



ITEM ID: 2025-125-0

TRANSMITTAL DATE: February 7, 2025

MEETING DATE: February 14, 2025

TO: Audit and Finance Committee

FROM: Elisabeth Lazuardi, Director, Audit
--

SUBJECT: Internal Audit Department Quarterly Update for Q2 FY2025

Issue

The Internal Audit Department (Internal Audit) provides quarterly updates on internal and external audits and other activities. This item represents the second quarter of FY 2025 (September 30, 2024, to December 31, 2024).

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. By formally communicating updates on the progress of the FY 2025 Annual Audit Plan, the status of internal audits and other audit activities on a periodic basis, we are providing a snapshot of the Authority's ongoing efforts to improve business processes.

Background

The Internal Audit Charter requires the presentation of a quarterly progress report of the Annual Audit Plan to the Chief Executive Officer (CEO) and Board of Directors.

Discussion

I. Internal Audit Activities

- A. The FY 2025 Annual Audit Plan Update as of December 31, 2024 (Attachment A) is included with this report.
- B. In November 2023, the Contract, Procurement & Material Management Department (CPMM) requested that the Internal Audit Department verify the proposed labor rates for consultants under Contracts E752-23 (San Juan Creek Bridge Design Support During Construction) and E753-24 (PTC Communication and Signal Systems Design and Engineering Services). Internal Audit engaged Booth Management Consulting, LLC to perform the analysis. The analysis was completed in December 2024.
- C. In August 2024, the Contract, Procurement & Material Management Department (CPMM) requested that the Internal Audit Department verify the proposed labor rates for consultants under Contract E758-25 (On Call State of Good Repair Project Management, Construction Management, and Staff Assistance Services). Internal Audit engaged Davis Farr LLP to perform the analysis. The analysis was completed in January 2025.

II. External Audit Activities

- A. FY 2024 Annual Comprehensive Financial Report and Single Audit. The audit was timely completed in December 2024. The audit result was presented to the Board in January 2025.
- B. The Los Angeles County Metropolitan Transportation Authority (LACMTA) Memorandum of Understanding (MOU) Examination: The Authority and LACMTA entered MOU NO. 9400000000SCRA2024 (SCRA 2024) to provide funding to the Authority during FY 2023-2024 for LACMTA's financial commitments for the FY 2023-2024 budget as required by the Joint Powers Agreement (JPA). The compliance audit of MOU No. SCRA 2024 between the Authority and the LACMTA is scheduled to be completed by February 28, 2025.
- C. National Transit Database (NTD). The Federal Transit Administration (FTA) has established standards about the data reported to it in the Federal Funding Allocation Statistics Form FFA-10 (FFA-10) for the SCRRRA annual NTD report. External audit firm Eide Bailly LL was engaged to perform agreed-upon procedures to assist SCRRRA in evaluating the information included in the NTD report FFA-10 form for the year ended June 30, 2024, which conforms with those standards. The engagement was timely completed in October 2024.

Next Steps

Internal Audit will continue to report on a quarterly basis.

Prepared by: Claudia L. Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Director, Audit

Attachment(s)

[Attachment A - IA Status Update FY25-Q2-Annual Audit Plan](#)