

- **Internal Audit Report for February 2006**

Summary

One Audit Report was issued:

- **Business Outreach Program Audit Report—Generally Satisfactory Opinion**
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Discussion Section

This report highlights the significant activities of the Internal Audit Department during February 2006. In addition to presenting background information and the opinion expressed in the audit report, a discussion of findings noted during the examination is presented.

Review of Business Outreach Program Audit Report

Background

Metropolitan encourages participation in the solicitation and procurement of all construction and professional service contracts; equipment and other materials and supplies by all individuals and businesses, including but not limited to small businesses, locally-owned businesses, women, minorities and economically disadvantaged business enterprises. In support of Board directive and Administrative Code §8300 and §8301, Metropolitan established the Business Outreach Program (BOP) in 1992. The Business Outreach Program provides assistance to small and regional business enterprises. It is designed to ensure that small businesses have an equitable opportunity to respond to Metropolitan's business opportunities, and that small businesses participate in the resulting contract awards. In addition, the Business Outreach Program provides resources, such as a SBE directory, to assist Metropolitan's staff during contracting processes. Metropolitan's Small Business Enterprise (SBE) participation level goal was set at 18%, however, as of June 2005, Metropolitan's SBE participation level was 36%.

Opinion

In our opinion, the operating and administrative procedures over the Business Outreach Program include those practices usually necessary to provide for a generally satisfactory internal control structure. The degree of compliance with such procedures provided effective control for the period January 1, 2004 through June 30, 2005.

Comments and Recommendations

During our review, we noted minor reporting discrepancies in the Third Quarter 2004/2005 Business Outreach Program Report. Specifically, SBE reports for selected vendors could not be located; some SBE reports were incomplete; and, in other instances, SBE data did not agree with subsidiary documentation. We also noted that BOP Policies and Procedures have not been finalized since the regional Program started in August 2001.

We recommended that management remind personnel of the importance of accurate reporting and supporting documentation. We further recommended that management establish target dates for the completion of the BOP Policies and Procedures. Finally, we recommended that management periodically test BOP activities to ensure compliance with policies and procedures.