



April 22, 2015

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer
Janet Sutter, Executive Director
Internal Audit Department

Subject: Fiscal Year 2014-15 Internal Audit Plan, Third Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2014-15 Internal Audit Plan on July 28, 2014. This update is for the third quarter of the fiscal year.

Recommendations

Receive and file the third quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2014-15 Internal Audit Plan.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include overseeing the annual financial and compliance audits, conducting operational and contract compliance reviews, investigations, pre-award price reviews, and Buy America reviews. Audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The OCTA Fiscal Year (FY) 2014-15 Internal Audit Plan (Plan) (Attachment A) reflects the status of each audit project.

During the third quarter of the FY, Internal Audit issued a review of transit performance metrics. The review found that supporting documentation was not always retained for preliminary figures reported, and a few instances of manual entry errors were identified. Also, reports were not always submitted timely to the Transit Committee (Committee) and the Board of Directors (Board). Management responded that procedures have been implemented to help ensure accuracy and retention of supporting documentation. Management also committed to providing reports to the Committee and/or the Committee chairman no later than 45 days following quarter-end.

A review of facilities project management was also completed and found that oversight controls are adequate and projects are managed in compliance with policies and procedures; however, one recommendation was made to improve controls over preparation of independent cost estimates for contract amendments.

The semi-annual investments review for the period July 1 through December 31, 2014, was also completed and concluded that OCTA complied with its debt, investment, and reporting policies and procedures, except for monitoring and reporting of investment manager compliance with diversification limits. Internal Audit recommended that management update procedures to address issues noted related to monitoring compliance, and management agreed to revise procedures within 60 days.

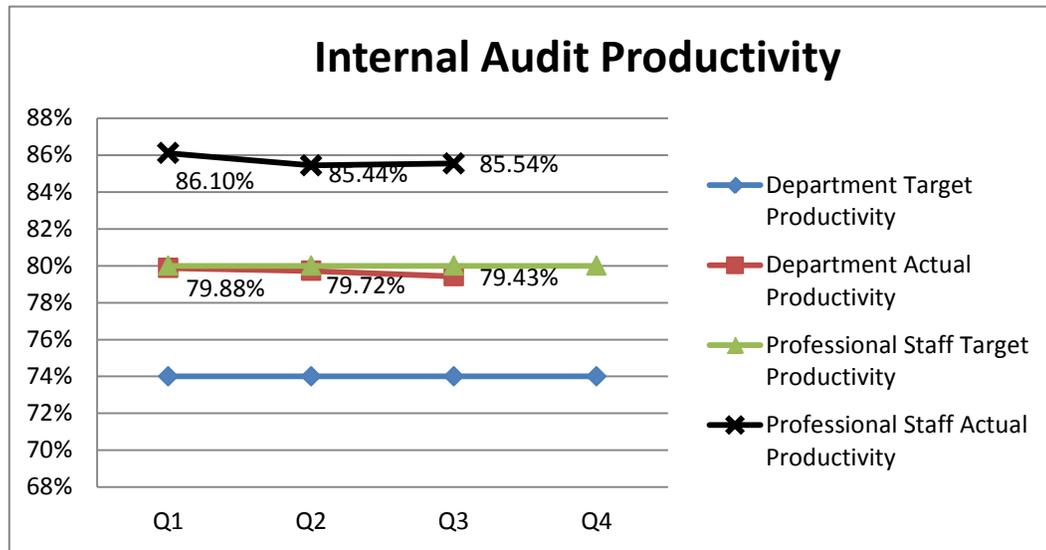
All required financial and agreed-upon procedures reviews, conducted by Vavrinek, Trine, Day & Company, LLP (VTD), independent certified public accountants, were presented to the Finance and Administration Committee (F&A) and the Board during the quarter. In January, the Board approved a staff recommendation to exercise the second option term under the contract with VTD for audit services for the fiscal year ending June 30, 2015.

Also during the quarter, Internal Audit provided coordination of management responses to the Federal Transit Administration's Drug and Alcohol Compliance Audit, conducted on-site in December 2014. As of March 6, 2015, all deficiencies have been adequately addressed. The final report will be provided to the F&A at its meeting on April 8, 2015.

Internal Audit Productivity

Internal Audit measures the productivity of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for both the professional staff and for the department as a whole. Because the executive director regularly participates in non-audit management activities such as planning and committee meetings, the department-wide target is set at 74 percent. The target for internal audit professional staff, not including the executive director, is 80 percent.

For the third quarter ended March 31, 2015, Internal Audit achieved productivity of 80 percent, and the professional staff achieved productivity of 85 percent.



Price Reviews

At the request of the Contracts Administration and Materials Management Department (CAMM), and consistent with OCTA procurement policy, Internal Audit conducts reviews of single bid procurements to ensure that CAMM handled the procurement in a fair and competitive manner. Internal Audit also reviews prices proposed by architectural and engineering firms and sole source contractors to ensure that the prices are fair and reasonable. Internal Audit makes recommendations to adjust proposed rates where they exceed the rates per review. When the value of recommended adjustments can be estimated, Internal Audit tracks and reports these savings, as noted below. During the quarter ended March 31, 2015, Internal Audit completed five

pre-award agreed-upon procedures reviews and recommended price adjustments totaling \$1.7 million. Year-to-date activity is as follows:

Quarter	Price Reviews Recommended Adjustments
1	\$ 113,695
2	35,709
3	1,715,954
4	
Total	\$ 1,865,358

Fraud Hotline

During the quarter ended March 31, 2015, Internal Audit received 5 complaints through OCTA's Fraud Hotline (Hotline), www.ethicspoint.com. Four were customer complaints that were referred to OCTA management and/or customer relations. The fifth complaint was investigated and substantiated by Internal Audit, and results were reported to management and the Board. As part of the administration of the Hotline, Internal Audit maintains documentation of each complaint and its disposition.

Internal Audit is committed to responding to all Hotline complaints within eight business days. During the quarter ended March 31, 2015, Internal Audit made initial contact within two business days.

Findings and Recommendations Tracking

At the request of F&A, unresolved audit recommendations are included with the quarterly updates to the Plan as Attachment B. Internal Audit includes the findings and recommendations generated internally, as well as those provided by regulatory auditors and OCTA's independent financial statement auditors.

During the quarter ended March 31, 2015, four recommendations were added to the list relating to reports issued during the quarter.

Summary

Internal Audit will continue to implement the Plan, monitor performance metrics, and report the status on a quarterly basis.

Attachments

- A. Fiscal Year 2014-15 Internal Audit Plan, Third Quarter Update
- B. Unresolved Audit Findings and Recommendations Audit Reports Issued Through March 31, 2015

Prepared by:

A handwritten signature in cursive script, appearing to read "Janet Sutter".

Janet Sutter
Executive Director, Internal Audit
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**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2014-15 Internal Audit Plan
Third Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date Issued)	External Auditor
Mandatory External Independent Audits								
Annual Financial Audit	FY15-001 through FY15-003	Coordination and oversight of annual financial and compliance audits for fiscal year (FY) 2014-15.	Financial	400	404	(4)	Completed	Vavrinek, Trine, Day & Co.
Annual Transportation Development Act (TDA) Audits	FY15-004	Coordination of required annual audits of the recipients of TDA Funds for FY 2014-15.	Compliance	36	26	10	Completed	Vavrinek, Trine, Day & Co.
California Department of Transportation (Caltrans) Incurred Cost Audit	FY15-805	Coordinate Incurred Cost Audit initiated by Caltrans for funding of various highway and grade separation projects.	Compliance	56	44	12	In Process	Caltrans
Internal Audit Department Projects								
Risk Assessment and Annual Audit Plan	FY15-100	Annual preparation of the audit plan, quarterly updates to the audit plan, periodic assessment of risk throughout the year, including the monitoring of audit results of related entities.	Audit Plan and Updates	200	99	101	Ongoing	
Quality Assurance and Self-Assessment	FY15-101	Update of Internal Audit Policies & Procedures. Annual self assessment of the Internal Audit Department's compliance with Government Auditing Standards.	Quality Assurance	180	160	20	Completed	
Fraud Hotline	FY15-102	Administrative duties related to maintenance of the Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	300	356	(56)	Ongoing	23 Reports Received
Internal Audits								
Organization-Wide								
Business Resumption and Continuity of Operations	FY14-514	Assess whether business resumption/continuity of operations plans provide the framework for an effective response and recovery from any business interruption.	Operational	60	61	(1)	Issued 10-3-14	
Legal Services	FY15-5XX	Assess the adequacy of contract oversight and payment controls.	Internal Controls	180	-	180		
Clerk of the Board								
Public Records Act (PRA) Requests	FY15-503	Assess the adequacy of controls to ensure compliance with the PRA.	Compliance	160	116	44	Issued 9-26-14	
Human Resources and Organizational Development								
Family Medical Leave Act (FMLA)	FY14-502	Review controls in place to ensure compliance with policies, procedures, and regulations related to the FMLA.	Compliance	240	217	23	Issued 12-1-14	
Training	FY14-510	Assess the adequacy of operations related to employee training and educational reimbursements and determine compliance with regulations, policies, and procedures.	Operational	40	54	(14)	Issued 9-24-14	

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Capital Projects								
State Route (SR) 91 Improvements from Interstate 5 to SR 57	FY15-504	Review of the SR 91 Improvement project, including project administration, oversight controls, and contract compliance.	Compliance	350	407	(57)	In Process	
Facilities Project Management	FY15-505	Review controls in place to manage Orange County Transportation Authority (OCTA) facilities projects.	Operational	240	502	(262)	In Process	
Bristol Street Widening	FY15-5XX	Assess oversight controls and contract compliance with related cooperative agreements for the Bristol Street widening.	Compliance	300	-	300		
Planning								
Competitive Transportation Funding Program Projects	FY14-516	Review selected projects for compliance with Measure M Ordinance, policies, and procedures.	Compliance	60	81	(21)	Issued 12-10-14	
Transit Operations								
Veolia Contract Closeout	FY14-512	Assess the adequacy and effectiveness of controls employed in the closeout of the Veolia contract for ACCESS services.	Internal Control	16	5	12	Issued 7-9-14	
ACCESS Eligibility	FY15-5XX	Review ACCESS certification process and assess compliance with service contract terms.	Compliance	180	183	(3)	In Process	
Applied Liquefied Natural Gas Technologies	FY15-507	Assess controls to ensure compliance with contract terms.	Compliance	120	143	(23)	In Process	
Performance Metrics	FY14-515	Review efforts to track and report performance metrics and assess the accuracy and timeliness of reporting.	Internal Control	200	341	(141)	Issued 2-25-15	
Finance and Accounting								
Treasury	FY15-502, FY15-508	Semi-annual review of investments compliance, controls, and reporting.	Compliance	200	259	(59)	Issued 8-28-14	
Grant Closeouts	FY14-517	As-needed financial and compliance audits of grants at closeout to ensure propriety of expenditures.	Compliance	40	21	19	Issued 8-15-14	
Farebox Revenue Collection and Armored Car Services	FY15-XXX	Operational review of farebox revenue collection and recording.	Internal Control	200	85	115	In Process	
Accounts Payable	FY15-5XX	Review adequacy of controls over the accounts payable operation.	Operational	240	-	240		

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Contract Administration & Materials Management								
Buy America	FY15-506	Pre-award and post-delivery reviews to ensure vendors and OCTA are in compliance with federal Buy America requirements.	Compliance	320	90	230	Issued 12-14-14	
Price Reviews	PR15-XXX	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	1,100	883	218	11 Reports Issued	
External Affairs								
Vanpool	FY15-501	Review OCTA vanpool operations and contract compliance.	Operations	240	325	(85)	Issued 10-9-2014	
Unscheduled Reviews and Special Requests								
Unscheduled Reviews and Special Requests	FY15-800	Time allowed for unplanned audits and requests from the Board of Directors and management.	Varies	240	48	192		
Monitoring Activities								
Measure M Taxpayer Oversight Committee	FY15-601	Coordination of audit activities with the Audit Subcommittee of the Measure M Taxpayer Oversight Committee.	Monitoring	160	72	88		
Bus Base Inspections and Inventory Testing	FY15-602	Participation in annual bus base inspections.	Monitoring	32	-	32		
Follow-up Reviews								
Follow-up Reviews and Reporting	FY15-700	Follow-up on audit findings and recommendations.		300	251	50		
Total Audit Project Planned Hours (A)				6,390	5,231	1,160		

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Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date Issued)	External Auditor
Internal Audit Administration								
Board of Directors and Board Committee Meetings				280	114	166		
Executive Steering Committee and Agenda Meetings				180	110	70		
Internal Audit Department Staff Meetings				200	59	141		
Other Administration				1,500	1,067	434		
			Total Hours (B)	8,550	6,580	1,970		
			Department-Wide Target Efficiency (A/B)	74%				
			Department-Wide Actual Efficiency (A/B)	80%				
			Professional Staff Target Efficiency	80%				
			Professional Staff Actual Efficiency	85%				

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Through March 31, 2015)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
3/4/2014	13-527	Capital Programs	Review of Oversight Controls and Contract Compliance Related to the Tustin Metrolink Station Parking Expansion	Internal Audit recommends that independent cost estimates for construction change orders be prepared prior to receipt of contractor's quotes and prior to performance of work.	Mar-15	Management agrees and will update the Construction Management Procedures Manual to integrate specific guidance. <u>Update September 2014</u> : The updated manual is expected to be completed by December 2014.	Ng	In Process
3/4/2014	13-527	Capital Programs	Review of Oversight Controls and Contract Compliance Related to the Tustin Metrolink Station Parking Expansion	Internal Audit recommends that the Rail Programs Department develop written project management procedures tailored to the types of projects handled in the department.	Mar-15	The Highway Programs Department maintains a Program Management Procedures manual which serves as a set of procedures to effectively manage and monitor projects and develop strategies for delivering the entire capital improvement program. This manual will be appended to integrate any specific guidance needed for projects managed by the Rail Programs Department. <u>Update September 2014</u> : The update is expected to be finalized in November 2014.	Ng	In Process
3/26/2014	14-509	Maintenance/ General Services	Review of Purchase Order (PO) Issuance and Oversight	Internal Audit recommends that Maintenance and General Services review invoices for compliance with PO terms. For the PO's that include multiple parts/goods, the PO's should require that items not identified in the PO pricing summary be billed at cost plus a set mark-up percent. The PO's should also consistently include a requirement that the Orange County Transportation Authority (OCTA) be provided with adequate supporting cost documentation to allow validation of mark-ups as-needed.	May-15	Maintenance will more closely track the remaining balances of each PO and will take appropriate action to avoid encumbering invoices in excess of the PO. All future procurements will include a more complete list of goods to be ordered during the term of the PO, provide an option to purchase unlisted items at cost plus markup, and require that proof of cost be provided with the invoice to be paid. General Services will add language to PO's to cover items that were not included in the original scope of work. <u>Update November 2014</u> : The Maintenance Department has implemented its part of this recommendation; however, General Services has not yet fully implemented this recommendation. As a result, Internal Audit will return in six months.	Ng	Initiate next update in May 2015

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
5/29/2014	14-511	Finance and Administration (F&A)	Review of the OCTA Store	Internal Audit recommends management ensure that the new system is designed to provide appropriate segregation of duties and that access is limited as appropriate. Detailed records of the access levels should be maintained and periodically reviewed for appropriateness. Procedures should be developed to address system access assignments and related controls to prevent and/or detect suspicious transactions.	Jun-15	The replacement point of sale system is expected to be fully implemented by the end of the calendar year. The new system will resolve access controls by providing multiple layers of administration functions allowing management the ability to turn on, or turn off posting abilities to match the levels of access required by staff. Procedures will be developed to outline access assignments and secondary reviews and approval, where appropriate. Records of access levels will be maintained and periodically reviewed by management. <u>Update December 2014</u> : Management plans to build controls into the new system that is expected to be implemented in January 2015. Internal Audit will return in six months to determine the status.	Dunning	Initiate next update in June 2015
9/24/2014	14-510	Human Resources and Occupational Development (HROD)	Review of Administrative Employee Training and Reimbursement	Internal Audit recommends management enhance policy and procedures for administrative employee training to allow the department to exercise oversight and institute standardization of training programs.	Mar-15	Management agrees. To start, departments within the HROD division will create guidelines for the identification, development, and procurement of training, especially mandatory training, as this comprises the bulk of the training provided. Once that has been accomplished, Training and Development will reach out to other individual departments that provide training with the guidelines. Management anticipates that the first step can be accomplished by January 1, 2015.	Dunning	In Process
9/24/2014	14-510	HROD	Review of Administrative Employee Training and Educational Reimbursement	The Employee Training Policy (Policy) includes restrictions and requirements that are not enforced. Internal Audit recommends management update the Policy to reflect intended practices and develop controls to ensure compliance.	Mar-15	Management agrees and will update the Policy by January 1, 2015.	Dunning	In Process
9/24/2014	14-510	HROD	Review of Administrative Employee Training and Educational Reimbursement	Testing found that over one-third of the requests for reimbursement and subsequent submission of evidence of course completion were submitted outside the required timeframes. Internal Audit recommends management develop and implement guidelines for approval of exceptions to program requirements. Exceptions should be documented, approved, and occur infrequently.	Mar-15	Management supports a more rigid adherence to the policy than has been followed in the past. Currently, management is developing a communication strategy to educate employees on the required timeframes and the consequences for failure to submit paperwork in a timely manner. We anticipate that the communication strategy should be complete by January 1, 2015. Guidelines for the approval of exceptions to program requirements will also be in place by January 1, 2015.	Dunning	In Process

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
9/26/2014	15-503	Clerk of the Board (COB)	Review of the Administration of Public Records Requests	Cash receipts for California Public Records Act requests are stored in an unlocked desk drawer, are not properly accounted for, and are not deposited in a timely manner. Internal Audit recommends that controls over the handling, recording, and deposit of cash receipts be improved.	Mar-15	Management agrees that the controls in place for payments and deposit were inadequate, and accountability was not efficient or reliable. The COB's office has worked with those managing the OCTA Store and together have created procedures to transfer the handling and deposit of all forms of payment (cash, check, credit/debit card) over to the OCTA Store for better control, accuracy, and accountability.	Ng	In Process
9/26/2014	15-503	COB	Review of the Administration of Public Records Requests	Internal Audit recommends that management revise policies, procedures, to: (1) include guidance for handling of public records requests from the media, (2) ensure that the recorded date of a public records request is the date of submission, (3) ensure retention of emails and/or mail records supporting notification to requestors that a time extension is required and/or records are available; and (4) include guidelines and authorities for the waiving of fees related to public records requests.	Mar-15	Management agrees and will revise the policies and procedures to reflect consistency with the handling of public records requests. These revisions will address guidelines and authorities for waiving fees. Also management will ensure that the recorded date of a public records request is the date of receipt by the Orange County Transportation Authority (OCTA), within standard business hours. The COB's office will retain evidence of e-mails/mail records to support notification to requestors that a time extension is available or that records are available. A "Month-End Review" procedure has been implemented, which will help to reconcile the documentation of emails and/or mail records which support notification to requestors for all completed requests on the log for that month. Additionally, internal department procedures have been developed to outline this process.	Ng	In Process
10/3/2014	N/A	F&A and Transit Division (Transit)	Performance Audit of the OCTA's Continuity Plan	Auditors recommended that management update the Business Impact Analysis (BIA) and the Continuity of Operations Plan (Plan) to address the 13 weaknesses noted.	Jun-15	Management responded that efforts are underway to update certain portions of the BIA and the Plan. Also, at the direction of the Finance and Committee Chairman, staff has agreed to specifically address each issue and planned corrective actions with the Security Working Group of the Board of Directors.	Bonelli	
10/30/2014	N/A	F&A	Single Audit Report on Federal Awards, Fiscal Year 2014	Auditors identified one significant deficiency related to monitoring procedures and oversight of Federal Section 5316 and 5317 sub-recipients. Specifically, procedures for invoice review and site visits of sub-recipients were inadequate to ensure that billings reflected only authorized activities and costs.	Jan-16	Management responded that as of May 2014, OCTA has implemented enhanced invoice review and approval procedures for the Federal Section 5316 and 5317 programs. Also, management procured the services of a consultant to help strengthen the sub-recipient monitoring process.	Tang	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/30/2014	N/A	F&A	Management Letter	Auditors recommended that OCTA review procedures with applicable staff to ensure all payments are properly authorized and reviewed.	Jan-16	Management agreed and indicated that training will be performed.	Tang	
10/30/2014	N/A	F&A	Management Letter	Auditors noted errors in some of the historical data obtained from Cofiroute, USA. The data is used to determine the net realizable value of the 91 Express Lanes violations outstanding in excess of 90 days. As a result, an audit adjustment was proposed, and auditors recommended that OCTA strengthen procedures over violations receivables estimates.	Jan-16	Management agreed and indicated that Cofiroute has implemented additional controls to ensure the integrity of the data, and OCTA staff has developed review procedures to identify significant data variances.	Tang	
12/19/2014	N/A	Planning Division and Transit	Measure M2 Agreed-Upon Procedures Reports for FY2014	Internal Audit recommended that staff monitor implementation of auditor recommendations related to the classification of Maintenance of Effort expenditures, allocation of interest, provisions of contracts with third party service providers, and timeliness of monthly activity reporting.	Jun-15	Management agreed to monitor the cities' (Orange, Seal Beach, and Westminster) implementation of these recommendations.	Tang	
12/23/2014	N/A	HROD	Limited Scope Review of Recruitment, Selection, and Compensation	Internal Audit recommends management update the OCTA Recruitment, Selection, and Placement Policy (RS&P Policy) to differentiate between an error/omission versus deliberate falsification of an application. Further, management should reconsider whether an applicant that deliberately provides false information should be eligible for hire, under any circumstances.	Jun-15	Management agrees and has reinstated the Policy that requires candidates who falsify information to be disqualified. In addition, the Policy now includes standard language requiring that exceptions to the RS&P Policy be authorized by the Chief Executive Officer.	Tang/Ng	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Through March 31, 2015)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
12/23/2014	N/A	HROD	Limited Scope Review of Recruitment, Selection, and Compensation	Internal Audit recommends management: (1) revise procedures for preparation of salary analyses to ensure quality and consistency and (2) revise procedures to require that the salary analysis be reconsidered when the background check identifies a discrepancy in education and/or experience and the offer is not rescinded	Jun-15	In order to enhance the current procedure, management will require that copies of the recommended candidate's application and resume be attached to the salary analysis to allow all parties that rely on this information to make a more informed decision. Also, salary analyses will be revised as necessary for discrepancies noted in the background check and appropriate authorization obtained if the offer is not rescinded.	Tang/Ng	
12/23/2014	N/A	HROD	Limited Scope Review of Recruitment, Selection, and Compensation	Internal Audit recommends that procedures be developed to ensure that newly created job descriptions are properly scrutinized to ensure consistency and equity.	Jun-15	Management agrees and the Human Resources manager will review any newly created job descriptions to ensure consistency and equity	Tang/Ng	
12/23/2014	N/A	HROD	Limited Scope Review of Recruitment, Selection, and Compensation	Internal Audit recommends that management: (1) Reconsider the practice of reviewing only enough applications to find a qualified pool, rather than reviewing all applications to identify the strongest candidates, (2) Develop procedures to ensure that applicants placed in the qualified pool actually meet the minimum qualifications of the position, (3) Establish, formalize, and consistently apply a framework and criteria for screening applicants, and (4) Implement a requirement that recruiters utilize system fields to accurately reflect why applicants are rejected or qualified.	Jun-15	Management has revised the practice of reviewing only enough applications to find a qualified pool and will now review all applications submitted within the job posting period. Also, when processing applications in the Applicant Tracking System (ATS), the recruiter will designate applicants that meet the minimum qualifications of a position but are not referred to the hiring manager as "submitted better qualified candidates", and applicants that are referred to the hiring manager but are not interviewed as "rejected by hiring manager." The HR manager will ensure that all recruiters are properly trained to follow these processes.	Tang/Ng	
12/23/2014	N/A	HROD	Limited Scope Review of Recruitment, Selection, and Compensation	Management should enhance controls to reduce the likelihood of oversights, such as the failure to invite a candidate selected for interview to an interview.	Jun-15	In the future, management will require that the recruiter attach a print screen from ATS to the interview schedule to ensure that all candidates identified for interview are invited to interview.	Tang/Ng	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS

(Audit Reports Issued Through March 31, 2015)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
2/3/2015	14-515	Transit	Review of Transit Performance Metrics	Internal Audit recommends management consider using final month-end figures or improve controls to ensure retention of supporting documents for preliminary figures. In addition, management should enhance controls to ensure the accuracy of manual input and improve the timeliness of reporting.	Aug-15	The manager will perform spot checks of figures to ensure supporting documentation is maintained. Management has enhanced controls by linking available data sources directly to the spreadsheet used to derive the report. Management will continue to use preliminary figures with a goal of presenting Reports to the Transit Committee no later than 45 days following quarter-end.	Tang	
3/9/2015	N/A	Contracts Administration and Materials Management (CAMM)	Limited Scope Review of Non-Revenue Vehicle Modifications	Management should update purchasing card procedures and implement monitoring controls, including some form of transaction review, to determine compliance.	Sep-15	Management will update procedures and provide training to all cardholders. CAMM will institute a monthly sample review of purchasing card activity to determine use compliance.	Ng	
3/20/2015	15-505	Capital Programs	Review of Facilities Engineering Project Management	Management should improve controls to ensure Independent Cost Estimates (ICE) are prepared and dated prior to receipt of contractor's quotes.	Sep-15	Management agrees and the project manager will prepare an ICE at the time a change arises. To address instances where a contractor may assert a change, management will advise contractors to forward any cost documentation to CAMM so the ICE can be prepared independently by the project manager.	Dunning	
3/17/2015	15-508	F&A	Investments: Compliance, Controls, and Reporting	Procedures should be developed to evaluate investment managers' compliance with Policy limits and documentation of communications should be maintained. Also, securities should be classified in a timely manner and monitoring of investment manager compliance should include every day of the week.	Sep-15	Management will revise the Debt and Investment Management Manual within 60 days to include evidence of communication with investment managers, weekly classification of securities, and daily review for portfolio compliance.	Tang	