



Metro

June 17, 2015

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP WASHINGTON PAW
CHIEF EXECUTIVE OFFICER

FROM: YVETTE SUAREZ *Ys*
INTERIM CHIEF AUDITOR, MANAGEMENT AUDIT SERVICES

**SUBJECT: STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF
MARCH 31, 2015**

ISSUE

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

DISCUSSION

In the quarterly report Management Audit fulfills the request to report the corrective actions for all open audit recommendations related to findings report by Operations, Planning and Development, Information/Technology, Finance/Administration, Engineering Construction, Vendor/Contract Management, Executive Office, and other funded agencies.

During the second quarter of FY15 five recommendations from previous audits were closed. The total open recommendations as of March 31, 2015 are included in attachment A.

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

NEXT STEPS

Management Audit Services will provide the next quarterly status report for the period ending June 30, 2015

Attachment A: Open Audit Recommendations Report

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

Executive Area	Closed or Completed During Q1	Late	Extended	Not Yet Due/Under Review	Total Open Recommendations*
Engineering and Construction				4	4
Executive Office					0
Finance and Administration			1		1
Information Technology	3				0
Operations			11		11
Planning and Development				31	31
Vendor/Contract Management	2			2	2
Totals	5		12	37	49

*Number of recommendations does not include OIG recommendations which will be added in the 4th quarter.

**All Current Audit Recommendations
March 31, 2015**

Attachment A

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date
1	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	1	Ineffective use of ATP analytical module for Running Time and Minimum Layover Analyses: Scheduling will: Implement the cumulative method for calculating running time analyses and calibrate operational Layover/Recovery pending implementation of Hastus 2014 upgrade and merging of APC and AVL dataset	6/30/2016	12/31/2016
2	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	2	Ineffective use of ATP analytical module for Running Time and Minimum Layover Analyses: Scheduling will: Require Giro to focus training efforts on ATP features	6/30/2016	12/31/2016
3	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	3	Ineffective use of ATP analytical module for Running Time and Minimum Layover Analyses: Scheduling will: Assess the cost/benefit of customizing the current ATP module, pending availability of the APC and AVL dataset prior to Hastus 2014 upgrade.	6/30/2016	12/31/2016
4	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	4	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will define the operation minimum layover time based on the results of the run time analyses.	6/30/2016	12/31/2016
5	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	5	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will look for additional interlining opportunities that are "streetable".	6/30/2016	12/31/2016
6	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	6	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will review and update the deadhead matrix to support new and existing interlining solutions.	6/30/2016	12/31/2016
7	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	7	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will update Hastus to allow for a mix of vehicle types after a review the route infrastructure to ensure/certify the type of vehicles that can operate on a particular line.	6/30/2016	12/31/2016
8	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	8	Ineffective use of Minbus optimization module in creating vehicle schedules: Scheduling will require Giro to provide additional training on MinBus	6/30/2016	12/31/2016
9	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	11	Ineffective use of CrewOpt optimization module in creating crew schedules: Scheduling will require Giro to perform additional training on new rules for multi-division operator run cutting in Hastus.	6/30/2014	12/31/2016
10	11-OPS-006	10/25/2013	MAS	HASTUS	Operations	12	Ineffective use of CrewOpt optimization module in creating crew schedules: Scheduling will adopt integrated scheduling to improve run cut efficiency.	6/30/2014	12/31/2016

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March 31, 2015**

No.	Report Number	Report Date	Audit Entity	Title	Exec Area	Rec No	Finding/Corrective Action	Original Completion Date	Extended Completion Date
11	11-OPS-O06	10/25/2013	MAS	HASTUS	Operations	13	CrewOpt not used for rail crew schedule: Scheduling will transition to HASTUS for scheduling rail service. A plan should be developed to include transition milestones and estimated completion dates.	6/30/2016	12/31/2016
12	9154-KPMG-FY13	12/19/2013	KPMG	Independent Accountants' Report on Applying Agreed-Upon Procedures	Planning & Development	13-03	Insufficient controls over review of samples for transposing errors: The Authority has implemented several short term solutions including an additional reviewer and formula testing process to identify conflicts for correction in advance of data reporting. The procurement process of an electronic vanpool operator reporting system, the long term solution, is underway. As a result of the short-term corrective actions this was not a repeat finding in the subsequent year.	6/30/2015	
13	9154-KPMG-FY13	12/19/2013	KPMG	Independent Accountants' Report on Applying Agreed-Upon Procedures	Planning & Development	13-04	Insufficient controls over reporting of NTD data: The Authority has implemented several short term solutions including an additional reviewer and a formula testing process identify conflicts for correction in advance of data reporting. The procurement process of an electronic vanpool operator reporting system, the long-term solution, is underway. As a result of the short-term corrective actions this was not a repeat finding in the subsequent year.	6/30/2015	
14	10-ACC-F03	3/31/2014	MAS	Subsidiary Ledger	Finance and Administration	2	Fixed Assets overstated: The Director of Accounting will ensure that, by June 30, 2014, the fixed asset policies, procedures and guidelines manual is updated to include the review of capital assets without depreciation.	6/30/2014	6/30/2015
15	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	1	Goals, objectives and performance indicators have not been developed for the RGM unit based on the Metro agency-wide goals. The Chief Planning Officer will work with RGM staff to develop RGM-specific goals, objectives and performance indicators. Consultant assistance will be secured to assist as-needed.	6/30/2015	
16	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	2	Goals, objectives and performance indicators have not been developed for the RGM unit with a high-level view or grants metrics for Metro executives and Board members review. The Chief Planning Officer will work with RGM staff to develop RGM-specific goals, objectives and performance indicators. Consultant assistance will be secured to assist as-needed.	6/30/2015	
17	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	3	Documenting the process for identifying and securing grant funds could be improved. Will seek a consultant to develop such a guidebook. Given that the processes are different for each grant and revised periodically we will compile an electronic listing of links to the various grant programs rather than a static hard copy guidebook.	6/30/2015	
18	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	4	The use of grant tracking and reporting systems for the RGM unit could be improved to document existing procedures to improve internal control and oversight of grantees/sub-recipients. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop, monitor and periodically update unit policies and procedures.	6/30/2015	
19	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	5	The use of grant tracking and reporting systems for the RGM unit could be improved to identify activities at high risk for error and non-compliance. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop, monitor and periodically update unit policies and procedures.	6/30/2015	

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20	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	6	The use of grant tracking and reporting systems for the RGM unit could be improved by designating a RGM team member to manage periodic updates/revisions to policies and procedures. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop, monitor and periodically update unit policies and procedures.	6/30/2015	
21	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	7	The RGM Unit grant tracking and reporting systems require improvement and should proceed with development of grants management module in FIS. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	
22	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	8	The RGM Unit grant tracking and reporting system require improvement and should coordinate FIS module development with a more comprehensive grants management database system. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	
23	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	9	The RGM Unit grant tracking and reporting systems require improvement and should inventory and evaluate current "shadow systems" to help determine project manager requirements. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	
24	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	10	The RGM Unit grant tracking and reporting systems require improvement and should develop protocols on who can update the data and how often. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	
25	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	11	The RGM Unit grant tracking and reporting systems require improvement and should develop a high-level summary of grants for Metro executive staff and Board members. The Chief Planning Officer will seek budget authority to hire staff and consultant assistance to develop and maintain a new grants tracking and reporting system.	12/31/2015	
26	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	12	The RGM Unit organizational structure requires improvement and should consider revising its organizational structure. RGM will work with the Chief Planning Officer to review RGM's organizational structure. The Chief Planning Officer will seek budget authority to hire consultant assistance for this review and hire additional staff to implement organizational changes as needed based on the review.	6/30/2015	
27	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	13	The RGM Unit organizational structure requires improvement and should consider developing teams surrounding each of their key elements. RGM will work with the Chief Planning Officer to review RGM's organizational structure. The Chief Planning Officer will seek budget authority to hire consultant assistance for this review and hire additional staff to implement organizational changes as needed based on the review.	6/30/2015	
28	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	14	Grant recipient feedback was generally positive. Management will review the RGM survey results and try to implement ideas for improving our processes to the extent practical. .	6/30/2015	

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29	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	15	Grant recipient feedback was generally positive. Management will review the CFP survey results and try to implement ideas for improving our processes to the extent practical.	6/30/2015	
30	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	16	Grant recipient feedback was generally positive but should be reviewed periodically and expanded to include all aspects of the program. Management will review the survey results and try to implement ideas for improving our processes to the extent practical.	6/30/2015	
31	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	19	The grant close-out process could be improved by developing a process to ensure implementation of timely and appropriate corrective actions. RGM will work with the grants tracking database consultant to consider adding functionality that will monitor grant/loan active and close-out status, and generate reports accordingly.	6/30/2015	
32	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	20	The grant close-out process could be improved by designating an individual to serve as the grant closeout liaison. RGM will work with the grants tracking database consultant to consider adding functionality that will monitor grant/loan active and close-out status, and generate reports accordingly. This recommendation is currently being implemented.	6/30/2015	
33	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	21	The grant close-out process could be improved by creating a tool, such as an aging report, to enable to liaison to quickly identify critical events. RGM will work with the grants tracking database consultant to consider adding functionality that will monitor grant/loan active and close-out status, and generate reports accordingly.	6/30/2015	
34	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	22	Grantees and sub-recipients post-grant award responsibilities need clarification by providing grantees/sub-recipients with a starter package with templates and checklists. RGM will refine communications to sub-recipients once grant awards are made to ensure clear understanding of responsibilities.	12/31/2015	
35	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	23	Grantees and sub-recipients post-grant award responsibilities need clarification and they should consider initial training sessions and periodic workshops. RGM will refine communications to sub-recipients once grant awards are made to ensure clear understanding of responsibilities. Recommendation 23 is currently being implemented.	12/31/2015	
36	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	24	Grants originating outside of the RGM unit and CFP process need better coordination and should establish a procedure to coordinate all grants within the agency. Management concurs with the finding and recommendations, and will try to establish a procedure to coordinate all grants within the agency through RGM. We intend on having the procedure communicated to all agency units/departments through interoffice memo.	6/30/2015	
37	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	25	Grants originating outside of the RGM unit and CFP process need better coordination and should improve tracking of various smaller processes. Management concurs with the finding and recommendations, and will try to establish a procedure to coordinate all grants within the agency through RGM. We intend on having the procedure communicated to all agency units/departments through interoffice memo.	6/30/2015	

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38	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	26	Project Manager succession planning should be considered. We will consider succession planning activities with the assistance of consultants, and believe that the management responses to Findings 3, 4 and 5 will support this effort for RGM and will address Recommendations 26, 27 and 28. Additional information is needed to determine whether implementation of Recommendations 29 and 30 is appropriate; therefore no actions can be proposed in response at this time.	6/30/2015	
39	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	27	Project Manager Succession Planning Should Be Considered whereby a greater number of team members are trained across a wider spectrum of activities. We will consider succession planning activities with the assistance of consultants, and believe that the management responses to Findings 3, 4 and 5 will support this effort for RGM and will address Recommendations 26, 27 and 28.	6/30/2015	
40	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	28	Project Manager Succession Planning Should Be Considered including established formal training with consistent processes. We will consider succession planning activities with the assistance of consultants, and believe that the management responses to Findings 3, 4 and 5 will support this effort for RGM and will address Recommendations 26, 27 and 28.	6/30/2015	
41	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	29	Project Manager succession planning should be considered along with establishing the appropriate practices for delegation and operational protocols. Additional information is needed to determine whether implementation of Recommendations 29 and 30 is appropriate; therefore no actions can be proposed in response at this time.	6/30/2015	
42	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	30	Project Manager succession planning should be considered including the possibility of using a formal "Project Management Maturity Model". Additional information is needed to determine whether implementation of Recommendations 29 and 30 is appropriate; therefore no actions can be proposed in response at this time.	6/30/2015	
43	13-PLN-P01	6/30/2014	MAS	Grants Management and Call for Projects	Planning & Development	31	Staff workload for the CFP function should be evaluated. The Chief Planning Officer will review this recommendation with staff that oversees the CFP process to evaluate whether current staff resources dedicated to the process is adequate.	6/30/2015	
44	12-HCP-P01	9/4/2014	MAS	Metro Freeway Service Patrol	Vendor and Contract Management	2	Inadequate program management oversight; should implement metrics with CHP. Metrics will be implemented by January 2015.	1/31/2015	
45	12-HCP-P01	9/4/2014	MAS	Metro Freeway Service Patrol	Vendor and Contract Management	3	Inadequate program management oversight; should upgrade the data collection system. The FSP Communication/Data Collection system is being upgraded to automatically create the necessary reports as well as supervise certain aspects of the drivers' activity by May 2016.	5/30/2016	
46	11-MET-F01	12/31/2014	MAS	Metrolink Use of TAP Funds	Engineering and Construction	1	Noncompliance with contract terms and conditions: determine total amount of mischarged grant expenses. A corrective action will be provided once the new management of Metrolink is briefed on this issue.	6/30/2015	
47	11-MET-F01	12/31/2014	MAS	Metrolink Use of TAP Funds	Engineering and Construction	2	Noncompliance with contract terms and conditions: determine which portions of the American Disabilities Act work was necessary. A corrective action will be provided once the new management of Metrolink is briefed on this issue.	6/30/2015	

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48	11-MET-F01	12/31/2014	MAS	Metrolink Use of TAP Funds	Engineering and Construction	3	Noncompliance with contract terms and conditions: develop appropriate internal controls. A corrective action will be provided once the new management of Metrolink is briefed on this issue.	6/30/2015	
49	11-MET-F01	12/31/2014	MAS	Metrolink Use of TAP Funds	Engineering and Construction	4	Noncompliance with grant terms and conditions. Complete the implementation of Oracle R.12 including a Grants Management module.	6/30/2015	