



Los Angeles County  
Metropolitan  
Transportation  
Authority

EXECUTIVE MANAGEMENT COMMITTEE  
MARCH 15, 2001

**SUBJECT: CONTROL SELF-ASSESSMENT (CSA) PROGRAM**

**ACTION: AUTHORIZE AMENDMENT 4 TO PS 2510-0470 FOR EIGHT  
ADDITIONAL CSA TRAINING SESSIONS & WORKSHOPS  
AND EXTEND THE CONTRACT PERIOD OF  
PERFORMANCE THROUGH JUNE 30, 2002**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute Amendment 4 to CARDdecisions Incorporated for eight additional Control Self Assessment training sessions and workshops for a period of 18 months in an amount not to exceed \$83,120 for a total revised contract amount of \$231,589.

**RATIONALE**

MTA Board approval is required for the execution of modifications and amendments in any contract action that increases the aggregate change value by more than \$100,000 over the life of the contract.

The CSA training sessions and workshops consist of a half-day of training for the participants and one day of CSA workshop plus three days of workshop preparation for the facilitator. The workshops involve the use of copyrighted training materials and a proprietary software called CARD Map that captures workshop participants input in establishing the workshop's business quality objective, the risk to the achievement of the objective, the controls in place to ensure achievement of the objective, the acceptable and unacceptable residual risks, and action plans for mitigating unacceptable residual risks.

**FINANCIAL IMPACT**

Funding of \$66,000 for this service is included in the FY01 budget in Cost Center 2515, Control Self Assessment, under Project - Task 100002-01 General Overhead. Since this is a multi-year contract, the CSA Manager and Executive Officer will be accountable for budgeting the cost in future years, including any option exercised. In FY01, \$42,000 was expended on this line item.

**ALTERNATIVE CONSIDERED**

The alternative would be to utilize in-house staff to facilitate the workshops and training sessions. However, in view of the fact that the Management Audit Services Department (MASD) presently lack the required levels of expertise along with the resources needed to adequately support such efforts; this same alternative is considered to be neither cost effective nor practical.

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## **BACKGROUND**

CARDdecisions Incorporated conducted information and kick-off sessions with MTA's executive officers and senior management on the CSA concept and process to be followed for the implementation of the Committee of Sponsoring Organizations (COSO) based CSA program. They also provided training to MTA Management Audit Service Department's (MASD) Internal Audit and COSO/CSA staff in the techniques and approaches for implementing CSA and facilitating workshops. They also conducted two separate pilot CSA workshop sessions in the Revenue and Procurement Departments and presented an overview of the CSA concept and the use of CARD Map software with the Administration Department's management, (See *ATTACHMENT 1*).

## **PROCUREMENT SUMMARY**

As the result of a competitive procurement process, a firm fixed price contract was awarded to CARDdecisions, Incorporated (formerly known as MCS Control Training & Design Inc.) on March 25, 1999, in the amount of \$62,417 for furnishing professional services in connection with the implementation of a Control Self Assessment (CSA) program using the Committee of Sponsoring Organizations (COSO) Internal Control Framework as a control model.

Since inception of the contract, to date, the total and aggregate change amount of \$86,052 has been approved and realized by full execution of Contract Amendments 1 through 3. MASD began the program in August and September 1999 with the two sessions provided by Contract Amendment 1, which totaled \$23,712. Amendment 2 added six more training/workshops at a cost of \$62,340 for FY2000. The additional six training/workshops were completed for Procurement, additional Internal Audit Training, General Services, Payroll, Real Estate, and Human Resources. While Amendment 3 extended the period of performance through December 31, 2000, it was issued at no cost to the contract. No other work has since been issued or authorized; and until fully approved by the MTA Board, no additional work will be authorized.

Eight additional training/workshop sessions are being requested to take advantage of the consultant's expertise during the program expansion.

## **COST/PRICE ANALYSIS**

<b>PROPOSED AMOUNT</b>	<b>RECOMMENDED PRICE</b>	<b>PRICE VARIANCE</b>
\$83,120	\$83,120	NONE

The recommended price of \$83,120 has been determined to be fair and reasonable based upon price analysis performed by Procurement's Cost/Price Analysis Unit. The \$83,120 price is based upon \$10,390 per workshop for eight workshops.

The \$10,390 price includes \$8,500 of labor related cost (based upon an hourly billing rate \$250) and \$1,890 for travel related expenses. The hourly billing rate of \$250 is comparable to CSA's published fee schedule, which represents market pricing. The overall pricing for travel related expenses are reasonable when compared to industry metrics.

**SMALL BUSINESS PARTICIPATION**

The Contract Compliance Unit does not recommend a DBE goal for this procurement due to the lack of subcontracting opportunities. Based on industry practices, it is expected that the Prime will provide all services, supplies, and/or equipment required on this contract with minimal, if any, subcontracting. As such, peripheral or ancillary work is not involved. However, pursuant to the DBE Program, if the awardee utilizes the services of subcontractors, the awardee is expected to afford maximum opportunities to DBEs in all subcontractors and supply service areas. Upon the MTA's request, awardee is required to submit documentation to satisfy MTA that good faith efforts were made to utilize DBEs throughout the life of the contract.

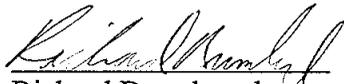
**ATTACHMENT (S)**

ATTACHMENT 1, CONTROL SELF ASSESSMENT (CSA) ACCOMPLISHMENTS

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# ATTACHMENT 1

## CONTROL SELF ASSESSMENT (CSA) ACCOMPLISHMENTS

Implementation of the CSA process in May 1999 was established to assist us in ensuring that the MTA is a well-run organization and to demonstrate our commitment by assessing the organization's objectives, risks, and controls ourselves.

The CSA process involves two formats, which complement each other. One is the use of a facilitated brain storming session by a work group to self assess a quality business objective's risks, controls, residual risks, and identify necessary action plans.

The second CSA process format is documentation of each business process resulting in a management certification document based on each manager's area of responsibility including the internal controls inherent in the business process.

As of December 31, 2000, the CSA Unit has assisted MTA management in completing nine workshops which trained 147 people who also participated in the workshops. One Hundred seven action plans to address residual risks have been developed which are being addressed by 47 various employees at all levels throughout the MTA. The CSA unit follows up on the action plans after each quarter's end so the need to complete the action plans is continually under scrutiny with the responsible people until the action plan is implemented.

In addition, 28 CSA internal control certification documents have been completed, which have been signed by 32 different managers, Directors, DEO's and EO's who have been actively involved in the development and review of the document.

Full implementation of CSA involves 5 workshops and 40 CSA certification documents each year so that by 2004 all significant business processes will be completed, updated, and recertified each year. In addition, management and applicable staff throughout the MTA will have been trained in control self assessment. Amendment 4 to the CARDdecisions contract is part of the planned continuing roll out of the CSA process throughout the MTA.