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# Board of Supervisors County of Los Angeles

MICHAEL D. ANTONOVICH  
SUPERVISOR FIFTH DISTRICT

April 22, 1997

**To: BOARD MEMBERS  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FR: MICHAEL D. ANTONOVICH  
SUPERVISOR, FIFTH DISTRICT**

**RE: ESTABLISHMENT OF AN AUDIT TASK FORCE**

*The attached motion has been updated to include the suggestions of my colleagues and action taken by the Construction Committee.*

This motion responds to the concerns raised in the Office of Inspector General Pasadena Blue Line Audit and does the following:

- **Creates an Audit Task Force** to be the *clearinghouse* for all Agency audits and their disposition;
- Eliminates the **audit backlog** and reimbursements;
- Requires all change-orders brought to the Board **comply with state Change-Order law AB 1869**;
- Requires **accountability** by management when sharp cost increases are not addressed.

**UPDATE**

**MOTION BY SUPERVISORS MOLINA & ANTONOVICH  
ESTABLISHMENT OF AUDIT TASK FORCE**

April 23, 1997

The recent release of the Office of the Inspector General's Follow-Up Audit of the Pasadena Blue Line Design Project Cost Controls has verified that despite the recommendations of the agency's Inspector General, and the passage of AB 1869, management has neglected financial, managerial and accounting control over this project and failed to follow prescribed recommendations. It should be noted that the Inspector General's Audit does not address the potential of similar contract abuses elsewhere in the Agency.

Management's cost control breakdown requires the following corrective measures prescribed in this motion.

I, THEREFORE, MOVE THAT THIS BOARD:

PART A:

- 1) create a seven member Audit Task Force, consisting of three members, or their designee, appointed by each of the Construction and Executive Management Committees, and the Inspector General, with support provided by the Chief of Staff, assisted by the Internal Auditor, with its scope to be determined by the Audit Committee;
- 2) authorize that all agency audits and consultant reports be reported to the Audit Task Force for tracking and disposition purposes, with the Audit Task Force making their findings and recommendations for resolution to the appropriate committee;
- 3) provide a direct reporting mechanism for the Internal Auditor to provide information to the Audit Task Force.

PART B:

- 1) require an accounting and subjection of all in process Consultant Change Requests, **even those received prior to the enactment of AB 1869**, to the rigors of this law and certify compliance with AB 1869 by the CEO and E.O. Construction before presentation to the Board;
- 2) direct the Chief of Staff and Internal Auditor to present a cure proposal to the Audit Task Force in May that addresses the current audit backlog with recommendations on appropriate collection procedures required to secure any revenues owed the MTA;
- 3) charge the Deputy Executive Officer, Program Management the responsibility of informing the Construction Committee and Chief Executive Officer of exceptions to the final cost forecast of *individual project line items* that are not financially addressed within 60 days by the Project Manager and Executive Officer, Construction;
- 4) instruct the Internal Auditor and Fluor Daniel, Inc. (FDI) to review and circulate comments/concurrence to the Board and management of the *staff proposed form* of the FDI Project Control Action Plan before implementation;
- 5) instruct the CEO to draft a letter for approval by the Audit Task Force, to all consultants and contractors of the agency, informing them of the enhanced Board oversight effort and requesting their cooperation.

MOTION FOR ITEMS 7B AND 39 - APRIL 23, 1997 BOARD MEETING

RESOLVED, that the MTA Board direct the Executive Procurement Officer and the Interim Executive Officer of Construction to develop an RFQ, or appropriate solicitation, for design and engineering services, to provide a pool of highly qualified firms available for use by the MTA. The RFQ proposal shall be presented to the Construction Committee at its May 1997 meeting;

That the engineering pool will have proportionate liability and risk assumption that is presently contained in the new EMC contract;

That the MTA Board direct the MTA Internal Management Services to provide a proposal to the Construction Committee at the May 1997 meeting for oversight of all major functions of the Construction Division including: Contract Administration, Program Control, Project Control, Project Management, and Configuration Management, to assure timely execution of Board adopted policies and procedures; and

That the MTA Board:

1. create a seven member Audit Task Force, consisting of three members, or their designee, appointed by each of the Construction and Executive Management Committees, and the Inspector General, with support provided by the Chief of Staff, assisted by the Internal Auditor, with its scope to be determined by the Audit Committee;
2. direct that the Audit Committee shall provide oversight to ensure that: A) Board adopted policies and procedures are implemented in a timely and effective manner; B) audit recommendations are rapidly implemented or otherwise resolved; and C) shall recommend to the MTA Board any necessary changes to policies and procedures; and
- 3) provide a direct reporting mechanism for the Internal Auditor to provide information to the Audit Task Force.