon have greater capabilities with passenger information. Communications/Marketing will be adding the new identification signs/blades to the Light Rail Stations after the prototypes are agreed to at Union Station.	8/31/2008	11/30/2008	Extended once.
24	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.	No Separate Test Environment. Transit System Engineering is investigating the funding and implementation of an onsite test environment that will enable testing of Advanced Transit Management System software and database connectivity. However, this is not expected to be a total replication of the Advanced Transit Management System environment. Due to budgetary constraints, some functionality may have to be simulated.	3/31/2007	6/30/2008	Extended twice. Will be closed in August
25	07-OPS-011	6/1/2008	MAS	Tier 1 Service Changes	Chief Operating Officer	1	We recommend that Service Performance Analysis Unit incorporate into their current procedures the requirement to include limited English proficiency maps in the Service Performance Analysis database as they become available from the Census Bureau. Bus Operations concurs with our recommendation.	Service Data Information needs to address FTA Limited English proficiency. Departmental procedures will be developed to insure that maps used to validate Metro service compliance with title VI incorporate a layer addressing Limited English proficiency. Said map layer will require Census data not expected to become available until September 2012. The next revision to the Transit Service Policy will include a reference to the Limited English Proficiency procedure.	11/30/2008		

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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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Sector Service Development Managers will be responsible for certifying that all school trippers in their sector will fully comply with established policies and procedures related to school tripper service. Each sector will submit a report prior to each major service change program that will detail all existing school tripper service to the Service Development Department. Prior to operation of newly proposed school tripper service, the sectors will submit these to the Service Development Department for review. Service Development will notify the Sector Service Development Manager of compliance issues that will need to be addressed. Any issue identified by Service Development will be corrected.	5/31/2008		Will be closed in August
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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Existing trips that can not be brought into conformance will be canceled.	6/30/2008		Will be closed in August
28	08-OPS-009	3/25/2008	MAS	School Tripper Policies and Practices	Chief Operating Officer	2Ba	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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Institute a policy requiring that 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		Will be closed in August
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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Timetable maps will be amended to reflect route deviations were necessary.	6/30/2008		Will be closed in August
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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Bus stop placards will be placed at all stops included in the route deviation.	6/30/2008		Will be closed in August
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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Service Development, in collaboration with Sectors, will develop policies and procedures for Sector implementation of a public notification process when scheduled school trips are modified on certain days.	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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Included in the policies and procedures will be a requirement to log all requests for new scheduled trippers and modifications to existing trippers into the SLS 2000 regardless if the requested new or modified service is actually implemented.	9/30/2008		

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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.	Approximately 91.2 percent of school trippers were not in compliance with one or more of the various criteria under 49 CFR 605. Included in the policies and procedures will be a stipulation that requests for new scheduled service or modifications to existing trippers will be provided with enough prior notice to complete appropriate analysis of the request and/or allow appropriate notification of changes.	9/30/2008		
34	07-OPS-006	12/6/2007	MAS	Continuity of Operations Plan	Chief Operating Officer	1, 2	<b>Security sensitive</b>	Security Sensitive. Security Sensitive Information	12/31/2008		Three recommendations. Completion dates: 12/31/08, 12/31/08; rec. 3 closed in March.
35	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	1	The Deputy chief Capital Management Officer should designate responsibility of GASB Statement 49 implementation and reporting to one office or department. Currently, information on the known and potential environmental hazards is dispersed throughout the Agency without one entity serving as a focal point for ensuring that comprehensive and complete data on remediation projects and their costs are maintained. The Deputy chief Capital Management Officer should consider the extent of environmental hazard expertise and knowledge of cost estimating among various offices when delegating central responsibility for GASB Statement 49 reporting.	MTA has not yet established the required framework to implement GASB Statement 49. As identified in the report, one entity should serve as a focal point for ensuring that comprehensive and complete data on remediation projects and their costs are maintained. The Environmental Compliance and Services Department (ECS D), which resides in the Construction division, have staff and consulting resources to respond to this need. We are assigning our ECS D Manager with the responsibility of GASB Statement 49 implementation and reporting. The ECS D Manager will coordinate the collection and maintenance of all environmental related information and the implementation of all environmental mitigation activities agency-wide.	11/30/2008		
36	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	2	The Deputy Chief Capital Management Officer, in coordination with the Chief Financial Services officer, should develop and implement policy and procedures regarding GASB Statement 49 implementation and reporting. The policy should establish the conditions subject to GASB Statement 49 reporting and the procedures developed should ensure the identification, assessment, cost measurement and reporting of known and potential environmental remediation activities.	MTA has not yet established the required framework to implement GASB Statement 49. We will develop a policy regarding GASB Statement 49 implementation and reporting and will present for adoption to our Board. Once adopted by our board, the new policy will be implemented through our Environmental Compliance and Services Department. Input in the development of the policy will be solicited from our other business units including the Office of Management and Budget, Accounting Services, management Audit Services, Rail Operations, Bus Operations, Administrative Services, Government Relations, Planning, Safety, and Property Management and Development. The policy will integrate the currently dispersed protocol and procedures regarding the identification, assessment, cost measurement, and reporting of known and potential environmental remediation activities.	11/30/2008		
37	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	3	In order to implement complete and accurate financial reporting of environmental remediation liabilities in accordance with GASB Statement 49, the Deputy Chief Capital Management Officer should consider developing a MS Access database or comparable format for tracking and estimating environmental liabilities. Currently, the Agency does not have a framework for tracking and estimating known and potential environmental liabilities. The cost estimating model that our firm developed for this review, which is consistent with GASB Statement 49 requirements, could be utilized by the Agency.	MTA has not yet established the required framework to implement GASB Statement 49. We will work with Macias Gini & O'Connell, LLP in understanding the details of the cost estimating model they have developed for tracking and estimating environmental liabilities. Metro will adopt the model or equivalent once it has been determined to meet our needs to comply with GASB Statement 49. Once adopted, the model will be housed in the ECS D and will be maintained by the ECS D manager or his designee.	1/31/2009		



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

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Recommendation	Findings/Corrective Action	Original Completion Date	Extended Completion Date	Comments
38	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	4	The Deputy Chief Capital Management Officer should establish a comprehensive baseline of cost data that captures cost estimates on environmental identification, assessment, remediation, and monitoring with sufficient detail on labor, materials and equipment costs. The Agency can either request vendors to provide this level of data or outsource the development of the baseline cost data.	MTA has not yet established the required framework to implement GASB Statement 49. We will develop a comprehensive baseline of cost data that captures cost estimates on environmental identification, assessment, remediation, and monitoring using information from existing bench contract information. This will have sufficient detail on labor, materials, and equipment costs. Such database will be updated annually using appropriate cost adjustment factors. The database will interface and complement the cost estimating model in tracking and estimating environmental liabilities.	1/31/2009		
39	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	5	The Deputy Chief Capital Management Officer should work in conjunction with the Chief Financial Services Officer and the Chief Administrative Services officer to establish a mechanism to integrate indirect overhead, labor, materials and equipment costs in estimating future environmental liabilities.	MTA has not yet established the required framework to implement GASB Statement 49. We routinely provide in the middle of the fiscal year to the Office of Management and Budget an estimate cost of the anticipated full-time equivalent (FTE) commitments as well as projected capital and operations costs associated with known environmental issues. This information is included in the forthcoming fiscal year budget and tracked using project management tools throughout the year. The procedures in developing those costs can be used to develop and integrate overhead, labor, materials, and equipment costs for future environmental liabilities identified using the cost estimating model or equivalent for our agency-wide environmental activities.	1/31/2009		