



Metro

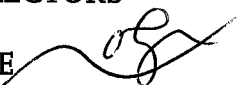
Metropolitan Transportation Authority


One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

January 28, 2009

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
NOVEMBER 30, 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 policy, 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 October, Management Audit issued two audit reports. Audit of Internal Controls for SAS 70 Reports (08-ACC-F02A) had two recommendations, and the Balanced Scorecard audit (08-OPS-O01) had five recommendations. The new open audit recommendations are included in the attachment as items 1 - 4. Three recommendations for audits issued in November were closed, and one of the recommendations open from the October report was closed during November. We are actively working with staff to close each recommendation as quickly as possible. The total open recommendations as of November 30, 2008 are included in Attachment A.

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

Table 1
Summary of Financial, IT, Operational and External Audit Recommendations
As of November 30, 2008

Executive Area	Closed or Completed	Under Review	Extended	Not Yet Due	Total Open Recom.
Chief Financial Services Officer	4			9	9
Chief Administrative Services Officer		5	8	17	30
Chief Real Property Management & Development				5	5
Chief Planning Officer		1	2	1	4
Chief Communications Officer				6	6
General Mgr. Rail Operations				1	1
Chief Operations Officer		2	1	7	10
Chief Capital Management Officer				5	5
Totals	4	8	11	51	70

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 November 2008, 102 contract audits remained open pending the results of negotiations.

NEXT STEPS

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

Attachment A: Open Audit Recommendations Report

**All Current Audit Recommendations
Status as of November 30, 2008**

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
1	08-OPS-001	11/26/2008	MAS	Balanced Scorecard	Chief Financial Services Officer	1	Balanced Scorecard consists primarily of financial indicators and is lacking in operational performance indicators. We agree to request that ITS investigate and recommend options for the replacement of the Balanced Scorecard application and to meet the goal of having the reporting of all key performance measures "in one place." We will make a recommendation for funding a study to determine the scope, schedule and cost of this effort in development of the FY10 budget. We do not recommend customization of the Balanced Scorecard to handle non-numerical measures because it is a commercially off the shelf (COTS) application that utilizes numerical values and we have been notified that the vendor will shortly discontinue support for this software.	5/31/2009		
2	08-OPS-001	11/26/2008	MAS	Balanced Scorecard	Chief Financial Services Officer	2	Balance Scorecard is lacking indicators for CEO priorities "Improve transit service" and "Deliver quality capital projects on time and within budget." We agree that such additional performance measures be developed and will request that ITS provide options for their implementation. We will make a recommendation for funding the implementation effort after completion of the FY10 study to determine the best tool to present the information.	5/31/2009		
3	08-OPS-001	11/26/2008	MAS	Balanced Scorecard	Chief Financial Services Officer	2a	Balance Scorecard is lacking indicators for "improve transit services." Rail Operation's management recommends a focus on the three universally reported performance measures of 1) on-time performance; 2) mean time between failures for vehicles; and 3) service hours actual compared to planned.	5/31/2009		
4	08-OPS-001	11/26/2008	MAS	Balanced Scorecard	Chief Financial Services Officer	3	Balanced Scorecard is lacking indicators for "Secure local, state and federal funding; and Maintain open lines of communication." Management will proceed to establish an organizational mechanism to develop metrics for the goals "Secure local, state and federal funding; and Maintain open lines of communication."	5/31/2009		

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
5	08-OPS-O11	10/16/2008	MAS	Day Pass Internal Controls	Chief Financial Services Officer	1.1	Inadequate Compliance to Day Pass Book Security Procedures. Operations has taken action to reinforce day pass policies and procedures including requiring accurate daily recording of day passes issues and requiring Operators to turn in unsold day passes at the end of their shifts. The Chief Operations Officer distributed a memo on September 24, 2008 to division management outlining the existing day pass procedures to accurately record, track issue and reconcile day passes. Furthermore all unsold and returned day passes that are still valid for the day will be placed in a secure container with adequate control of keys. To provide for increased security over returned day pass and Operations re-keyed day pass lock boxes and storage containers. New keys were distributed to division management.	10/31/2008		
6	08-OPS-O11	10/16/2008	MAS	Day Pass Internal Controls	Chief Financial Services Officer	2.1	Ineffective controls for monitoring individual day passes. Operations will implement monthly "exception based" reconciliations. A UFS exception report will identify operators who are not turning in unsold day passes. This report will be compared to day pass logs and discrepancies will be investigated by division management. Operations will implement the exception based day pass review process.	11/30/2008		
7	08-OPS-O11	10/16/2008	MAS	Day Pass Internal Controls	Chief Financial Services Officer	3.1	Ineffective Design of day pass security features. Customer Programs & Services management presented two options for redesigning the paper day pass. The preferred option is a no-cost solution that would place the serial number closer to the middle of the day pass. This would prevent anyone from cutting off the serial number without invalidating the day pass.	11/30/2008		
8	07-ACC-I05	8/1/2008	MAS	Audit of E-Time System	Chief Financial Services Officer	1	CBA Rules and HR Policy are not Programmed in E-time. The Chief Financial Services Officer and Treasurer submitted to IT's a service request to enhance the E-Time system where the programmed validation controls comply with the relevant timekeeping CBA and HR policies.	3/31/2009		
9	07-ACC-I05	8/1/2008	MAS	Audit of E-Time System	Chief Financial Services Officer	2	System's edit and validation controls need improvement. The Chief Financial Services Officer and Treasurer will investigate the feasibility of creating a database for Payroll to efficiently and effectively monitor bereavement, jury duty and FML by March 2009.	3/31/2009		

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
10	08-AUD-12	10/17/2008	OIG	Use of Electronic Fund Transfer	Chief Administrative Services Officer	2	Metro made most payments to vendors, employees (non-wage), and public agencies via paper check. We believe that opportunities exist for Metro to increase efficiency and security by making greater use of EFT payments. Procurement agrees that EFT should become the default method of payment for all new contracts and purchase orders unless the vendor submits a written request to opt out. Procurement will add appropriate language to all new solicitations. Accounting and Procurement will continue to work together to encourage existing vendors to sign up for EFT payments.	1/31/2009		
11	06-ITS-I12	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.1	Due to decentralized IT responsibility, there is a lack of monitoring of computers. Create and maintain an agency-wide computer inventory list, including laptops.	12/31/2009		
12	06-ITS-I12	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.2	ITS list of software inventory is not comprehensive. Create and maintain an agency-wide software inventory list.	12/31/2009		
13	06-ITS-I12	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.3	Non-Compliance to Software Licensing. Complete and approve the IT-7 policy which will address compliance for new purchases.	11/30/2008		IT-7 policy has been approved and is awaiting final signature.
14	06-ITS-I12	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.4	Non-Compliance to Software Licensing. Review the option of locking all computers to prevent downloading or installing software.	12/31/2008		
15	06-ITS-I12	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.5	Non-Compliance to Software Licensing. Develop detailed guidelines which include compliance to licensing agreements, computer and software inventory process in conjunction with the Asset Tracking Policy, and reporting un-licensed software.	9/30/2009		

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
16	06-ITS-112	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.6	Non-Compliance to Software Licensing. Set up a secure repository for all related software documents and CDs.	12/31/2009		
17	06-ITS-112	9/30/2008	MAS	Compliance to Software License Agreements & LACMTA Policy	Chief Administrative Services Officer	1.7	Non-Compliance to Software Licensing. Perform a periodic monitoring and oversight to ensure compliance to these policies.	12/31/2009		
18	07-ACC-108	9/29/2008	MAS	Audit of FIS - Vendor Master File	Chief Administrative Services Officer	4.3	Vendor File Maintenances Needs Strengthening. Procurement and Material Management - Client Vendor Services will continue to review vendor data as part of the daily business process. In the first quarter of FY09, Client Vendor Services will initiate a meeting to coordinate with key departments (i.e., ITS, Human Resources and Management Audit) to identify and document activities necessary from their area of operations to established procedures for performing annual maintenance of the FIS Vendor data.	3/31/2009		
19	07-ACC-108	9/29/2008	MAS	Audit of FIS - Vendor Master File	Chief Administrative Services Officer	5.1	Current Desk Procedures are Inadequate. Procurement and Material management will not establish a policy but instead will modify the existing desk procedures and train staff to accommodate creation of a new vendor set-up.	12/31/2008		
20	07-ACC-108	9/29/2008	MAS	Audit of FIS - Vendor Master File	Chief Administrative Services Officer	5.2	Vendor Services' current procedures do not address users agency-wide. Procurement and Material Management - Client Vendor Services implemented the Oracle supplier on-line vendor registration tool in January 2008. As part of this implementation, specific departments (Benefits, Customer Service, Real Estate, and County Counsel) were identified as the exceptions to the on-line process, but must follow the requirements necessary to set-up a vendor in the FIS database.	11/30/2008		Will close in December.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
21	07-ACC-I08	9/29/2008	MAS	Audit of FIS - Vendor Master File	Chief Administrative Services Officer	5.3	Vendor Services' current procedures do not address users agency-wide. Vendor Services created an on-line form for internal use to document new vendor set-up. The internal on-line form will be located on the Procurement Web page in the Resources - Form and Template file by November 2008. Client Vendor Services will notify the affected departments of this change. Vendors are not deleted but only inactivated when requested.	11/30/2008		Will close in December.
22	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	1.1	Monitoring of Inactive Inventory Needs to be Strengthened. Inventory Manager will update procedures related to idle, inactive and obsolete bus inventory items and Material Staff will receive training on the updated procedures.	6/30/2009		
23	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	1.2	Monitoring of Inactive Inventory Needs to be Strengthened. Material Management has developed proposed thresholds for the reclassification and obsolescence of inactive Rail Inventory items. Inventory Manager will work with Rail Fleet Services and Accounting	11/30/2008		Under review.
24	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	1.3	Monitoring of Inactive Inventory Needs to be Strengthened. Material Management will develop a monthly report to capture excess, idle, inactive inventory items as well as candidate items for obsolescence and develop a procedure for processing the resultant information.	12/31/2008		Under review.
25	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	2.1	Inventory Turnover Rates are not Consistent with Inventory Management Policy & Procedures. Inventory Manager will review, update and republish Inventory Procedures.	6/30/2009		
26	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	2.2	Inventory Turnover Rates are not Consistent with Inventory Management Policy & Procedures. Inventory Manager will develop and publish Rail Policies and Procedures.	11/30/2008		Under review.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
27	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	2.3	Inventory Turnover Rates are not Consistent with Inventory Management Policy & Procedures. Inventory Management developed an inventory turn report which was included with July's monthly Material Management Statistical Report. Lead times are adjusted regularly and automatically by M3 based on actual lead times for the most recent five procurements for each item code. Reorder points and safety stock are currently updated semi-annually at division storeroom locations and with every replenishment for stock purchase Mars for the "supplied by" warehouses. Inventory Management is implementing Dynamic Inventory Optimization system (DIOS) maintain closer tolerances on these metrics. All but service levels are complete. The Inventory Manager will identify and publish service level requirements by December 31, 2008.	12/31/2008		Under review.
28	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	3.2	Investment and Consumption Profile for Class C Inventory is not Consistent with Inventory Management Policy & Procedures. Inventory Management will analyze the feasibility of Vendor Managed Inventory Programs to identify any business advantages they may present. The Inventory Manager will work with the Purchase Contract Manager to further develop the Vendor managed Inventory segment of Metro's supplier Management program. Inventory Manager will complete a status and feasibility report by December 31, 2008.	12/31/2008		Under review.
29	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	4.1	Classification of Active Inventory Items is not Consistent with Inventory Management Policy & Procedures. Inventory Manager will evaluate the current practices used to support anticipated consumption needs, assign inventory items to the various classes and maintain balanced inventory levels and publish the findings by March 2009.	3/31/2009		
30	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	4.2	Classification of Active Inventory Items is not Consistent with Inventory Management Policy & Procedures. Inventory Manager will develop and employ a monitoring process to ensure that the existing policies, procedures and controls for inventory item classifications are consistently and accurately applied. Inventory Manager will develop and publish by June 2009.	6/30/2009		

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
31	08-OPS-O05	8/28/2008	MAS	Inventory Management Audit	Chief Administrative Services Officer	5.1	Min/Max inventory Level adjustment process Needs Strengthening. Inventory Management will establish a structured monitoring process to ensure consistent and accurate utilization of the Min/Max system. Inventory Manager will develop and publish the monitoring process by June 2009.	6/30/2009		
32	07-CEO-I06	10/24/2007	MAS	Wireless Network Security	Chief Administrative Services Officer; Gen. Mgr. Rail Operations; Chief	1	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	12/31/2007	12/31/2008	Extended once. Draft policy has been submitted for review
33	07-CEO-I06	10/24/2007	MAS	Wireless Network Security	Chief Administrative Services Officer; Gen. Mgr. Rail Operations; Chief Real Property	2	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.
34	06-ITS-I09	4/13/2007	MAS	Software License Policy and Procedures	Chief Administrative Services Officer	1.1	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 has been submitted for approval.
35	06-ITS-I09	4/13/2007	MAS	Software License Policy and Procedures	Chief Administrative Services Officer	1.2	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 IT1 still under revision.
36	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	2	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	12/31/2006	12/31/2007	Policy will be aggendized for Board approval first quarter 2009.
37	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	4	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	Policy will be aggendized for Board approval first quarter 2009.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
38	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	5	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 effected should there be changes to the code.	12/31/2006	12/31/2007	Policy will be aggenzized for Board approval first quarter 2009.
39	06-AUD-12	9/15/2006	OIG	Disposal of Computer Equipment and Data Storage Media	Chief Administrative Services Officer	6	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	Policy will be aggenzized for Board approval first quarter 2009.
40	08-REA-F01	8/28/2008	MAS	Property Management and Rent Collection Controls	Chief Real Property Management & Development	1	52% of the Rental Agreements requiring adjustments were not adjusted. Real Estate has developed a matrix which schedules 375 revenue agreements for market rate adjustments in 2008. To complete this goal they will prioritize these agreements and will seek additional staff resources. They will complete appraisals using both in-house and outside fee appraisers. Those agreements which are determined to be in the highest priority categories will be adjusted, with a goal to complete all such rental adjustments by December 2008. The remaining lower priority 2008 adjustments will be carried over to 2009.	7/31/2009		
41	08-REA-F01	8/28/2008	MAS	Property Management and Rent Collection	Chief Real Property Management & Development	2	Real Estate does not maintain a vacant property listing. The Department will work with the ITS Department to develop a vacant property listing report.	1/31/2009		
42	08-REA-F01	8/28/2008	MAS	Property Management and Rent Collection Controls	Chief Real Property Management & Development	4	Incomplete Rental Database. Significant progress has been made in developing the Real property Management Information system. The system is partially operational and the majority of the real estate data has been input into the system. The database should be fully operational by the end of December 2008.	12/31/2008		Will close in December.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
43	08-REA-F01	8/28/2008	MAS	Property Management and Rent Collection Controls	Chief Real Property Management & Development	5	Past due Rental Income Receivable. Real Estate and Accounting have worked together to revise rent collection and delinquency procedures, to improve invoicing control by using the new Rental Property Management Information System, and to provide tenants the opportunity to pay rent through Electronic Funds Transfer. Changes to the filling and categorization process will be made to give a more accurate depiction of the collection activity in the future.	3/31/2009		
44	08-REA-F01	8/28/2008	MAS	Property Management and Rent Collection Controls	Chief Real Property Management & Development	6	Inadequate Internal Controls over Real property and Collection of Rental Income for the last 12 years. Real Estate acknowledges that outsourcing certain of the property management functions may be an option to address the concerns raised in this audit. Outside support in follow-up on delinquencies and conduct of inspections could be considered if the strategies outlined in this response prove not to be effective in their implementation. Outsourcing will be further reviewed after a period of 6 to 9 months of the processes discussed in this response.	5/31/2009		
45	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	1	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	Under review.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
46	07-MGLEE-001	1/1/2007	MAS	MGLEE LA Crematorium Site Environ. Process Review	Chief Planning Officer; Chief Capital Management Officer	2	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		
47	06-INTP-TCBA	5/10/2006	MAS	Report on the Immediate Needs Transportation Program (INTP)	Chief Planning Officer	5.1	Administrative fess 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. Corrective action has been delayed until the completion of the FY08 audit in March 2009.
48	06-INTP-TCBA	5/10/2006	MAS	Report on the Immediate Needs Transportation Program (INTP)	Chief Planning Officer	11	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.
49	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Communications Officer	1a	Stockroom alarms did not trigger during intrusion test. Customer Programs & Services will work with Safety & Security to develop a security checklist and establish a central, secure location for a functional master key.	3/31/2009		

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
50	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Communications Officer	1b	Stockroom alarms did not trigger during intrusion test. The stockroom alarm system will be tested on a quarterly basis.	3/31/2009		
51	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Communications Officer	2a	Unauthorized personnel had access to stockroom. The department access reports will be reviewed every quarter and changes will be made if required. A separate report will be requested whenever customer service Agents bids in or out of the permanent stockroom.	12/31/2008		Will close in January.
52	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Communications Officer	3a	Printing contractor in non-compliance with contract terms. The printer has agreed to install a secondary storage space and locked doorway for our fare media and to document security control measures over fare media printing, receiving, and delivery.	3/31/2009		
53	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Communications Officer	3b	Printing contractor in non-compliance with contract terms. On an annual basis the Director of customer Programs and Services will conduct an unannounced inspection of the printer.	3/31/2009		
54	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Communications Officer	4a	Non-enforcement of contract terms of delivery of fare media overruns and scraps to the Agency. Customer Programs & Services will enforce the contract by requiring the printer to deliver the fare media overruns and scrap to the fare media stockroom. Stockroom personnel will be responsible for storing and disposing overruns and scrap.	3/31/2009		

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
55	07-OPS-005	2/26/2008	MAS	Rail Service Interruption Communication	General Mgr, Rail Operations; Chief Communications Officer	1	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.
56	08-OPS-006	10/7/2008	MAS	Fare Media Stockroom Audit	Chief Operations Officer	1c	Key could not be located during intrusion test. Safety & Security will implement an Electronic Cabinet System to ensure keys are organized properly, accounted for and located easily.	12/31/2008		
57	08-AUD-07	8/1/2008	OIG	Bus Inspections	Chief Operations Officer	1a	Improvements are needed to ensure that all defects found are corrected and the number of buses placed out-of-service is minimized. A total of ten Preventative Maintenance Inspection (PMI) classes will be offered and completed by September 30, 2008. Two Maintenance Instructors will be assigned to complete and oversee the <u>implementation of these training programs.</u>	9/30/2008		Under review.
58	08-AUD-07	8/1/2008	OIG	Bus Inspections	Chief Operations Officer	1b	Improvements are needed to ensure that all defects found are corrected and the number of buses placed out-of-service is minimized. The pre-trip inspection video will be completed by July 14, 2008. Additionally, OCI will provide the divisions with printed materials outlining the complete bus trip-inspection requirements. The printed materials along with the video will be distributed to division management in mid-July 2008. The division managers will oversee the implementation of the training and distribution of the printed materials.	10/31/2008		Under review.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
59	08-AUD-07	8/1/2008	OIG	Bus Inspections	Chief Operations Officer	4	Improvements are needed to ensure that all defects found are corrected and the number of buses placed out-of-service is minimized. The Bus Change Committee has discussed use of a mileage range for performing inspections rather than a single mileage parameter. A review of mileage range parameters as part of a larger comprehensive evaluation of the PMP will be completed.	12/31/2008		
60	08-OPS-007	8/1/2008	MAS	Bus Operator Safety Training	Chief Operations Officer	1	26 (31%) of 85 Bus Operator Instructors do not have the certification required by the California Education Code. Operations Management concurs with the recommendation. OCI will provide quarterly monitoring and compare the OTTS instructors to the HR report (or comparable) system that lists all current instructors. Any inconsistency found will be investigated by OCI and the appropriate record(s) will be updated accordingly.	12/31/2008		
61	08-OPS-007	8/1/2008	MAS	Bus Operator Safety Training	Chief Operations Officer	2	Some Bus Operators with avoidable accidents are not being trained in a timely fashion. OCI is currently working to establish an oversight process/procedure for division instruction staff to improve communication, tracking of training and timeliness of training. Division instruction staff personnel are responsible for ensuring operators receive post accident training in a timely manner. OCI, in cooperation with division instruction, will monitor the scheduling and completion of post accident training. When the process/procedure is finalized it will be distributed to staff immediately.	12/31/2008		
62	08-OPS-007	8/1/2008	MAS	Bus Operator Safety Training	Chief Operations Officer	3	Some OCI Operation Training and Tracking Database System records are inaccurate. The OTTS is currently being modified to flag or block any attempts at inputting future dates or previous dates older than six months.	12/31/2008		
63	07-OPS-011	6/1/2008	MAS	Tier 1 Service Cl	Chief Operations Officer	1	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	5/31/2009	Extended once.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
64	07-OPS-O06	12/6/2007	MAS	Continuity of Operations Plan	Chief Operations Officer	1, 2	Security Sensitive. Security Sensitive Information	12/31/2008		Three recommendations. Completion dates: 12/31/08, 12/31/08; rec
65	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	1	Metro 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 (ECSD), which resides in the Construction division, have staff and consulting resources to respond to this need. We are assigning our ECSD Manager with the responsibility of GASB Statement 49 implementation and reporting. The ECSD 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		Will close in December.
66	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	2	Metro 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		Draft policy has been submitted for review.

**All Current Audit Recommendations
Status as of November 30, 2008**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date	Comments
67	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	3	Metro 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 be will be housed in the ECSD and will be maintained by the ECSD manager or his designee.	1/31/2009		
68	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	4	Metro 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		
69	08-ACC-F03b	6/30/2008	MAS	Review of Environmental Liabilities	Chief Capital Management Officer	5	Metro 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		