

SOUTHERN CALIFORNIA



**ASSOCIATION of  
GOVERNMENTS**

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**Officers**

President

Glen Becerra, Simi Valley

First Vice President

Greg Pettis, Cathedral City

Second Vice President

Carl Morehouse, San Buenaventura

Immediate Past President

Pam O'Connor, Santa Monica

**Executive/Administration  
Committee Chair**

Glen Becerra, Simi Valley

**Policy Committee Chairs**

Community, Economic and  
Human Development  
Paula Lantz, Pomona

Energy & Environment  
Cheryl Viegas-Walker, El Centro

Transportation  
Keith Millhouse, Ventura County  
Transportation Commission

## MEETING OF THE

# AUDIT COMMITTEE

***Tuesday, November 13, 2012  
10:00 a.m. – 11:00 a.m.***

**SCAG Offices  
818 W. 7<sup>th</sup> Street, 12<sup>th</sup> Floor  
Policy Committee Rm. A  
Los Angeles, CA 90017  
(213) 236-1800**

## Teleconference will be available

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Carmen Summers at (213) 236-1984 or via email [summers@scag.ca.gov](mailto:summers@scag.ca.gov).

Agendas & Minutes for the Audit Committee are also available at:

[www.scag.ca.gov/committees.htm](http://www.scag.ca.gov/committees.htm)

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency's essential public information and services. You can request such assistance by calling (213) 236-1993. We request at least 72 hours (three days) notice to provide reasonable accommodations. We prefer more notice if possible. We will make every effort to arrange for assistance as soon as possible.

The Regional Council is comprised of 84 elected officials representing 191 cities, six counties, six County Transportation Commissions and a Tribal Government representative within Southern California.

2012.05.07

***Audit Committee Membership***  
*November 2012*

**Members**

1. Hon. Carl Morehouse, San Buenaventura (**Chair**)
2. Hon. Glen Becerra, Simi Valley
3. Hon. Greg Pettis, Cathedral City
4. Hon. Phil Luebben, Cypress
5. Hon. Leroy Mills, Cypress
6. Hon Cheryl Viegas-Walker, El Centro (**Vice Chair**)
7. Hon. Edward H. J. Wilson, Signal Hill

**Representing**

**District 47, SCAG, 2<sup>nd</sup> Vice-President**  
**District 46, SCAG, President**  
**District 2, SCAG, 1<sup>st</sup> Vice-President**  
**OCCOG**  
**District 18**  
**District 1**  
**Gateway Cities COG**

**AUDIT COMMITTEE  
TELECONFERENCE INFORMATION  
Pursuant to Government Code Section §54953**

**INSTRUCTIONS REGARDING TELECONFERENCE**

**Please call: Under Separate Cover**

**For Brown Act requirements, please have your agenda posted at your teleconference location.**

**Thank you. If you have any questions, please call  
Carmen Summers at (213) 236-1984**

## **Teleconference Locations**

Hon. Glen Becerra  
2244 Walnut Grove Ave.  
Rosemead, CA 91770

Hon. Phil Luebben  
2131 Walnut Grove Ave.  
Rosemead, CA 91770

Hon. Ed Wilson  
City Hall  
2175 S. Cherry Ave.  
Signal Hill, CA 90755

# AUDIT COMMITTEE AGENDA NOVEMBER 13, 2012

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**TIME PG#**

*The Audit Committee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.*

## **CALL TO ORDER & PLEDGE OF ALLEGIANCE**

*(Hon. Carl Morehouse, Chair)*

**PUBLIC COMMENT PERIOD** – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Audit Committee must fill out and present a speaker's card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker provided that the Chair has the discretion to reduce this time limit based on the number of speakers. The Chair may limit the total time for all public comments to twenty (20) minutes.

## **REVIEW and PRIORITIZE AGENDA ITEMS**

### **CONSENT CALENDAR**

#### **Approval Items**

- |  |                   |          |
|--|-------------------|----------|
| 1. <u>Minutes of October 9, 2012 Meeting</u> | <b>Attachment</b> | <b>1</b> |
|--|-------------------|----------|

### **INFORMATION ITEMS**

- |   |                   |               |           |
|---|-------------------|---------------|-----------|
| 2. <u>FY 2011/12 Preliminary Audit Report</u><br><i>(Basil Panas, Acting Chief Financial Officer)</i> | <b>Attachment</b> | <b>15 min</b> | <b>7</b>  |
| 3. <u>Internal Audit Status Report</u><br><i>(Richard Howard, Internal Auditor)</i>                   | <b>Attachment</b> | <b>10 min</b> | <b>33</b> |
| 4. <u>Internal Audit Manual Report</u><br><i>(Richard Howard, Internal Auditor)</i>                   | <b>Attachment</b> | <b>10 min</b> | <b>35</b> |
| 5. <u>IT Audit Update Report</u><br><i>(Catherine Chavez, Chief Information Officer)</i>              | <b>Attachment</b> | <b>15 min</b> | <b>67</b> |

**AUDIT COMMITTEE  
AGENDA  
NOVEMBER 13, 2012**

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*TIME PG#*

**FUTURE AGENDA ITEMS**

Any member or staff desiring to place items on a future agenda may make such a request.

**ANNOUNCEMENTS**

**ADJOURNMENT**

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Audit Committee  
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October 9, 2012

*Minutes*

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**THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE AUDIT COMMITTEE. AUDIO CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.**

The Audit Committee held its meeting at the SCAG offices in downtown Los Angeles. The meeting was called to order by Hon. Carl Morehouse, Chair, San Buenaventura, District 47. There was a quorum.

**Members Present**

Hon. Carl Morehouse, San Buenaventura (**Chair**)  
  
Hon. Glen Becerra, Simi Valley  
Hon. Greg Pettis, Cathedral City  
Hon. Phil Luebben, Cypress  
Hon. Leroy Mills, Cypress  
Hon. Cheryl Viegas-Walker, El Centro, (**Vice Chair**)  
Hon. Edward H. J. Wilson, Signal Hill

**Representing**

District 47, SCAG 2<sup>nd</sup> Vice-President  
(Via Videoconference)  
District 26, SCAG President  
District 2, SCAG 1st Vice-President  
OCCOG (Via Teleconference)  
District 18  
District 1 (Via Videoconference)  
Gateway Cities COG  
(Via Teleconference)

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Audit Committee  
of the  
Southern California Association of Governments

October 9, 2012

*Minutes*

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**CALL TO ORDER**

Hon. Carl Morehouse, Chair, called the meeting to order at 10:00 a.m.

**PUBLIC COMMENT PERIOD**

None.

**REVIEW and PRIORITIZE AGENDA ITEMS**

None.

**CONSENT CALENDAR**

**Approval Items**

1. Minutes of June 26, 2012 Meeting

Motion was made (Becerra) to approve the Consent Calendar Approval Items.  
Motion was seconded (Pettis). A roll call vote was taken. Motion passed.

**INFORMATION ITEMS**

2. Internal Audit Status Report

Richard Howard, Internal Auditor, provided a summary of the Internal Audits Status report. Mr. Howard provided an update on the 36 letters that were sent to subconsultants requesting their payment experience by the prime consultant. To date, 16 subconsultants have responded; four (4) indicated there were problems with being paid by the prime according to contract terms. Three cited problems with the same prime who was not billing SCAG monthly as required. The prime said it had employed additional help for billing and promised to bill SCAG monthly in the future. It should be noted that SCAG fined the prime \$4,000 in March, 2012, for not billing monthly.

Follow-up calls will be made on the remaining subconsultants.

Hon. Leroy Mills suggested SCAG consider a policy whereby subconsultants are paid within ten (10) days of submitting their invoices to the prime.

Discussion ensued from the committee members concerning the contractual obligations that the prime consultant has to the subconsultant, and if a modification to the contract would be warranted. Staff stated that current contracts do contain a prompt payment provision but asked that an internal meeting be held in order to discuss and evaluate the impacts of a proposed policy change. The recommendations would be agendized at the next committee meeting.

Hon. Cheryl Viegas-Walker, Vice-Chair, commented that as opposed to a policy change at this time, staff should instead address the following actions items at the next committee meeting.

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1. What do SCAG contract provisions state regarding the penalty and contract obligation language for paying subconsultants within 10 days?
2. What kind of active monitoring is being done while SCAG continues to do business with this specific prime consultant? Is staff in closer contact with the subconsultants while trying to address their problem?
3. What is the dollar amount and cash flow or timing issue? If SCAG is doing business with a prime consultant that cannot afford to make upfront payments to their subconsultant that could equate to a long-term liability problem.

Hon. Ed Wilson stated that he was concerned with the lack of responses from the subconsultants and requested staff to include some compliance language, such as “subject to audit” in subsequent follow-up calls and future correspondence.

Staff responded that they would evaluate the committee’s comments and provide the requested information at the next meeting.

3. Risk Management Action Plan Report

Basil Panas, Accounting Manager, provided an update on the progress of the remaining action items recommended in the Risk Management Evaluation report.

Mr. Panas reported that of the (15) actions identified to reduce future losses, a total of 13 recommendations have been completed. The two remaining recommendations will be completed by December 31, 2012.

Accordingly, the in-house Risk Management committee is closely monitoring the progress being made.

4. IT Audit Update

Catherine Chavez, Chief Information Officer, provided an update on the nine (9) Information Technology (IT) Audit recommendations, which were originally presented by SCAG’s external auditors, Vasquez and Company LLP, at the February 20, 2012 Audit Committee meeting.

To date, three (3) recommendations have been implemented and four (4) recommendations will be implemented by February 1, 2013. Due to staffing and budget constraints, two (2) remaining recommendations will require additional analysis.

One of the two action items that required additional analysis is Item #6 of the status report: *Periodic Certification of User Profiles in Systems*. The audit recommendation is for management to implement a formal access certification procedure. Staff received a fixed fee quote of over \$20,000 to conduct a more

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extensive audit of the Microsoft Dynamics GP and Active Directory systems. Staff plans to consult the IT Auditor at Vasquez and Company to determine if there are lower cost audit methods to mitigate this risk. Staff will update the committee at the next meeting.

The second recommendation that required additional analysis is Item #7 of the status report: *Business Contingency Planning*. The audit recommendation is for management to document an organization-wide business contingency plan.

Ms. Chavez reported that an IT Services Manager is currently being recruited to oversee the business contingency plan project. Due to staff resource constraints, funding for additional resources may be requested in FY14. A major part of the contingency project has been completed through the data center relocation to Las Vegas. This has greatly reduced operational risk. Nevertheless, the detailed departmental business resumption/recovery procedures are still needed.

The committee members expressed concern over the funding issues associated with updating the plan as well as crucial risks that may be involved to SCAG operations without a full plan in place

Hon. Cheryl Viegas-Walker made several suggestions and requested the following actions to be developed by staff:

1. Request an RFP in order to gain what the external cost component to implementing a full dynamic plan would be.
2. Staff should make a site visit to the offsite data storage facility in Las Vegas.
3. To analyze Allied Digital's external audits or certification reports.

Staff commented that the results of Ms. Viegas-Walker's requested action items and an updated IT Audit Status report will be reported at the next Audit Committee meeting, or will be made available as soon as possible.

**STAFF REPORT**

None was presented.

**FUTURE AGENDA ITEMS**

1. Preliminary Audit Report from Vasquez & Co.
2. IT Audit Status Update
3. Prime/Subconsultant Contract Evaluation Report

**ANNOUNCEMENTS**

There were no announcements.

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**ADJOURNMENT**

Hon. Carl Morehouse, Chair, adjourned the meeting at 10:45 a.m. The next regular meeting of the Audit Committee will be held on Tuesday, November 13, 2012 at the SCAG Los Angeles office.

**Minutes Approved by:**

Basil Panas, Acting Chief Financial Officer  
Staff to the Audit Committee

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# REPORT

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**DATE:** November 13, 2012  
**TO:** Audit Committee  
**FROM:** Basil Panas, Acting CFO, 213-236-1817, panas@scag.ca.gov  
**SUBJECT:** FY 2011/12 Preliminary Audit Report

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**RECOMMENDED ACTION:**  
For Information Only-No Action Required.

**EXECUTIVE SUMMARY:**  
*SCAG's outside independent auditor will present the draft FY 2011/12 audit report.*

**STRATEGIC PLAN:**  
This item supports SCAG's Strategic Plan Goal 3: Enhance the Agency's Long Term Financial Stability and Fiscal Management.

**BACKGROUND:**  
SCAG's outside independent auditors, Vasquez & Company, LLC, have completed their audit of SCAG's FY 2011/12 financial statements. Ms. Linda Narcisso, Manager, will present the preliminary audit findings. The final audit report will go to the Executive/Administration Committee (EAC) and Regional Council (RC) in January, 2013.

**FISCAL IMPACT:**  
None

**ATTACHMENT:**  
FY 2011/12 Preliminary Audit Report



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801 S. Grand Avenue, Suite 400, Los Angeles, CA 90017-4646 ♦ Member of the Government Finance Officers Association  
♦ (213) 873-1700 ♦ Fax (213) 873-1772 ♦ [www.vasquezcpa.com](http://www.vasquezcpa.com)  
Contact: Mr. Gilbert Vasquez, CPA ♦ Dated: November 13, 2012

## AGENDA

- Vasquez & Company LLP
- The Audit Team
- Key SCAG Personnel
- Levels of Assurance and Audit Strategy
- Summary of Audit Results
  - Financial Audit
  - Single Audit
  - Comments to Management
  - SAS 114 Communication

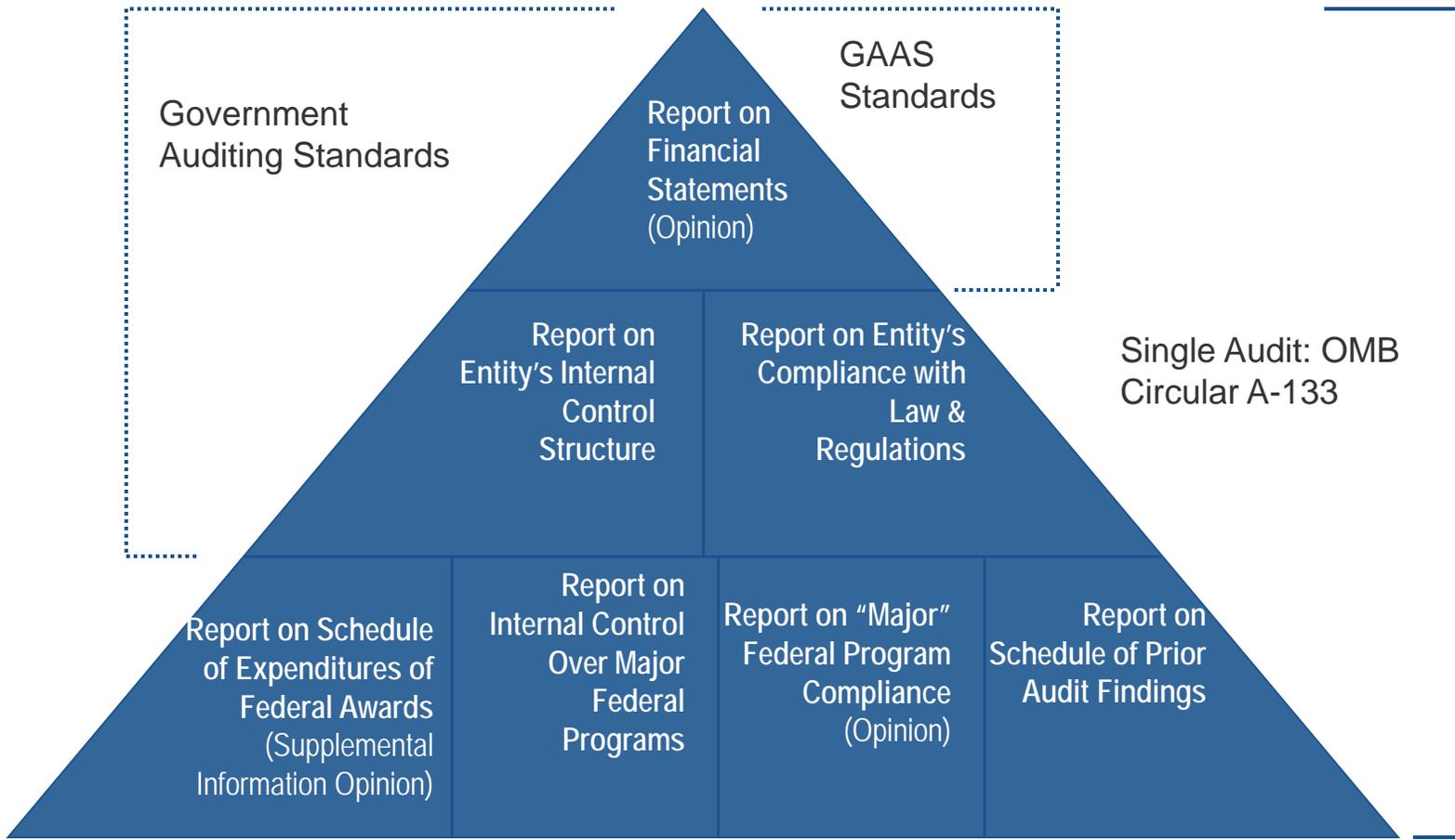
## AUDIT TEAM

- Gilbert Vasquez  
Managing Partner
- Peggy McBride  
Principal
- Jun Quinto  
Concurring Partner
- Linda Narciso  
Audit Manager
- Susan Garcia  
Audit Supervisor
- Donnavie Munoz  
Audit Senior

## KEY SCAG PERSONNEL

- Hasan Ikhrata
- Sharon Neely
- Debbie Dillon
- Basil Panas
- Richard Howard
- Bernice Villanueva
- Leyton Morgan
- Rhonda Lawrence
- Catherine Chavez
- Joan Chen and the rest of the Finance team

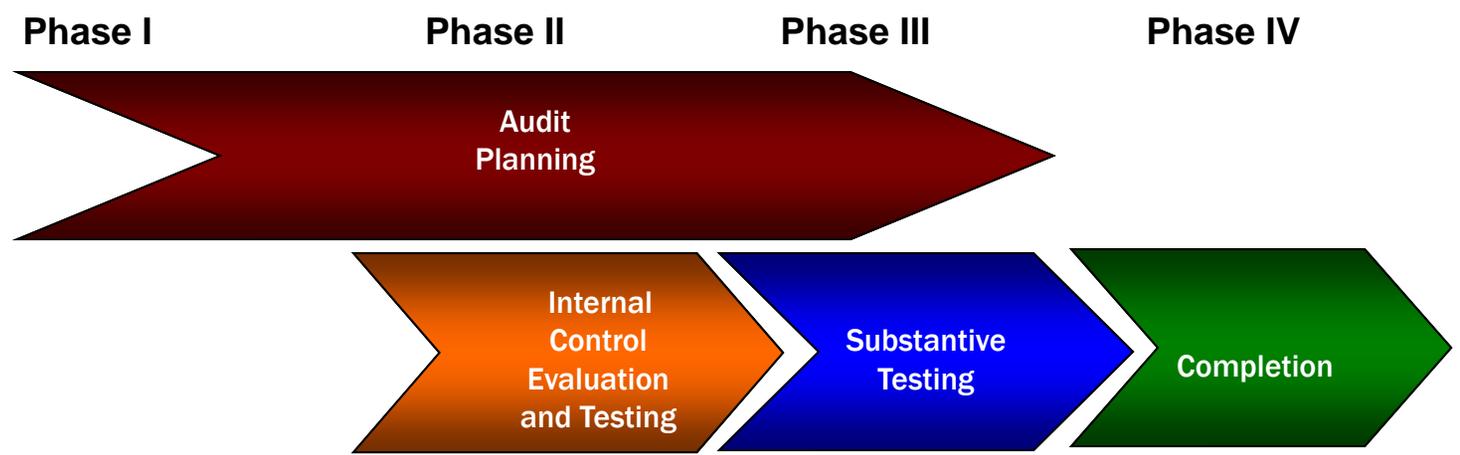
# LEVELS OF ASSURANCE



# OUR AUDIT APPROACH

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

ALLIANCE



- Familiarize ourselves with the operating environment
- Perform risk assessment procedures
- Perform preliminary analytical review
- Develop audit plan
- Identify major program(s) for Single Audit testing.
- Discuss and agree on financial statement format
- Evaluate the progress of the audit and make any changes to audit approach and procedures (if necessary)

- Assess internal control environment
- Perform SAS 99 (fraud evaluation procedures)
- Identify internal control strengths and weaknesses
- Evaluate design and implementation of selected controls
- Test controls over financial reporting and administration of federal funds.
- Understand accounting and reporting activities
- Draft internal control management letter comments

- Plan and perform substantive audit procedures
- Conduct final analytical review
- Consider audit evidence sufficiency
- Conclude on critical accounting matters
- Discuss issues with management as they arise.

- Perform completion procedures
- Assist in drafting the CAFR. Evaluate the financial statements and disclosures
- Review financial statements in accordance with GFOA Award criteria
- Draft management letter
- Conduct exit conference, including discussion of proposed audit adjustments, internal control and compliance findings and management letter
- Issue auditors' reports and management letter.

## Summary of Audit Results

# REPORT OF INDEPENDENT AUDITORS

- ❑ Unqualified Opinion - “Clean” Opinion
  - Audit performed in accordance with **Generally Accepted Government Auditing Standards**
  - The financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SCAG fairly present, in all material respect:
    - The respective financial position
    - The respective changes in financial position



# AUDIT AREAS OF EMPHASIS

<b>Audit Focus Area</b>	<b>Findings</b>
Cash and cash equivalents	None noted.
Revenue, accounts receivable and deferred revenue	None noted.
Expenditures and accounts payable	None noted.
Capital assets	None noted.
Adjusting journal entries	We noted no material adjustments during the FY11/12 audit.

## IDEA (DATA ANALYSIS SOFTWARE)

Area	Procedures Performed	Findings
General Ledger Tests	<ul style="list-style-type: none"> <li>▪ Generated reports listing duplicate journal entries, and journal entries posted on weekends and with rounded amounts.</li> <li>▪ Reviewed resulting exception reports and investigated material amounts.</li> </ul>	None noted.
Cash Disbursements/Accounts Payable Tests	<ul style="list-style-type: none"> <li>▪ Generated reports listing disbursements with rounded amounts, without Purchase Order and posted on weekends.</li> <li>▪ Reviewed resulting exception reports and investigated material amounts.</li> </ul>	None noted.

# IDEA (DATA ANALYSIS SOFTWARE)

Area	Procedures Performed	Findings
Payroll Tests	<ul style="list-style-type: none"> <li>▪ Generated reports listing payroll check date after the last day of work, missing check or direct deposit sequence.</li> <li>▪ Reviewed resulting exception reports and investigated and obtained explanations from management.</li> </ul>	None noted.

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

## ☐ Unqualified Opinion - “Clean” Opinion

- Audit performed in accordance with **Generally Accepted Government Auditing Standards**
- Material weakness and significant deficiencies – none noted
- Noncompliance material to the financial statements – none noted



# SINGLE AUDIT

## MAJOR PROGRAM:

CFDA No. 20.205 – Federal Highway Administration Grant  
 (74% of Federal Expenditures)

## Report of Internal Control over its Major Program

- Material weakness and significant deficiencies – **none noted**
- Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB A-133 – **none**



# Financial Statements

## GOVERNMENT-WIDE

### Statements of Net Assets

	June 30		Variance	
	2012	2011	Amount	%age
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,381,760	\$ 4,075,567	\$ 306,193	8%
Receivables:				
Federal grants	8,543,176	6,908,772	1,634,404	24%
State grants and contracts	711,270	247,075	464,195	188%
Local grants and contracts	203,682	20,229	183,453	907%
Other	836,831	355,701	481,130	135%
Prepays	386,444	317,801	68,643	22%
Other assets	13,645	13,645	-	0%
Indirect cost recovery	4,604	-	4,604	0%
Capital assets, net	1,615,120	1,536,963	78,157	5%
Total assets	<u>16,696,532</u>	<u>13,475,753</u>	<u>3,220,779</u>	<u>13</u>
<b>LIABILITIES</b>				
Accounts and contracts payable	5,188,455	4,614,154	574,301	12%
Accrued liabilities	493,209	435,917	57,292	13%
Indirect cost recovery	-	115,235	(115,235)	-100%
Deferred revenues	558,091	373,145	184,946	50%
Noncurrent liabilities:				
Due within one year	688,271	466,849	221,422	47%
Due in more than one year	1,403,885	1,342,688	61,197	5%
Total liabilities	<u>8,331,911</u>	<u>7,347,988</u>	<u>983,923</u>	<u>13%</u>
<b>NET ASSETS</b>				
Invested in capital assets	1,615,120	1,536,963	78,157	5%
Restricted	3,547,633	1,417,565	2,130,068	150%
Unrestricted	3,201,868	3,173,237	28,631	1%
Total net assets	<u>\$ 8,364,621</u>	<u>\$ 6,127,765</u>	<u>\$ 2,236,856</u>	<u>37%</u>

**GOVERNMENT-WIDE**

Statements of Activities

	<u>Years ended June 30</u>		<u>Variance</u>	
	<u>2012</u>	<u>2011</u>	<u>Amount</u>	<u>%age</u>
<b>REVENUES</b>				
Charges for services - member dues	\$ 1,759,631	\$ 1,566,006	\$ 193,625	12%
Operating grants and contributions	36,278,253	30,949,013	5,329,240	17%
Interest income	46,580	51,647	(5,067)	-10%
Other income	725,115	579,971	145,144	25%
Total revenues	<u>38,809,579</u>	<u>33,146,637</u>	<u>5,662,942</u>	<u>17%</u>
<b>EXPENSES</b>				
Transportation	30,648,483	27,318,795	3,329,688	12%
Aviation	472,799	845,705	(372,906)	-44%
Environmental	2,626,070	1,809,901	816,169	45%
High speed rail	135,882	87,980	47,902	54%
Housing	665,008	1,194,623	(529,615)	-44%
Administration	2,024,481	1,342,674	681,807	51%
Total expenses	<u>36,572,723</u>	<u>32,599,678</u>	<u>3,973,045</u>	<u>12%</u>
Changes in net assets	2,236,856	546,959	1,689,897	309%
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>6,127,765</u>	<u>5,580,806</u>	<u>546,959</u>	<u>10%</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 8,364,621</u>	<u>\$ 6,127,765</u>	<u>\$ 2,236,856</u>	<u>37%</u>

## GOVERNMENTAL FUNDS – GENERAL FUND

### Balance Sheets

	June 30		Variance	
	2012	2011	Amount	%age
<b>Assets</b>				
Cash and cash equivalents	\$ 4,381,760	\$ 4,075,567	\$ 306,193	8%
Other receivables	836,831	355,701	481,130	135%
Due from other funds	1,209,645	1,966,926	(757,281)	-39%
Prepays	386,444	317,801	68,643	22%
Other assets	13,645	13,645	-	0%
Indirect cost recovery	4,604	-	4,604	-
Total assets	\$ 6,832,929	\$ 6,729,640	\$ 103,289	2%
<b>Liabilities and Fund Balances</b>				
Accounts and contracts payable	\$ 581,842	\$ 853,254	\$ (271,412)	-32%
Accrued liabilities	493,209	435,917	57,292	13%
Indirect cost recovery	-	115,235	(115,235)	-100%
Deferred revenues	926,885	649,741	277,144	43%
Total liabilities	2,001,936	2,054,147	(52,211)	-3%
<b>Fund balances</b>				
Nonspendable for:				
Prepays	386,443	317,801	68,642	22%
Unassigned	4,444,550	4,357,692	86,858	2%
Total fund balances	4,830,993	4,675,493	155,500	3%
Total liabilities and fund balances	\$ 6,832,929	\$ 6,729,640	\$ 103,289	2%

## GOVERNMENTAL FUNDS – GENERAL FUND

### Statements of Revenues, Expenditures, and Changes in fund Balances

	Year ended June 30		Variance	
	2012	2011	Amount	%age
<b>REVENUES</b>				
Membership assessments				
Cities	\$ 1,373,766	\$ 1,209,583	\$ 164,183	14%
Counties	290,865	261,423	29,442	11%
Commission	95,000	95,000	-	0%
General assembly	194,000	179,650	14,350	8%
Interest and other	421,945	144,687	277,258	192%
Total revenues	<u>2,375,576</u>	<u>1,890,343</u>	<u>485,233</u>	<u>26%</u>
<b>EXPENDITURES:</b>				
Transportation	10,451,638	10,599,277	(147,639)	-1%
Administration	1,727,671	1,196,508	531,163	44%
Capital outlay	143,923	368,581	(224,658)	-61%
Total expenditures	<u>12,323,232</u>	<u>12,164,366</u>	<u>158,866</u>	<u>1%</u>
Deficiency of revenue over expenditures	<b>(9,947,656)</b>	<b>(10,274,023)</b>	<b>326,367</b>	<b>-3%</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,135,985	10,442,938	(306,953)	-3%
Transfers out	<b>(32,829)</b>	-	<b>(32,829)</b>	-
Net change in fund balance	<u>155,500</u>	<u>168,915</u>	<u>(13,415)</u>	<u>-8%</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>4,675,493</u>	<u>4,506,578</u>	<u>168,915</u>	<u>4%</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 4,830,993</u>	<u>\$ 4,675,493</u>	<u>\$ 155,500</u>	<u>3%</u>

## COMMENTS TO MANAGEMENT

- Proof of annual physical inventory for capital assets should be maintained. For capital assets acquired using federal awards, physical inventory for capital assets should be taken at least every two years and should be reconciled to the accounting records.
- Consider assigning tag numbers to grant equipment. Currently, the equipment is identified by serial number.

## SAS 114 – Auditors’ Required Communication to Those Charged with Governance

## REQUIRED COMMUNICATIONS

- Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
- We are not aware of any consultations by management with other accountants about accounting or auditing matters.
- We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Audit Committee and the Board.
- We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.
- SCAG's significant accounting policies are appropriate, and that management has applied its policies consistently with prior periods in all material respects.
- No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
- There were no material audit adjustments made during the year.

## REQUIRED COMMUNICATIONS

- No significant issues were discussed, or subject to correspondence, with management prior to retention.
- No significant deficiencies or material weaknesses were identified.
- No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
- SCAG will provide us with a signed copy of the management representation letter.

## PLANS FOR NEXT YEAR

- Continue with the same audit team
- Maintain high quality auditing standards
- Identify areas of improvement
- Provide updates on recent developments affecting governmental entities

**QUESTIONS?**

**\*\*\***

**THANK YOU!**

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# REPORT

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**DATE:** November 13, 2012

**TO:** Audit Committee

**FROM:** Richard Howard, Internal Auditor, (213) 236-1905, [howard@scag.ca.gov](mailto:howard@scag.ca.gov)

**SUBJECT:** Internal Audit Status Report

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**RECOMMENDED ACTION:**

For Information Only – No Action Required.

**STRATEGIC PLAN:**

This item supports SCAG's Strategic Plan, Goal 3 – Enhance the Agency's Long Term Financial Stability and Fiscal Management.

**BACKGROUND:**

At the October 9, 2012 meeting, Internal Audit reported to the Committee the results of a survey of subconsultants. Internal Audit had mailed a questionnaire to 36 subconsultants to determine if they had been paid on a timely basis by their prime consultant, in accordance with SCAG's contractual requirements. The replies revealed problems with payments to three subconsultants all working with the same prime consultant. A substantial number of subconsultants (14 out of 36) did not reply to the mailings.

The Committee requested that those subconsultants who did not reply be contacted by phone. The Committee also requested that staff analyze the issue further and report back with more information and a recommendation to address the issue of tardy payments by prime consultants to subconsultants.

**ANALYSIS:**

Internal Audit called all 14 of the outstanding subconsultants and received replies from thirteen. Of the thirteen who replied, twelve stated that they had not experienced a problem with receiving payments from the prime consultant. The thirteenth said that he had experienced late payments from the prime, with some billings from six to ten months late. The prime is the same one as noted above by the three subconsultants who replied to the questionnaire.

As reported at the October meeting, the Contracts Manager has discussed this non-compliance issue with the prime consultant who stated that there had been manpower problems earlier in the year due to a merger but that staff had been added to correct the problem. The Contracts Manager reported that the prime has been in compliance in recent months. Internal Audit will continue to attempt to contact the one remaining subconsultant who did not reply to phone calls.

The Honorable Cheryl Viegas-Walker requested that staff answer three questions:

- (1) What do our contract provisions state concerning the obligation to pay subconsultants within 10 days and the penalty for not doing so?**

SCAG's consultant contract states:

*Prompt Payment to Subconsultants: A Consultant or Subconsultant shall pay any sub-*

*tier consultant for satisfactorily completed work no later than ten (10) days of receipt of each payment*

*from SCAG. The ten (10) calendar-day period is applicable unless a longer period is agreed to in writing. Any delay or postponement of payment over thirty (30) calendar days may take place only for good cause and with SCAG's prior written approval. This requirement shall not be construed to limit or impair any contractual, administrative, or judicial remedies otherwise available to the Consultant or Subconsultant in the event of a dispute involving late payment or nonpayment by the Consultant, deficient subconsultant performance, and/or noncompliance by a subconsultant. This clause applies to both DBE and non-DBE subconsultants.*

SCAG requires that this prompt payment provision is flowed-down in contracts between the prime consultant and its subconsultants.

**(2) What kind of active monitoring is being done while SCAG continues to do business with this prime consultant? Are we in closer contact with the subconsultants since we know of their problem?**

Staff will call the prime consultant monthly and follow up with an e-mail to remind him of his prompt payment obligations. We will also call the subconsultants monthly to find out if each is being paid in a timely manner.

**(3) What is the amount of the invoices not being paid on time?**

The tardy prime consultant currently has one contract with SCAG. It is valued at \$190,560 and has three subconsultants performing tasks valued at \$37,881, \$17,000, and \$15,138. All payments to subconsultants under this contract are current. SCAG is in the process of executing a second contract with this prime consultant valued at \$275,000. This contract has four subconsultants but the value of their tasks has not yet been determined.

The Honorable Leroy Mills proposed that a policy be developed to address this issue. Since the problem is limited to one prime consultant at this time, staff will send an email to both the prime and subconsultant at the time a check is cut to the prime. The email will state the amount and date of the payment to the prime consultant and the amount that is owed to the subconsultant within the ten day contractual requirement. Staff does not recommend a global process change at this time for a problem that has been identified as limited to one consultant.

**FISCAL IMPACT:**

None

**ATTACHMENT:**

None

# REPORT

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**DATE:** November 13, 2012

**TO:** Audit Committee

**FROM:** Richard Howard, Internal Auditor, (213) 236-1905, [howard@scag.ca.gov](mailto:howard@scag.ca.gov)

**SUBJECT:** Internal Audit Manual-Draft

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**RECOMMENDED ACTION:**

For Information Only – No Action Required.

**STRATEGIC PLAN:**

This item supports SCAG's Strategic Plan, Goal 3 – Enhance the Agency's Long Term Financial Stability and Fiscal Management.

**BACKGROUND:**

As part of the preparation for a peer review by the Association of Local Government Auditors (ALGA), a Policies and Procedures Manual for the Internal Audit Department was prepared, as recommended by ALGA. The attached draft manual was completed in conjunction with the completion of a self-assessment report that is distributed to ALGA members. ALGA requires that the self-assessments be completed before an audit organization has a peer review. One of the ALGA peer review committee members reviewed the draft manual, reported that it was well written and succinct and gave several minor suggestions to modify the manual. The suggestions have been incorporated in the attached draft manual.

**ANALYSIS:**

Attached is the draft Internal Audit Department Policies and Procedures Manual for your review, comments and suggestions. Staff plans to issue a final Policies and Procedures Manual in early 2013.

**FISCAL IMPACT:**

None

**ATTACHMENT:**

Internal Audit Department Policies and Procedures Manual - Draft

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
(SCAG)**

**INTERNAL AUDIT DEPARTMENT**

**POLICIES & PROCEDURES MANUAL**

**NOVEMBER 5, 2012**

**DRAFT**

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## **A.Organization**

### **A.1. Internal Audit Charter**

The internal audit function was established by the Regional Council and the SCAG Executive Director, pursuant to the Internal Audit Charter adopted in 2002. The objective of the internal audit function is to assist all members of management in the efficient and effective discharge of their responsibilities by furnishing them with independent analysis, appraisals and recommendations. The Internal Auditor is authorized to conduct such audits/reviews of any department system or function as are necessary to accomplish its objective. The Internal Auditor is authorized complete and unrestricted access to all SCAG records, personnel and physical properties relevant to the performance of the audit/review. The Internal Auditor reports to the Audit Committee. Administratively, the Internal Auditor has a dotted-line reporting responsibility to the Chief Financial Officer.

### **A.2. Code of Ethics**

Generally Accepted Government Auditing Standards (GAGAS) establishes fundamental principles of ethical behavior. The public expects auditors who conduct their work in accordance with GAGAS to follow ethical principles. Other ethical requirements or codes of professional conduct may apply to auditors who conduct audits in accordance with GAGAS. For example, Certified Public Accountants (CPAs) are required by their state boards of accountancy to have ethics training to renew their licenses.

The ethical principles that guide the work of the auditors who conduct audits in accordance with GAGAS are: a. the public interest; b. integrity; c. objectivity; d. proper use of government information, resources and positions; and e. professional behavior.

As an employee of SCAG, the Internal Auditor is required to abide by the SCAG Ethics Policy which was approved by the SCAG Regional Council on April 2, 2009. All employees are required to affirm each year that they have read, accept and will abide by all provisions of the Ethics Policy.

### **A.3. Standards**

The SCAG Internal Audit Charter requires that the Internal Auditor adhere to the GAGAS promulgated by the Comptroller General of the United States. Use of GAGAS also provides a framework for conducting high quality audits with competence, integrity, objectivity and independence.

In addition, the SCAG Regional Council has voted to adopt GAGAS for the internal audit function.

## **B. General Standards**

### **B.1. Independence**

The Internal Audit Department (Internal Audit) staff must be independent in mind and independent in appearance so that their findings, conclusions and recommendations are impartial and will be viewed as impartial by reasonable and informed third parties.

The Internal Audit staff should be independent of the entity being audited during the period covered by the audit. Threats to independence should be considered, as set forth in GAGAS 3.07 et seq. These threats should be documented. If the threats are not acceptable, the auditors should document the categories of threats and the mitigation to reduce threats to an acceptable level. If threats cannot be eliminated or reduced to an acceptable level, the audit should be declined.

Threats after the audit report is issued should be evaluated and the auditor should take appropriate steps, as described in GAGAS 3.26.

The auditor should document any considerations of independence and any judgments made regarding independence.

### **B.2. Professional Judgment**

Professional judgment includes exercising reasonable care and professional skepticism. Reasonable care includes acting diligently in accordance with applicable professional standards and ethical principles. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of evidence. In exercising professional skepticism, the auditor assumes neither that management is dishonest nor of unquestioned honesty. Judgments made are dependent upon the auditor's competence.

### **B.3. Competence**

Internal Audit staff must have adequate professional competence to address audit objectives and perform the audit work in accordance with GAGAS. Competence is derived from a blending of education and experience.

Audit staff must have the knowledge and skills appropriate for the work being performed. For example, if the audit work involves review of information systems, knowledge and skill in information technology is appropriate. The Internal Auditor must

evaluate and determine if staff has the qualifications and competency for the audit work to be performed.

Auditors performing work in accordance with GAGAS should maintain their professional competence through continuing professional education (CPE). Generally, the auditors are required to obtain 80 hours of CPE in each two-year period, with at least 20 hours of CPE in each year.

Auditors performing work in accordance with GAGAS should also complete, every two years, at least 24 hours of CPE that directly relates to government auditing.

Internal Audit should have a procedure to ensure that auditors meet the CPE requirements. Auditors' CPE status should be reviewed on a quarterly basis.

Auditors should be knowledgeable of relevant American Institute of Certified Public Accountants (AICPA) standards. Internal Audit should have a process for recruitment, hiring, continuous development, assignment and evaluation of staff to maintain a competent workforce.

#### B.4. Quality Control and Assurance.

Internal Audit must establish and maintain a system of quality control. The system should provide Internal Audit with reasonable assurance that it is complying with professional standards and applicable legal and regulatory requirements.

Internal Audit should document its quality control policies and procedures and should document its compliance with these policies and procedures. The policies and procedures should address:

- a) The Internal Audit management has leadership responsibilities including designation of responsibility for quality of audits performed in accordance with GAGAS;
- b) Maintaining independence and complying with applicable legal and ethical requirements;
- c) Providing reasonable assurance that Internal Audit will undertake audits only if it can comply with professional standards, legal requirements and ethical principles;
- d) Having the human resources that are capable and competent to perform audits in accordance with professional standards and legal and regulatory requirements;
- e) Providing reasonable assurance that audits are performed and reports issued in accordance with professional standards and legal and regulatory requirements;
- f) Monitoring compliance with quality control policies and procedures to determine if professional standards and legal and regulatory requirements have been

followed, the quality control system has been properly designed and the quality control policies and procedures are operating effectively and complied with in practice. Monitoring is required to be done at least annually.

Internal Audit should obtain an external peer review at least once every three years. For the first peer review the review should cover a period ending no later than three years from the date internal audit began its first audit in accordance with GAGAS. A copy of the peer review report should be provided to the Audit Committee and also to the Regional Council.

## **B.5. Types of Audits**

Financial audits provide an opinion about whether an entity's financial statements are presented fairly in all material respects. Included in financial audits are compliance relating to government programs and forming opinions on specified items of financial statements. Internal Audit does not normally perform a financial audit of SCAG. This is done by an independent CPA firm. The independent CPA firm is selected by the Audit Committee through a competitive procurement and reports to the Audit Committee. The procurement is done at least every three years.

Attestation engagements are examinations or reviews on a subject matter that is the responsibility of another party. Included are agreed-upon procedures in which the auditor does not express an opinion.

Performance audits provide findings or conclusions based on an evaluation of evidence against criteria. These are program audits that assess efficiency and effectiveness of a particular program.

Auditors shall adhere to the audit standards that are appropriate for the audit being performed, i.e., attestation, performance, etc.

Nonaudit services are defined as professional services other than audits or attestation engagements. GAGAS does not cover nonaudit services.

## **C.SCAG Internal Audit Procedures**

### **C.1.Audit Committee**

The Audit Committee was formally established by the SCAG Regional Council to be responsible for the independent review and oversight of SCAG's financial reporting processes, internal controls and independent auditor. The Internal Audit staff reports to the Audit Committee with a dotted-line administrative responsibility to the SCAG Chief Financial Officer (CFO).

The Audit Committee reviews and approves the Internal Audit staff's annual workplan. The Committee also receives and reviews draft internal audit reports directly from the Internal Auditor.

The Internal Auditor provides status reports to the Audit Committee throughout the year, usually at the time of Audit Committee meetings. These reports give the Committee the current status of ongoing audits, recently completed audits and future audits planned.

The Audit Committee will meet with the Internal Audit staff on an as needed basis to discuss any matters that the Committee or the Internal Audit staff believes should be discussed privately.

The Audit Committee is responsible for establishing the overall policy for SCAG's internal control systems and for ensuring that the Regional Council and SCAG management are in full support of the system of internal controls. The Audit Committee is also responsible for evaluating the effectiveness of SCAG's internal control systems.

## C.2. Risk Assessment

The level of risk at SCAG may vary from department to department or program to program. The Internal Audit staff should perform an assessment of these risks. The risk assessment is based on impact and probability risk factors.

Impact evaluates the effect resulting from a breakdown in SCAG's environment, processes and/or controls. Probability is the likelihood that an event will occur. Impact and probability are broken down into evaluation factors. These factors are each given a weight based on their importance in evaluating overall risk. For example, an important impact might be scrutiny by federal or state agencies resulting in penalties. This would be given a higher weight than other impacts. An example of a probability with a higher weight might be non-compliance with federal or state regulations. The impact and probability weights are added together to establish a ranking of risk scores. From this ranking, Internal Audit staff begins to prepare an audit workplan.

## C.3. Audit Workplan

Internal Audit staff prepares an annual workplan based on the Risk Assessment. The workplan is for the fiscal year, from July through June. The audit workplan is submitted to the Audit Committee for approval, usually in May of each year. The Audit Committee will either approve the audit workplan or request changes. If changes are requested, the plan will be amended and resubmitted at the next Audit Committee meeting, usually in June, for approval.

The audit workplan is a broad, higher level plan describing the types of audits planned and the estimated hours needed to complete the audits. Examples of types of audits in the workplan are: Contract Preaward audits – 500 hours; Information Technology – 400 hours; Travel Expenses – 200 hours, etc.

#### C.4. Preliminary Survey

A preliminary survey is usually required before starting an audit. The preliminary survey is undertaken to review the subject and determine whether an audit is required and, if so, what type of audit should be performed. The survey will determine whether audit resources should be applied to an audit or, if an audit is not recommended, a report should be issued explaining the reason for the recommendation.

#### C.5. Planning

A written audit plan must be prepared for each audit. Internal Audit staff must adequately plan and document the planning of the work necessary to address the audit objectives. The audit is intended to accomplish the objectives. Planning takes into account the objectives, the scope and the methodology of the audit. Scope is the boundary of the audit and is directly tied to the audit objectives. Methodology describes the nature and extent of audit procedures for gathering and analyzing evidence to address the audit objectives. Audit management should assign sufficient staff with adequate competence to perform the audit.

Auditors should have an understanding of the nature of the programs, internal controls, information systems controls, laws, regulations, contracts and grant agreements, as well as any ongoing investigations or legal proceedings within the context of the audit objectives. Auditors should also review any previous audits or attestation engagements relating to the current audit objectives.

#### C.6. Audit Program

There are several types of audit programs to be used by the Internal Audit staff.

##### Contract Preaward Audit

SCAG follows the preaward audit program as set forth in California Department of Transportation (Caltrans) Local Assistance Procedures Manual, Exhibit 10-M. This program is to be used and modified as required by the circumstances. See Appendix A.

## Incurring Cost Audits

This type of audit program is used for internal audits of SCAG financial systems and for SCAG subregions. It includes reviews of labor charging including timekeeping, fringe benefit and overhead rates and charges and paid bills. See Appendix B. Specialized Audit Programs

Occasionally modifications to the standardized programs are necessary for special purpose reviews. Examples are travel expenses, procurement reviews, etc.

### C.7. Contract Preadward Audits

Internal Audit staff is required to perform preaward audits on all contract proposals above \$250,000. The program noted above under C.6 is used for these audits. Internal Audit staff is also required to perform a preaward review of amendments to contracts if either the original contract was over \$250,000 or the amendment raises the contract value to greater than \$250,000.

The objectives of a preaward audit are: To determine whether the costs are current, reasonable, accurate and allowable; whether the consultant is financially capable to perform the contract; and whether the consultant's accounting system is adequate to record costs under government contracts.

On occasion, Internal Audit staff will be requested to perform preaward reviews of proposals under \$250,000. If the proposed consultant or a subconsultant submits direct labor, overhead or fringe benefit rates that are unusually high or, the consultant is new to SCAG or the consultant's financial capability is not clearly evident, a review might be requested.

If, in a contract proposal over \$250,000, any subconsultant is less than \$25,000, that subconsultant is not normally audited, unless the subconsultant's proposal contains some unusual item. The Internal Auditor will determine whether an item is considered to be unusual.

### C.8. Entrance Conference

Internal Audit staff should arrange a formal entrance conference with auditees at the start of an audit. The objectives of the conference are to meet key members of the auditee staff, discuss the scope of the audit and the audit program, determine key contact persons and discuss the timeframe of the audit. Other subjects related to the audit may also be introduced into the entrance conference, as well.

Prior to the entrance conference, the auditor must review any prior audits, findings and recommendations. These should be used to set the scope of the current audit. Prior audit findings and recommendations should be discussed at the entrance conference.

Not all audits will have a formal entrance conference. For example, contract preaward audits will usually begin with phone calls and emails between Internal Audit staff and the consultants' key contacts. At that point document requests are usually made and time estimates are discussed.

Document requests should be made formally for all types of audits. See Appendix C, Information Document Request.

## C.9 Performing Audits

Internal Audit staff must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions. Sufficiency is a measure of the quantity of evidence used to support the findings and conclusions related to the audit objectives. Appropriateness is the measure of the quality of evidence that encompasses the relevance, validity and reliability of evidence used for addressing the audit objectives and supporting findings and conclusions.

Auditors use professional judgment to determine the sufficiency and appropriateness of evidence taken as a whole. Auditors may use different types of evidence. Evidence obtained through direct physical examination or observation is the most reliable. Other types of evidence may be used such as original documents, copies of original documents, testimony from individuals who are not biased and can speak freely and evidence from a knowledgeable, credible and unbiased third party.

Evidence is sufficient and appropriate when it provides a reasonable basis for supporting the findings or conclusions within the context of the audit objectives.

## C.10. Testing and Sampling

Testing is a necessary step in audits. Internal Audit staff shall review internal controls as part of audits at SCAG. After reviewing internal controls with auditees and completing questionnaires, the next step is to test the assertions made and questions answered to verify that the controls are working as claimed.

Tests should be of such a size and nature to substantiate what is actually happening in the processes under examination. For example, a test of accounts payable must be of such magnitude that it represents what is actually being done in processing invoices and is not just a rare exception.

Internal Audit staff may use statistical sampling whenever possible in performing audits. Sampling can be classified into two main categories of estimation and acceptance sampling. Estimation sampling provides an answer to the question of how many or how much. For example, estimation sampling would be used to estimate how many invoices were processed without proper documentation. Acceptance sampling's purpose is to accept or reject a statement of condition.

## C.11. Work Papers

Work papers are a record of the work done on an audit. Work papers support the information presented in the final audit report, especially the findings and recommendations. Work papers also are used to allow others to review the audit work and to do a quality review.

Work papers should be organized according to the Workpaper Index. This index should be used for all types of audits. Modifications can be made for differences in the type of audit performed. See Appendix D, Workpaper Index.

Each page of the work papers should be indexed, in line with the Workpaper Index. Each page should be indexed in red pencil in the lower right corner of the page.

Where large documents are included in the work papers, such as the Request for Proposal (RFP) or a contract, only the first page should be indexed rather than every page. An exception to this is where a certain page of the document is referenced to another work paper or to the audit report.

Work papers should be cross-referenced to other work papers and to the audit report. The work papers should be complete, clear and accurate. Another auditor who is unfamiliar with the audit should be able to read and understand the work paper, the work done and the conclusions drawn.

The work papers should indicate the evidence examined to form conclusions or opinions. The evidence should be sufficient and appropriate to provide a reasonable basis for the findings and conclusions.

Evidence obtained through direct physical examination or observation is generally the most reliable. Evidence obtained from a credible and unbiased third party is generally more reliable than evidence obtained from management of the entity being audited.

Examination of original documents is more reliable than examining copies.

Work paper retention should be in accordance with SCAG's record retention policies. Work papers should be available to other auditors upon request.

## C.12. Quality Control

Quality control procedures should ensure that Internal Audit staff are independent, use professional judgment, are competent, and adequately plan audits. The procedures also should ensure that Internal Audit staff obtain sufficient appropriate evidence to support findings, document the audit findings and present them in an audit report.

As part of the quality control system, monitoring procedures should be established. The monitoring should evaluate whether a) professional standards and legal and regulatory requirements have been followed, b) the quality control system has been appropriately designed and c) quality control policies and procedures are operating effectively and complied with in practice.

Internal Audit should analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action. Deficiencies should be communicated to appropriate personnel.

Auditors must document any departures from GAGAS and the impact of such departures on the audit and the auditor's conclusions.

At least once every three years Internal Audit should undergo a peer review.

## C.13. Audit Findings

The elements of audit findings are as follows:

**Criteria:** These are the laws, regulations, contracts, grants or other benchmarks against which performance is compared or evaluated. Criteria are the desired state of a program or operation.

**Condition:** This is the situation that exists. It is determined and documented during the audit.

**Cause:** This is the reason for the condition found. It is the factor or factors that lead to the difference between the condition that exists and the criteria.

**Effect:** This is the result or the impact of the difference between the condition and the criteria.

These elements should be clearly identified and documented in the audit work papers. Then they should be clearly shown in the audit report. Clearly means that a reasonable

person reading the report or the work paper will be led to the same conclusion as the auditor.

The findings should be those that will achieve audit objectives. The auditor should place findings in perspective by describing the nature and extent of issues being reported and the extent of work performed. The findings should be related to the population or number of cases examined or other measures as appropriate.

#### C.14. Exit Conference

After completion of audit field work and determination of findings, an exit conference is to be held with the auditee's representatives. The audit results are summarized and presented to the auditee at the conference. If the auditee has no disagreement with the findings, the next step will be to prepare a draft audit report. If there is disagreement with the findings, this should be discussed at the exit conference. The nature of the disagreement dictates whether further research or audit work will be necessary.

As discussed under the Entrance Conference, contract preaward audits may not have an exit conference. SCAG's contract administrators may notify the consultants of the findings and any questioned costs as they prepare to negotiate the contract.

#### C.15. Draft Audit Report

After the exit conference and completion of any additional audit work, a draft audit report is prepared and a copy sent to the auditee. A response is requested from the auditee. Usually the response is requested within thirty days. This time frame may vary, depending on the nature or significance of the findings.

The results should be communicated to appropriate officials and should present sufficient, appropriate evidence to support the findings.

The draft report should describe the objectives and scope of the audit as well as the time period audited. A narrative of the audit work and the findings and recommendations should be included. The findings should be described clearly so that a third party who reads the draft will understand what the facts and circumstances of the findings are.

The recommendations should flow naturally and should resolve the problem.

The report should show the scope of work on internal control, any significant deficiencies in internal control and which are material weaknesses. Also the report

should show instances of fraud, noncompliance with laws, regulations, contracts or grant agreements that are significant within the context of the audit objectives.

The draft report should be reviewed by management of Internal Audit before a copy is sent to the auditee. Any questions or discrepancies should be discussed and clarified before the draft report is sent to the auditee or any other outside parties.

The report should state that the audit was performed under GAGAS, if that is the case. The report also must state that use of the report is restricted to specified parties, if such is the case.

### C.16. Auditee Response

As noted above, the auditee receives a copy of the draft audit report with a request to provide a written response to the findings within a certain period of time. The auditee's response is reviewed by the Internal Audit staff. If there is a difference between the response and the auditee's comments at the exit conference, Internal Audit will attempt to reconcile the difference.

If there is some misunderstanding of the findings on the part of the auditee, Internal Audit will give the auditee the opportunity to revise the response. Otherwise, the auditee's response will be included in the final audit report, along with Internal Audit's analysis of the response.

### C.17. Final Audit Report

After the auditee has provided a response, the final audit report will be prepared. Usually the findings, discussion and recommendations will be the same as in the draft report. However, if the auditee does not concur with the report and submits credible evidence that changes the findings or recommendations, Internal Audit staff is required to review and evaluate the new evidence. If further audit work is required, this should be performed. Internal Audit should not ignore any new evidence since failure to fully investigate the auditee's response could damage the credibility of the audit report.

The auditee's response should be included verbatim in the final audit report. The Internal Audit staff should analyze the response and include an analysis of the response immediately following the response. As mentioned in the preceding paragraph, any new evidence that changes materially the original findings or recommendations should be thoroughly discussed.

If an audit is terminated and a report is not issued, the auditor should document this and why the audit was terminated. If confidential information is excluded from the report, the auditor should disclose that information was omitted and the reason why. Any

limitation on report distribution should be documented. Reports should be distributed to those charged with governance, the appropriate audited entity officials and to appropriate oversight bodies or those organizations requiring or arranging for the audit.

A copy of the final report should be cross-referenced to the work papers and kept in the work paper file.

The same procedures as outlined above should be followed with respect to contract preaward audits. The only difference is that a draft and final report are not sent to the consultant and a response from the consultant is not included in the report.

### C.18. Audit Follow-up

Generally, follow-up reviews will be made of audit report recommendations, except in the case of contract preaward audits. The follow-up activity should be directed to encouraging the implementation of recommendations, rather than finding examples of lack of action.

The follow-up activity may be either a brief, simple review of the status of recommendations or a full-blown audit of the particular area that was previously audited. The importance or materiality of the previous findings will dictate the level of follow-up work.

The follow-up activity may be considered nonaudit services. See Section C.20 for further discussion of nonaudit services.

A report should be issued describing the follow-up results. The type and size of the report will depend on whether the follow-up was only a simple review or a full audit. The report will describe the progress made on recommendations and whether further work is necessary.

### C.19. Fraud

Fraud involves obtaining something of value through willful misrepresentation. Internal Audit staff should report any detected instances of fraud in accordance with GAGAS. The severity of the fraud detected and the response by the auditee's management dictates the manner of reporting by the Internal Audit staff.

Tips from third parties should be followed up. SCAG Internal Audit maintains a hot line to receive any tips from whistleblowers. **The number is (213) 236-1979.**

Audit procedures should be extended when there are indications of fraud. Auditors should exercise professional judgment so as not to interfere with potential investigations or legal proceedings.

Internal Audit staff should report known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse directly to parties outside the audited entity in the following two circumstances:

- a. When entity management fails to satisfy legal or regulatory requirements to report such information to external parties specified in law or regulation, auditors should first communicate the failure to report such information to those charged with governance. If the audited entity still does not report this information to the specified external parties as soon as practicable after the auditors' communication with those charged with governance, then the auditors should report the information directly to the specified external parties.
- b. When entity management fails to take timely and appropriate steps to respond to known or likely fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that (1) is significant to the findings and conclusions and (2) involves funding received directly or indirectly from a government agency, auditors should first report management's failure to take timely and appropriate steps to those charged with governance. If the audited entity still does not take timely and appropriate steps as soon as practicable after the auditors' communication with those charged with governance, then the auditors should report the entity's failure to take timely and appropriate steps directly to the funding agency.

Internal Audit staff should also consider abuse as they perform their audits. Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

## C.20. Other Matters

Nonaudit services, which are defined as professional services other than audits or attestation engagements, are not covered by GAGAS. Internal Audit staff should notify requestors that nonaudit services requested do not constitute audits conducted in accordance with GAGAS. Internal Audit staff should be cognizant of any threats to their independence in performing nonaudit services and should document the fact.

The Internal Auditor will be the designated person to oversee nonaudit services. Management responsibility should be documented. The Internal Auditor should document the understanding with Management regarding nonaudit services, namely the objectives, services to be performed, entity's acceptance of responsibilities, auditor's responsibility and limitations of nonaudit services.

If an auditor has performed nonaudit services for an entity that is a prospective auditee, the auditor should evaluate the impact of those services on independence before accepting the audit. Any impairment due to nonaudit services should be disclosed in the audit report.

When performing nonaudit services not specifically prohibited, the auditor should use the conceptual framework to evaluate independence. When preparing separate evaluations about the effectiveness of the internal control system, auditors should evaluate the management participation threat and any applied safeguards.

If any specialists are to be used, auditors must assess the qualifications of the specialists and document the assessment.

## C.21. Supervision

Audit supervisors or those designated to supervise auditors must properly supervise staff. Audit supervision involves providing sufficient guidance and direction to staff assigned to the audit to address the audit objectives and follow applicable requirements, while staying informed about significant problems encountered, reviewing the work performed, and providing effective on-the-job training.

The nature and extent of the supervision of staff and the review of audit work may vary depending on a number of factors, such as the size of the audit organization, the significance of the work, and the experience of the staff.

With currently a one-person staff, the Internal Auditor should take the necessary actions to ensure that quality audits and work are performed under GAGAS and professional standards.

Exhibit 10-M Standard Audit Program Procedures

Pre-Award Audit  
(Name of Contractor)  
Sample-Audit Program

W/P No: \_\_\_\_\_  
Audit No: \_\_\_\_\_  
Contract No: \_\_\_\_\_  
Auditor: \_\_\_\_\_  
Reviewer: \_\_\_\_\_

ITEM No.		Auditor Init/date	WorkPaper Ref.
I	<p><b>PURPOSE</b></p> <p>The purpose of a pre-award evaluation is to provide the approving authority with professional advice on accounting and financial matters and to assist in the award and administration of proposed consultant contracts. It also alerts both the consultant and the approving authority to potential problems relative to the Consultant's basic agreement, cost/price proposal, procurement procedures, or cost accounting system.</p>		
II	<p><b>SCOPE</b></p> <p>The examination shall include reviews of applicable laws and regulation, contract requirements, and Contractor's system of internal control. Audit tests of accounting records and such other auditing procedures considered necessary to meet the objectives will be conducted. Applications of audit procedures will be governed by the individual contract under audit.</p>		
III	<p><b>STANDARDS</b></p> <p>The audit is to be conducted in accordance with generally accepted governmental auditing standards.</p>		
IV	<p><b>APPLICABLE RULES AND REGULATIONS</b></p> <ol style="list-style-type: none"> <li>1. Contract Provisions</li> <li>2. CFR 48, Part 31-Federal Cost Eligibility</li> <li>3. CFR 49, Part 18-Uniform Administrative Requirements</li> </ol>		
V	<p><b>OBJECTIVES</b></p> <ol style="list-style-type: none"> <li>1. To determine if the consultant agreement specifically provides for the following: <ul style="list-style-type: none"> <li>• specific performance period</li> <li>• three-year record retention period and right to audit</li> <li>• method of payment.</li> <li>• references to cost principles set forth in CFR 48, Chapter 1, Part 31 for allowability of individual items of cost; CFR 49, Part 18, for administrative procedures; and OMB Circular 1-110, for nonprofit sub-recipients</li> </ul> </li> <li>2. To determine if the Consultant's cost proposal contains a breakdown of the estimate for performing the work, and that the proposed costs are reasonable in relation to actual historic costs and estimating procedures.</li> <li>3. To determine if the Consultant's cost accounting system is capable of accumulating and reasonable allocable, and allowable costs.</li> </ol>		

<p>VI</p>	<p><b>PRELIMINARY AUDITS STEPS</b></p> <ol style="list-style-type: none"> <li>1. Review the proposed contract.             <ol style="list-style-type: none"> <li>a. Document your review and note any exceptions needed to be included on the audit report.</li> </ol> </li> <li>2. Review the permanent file.             <ol style="list-style-type: none"> <li>a. Ascertain the nature, timing, and extent of the last internal control and accounting system review.</li> </ol> </li> <li>3. Review the cost proposal.             <ol style="list-style-type: none"> <li>a. Determine if the Consultant's cost/price proposal contains a breakdown of the estimate for performing the work.</li> <li>b. Foot and extend cost data.</li> <li>c. Obtain missing cost proposal information, if necessary.</li> <li>d. Compare data with permanent file. Obtain updated cost information if necessary.</li> <li>e. Comment on usual amounts unfavorable trends or differences between current and past costs.</li> <li>f. Recalculate cost proposal in consideration of any audit exceptions.</li> </ol> </li> <li>4. Determine scope of audit.             <ol style="list-style-type: none"> <li>a. Omit step 2 (field work) if:                 <ul style="list-style-type: none"> <li>- a recent audit found the accounting system adequate, and the accounting system is adequate to accumulate and segregated additional contract costs.</li> </ul> </li> <li>b. If the accounting system has not recently been reviewed or does not appear to be able to take on additional contract costs discuss the nature timing and extent of audit procedures with superior.</li> </ol> </li> <li>5. Prepare preliminary Audit Plan and Time Budget</li> <li>6. Contact the Contract Administrator to inform him/her of the following:             <ol style="list-style-type: none"> <li>a. Scheduled date of field work</li> <li>b. Tentative completion date</li> <li>c. Any anticipated problems etc</li> <li>d. Any additional anticipated contract costs</li> </ol> </li> </ol> <p><b>Note:</b> The Contract Administrator should be kept abreast of all pertinent audit issues. Any problems in obtaining necessary information, etc., should be discussed with him/her immediately and documented in the work papers.</p>		
<p>VII</p>	<p><b>AUDIT STEPS-FIELD WORK</b></p> <ol style="list-style-type: none"> <li>1. Contact the Contractor and arrange a date for the audit.             <ol style="list-style-type: none"> <li>a. Inform the Contractor of the type of information, records, personnel needed, and arrange for work space.</li> <li>b. Request that the Contractor prepare schedules of the calculations of all billing rates such as overhead, fringe benefits, in-house direct cost billing rates, and any other rates used in billing. If possible, have these schedules sent to the auditor for review before the date of field work.</li> <li>c. Inquire whether the Contractor has been audited within the previous year by the DCAA or similar federal agencies, or has had an independent CPA review overhead, internal controls, or project costing systems. If so, obtain a copy of the audit report and/or review working papers for consideration when evaluating internal controls, overhead rates, etc.</li> </ol> </li> </ol>		

	<p>d. Prepare and send engagement letter to the Contractor to confirm the above discussion. Send a copy of the letter to the Contract Administrator.</p> <p>2. Conduct an entrance conference with the Consultant to ensure coverage of the following:</p> <ul style="list-style-type: none"> <li>• Purpose, scope and objective of the pre-award evaluation.</li> <li>• Anticipated timeframe of audit fieldwork.</li> <li>• Whether the Consultant is familiar with CFR 48, Chapter 1, Part 31. If not, Consultant can obtain a copy of these regulations at: <a href="http://www.access.gpo.gov/nara/cfr/waisidx_05/48cfr31_05.html">http://www.access.gpo.gov/nara/cfr/waisidx_05/48cfr31_05.html</a>.</li> <li>• Intention to keep Consultant updated on audit progress, and to discuss all audit exceptions prior to issuance of an audit report.</li> <li>• Documentation of the entrance conference in the work papers.</li> </ul> <p><b>VIII CONTROL STRUCTURE SURVEY</b></p> <p>1. Review and evaluate the Contractor's internal control structure.</p> <p>a. Prepare or update a written narrative, flowchart and/or completed internal control questionnaire which adequately describes the accounting system including significant internal controls over contract costs, in order to adequately plan the audit and test the various applications. This understanding should include knowledge of the Contractor's control environment, accounting system and control procedures. Generally, the relevant policies and procedures pertain to a Contractor's ability to record, process, summarize, and report contract and financial information ;and to ensure compliance with applicable laws and regulations.</p> <p>b. Selectively examine (test) the accounting records and underlying source documents only to the extent necessary; to determine if the system has the ability to accumulate and segregate reasonable, allocable, and allowable costs through the use of a cost accounting system. The following are some of the attributes which should ideally be found in such a system:</p> <ul style="list-style-type: none"> <li>• Chart of accounts (direct and indirect accounts).</li> <li>• Segregation of costs by contract, category of cost and milestone (if applicable).</li> <li>• Proper recording of direct and indirect costs. For example, separate accounts should be used for direct labor, indirect labor, vacation, holiday, sick leave, etc.</li> <li>• Consistent accounting treatment of costs in recording and reporting.</li> <li>• Ability to trace from invoices billed to job cost records and original, approved source documents to the general ledger.</li> </ul> <p>2. Prepare a summary of the internal control structure and cost accounting system. The summary should include or reference to a control risk assessment and a finalized Audit Planning document.</p> <p>3. Evaluation of cost/price data.</p> <p>a. Obtain source documents and/or other criteria used to establish the cost/price proposal.</p>		
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	<p>4. Evaluate the propriety of direct labor costs.</p> <ol style="list-style-type: none"> <li>a. Select a representative sample of employee timesheets (cards) and test the hourly extension.</li> <li>b. Trace hours to the payroll journal and compare hourly rates paid to the rates submitted with the cost/price proposal.</li> <li>c. If applicable, compare proposed direct labor rates to prevailing wage and union labor rates.</li> <li>d. If overtime is proposed, does the Consultant have procedures to ensure and document equitable overtime charges to government and nongovernment contracts?</li> <li>e. Prepare a labor rate analysis and comment on variances.</li> </ol> <p>5. Analyze indirect cost rates (fringe benefits, overhead, general and administrative).</p> <ol style="list-style-type: none"> <li>a. Request written verification of an approved overhead rate, if available (DCAA or other qualified entity).</li> <li>b. Obtain a written breakdown /schedule of costs included in the rates.             <ul style="list-style-type: none"> <li>• Trace the indirect rate schedule to the general ledger.</li> <li>• Scan the indirect cost accounts in the general ledger for unallowable costs.</li> <li>• Test the Consultant's proposed rate, by comparing the individual items of cost for allowability and fair presentation with CFR 48, Chapter 1, Part 31.</li> </ul> </li> <li>c. Schedule all disallowed costs.</li> <li>d. Recalculate the overhead rate and comment on variances.</li> </ol> <p>6. Evaluate the propriety of other direct costs (materials, transportation, equipment, per diem, etc.) and Subcontractors.</p> <ol style="list-style-type: none"> <li>a. Determine the methods used to establish the cost of materials, transportation, and per diems, etc.</li> <li>b. Compare proposed rates, or costs with prevailing rates, or past experiences.</li> <li>c. Determine if direct costs are independent from the indirect cost pool.</li> <li>d. Schedule all costs which do not appear to meet the criteria established in CFR 48, Chapter 1, Subpart 31.2.</li> </ol> <p>7. Evaluate the proposed fixed fee.</p> <p>As field work progresses, keep the Controller or other contact person aware of the findings or problems, as they arise. Resolve the matters if possible. Document these conversations in the work papers.</p> <p>8. Evaluate the Contractor's financial capability – Ratio Analysis.</p> <p>9. Prior to completion of field work, discuss all exceptions with the consultant ensuring coverage of:</p> <ul style="list-style-type: none"> <li>• scope and objectives of the pre-award audit</li> <li>• the condition, criteria, cause, effect, and recommendation for each exception noted.</li> </ul>		
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<p><b>IX</b></p>	<ul style="list-style-type: none"> <li>• Caltrans' review process and reporting procedures.</li> <li>• any questions, the Consultant may have.</li> </ul> <p>10. Obtain a management representation letter.</p> <p><b>COMPLETION</b></p> <ol style="list-style-type: none"> <li>1. Complete work papers to assure that they are properly headed, indexed, signed, dated, and cross-referenced. In addition, each work paper should include, or be reference to, a statement of purpose, source, analysis and conclusion.</li> <li>2. Prepare an audit summary which documents the purpose, objectives, procedures, results/conclusions and recommendations.</li> <li>3. Cross-reference all exceptions to the appropriate papers.</li> <li>4. Prepare draft audit report.</li> <li>5. If necessary, schedule a closeout conference with the Consultant to discuss any exceptions not discussed, or resolved as of completion of fieldwork. Also, if material findings are identified, the Contract Administrator should also be contacted. Document these conversation/conferences.</li> <li>6. Complete audit assignment card.</li> <li>7. Update the permanent file.</li> <li>8. Submit completed work papers and draft audit report to supervisor for final review.</li> <li>9. Prepare final report and distribute as follows:             <ul style="list-style-type: none"> <li>• Original - Requester</li> <li>• If Requester is headquarters, then: 1 copy- Headquarters Contract Office</li> <li>• If Requester is District, then: 1 copy - District Contract Officer or District Consultant Services or DLAE</li> <li>• 1 copy - Audit file (Section B)</li> <li>• 1 copy - Chronological File (Audit Reports Binder)</li> <li>• 1 copy - P# File (Audit Reports Binder)</li> <li>• 1 copy - Audit Office</li> <li>• 1 copy - Supervisor</li> </ul> </li> </ol> <p><b>Note:</b> A "cc" notation is needed on the final report for reports distributed outside of the Audits Office.</p>		
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**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
INTERNAL AUDIT DEPARTMENT**

INCURRED  
COST  
AUDIT

AUDITOR

AUDIT  
PERIOD

DATE

DATE &  
INITIAL

REF  
PAGE #

**I. PRE-AUDIT ANALYSIS**

1. Document the areas of audit.
2. Schedule an entrance conference with department managers.
  - A. Review prior audit reports, if applicable.
  - B. Communicate the purpose and scope of the audit.
  - C. Discuss the association's business operations.


**II. AUDIT REVIEW**

1. Accounting System & Reporting
  - A. Review the accounting system, chart of accounts. Review accounting manual.
  - B. Review and verify the internal controls of the accounting system.
  - C. Review latest trial balance.
  - D. Trace trial balance accounts and amounts to financial statements.
  - E. Review journal entries for latest month.




**DATE &  
INITIAL**                      **REF.  
PAGE #**

4. Human Resources Review

A. Examine procedures and segregation of duties.

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B. Examine sample of employee files for completeness, authorizations, pay rates, etc.

C. Examine compliance with regulations and posting of notices.

D. Review compensation, safety and security policies and procedures.

E. Review development and training policies and procedures.


5. Procurement and Contracts Review

A. Review purchasing & procurement procedures.

B. Review contract files for completeness and compliance with requirements & regulations.

C. Review cost/price analysis procedures.

D. Review contract amendment procedures.


6. Budget Control Review.

A. Review budget policies and procedures.


**DATE & INITIAL**                      **REF. PAGE #**

B. Review process of approvals.

C. Review variance comparisons & procedures.

7. Grants Management.

A. Review policies & procedures.

B. Obtain list of open grants and review.

C. Review required reports to funding agencies.


8. Overhead.

A. Review Cost Allocation Plan.

B. Review policies on direct & indirect costs.

9. Cash Management.

A. Review procedures on cash receipts.

B. Review bank statements & reconciliations.

C. Review bank agreements & transfer procedures.




**DATE &  
INITIAL**

**REF.  
PAGE #**

- 11. Travel Expenses
  - A. Sample expense reports for Regional Council members and employees.
  - B. Review samples for compliance with Federal, State and SCAG travel regulations.

- 12. Project Management
  - A. Select sample of major projects for fiscal year.
  - B. Obtain files of selected sample.
  - C. Review files for compliance with regulations.
  - D. Review compliance with SCAG policies & procedures.
  - E. Trace sample of charges to paid invoices and billings to funding agencies.

**III. AUDIT FINDINGS & REPORT.**

- A. Summarize findings.
- B. Conduct exit conference & discuss findings with management.
- C. Prepare draft report.

<b>DATE &amp; INITIAL</b>	<b>REF. PAGE #</b>

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

INTERNAL AUDIT DEPARTMENT

INFORMATION DOCUMENT REQUEST

ENTITY: \_\_\_\_\_ AUDITOR: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_ AUDIT TYPE: \_\_\_\_\_  
\_\_\_\_\_ AUDIT PERIOD: \_\_\_\_\_  
\_\_\_\_\_

Description of Documents Requested

- Organization Chart
- Annual Audit Report for June 30, 2007
- Joint Powers Authority or other Association Agreements
- Copies of Invoices to SCAG
- 
- Payroll Tax Returns (940, 941, W-2, 1099,)
- 
- General Ledger Accounts for SCAG Projects
- Chart of Accounts
- Payroll Journals/Timesheets
- Accounts Payable Distribution/Voucher Register/Purchase Journal, including schedules, reconciliations/analysis
- Accountant's Workpapers (Trial Balance and Adjusting Entries)
- Schedule of Direct Labor
- Schedule of Additions to Fixed Assets
- Documentation regarding non-taxable sales or income
- Continuing Cooperative Agreements
- All loan agreements and repayment documentation
- Schedule of Overhead Expenses, including Indirect Labor, if Applicable
- Schedule of Fringe Benefit Expenses
- Other Direct Costs
- Accounts Payable Invoices for Consultants, if Applicable
- Resale and Exempt Certificates
- RAR
- I.R.S. Audit Adjustments
- Other States Audit Adjustments
- Bank Statements and Canceled Checks
- Analysis of Commissions/Outside Labor Expense - including name of payee and social security number
- Officer/Stockholder Income Tax Returns Form 1040
- Detail of Depreciation schedules
- Analysis of Assets Acquired for Investment Tax Credit Purposes
- Analysis of Destination Sales by State
- Miscellaneous Records Pertaining to Leasing Transactions
- Other Records as Required at time of examination

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
INTERNAL AUDIT  
WORKPAPER INDEX**

**AUDITEE\_\_  
PERIOD\_**

- |  |                 |
|--|-----------------|
| <b>A. AUDIT REPORT</b>                   | <b>A. _____</b> |
| <b>B. ENGAGEMENT NOTICE</b>              | <b>B. _____</b> |
| <b>C. AUDIT PROGRAM</b>                  | <b>C. _____</b> |
| <b>D. REQUEST FOR PROPOSAL (RFP)</b>     | <b>D. _____</b> |
| <b>E. AUDITEE FINANCIAL STATEMENTS</b>   | <b>E. _____</b> |
| <b>F. CONTRACT OR CCA</b>                | <b>F. _____</b> |
| <b>G. AUDITEE BACKGROUND INFORMATION</b> | <b>G. _____</b> |
| <b>H. PRIOR AUDIT REPORTS</b>            | <b>H. _____</b> |
| <b>I. DUN &amp; BRADSTREET REPORTS</b>   | <b>I. _____</b> |
| <b>J. CORRESPONDENCE</b>                 | <b>J. _____</b> |
| <b>K. LINE ITEM BUDGETS</b>              | <b>K. _____</b> |
| <b>L. ACCOUNTING SYSTEM</b>              | <b>L. _____</b> |
| <b>M. MATERIALS</b>                      | <b>M. _____</b> |
| <b>N. DIRECT LABOR</b>                   | <b>N. _____</b> |
| <b>O. OVERHEAD</b>                       | <b>O. _____</b> |
| <b>P. FRINGE BENEFITS</b>                | <b>P. _____</b> |
| <b>Q. OTHER DIRECT COSTS</b>             | <b>Q. _____</b> |
| <b>R. PROCUREMENT</b>                    | <b>R. _____</b> |
| <b>S. SUBCONTRACTOR</b>                  | <b>S. _____</b> |
| <b>T. SUBCONTRACTOR</b>                  | <b>T. _____</b> |
| <b>U. SUBCONTRACTOR</b>                  | <b>U. _____</b> |
| <b>V. SUBCONTRACTOR</b>                  | <b>V. _____</b> |

# REPORT

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**DATE:** November 13, 2012  
**TO:** Audit Committee  
**FROM:** Catherine Chavez, CIO, 213-236-1973, chavez@scag.ca.gov  
**SUBJECT:** IT Audit Update

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**RECOMMENDED ACTION:**  
For Information Only-No Action Required.

**EXECUTIVE SUMMARY:**  
*Staff will report progress on the action items recommended in the IT Audit.*

**STRATEGIC PLAN:**  
This item supports SCAG's Strategic Plan Goal 3: Enhance the Agency's Long-Term Financial Stability and Fiscal Management.

**BACKGROUND:**  
As part of the FY11 annual audit, SCAG's outside independent auditor, Vasquez and Co., LLC, conducted an audit of the operations of the Information Technology Department. Their audit report was issued on December 11, 2011 and made nine (9) recommendations for improvement. The attachment describes the progress made to date in implementing those recommendations. To date, three (3) recommendations have been implemented and four (4) recommendations will be implemented by February 1, 2013. Staff will report on the status of two (2) remaining recommendations, Business Contingency Planning and Periodic Certification of User Profiles in Systems.

**FISCAL IMPACT:**  
None

**ATTACHMENT:**  
IT Audit Action Items

**SCAG IT AUDIT ACTION ITEMS**

**FY11 AUDIT**

**As of November 6, 2012**

<b>BUSINESS RISKS AND OTHER CONTROL ISSUES</b>			
<b>Item #</b>	<b>TYPE</b>	<b>AUDIT RECOMMENDATION</b>	<b>STATUS</b>
1	Long-Term Strategic Planning for IT	The IT Strategic Plan should be updated with the current and future projects not included therein.	<b>Completion date: February 1, 2013.</b> The IT Strategic Planning process and schedule has been set. An IT needs and satisfaction survey will be sent to all employees to receive feedback and direction on issues and priorities. IT staff will draft an updated IT Strategic plan that aligns needs and objectives with the SCAG Strategic Plan and with the FY14 Overall Work Program (OWP). To leverage the results of the budgeting process, the IT Strategic Plan update will be delayed to February 1, 2013.
2	IT Capacity Planning	Implement a process to generate and review system activity and utilization reports on a consistently scheduled basis. Special consideration should be given to the accounting system's related processes and infrastructure.	<b>Completed.</b> SCAG's new IT outsource service provider, Allied Digital, has produced ad hoc reports during the initial phase of SCAG's onboarding process. SCAG began receiving monthly activity and capacity reports in September 2012.
3	Information Security Independence	The Information Security function should report to a party outside of IT, or to an IT-related party that is independent of operations.	<b>Completed.</b> SCAG has assigned the IT Senior Management Analyst, who has no IT operational role, to the role of IT security oversight. This position has dotted line reporting status to the Internal Auditor, who has been appointed as the IT security oversight officer. This organizational change has been successful since instituted in March 2012. SCAG CIO will continue to monitor the effectiveness of this organizational structure.
4	Security Violation Reporting	Management should determine an acceptable framework for logging and follow-up of security-related events on the network.	<b>Completion date: February 1, 2012.</b> Security logging on SCAG's Internet devices has been operational since August 2012. Allied Digital's Security Operations Center (SOC) emails alerts of attempted network intrusions and notifies external Internet Service Providers (ISPs) of suspicious activity coming from their networks. Allied Digital blocks data traffic originating from these networks. SCAG will begin reviewing the internal server logs for Active Directory and Dynamics GP monthly. <i>Update: Allied Digital has expressed a concern that the logs are too large and complex to be of any value without the purchase of a log analysis tool. Allied Digital will produce a one-week server log for SCAG's review during the week of November 11. We will then determine the best course forward for future reviews. Date has been extended to account for worst case of software purchase.</i>
5	Application System Parameters	Management should identify the system parameter settings and review them for potential control enhancement and optimization.	<b>Completion date: January 1, 2012.</b> SCAG has instituted complex passwords for Microsoft Dynamics GP. The initial review of GP system parameters will be completed as part of the Dynamics GP System 2010 upgrade, scheduled for completion by October 2012. The parameters will be reviewed quarterly beginning February 1, 2013. Regular GP audit log reviews began in September 2012 (see next item.) <i>Update: A new security parameters report has been created and will be reviewed on a regular basis by Finance staff and the internal auditor. Date has been extended to allow for internal and external auditors to review report.</i>

**SCAG IT AUDIT ACTION ITEMS**

**FY11 AUDIT**

**As of November 6, 2012**

6	Periodic Certification of User Profiles in Systems	Management should implement a formal access certification procedure.	<p><b>Status Update: Next Audit Committee Meeting</b> In September 2012, SCAG instituted a monthly review of the Microsoft Dynamics GP audit reports with the CFO and Manager of HR. To conduct a more extensive audit of GP and Active Directory permissions and profiles for all SCAG staff, SCAG staff received a fixed fee quote of over \$20,000 from Allied Digital. SCAG staff plans to consult the IT Auditor, Vazquez and Company LLC, to determine if there are lower cost audit methods to mitigate this risk. <i>Update: SCAG CIO and CFO spoke with IT Auditor Oscar Chacon who recommended that the scope of this item be limited to review of those accounts with elevated privileges on financial and related systems. Based on this, staff will develop a process to capture and review these accounts on a monthly basis. Staff will report progress to the Audit Committee at the next meeting.</i></p>
7	Business Contingency Planning	Management should document an organization-wide business contingency plan.	<p><b>Status Update: Next Audit Committee Meeting</b> SCAG has made great progress on technical improvements in IT redundancy and business resumption capabilities. SCAG has implemented a primary and secondary data center model. Allied Digital set up the secure infrastructure and moved the majority of IT systems to Switchnap, a colocation facility in Las Vegas during summer 2012. By December 2012, critical data will be replicated from Las Vegas to Los Angeles, thereby allowing either site to function during a disaster. SCAG maintains and tests the Emergency Preparedness procedures. However, departmental business resumption/recovery procedures are needed. SCAG has determined that there are no internal resources currently available to update this plan due to more urgent projects. If internal resources are identified in FY13, staff will proceed with the plan development. Otherwise, funding will be requested for FY14. <i>Update: Due to the lack of available consultant funding, Debbie Dillon, SCAG Executive Deputy Director, will lead the internal effort to prepare the business contingency plan, utilizing internal resources to write and test the plan. Based on this approach, an RFP will not be required. The technical portion of the plan will be developed by Allied Digital Services as part of their negotiated contract. Catherine Chavez, SCAG CIO, will visit the new data center on November 28 to confirm that all systems are properly installed and system redundancies are in place. Staff will schedule the business contingency planning project and return to the committee with an estimated completion date. Please see attached Allied Digital certifications, per committee request.</i></p>
8	Environmental Controls Within Data Operations Room	We recommend SCAG make a formal determination as to the impact the humidity from the air conditioning units provides to the data servers and other network equipment, via formal discussion with vendor representatives, and identify a manner in which condensated water can be kept out of the data operations room.	<p><b>Completion date: December 1, 2012.</b> With the implementation of the two-data-center model and having "virtualized" most of its servers, SCAG has reduced the number of physical machines operating within the existing Los Angeles server room. This has reduced the load on the HVAC units and the risk for equipment failure due to overheating or water damage. Once all machines have been relocated to the new SCAG data center in Las Vegas, the temporary cooling unit will be removed. <i>Update: The server relocation date has been scheduled for 11/9/12. Staff will shut down the temporary cooling unit at that time.</i></p>

**SCAG IT AUDIT ACTION ITEMS**

**FY11 AUDIT**

**As of November 6, 2012**

9	Secure Server Build Standard	Management should ensure that SigmaNet utilizes a secure server standard for all SCAG servers that is utilized for new server builds and existing server security assessment. This will help ensure consistency with respect to security control.	<b>Completed.</b> Per Audit recommendation, Allied Digital (SIGMANet's replacement) has provided a checklist for Secure Server Build Standards and all new servers have been built using this checklist. Staff will schedule configuration review of existing servers as an additional step outside the scope of the IT Audit.
---	------------------------------	---	--

# CERTIFICATE **TÜV NORD**

Management system as per  
**ISO/IEC 27001:2005**

In accordance with TÜV NORD CERT procedures, it is hereby certified that

**Allied Digital Services Ltd**  
Allied Digital House, 2<sup>nd</sup> Floor, A4, Sector 1,  
Millenium Business Park, MIDC,  
Mahape, Navi Mumbai 400 710,  
India



applies a management system in line with the above standard for the following scope

**Remote Infrastructure Management Services comprising of**

- Desktop Support, Server support, Network support and Application Support from Network Operations Centre
- Managed Security Services from Security Operations centre
- Global service desk operations

**SOA version 1.8 dated 26<sup>th</sup> May 2011**

Certificate Registration No. 44 121 081449  
Audit Report No. 3508 7538

Valid until 2014-08-18  
Initial certification 2008

Certification Body  
at TÜV NORD CERT GmbH

Essen, 2011-10-20

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH

Langemarckstrasse 20

45141 Essen

[www.tuev-nord-cert.com](http://www.tuev-nord-cert.com)



# ANNEX



to Certificate Registration No. 44 736 100568  
ISO/IEC 20000-1:2005

**Allied Digital Service Ltd.,  
Allied Digital House**

**A4, Sector 1, Millennium Business park,  
M. I. D. C., Mahape, Navi Mumbai 400701. India**



Certificate Registration No.	Location	Scope
44 736 100568-001	Ground floor, Building no3, Sector 3, Millennium Business Park. M. I. D. C., Mahape, Navi Mumbai, 400710, India	Managed Security Services from Security Operations Centre

End of the List

  
Certification Body  
at TÜV NORD CERT GmbH

Essen, 2011-03-14

TÜV NORD CERT GmbH  
TÜV NORD CERT GmbH

Langemarckstrasse 20

45141 Essen

[www.tuev-nord-cert.com](http://www.tuev-nord-cert.com)



# CERTIFICATE TÜV NORD

Management system as per  
**ISO/IEC 20000-1:2005**

In accordance with TÜV NORD CERT procedures, it is hereby certified that

**Allied Digital Service Ltd.,  
Allied Digital House**

**A4, Sector 1, Millennium Business park,  
M. I. D. C., Mahape, Navi Mumbai 400701. India**



**allied | digital**  
think beyond boundaries

applies a management system in line with the above standard for the following scope

**Remote Infrastructure Management Services comprising of Desktop Support,  
Server support, Network support and Application Support from Network  
Operations Centre and Global service desk operations**

Certificate Registration No. 44 736 100568  
Audit Report No. 3507 6470

Valid until 2013-03-29

Certification Body  
at TÜV NORD CERT GmbH

Essen, 2011-03-14

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH

Langemarckstrasse 20

45141 Essen

[www.tuev-nord-cert.com](http://www.tuev-nord-cert.com)



# Audit report

Organisation Allied Digital Services Ltd  
 Audits (ZA): ISO 27001:2005 - 35107230  
 ISO 20000-1:2011- 35107232  
 Issue: 3<sup>rd</sup> August 2012



## Master Data of Organisation

Name of Organisation	Allied Digital Services Ltd	
Name of corporate group (in case of group certification)		
Street	Allied Digital House, 2 <sup>nd</sup> Floor, A4, Sector 1, Millennium Business Park, MIDC	
Postcode / Town / Country	Mahape, Navi Mumbai 400 710	
Contact	Mr. Arun Kulkarni	
E-Mail	<a href="mailto:Arun.kulkarni@allieddigital.net">Arun.kulkarni@allieddigital.net</a>	
Phone/Fax		
Language	English	
Scope Description	ISO 20000-1:2011 Remote Infrastructure Management Services comprising of <ul style="list-style-type: none"> <li>• Desktop Support, Server support, Network support and Application Support from Network Operations Centre</li> <li>• Managed Security Services from Security Operations centre</li> <li>• Global service desk operations</li> </ul>	
	ISO 27001:2005 Remote Infrastructure Management Services comprising of <ul style="list-style-type: none"> <li>• Desktop Support, Server support, Network support and Application Support from Network Operations Centre</li> <li>• Managed Security Services from Security Operations centre</li> <li>• Global service desk operations</li> </ul>	
	SOA version 2.0 as on 1st April 2012	
	<input type="checkbox"/> more description regarding scope in annex	
Industry / Scope (EA)	33	

## Audit profile

Standards under contract / Audit type	ISO 27001:2005 Surveillance audit	ISO 20000-1:2011 Recertification audit
Manual: Revision / Issue	RMS manual version 2.9 dated 1st April 2012	
Surveillance mode	Yearly surveillance	
Audit team leader / responsible	Dipti Ranade	
Audit team	-	
Technical expert - Trainee	-	

## Audit report

Organisation Allied Digital Services Ltd  
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Group certification / Matrix	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Remarks:	
Shift operation	Three shift operation	

# Audit report

Organisation Allied Digital Services Ltd  
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Audited Standards	
<b>ISO 27001:2005</b>	<b>Surveillance audit</b>
Exclusions: As per SOA	Revision Manual: V 2.9 dt 1.4.2012
Audit team leader: Dipti Ranade	Audit number(ZA): 35107230
Certificate number: 44 121081449	Valid until: 18.8.2014
<b>ISO 20000-1:2011</b>	<b>Recertification audit</b>
Exclusions: Nil	Revision Manual: V 2.9 dt 1.4.2012
Audit team leader: Dipti Ranade	Audit number(ZA): 35107232
Certificate number: 44736100568	Valid until: 29.3.13
---	
Exclusions:	Revision Manual:
Audit team leader:	Audit number(ZA):
Certificate number:	Valid until:
---	
Exclusions:	Revision Manual:
Audit team leader:	Audit number(ZA):
Certificate number:	Valid until:
<b>Audit-Details</b>	
Sites	Nil
Audit date	-
Audit duration	0 person days on site including 0 person days for stage 1 audit (separate report)
<b>Details for Stage 1 Audit</b>	
Stage 1 -Audit	not necessary.
Duration Stage 1	0,00 person days on site
Date Stage 1 audit on site	-

## Audit report

Organisation Allied Digital Services Ltd  
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### Distribution/Confidentiality/Rights of ownership/Limitations/Responsibilities

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities or weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

#### Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

### Annex/Enclosures

Annex/  
corresponding audit documentation

- Questionnaire(s) / Checklist(s)  
 Additional annexes, number

# Audit report

Organisation Allied Digital Services Ltd  
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## Summary of results

ISO 27001:2005			ISO 20000-1:2011			Error! Reference source not found.			Error! Reference source not found.		
Clause	Audited	Result*	Clause	Audited	Result*	Clause	Audited	Result*	Clause	Audited	Result*
4.1	<input checked="" type="checkbox"/>	1	4.1.1	<input checked="" type="checkbox"/>	1						
4.2	<input checked="" type="checkbox"/>	2	4.1,2	<input checked="" type="checkbox"/>	1						
4.3	<input checked="" type="checkbox"/>	1	4.1.3	<input checked="" type="checkbox"/>	1						
5.1	<input checked="" type="checkbox"/>	1	4.1.4	<input checked="" type="checkbox"/>	1						
5.2	<input checked="" type="checkbox"/>	2	4.2	<input checked="" type="checkbox"/>	1						
6	<input checked="" type="checkbox"/>	1	4.3.1	<input checked="" type="checkbox"/>	1						
7	<input checked="" type="checkbox"/>	1	4.3.2	<input checked="" type="checkbox"/>	1						
8.1	<input checked="" type="checkbox"/>	1	4.3.3	<input checked="" type="checkbox"/>	1						
8.2	<input checked="" type="checkbox"/>	1	4.4.1	<input checked="" type="checkbox"/>	1						
8.3	<input checked="" type="checkbox"/>	1	4.4.2	<input checked="" type="checkbox"/>	2						
A.5	<input checked="" type="checkbox"/>	1	4.5.1	<input checked="" type="checkbox"/>	1						
A.6	<input checked="" type="checkbox"/>	1	4.5.2	<input checked="" type="checkbox"/>	1						
A.7	<input checked="" type="checkbox"/>	1	4.5.3	<input checked="" type="checkbox"/>	1						
A.8	<input checked="" type="checkbox"/>	1	4.5.4	<input checked="" type="checkbox"/>	1						
A.9	<input checked="" type="checkbox"/>	2	4.5.5	<input checked="" type="checkbox"/>	1						
A.10	<input checked="" type="checkbox"/>	2	5.1	<input checked="" type="checkbox"/>	1						
A.11	<input checked="" type="checkbox"/>	1	5.2	<input checked="" type="checkbox"/>	1						
A.12	<input checked="" type="checkbox"/>	1	5.3	<input checked="" type="checkbox"/>	1						
A.13	<input checked="" type="checkbox"/>	1	5.4	<input checked="" type="checkbox"/>	1						
A.14	<input checked="" type="checkbox"/>	2	6.1	<input checked="" type="checkbox"/>	1						
A.15	<input type="checkbox"/>	-	6.2	<input checked="" type="checkbox"/>	1						
			6.3.1	<input checked="" type="checkbox"/>	2						
			6.3.2	<input checked="" type="checkbox"/>	1						
			6.3.3	<input checked="" type="checkbox"/>	1						
			6.4	<input checked="" type="checkbox"/>	1						
			6.5	<input checked="" type="checkbox"/>	1						
			6.6	<input checked="" type="checkbox"/>	2						
			7.1	<input checked="" type="checkbox"/>	1						
			7.2	<input checked="" type="checkbox"/>	1						
			8	<input checked="" type="checkbox"/>	2						
			9.1	<input checked="" type="checkbox"/>	1						
			9.2	<input checked="" type="checkbox"/>	1						

Obligatory elements from ISO 17021:2006 Section 9.3.2.1	Audited	Result
a) internal audits and management review;	<input checked="" type="checkbox"/>	1
b) review of actions taken on nonconformities identified in previous audit;	<input checked="" type="checkbox"/>	1
c) treatment of complaints;	<input checked="" type="checkbox"/>	1
d) effectiveness of the system to achieve the certified client's objectives;	<input checked="" type="checkbox"/>	1
e) progress of planned activities aimed at continual improvement;	<input checked="" type="checkbox"/>	1
f) continuing operational control;	<input checked="" type="checkbox"/>	1
g) review of any changes including system documentation	<input checked="" type="checkbox"/>	1
h) use of marks and/or any other reference to certification.	<input checked="" type="checkbox"/>	1
audited: <input checked="" type="checkbox"/> = audited sections of the standard; Result: 1 = fulfilled; 2 = basically fulfilled / potential for improvement; 3 = not fulfilled / nonconformity ; - = not applicable / excluded. Details are listed in the section "Detailed results". Fields with a coloured background are obligatory elements in <b>every</b> audit.		

Obligatory elements from A00VA02		
a) Are temporary sites (i.e installation sites, project locations etc.) available?	yes <input type="checkbox"/>	no <input checked="" type="checkbox"/>
b) Which one are visited?	NA	

Please enter the reasons for the selection in „Summary / explanation of results”

## Audit report

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### Organisations profile

Allied Digital Services Ltd. (ADS) is a communications and networking Systems Integrator and leading Helpdesk / Facility Management Services Provider.

Network Operations Centre (NOC) and Security Operations Centre (SOC) Solutions are designed to provide comprehensive coverage for technology infrastructure.

The company has an office at Mahape from where the Remote management services (RMS) are provided.

### Summary / explanations of results

The organisation has implemented requirements of ISO 20000-1:2011. Auditor recommends re-issuance of certificate. All requirements of ISO 27001:2005 continue to be fulfilled.

### Conclusion

Taking into account the size and structure of the organisation, the products/services supplied and the process used, the organisation has demonstrated that it operates its management system in order to ensure fulfilment of its own requirements, the requirements of its customers and the relevant legal requirements.

This includes in particular:

- The policies from April 2012, objectives and their implementation in the organisation
- The processes which exist in the management system and their interaction
- The management system documentation
- The recording system
- The resource management
- The measuring and analysis (management review from 25<sup>th</sup> July 2012, audit planning from 19<sup>th</sup> and 20<sup>th</sup> July 2012  
audit report(s) from 19<sup>th</sup> and 20<sup>th</sup> July 2012 and examples for indicators)
- The continual improvement process

also the implementation and the effectiveness of the management system and the processes for providing services/production/product realisation were assessed by the audit team by means of on-site inspection and examination of documents on a random sample basis.

Nonconformities, observations and the potential for improvement are described in the "Detailed Results" section.

# Audit report

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## Detailed results

The evaluation of the audit results basically follows the scheme shown below:

Stage	Classification	Meaning
<b>NC A</b>	Nonconformity A	1. Non-fulfillment of one or several requirements of the management system standard or 2. A situation which gives rise to considerable doubt as to the capability of the customer's management system to achieve the desired results
<b>NC B</b>	Nonconformity B	All other nonconformities
<b>PI</b>	Potential for improvement	Items which would allow optimisation of the management system in relation to the requirements of the relevant standard. It is recommended that the company implements these items.
<b>GP</b>	Positive aspects/ Good Practice	Positive aspects of the management system worthy of special mention (see also point 4.3 if applicable)
<b>CM</b>	Comments	Special situation and information to be traced in next audit

Follow-up action(\*): after-audit, audit documents, action plan, or Next audit

No.	NC A	Area / Process	Standard:clause	Follow-up action *	Set date
	Nil				

No.	NC B	Area / Process	Standard:clause	Follow-up action *	Set date
	Nil				

No.	PI	Area / Process	Standard:clause
1	History of revisions in SOA to be maintained	CISO	ISO 27001:2005 – 4.2.4 ISO 20000-1:2011-
2	Risk assessment to be approved by management for acceptance of the same	CISO	ISO 27001:2005 -4.2.1 ISO 20000-1:2011-
3	BCP –GSD needs to be updated and brought into document control	BCP	ISO 27001:2005 -4.2.3, A.14.1.5 ISO 20000-1:2011-6.3
4	Lot of information that is in emails needs to be collated centrally so that its available to those who need it and not stay with individuals	All areas	ISO 27001:2005 -- ISO 20000-1:2011--
5	Clock synchronisation to be ensured on test machines also	RDMS	ISO 27001:2005 – A.10.10.6 ISO 20000-1:2011- 6.6
6	In addition to high and medium risks, low risks in VAPT must also be looked at for feasibility of closure	Internal IT	ISO 27001:2005 –A.12.6 ISO 20000-1:2011-6.6
7	Internal IT SLA's for resolve and restore can also include Workaround (for uptime) SLA	Internal IT	ISO 27001:2005 -- ISO 20000-1:2011-6.2
8	New competence requirements for individuals to be included in the competence mapping sheets for individuals e.g Mr. Kulkarni who is CISO and MR	HR	ISO 27001:2005 -5.2.2 ISO 20000-1:2011-4.4.2
9	Process for priority of handling incidents needs to be relooked at e.g customer based, device based etc	SOC	ISO 27001:2005 -- ISO 20000-1:2011-8.1

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No.	PI	Area / Process	Standard:clause
10	One person found without ID card. Same was shown later but not on person during audit	General area	ISO 27001:2005 –A.9 ISO 20000-1:2011-6.6
11	All employees involved in work affecting Information security including those who handle secure information must be trained on Information security requirements	Training	ISO 27001:2005 –5.2.2, A.8 ISO 20000-1:2011-6.6

No.	GP	Area / Process	Standard:clause

No.	CM	Area / Process	Standard:clause

## Audit report

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### Management of nonconformities

Nonconformities were not identified - the procedure can be continued.

In the case of nonconformities:

- On condition that the actions regarding the nonconformities are implemented as required, these observations, also taken as a whole, do not place the effectiveness of the management system in doubt.
- Action plan:**  
The audit team leader must be supplied with an action plan, with dates for the actions, at the latest until \_\_\_\_\_, with the serial number of the comment, an analysis of the causes, the corrections (in order to remove the nonconformity) and the corrective actions (in order to remove the cause of the nonconformities). Proof of the effectiveness of the named corrections and corrective actions must be presented to the audit team leader latest until \_\_\_\_\_.
- Documents:**  
The proof of the effectiveness of the named corrections and corrective actions has to be demonstrated by sending adequate documents to the audit team leader.
- Follow up audit:**  
The proof of the effectiveness of the named corrections and corrective actions is checked in a follow up audit.
- Tracking in next audit:**  
The proof of the effectiveness of the named corrections and corrective actions is checked in the next regular audit.
- Responsible Auditor:**  
The audit team leader passes on the nonconformities to the responsible auditors for processing if necessary.

# Audit report

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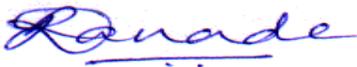
Results				
Results	ISO 27001:2005	ISO 20000-1:2011	Error! Reference source not found.	Error! Reference source not found.
Fulfilled	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Open nonconformities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not fulfilled	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Follow up actions				
None	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Action plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Document review	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Follow up audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Next audit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recommendations				
Grant/ Renewal/ Extension*	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintenance*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suspension	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Refuse / Withdrawal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*) Grant / Renewal / Extension / Maintenance in the case of open nonconformities assumes that the nonconformities will be cleared as agreed

**Comments for next audit**

In the next audit the corrective actions, findings and opportunities for improvement will be discussed again.

For the next audit it is preliminarily agreed: Date

Signatures	
Date: 4 <sup>th</sup> August 2012 Name: Dipti Ranade	Signature Audit team leader 
Date: 4 <sup>th</sup> August 2012 Name: Arun Kulkarni	Signature Representative of organisation Arun Kulkarni

**Allied Digital Services Employee Certifications  
November 2011**

Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
40	Gardena	Bautista, Alain	ADSL University	GSD	101	Moore, Bradley	Life-Time	Active	
41	Gardena	Bautista, Alain	ADSL University	Managed Security Services	101	Moore, Bradley	Life-Time	Active	
42	Gardena	Bautista, Alain	ADSL University	Life-Cycle Services	101	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
43	Gardena	Bautista, Alain	ADSL University	Infrastructure Services	101	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
57	Los Angeles-HQ	Bowler, Kevin	Microsoft	MCTS	Win 7 Config	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
58	Los Angeles-HQ	Peterson, Mathew	Microsoft	MCITP	Ent Sup Tech	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
59	Los Angeles-HQ	Tinoco, Robert	Microsoft	MCTS	Win 7 Config	Anderson, Jeremy	2/13/2013	Active	<a href="#">Download</a>
60	Los Angeles-HQ	Tinoco, Robert	Microsoft	MCITP	Ent Sup Tech	Anderson, Jeremy	4/16/2013	Active	<a href="#">Download</a>
61	Los Angeles-HQ	Pacheco, Edwin	Microsoft	MCTS	Win 7 Config	Anderson, Jeremy	4/16/2013	Active	<a href="#">Download</a>
62	Los Angeles-HQ	Ojediran, Oluwatosin	Microsoft	MCSA	Windows 7	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
63	Los Angeles-HQ	Peterson, Mathew	Microsoft	MCTS	Win 7 Config	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
64	Los Angeles-HQ	Corzine, Jeffrey	Microsoft	MCTS	Win 7 Config	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
65	Los Angeles-HQ	Corzine, Jeffrey	Microsoft	MCSA	Win Serv 03'	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
66	Los Angeles-HQ	Shields, Ricky	Microsoft	MCITP	Ent Admin Srvr	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
67	Los Angeles-HQ	Corzine, Jeffrey	Microsoft	MCDST	Windows XP	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
68	Los Angeles-HQ	Shields, Ricky	Microsoft	MCTS	W/S 08' App Inf	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
69	Los Angeles-HQ	Shields, Ricky	Microsoft	MCITP	Server Admin	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
70	Los Angeles-HQ	Pueblos, Josh	Microsoft	MCP	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
71	Los Angeles-HQ	Horiuchi, Karl	Microsoft	MCTS	Win 7 Config	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
72	Los Angeles-HQ	Shields, Ricky	Microsoft	MCITP	Ent Dsktp Admin	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
73	Los Angeles-HQ	Shields, Ricky	Microsoft	MCITP	Ent Sup Tech	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
74	Los Angeles-HQ	Arechiga, Jarlene	Microsoft	MCTS	Win 7 Config	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
75	Los Angeles-HQ	Shields, Ricky	Microsoft	MCTS	W/S 08' Net Inf	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
76	Los Angeles-HQ	Shields, Ricky	Microsoft	MCTS	W/S 08' Act Dir	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
77	Los Angeles-HQ	Shields, Ricky	Microsoft	MCTS	Win 7 Config	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
78	Los Angeles-HQ	Selby-Hele, Henry	Microsoft	MCTS	Win 7 Config	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
79	Los Angeles-HQ	Telfair, Alberto	Microsoft	MCP	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
80	Los Angeles-HQ	Ojediran, Oluwatosin	Microsoft	MCTS	Win 7 Config	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
81	Los Angeles-HQ	Ojediran, Oluwatosin	Microsoft	MCITP	Ent Dsktp Admin	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
82	Los Angeles-HQ	Pueblos, Josh	Microsoft	MCDST	70-272	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
83	Los Angeles-HQ	Peterson, Mathew	Microsoft	MCP	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
84	Los Angeles-HQ	Peterson, Mathew	Microsoft	MCDST	70-272	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
85	Los Angeles-HQ	Griffith, Linda	Microsoft	MCP	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
86	Los Angeles-HQ	Holton, George	Microsoft	MCDST	70-272	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
87	Los Angeles-HQ	Chua, Steve	Microsoft	MCP	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
88	Los Angeles-HQ	Fitzpatrick, Eric	Microsoft	MCP	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
89	Los Angeles-HQ	Herrera, Bryan	Microsoft	MCP	N/A	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
90	Los Angeles-HQ	Corzine, Jeffrey	Microsoft	MCP	N/A	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
91	Los Angeles-HQ	Jones, Alice	Microsoft	MCP	Systems Enginee	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
92	Los Angeles-HQ	Holton, George	Microsoft	MCP	N/A	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
93	Los Angeles-HQ	Landford, James	Microsoft	MCP & I	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
94	Los Angeles-HQ	Martinez, Andy	Microsoft	MCP	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>

**Allied Digital Services Employee Certifications  
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Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
95	Los Angeles-HQ	Young, Adam	Microsoft	MCP	N/A	Anderson, Jeremy	Life-Time	Active	
96	Los Angeles-HQ	Wasson, Robert	Microsoft	MCSE	N/A	Lee, Jacob	Life-Time	Active	
97	Los Angeles-HQ	Baburek, Jerry	Microsoft	MCSE	Windows 2000	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
98	Los Angeles-HQ	Landford, James	Microsoft	MCSE	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
99	Los Angeles-HQ	Ali, Syed	Microsoft	MCP	N/A	Castle, Andrew	Life-Time	Active	
100	Los Angeles-HQ	Diaz, Jesus	Microsoft	MCP	N/A	Anderson, Jeremy	Life-Time	Active	
101	Los Angeles-HQ	Espinoza, Jorge	Microsoft	MCP	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
102	Los Angeles-HQ	Flores, Juan	Microsoft	MCP	N/A	Moore, Bradley	Life-Time	Active	
103	Los Angeles-HQ	Landford, James	Microsoft	MCP	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
104	Los Angeles-HQ	Lavea, Charles	Microsoft	MCP	N/A	Moore, Bradley	Life-Time	Active	
105	Los Angeles-HQ	Diaz, Jesus	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
106	Los Angeles-HQ	Iniestra, Nahiki	CompTIA	A+	N/A	Allen Mike	Life-Time	Active	
107	Los Angeles-HQ	Lake, Kevin	CompTIA	A+	N/A	Allen Mike	Life-Time	Active	
108	Los Angeles-HQ	Landford, James	CompTIA	A+	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
109	Los Angeles-HQ	Landford, James	CompTIA	Network +	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
110	Los Angeles-HQ	Bowler, Kevin	CompTIA	Network +	N/A	Anderson, Jeremy	5/26/2012	Active	<a href="#">Download</a>
111	Los Angeles-HQ	Tinoco, Robert	CompTIA	Network +	N/A	Anderson, Jeremy	12/5/2012	Active	<a href="#">Download</a>
112	Los Angeles-HQ	Pacheco, Edwin	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
113	Los Angeles-HQ	Tinoco, Robert	CompTIA	A+	N/A	Anderson, Jeremy	8/13/2014	Active	<a href="#">Download</a>
114	Los Angeles-HQ	Avery, Phillip	CompTIA	A+	N/A	Kangethe, John	3/6/2015	Active	<a href="#">Download</a>
115	Los Angeles-HQ	Avery, Phillip	CompTIA	Network +	N/A	Kangethe, John	2/9/2015	Active	<a href="#">Download</a>
116	Los Angeles-HQ	Ojediran, Oluwatosin	CompTIA	Network +	N/A	Anderson, Jeremy	12/27/2014	Active	
117	Los Angeles-HQ	Bushnell, Matthew	CompTIA	A+	N/A	Pupo, Andres	4/16/2015	Active	<a href="#">Download</a>
118	Los Angeles-HQ	Perez, Gilbert	CompTIA	Project +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
119	Los Angeles-HQ	Perez, Gilbert	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
120	Los Angeles-HQ	Johnson, Dylan	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
121	Los Angeles-HQ	Callanan, John	CompTIA	A+	N/A	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
122	Los Angeles-HQ	Maddux, Joshua	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
123	Los Angeles-HQ	Bowler, Kevin	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
124	Los Angeles-HQ	Arechiga, Jarlene	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
125	Los Angeles-HQ	Arechiga, Jarlene	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
126	Los Angeles-HQ	Telfair, Alberto	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
127	Los Angeles-HQ	Perez, Gilbert	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
128	Los Angeles-HQ	Shields, Ricky	CompTIA	Security +	SYO-101	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
129	Los Angeles-HQ	Horiuchi, Karl	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
130	Los Angeles-HQ	Horiuchi, Karl	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
131	Los Angeles-HQ	Selby-Hele, Henry	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
132	Los Angeles-HQ	Ojediran, Oluwatosin	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
133	Los Angeles-HQ	Corzine, Jeffrey	CompTIA	Security +	N/A	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
134	Los Angeles-HQ	Selby-Hele, Henry	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
135	Los Angeles-HQ	Trinh, Phuong	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
136	Los Angeles-HQ	Trinh, Phuong	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>

**Allied Digital Services Employee Certifications  
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Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
137	Los Angeles-HQ	Chua, Steve	CompTIA	Network +	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
138	Los Angeles-HQ	Holton, George	CompTIA	A+	N/A	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
139	Los Angeles-HQ	Corzine, Jeffrey	CompTIA	Network +	N/A	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
140	Los Angeles-HQ	Telfair, Alberto	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
141	Los Angeles-HQ	Peterson, Mathew	CompTIA	Network +	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
142	Los Angeles-HQ	Chua, Steve	CompTIA	A+	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
143	Los Angeles-HQ	Esquivel, Diane	CompTIA	Network +	N/A	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
144	Los Angeles-HQ	Fitzpatrick, Eric	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
145	Los Angeles-HQ	Griffith, Linda	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
146	Los Angeles-HQ	Pueblos, Josh	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
147	Los Angeles-HQ	Peterson, Mathew	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
148	Los Angeles-HQ	Esquivel, Diane	CompTIA	A+	N/A	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
149	Los Angeles-HQ	Herrera, Bryan	CompTIA	A+	N/A	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
150	Los Angeles-HQ	Wade, D Artagnan	CompTIA	A+	N/A	Castle, Andrew	Life-Time	Active	
151	Los Angeles-HQ	Wade, D Artagnan	CompTIA	Network +	N/A	Castle, Andrew	Life-Time	Active	
152	Los Angeles-HQ	Diaz, Jesus	CompTIA	Network +	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
153	Los Angeles-HQ	Corzine, Jeffrey	CompTIA	A+	N/A	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
154	Los Angeles-HQ	Holton, George	CompTIA	Network +	N/A	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
155	Los Angeles-HQ	Espinoza, Jorge	CompTIA	Network +	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
156	Los Angeles-HQ	Flores, Juan	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	
157	Los Angeles-HQ	Lavea, Charles	CompTIA	A+	N/A	Moore, Bradley	Life-Time	Active	
158	Los Angeles-HQ	Lavea, Charles	CompTIA	Network +	N/A	Moore, Bradley	Life-Time	Active	
159	Los Angeles-HQ	Young, Adam	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	
160	Los Angeles-HQ	Young, Adam	CompTIA	Network +	N/A	Anderson, Jeremy	Life-Time	Active	
161	Los Angeles-HQ	Wolf, William	CompTIA	A+	N/A	Johnson, Wayne	Life-Time	Active	
162	Los Angeles-HQ	Ali, Syed	CompTIA	A+	N/A	Castle, Andrew	Life-Time	Active	
163	Los Angeles-HQ	Ali, Syed	CompTIA	Network +	N/A	Castle, Andrew	Life-Time	Active	
164	Los Angeles-HQ	Espinoza, Jorge	CompTIA	A+	N/A	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
165	Los Angeles-HQ	Martinez, Andy	CompTIA	A+	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
166	Los Angeles-HQ	Martinez, Andy	CompTIA	Network +	N/A	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
167	Los Angeles-HQ	Moth, Sery	CompTIA	A+	N/A	Yinger, Steve	Life-Time	Active	<a href="#">Download</a>
168	Los Angeles-HQ	Baburek, Jerry	CompTIA	A+	N/A	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
169	Los Angeles-HQ	Allen Mike	EXIN	ITIL	F-V2	Schatzle, Kevin	Life-Time	Active	
170	Los Angeles-HQ	Iniestra, Nahiki	EXIN	ITIL	F-V2	Allen Mike	Life-Time	Active	<a href="#">Download</a>
171	Los Angeles-HQ	Johnson, Wayne	EXIN	ITIL	F-V2	Allen Mike	Life-Time	Active	
172	Los Angeles-HQ	Selby-Hele, Henry	EXIN	ITIL	F-V3	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
173	Los Angeles-HQ	Lee, Jacob	EXIN	ITIL	F-V2	Emil, Rich	Life-Time	Active	
174	Los Angeles-HQ	Mirza, Shan	EXIN	ITIL	F-V3	Abrahams, Rodney	Life-Time	Active	<a href="#">Download</a>
175	Los Angeles-HQ	Moulin, Cherie	EXIN	ITIL	F-V2	Bhatt, Sunil	Life-Time	Active	<a href="#">Download</a>
176	Los Angeles-HQ	Wong, Hubert	EXIN	ITIL	F-V2	Schatzle, Kevin	Life-Time	Active	<a href="#">Download</a>
177	Los Angeles-HQ	Yinger, Steve	EXIN	ITIL	F-V2	Allen Mike	Life-Time	Active	<a href="#">Download</a>
178	Los Angeles-HQ	Bilbrough, Steve	EXIN	ITIL	F-V2	Jaramillo, Aaron	Life-Time	Active	<a href="#">Download</a>

**Allied Digital Services Employee Certifications  
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Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
179	Los Angeles-HQ	Lam, Keith	Cisco	CCDA	N/A	Lee, Jacob	5/12/2013	Active	
180	Los Angeles-HQ	Lam, Keith	Cisco	CCNA	N/A	Lee, Jacob	5/12/2013	Active	
181	Los Angeles-HQ	Lam, Keith	Cisco	CCNP	N/A	Lee, Jacob	5/12/2013	Active	
182	Los Angeles-HQ	Lam, Keith	Cisco	CCIE	Routing & Switc	Lee, Jacob	5/12/2013	Active	
183	Los Angeles-HQ	Lam, Keith	Cisco	CCIE	Security	Lee, Jacob	5/12/2013	Active	
184	Los Angeles-HQ	Lam, Keith	Cisco	Data Center Application	Serv Sup Spec	Lee, Jacob	5/12/2013	Active	
185	Los Angeles-HQ	Lam, Keith	Cisco	Unity	Design Speciali	Lee, Jacob	5/12/2013	Active	
186	Los Angeles-HQ	Lam, Keith	Cisco	Unity	Support Special	Lee, Jacob	5/12/2013	Active	
187	Los Angeles-HQ	Lam, Keith	Cisco	VPN & Security	Netw Adm Cont S	Lee, Jacob	5/12/2013	Active	
188	Los Angeles-HQ	Lam, Keith	Cisco	VPN & Security	Sol. & Des Spec	Lee, Jacob	5/12/2013	Active	
189	Los Angeles-HQ	Lam, Keith	Cisco	Wireless LAN	Adv Wirls Field	Lee, Jacob	5/12/2013	Active	
190	Los Angeles-HQ	Shields, Ricky	Cisco	CCNA	N/A	Moore, Bradley	5/28/2014	Active	<a href="#">Download</a>
191	Los Angeles-HQ	Lam, Keith	Cisco	Data Center Networking	Infr Design Spe	Lee, Jacob	5/12/2013	Active	
192	Los Angeles-HQ	Lam, Keith	Cisco	Data Center Networking	Sales Specialis	Lee, Jacob	5/12/2013	Active	
193	Los Angeles-HQ	Lam, Keith	Cisco	Data Center Storage Net	Design Speciali	Lee, Jacob	5/12/2013	Active	
194	Los Angeles-HQ	Lam, Keith	Cisco	Data Center Storage Net	Sales Specialis	Lee, Jacob	5/12/2013	Active	
195	Los Angeles-HQ	Lam, Keith	Cisco	Data Center Storage Net	Support Special	Lee, Jacob	5/12/2013	Active	
196	Los Angeles-HQ	Lam, Keith	Cisco	IP	Contact Center	Lee, Jacob	5/12/2013	Active	
197	Los Angeles-HQ	Gastelum, Juan	Dell	Notebook	N/A	Johnson, Wayne	12/28/2012	Active	
198	Los Angeles-HQ	Lake, Kevin	Dell	Desktop/ Workstation	N/A	Allen Mike	6/28/2012	Active	<a href="#">Download</a>
199	Los Angeles-HQ	Lake, Kevin	Dell	Notebook	N/A	Allen Mike	6/28/2012	Active	<a href="#">Download</a>
200	Los Angeles-HQ	Moth, Sery	Dell	Notebook	N/A	Yinger, Steve	7/25/2012	Active	
201	Los Angeles-HQ	Gastelum, Juan	Dell	Desktop/ Workstation	N/A	Johnson, Wayne	12/28/2012	Active	
202	Los Angeles-HQ	Gastelum, Juan	Dell	Printer	N/A	Johnson, Wayne	1/11/2013	Active	
203	Los Angeles-HQ	Garcia, Gilbert	Dell	Desktop/ Workstation	N/A	Yinger, Steve	5/1/2013	Active	
204	Los Angeles-HQ	Garcia, Gilbert	Dell	Notebook	N/A	Yinger, Steve	4/25/2013	Active	
205	Los Angeles-HQ	Furois, Steve	Dell	Blade	N/A	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
206	Los Angeles-HQ	Shields, Ricky	Apple	ACSP 10.6	9L0-403	Moore, Bradley	8/12/2014	Active	<a href="#">Download</a>
207	Los Angeles-HQ	Espinoza, Jorge	Apple	ACSP 10.6	9L0-403	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
208	Los Angeles-HQ	Shields, Ricky	Apple	ACTC	v10.6	Moore, Bradley	8/12/2014	Active	<a href="#">Download</a>
209	Los Angeles-HQ	Corzine, Jeffrey	Apple	ACSP 10.6	9L0-403	Castle, Andrew	10/12/2014	Active	<a href="#">Download</a>
210	Los Angeles-HQ	Shields, Ricky	Apple	ACSP 10.6	9L0-625	Moore, Bradley	8/12/2014	Active	<a href="#">Download</a>
211	Los Angeles-HQ	Callanan, John	HP	APS	DJ Solutions 06	Johnson, Wayne	Life-Time	Active	
212	Los Angeles-HQ	Callanan, John	HP	APS	LJ Solutions 06	Johnson, Wayne	Life-Time	Active	
213	Los Angeles-HQ	Callanan, John	HP	LaserJet	21,22,2300	Johnson, Wayne	Life-Time	Active	
214	Los Angeles-HQ	Callanan, John	HP	LaserJet	3300 MFP	Johnson, Wayne	Life-Time	Active	
215	Los Angeles-HQ	Callanan, John	HP	LaserJet	4100 MFP	Johnson, Wayne	Life-Time	Active	
216	Los Angeles-HQ	Callanan, John	HP	LaserJet	4200/4300 Serie	Johnson, Wayne	Life-Time	Active	
217	Los Angeles-HQ	Callanan, John	HP	LaserJet	50/5100 Series	Johnson, Wayne	Life-Time	Active	
218	Los Angeles-HQ	Callanan, John	HP	LaserJet	9000 Series	Johnson, Wayne	Life-Time	Active	
219	Los Angeles-HQ	Callanan, John	HP	Color LaserJet	1500 /2500	Johnson, Wayne	Life-Time	Active	
220	Los Angeles-HQ	Callanan, John	HP	Color LaserJet	46/5500 Series	Johnson, Wayne	Life-Time	Active	

**Allied Digital Services Employee Certifications  
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Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
221	Los Angeles-HQ	Callanan, John	HP	DesignJet	400 Series	Johnson, Wayne	Life-Time	Active	
222	Los Angeles-HQ	Callanan, John	HP	LaserJet	1150,1300,P20x5	Johnson, Wayne	Life-Time	Active	
223	Los Angeles-HQ	Callanan, John	Lenovo	Warranty Basics for Techn	RXWTO-R1	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
224	Los Angeles-HQ	Callanan, John	Lenovo	Warranty Basics for Admin	RXWAO-R1	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
225	Los Angeles-HQ	Callanan, John	Lenovo	Desktops	RDD06-R1	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
226	Los Angeles-HQ	Callanan, John	Lenovo	Notebooks	RTD06-R1	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
227	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Products and Offerings	OPSW101-R2	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
228	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Idea Systems Service Trai	RFSW1010EN-R1	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
229	Los Angeles-HQ	Bushnell, Matthew	Lenovo	FS - Notebook Authorizati	N/A	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
230	Los Angeles-HQ	Bushnell, Matthew	Lenovo	FS - Desktop Authorizatio	N/A	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
231	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Desktops	RDD07-R1	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
232	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Lenovo Culture & Branding	RFSW1200	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
233	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Products and Offerings	OPSW101-R1	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
234	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Warranty Basics for Techn	RXWT1-R2	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
235	Los Angeles-HQ	Bushnell, Matthew	Lenovo	ThinkPad T Series	PTW143-R1	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
236	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Think Innovation and Qual	PTW200-R2	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
237	Los Angeles-HQ	Bushnell, Matthew	Lenovo	TechData US	N/A	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
238	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Notebooks	RTD07-R1	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
239	Los Angeles-HQ	Bushnell, Matthew	Lenovo	FS "How to" Training	RFSW1185	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
240	Los Angeles-HQ	Bushnell, Matthew	Lenovo	Warranty Basics for Admin	RXWA1-R2	Pupo, Andres	Life-Time	Active	<a href="#">Download</a>
241	Los Angeles-HQ	Baburek, Jerry	Novell	CNE	Netware V5	Johnson, Wayne	Life-Time	Active	<a href="#">Download</a>
242	Los Angeles-HQ	Lake, Kevin	Novell	CNA	N/A	Allen Mike	Life-Time	Active	
243	Los Angeles-HQ	Wolf, William	Novell	CNA	N/A	Johnson, Wayne	Life-Time	Active	
244	Los Angeles-HQ	Wolf, William	Novell	CNA	N/A	Johnson, Wayne	Life-Time	Active	
245	Los Angeles-HQ	Garcia, Gilbert	OGC	ITIL	v3	Yinger, Steve	Life-Time	Active	<a href="#">Download</a>
246	Los Angeles-HQ	Trinh, Phuong	CICT	Comp.Network.Sys.Eng	N/A	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
247	Los Angeles-HQ	Horiuchi, Karl	Cal State Fullerton	Programming	C	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
248	Los Angeles-HQ	Castle, Andrew	ADSL University	GSD		101 Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
249	Los Angeles-HQ	Moore, Bradley	ADSL University	GSD		101 Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
250	Los Angeles-HQ	Wade, D Artagnan	ADSL University	GSD		101 Castle, Andrew	Life-Time	Active	
251	Los Angeles-HQ	Selby-Hele, Henry	ADSL University	Managed Security Services		101 Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
252	Los Angeles-HQ	Wade, D Artagnan	ADSL University	RDMS		101 Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
253	Los Angeles-HQ	Wong, Hubert	ADSL University	RDMS		101 Schatzle, Kevin	Life-Time	Active	<a href="#">Download</a>
254	Los Angeles-HQ	Chua, Steve	ADSL University	RDMS		101 Kangethe, John	Life-Time	Active	<a href="#">Download</a>
255	Los Angeles-HQ	Selby-Hele, Henry	ADSL University	Infrastructure Services		101 Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
256	Los Angeles-HQ	Diaz, Jesus	ADSL University	Managed Security Services		101 Anderson, Jeremy	Life-Time	Active	
257	Los Angeles-HQ	Iniestra, Nahiki	ADSL University	Managed Security Services		101 Allen Mike	Life-Time	Active	<a href="#">Download</a>
258	Los Angeles-HQ	Chua, Steve	ADSL University	Managed Security Services		101 Kangethe, John	Life-Time	Active	<a href="#">Download</a>
259	Los Angeles-HQ	Wade, D Artagnan	ADSL University	Managed Security Services		101 Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
260	Los Angeles-HQ	Wong, Hubert	ADSL University	Managed Security Services		101 Schatzle, Kevin	Life-Time	Active	<a href="#">Download</a>
261	Los Angeles-HQ	Selby-Hele, Henry	ADSL University	Life-Cycle Services		101 Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
262	Los Angeles-HQ	Wong, Hubert	ADSL University	Life-Cycle Services		101 Schatzle, Kevin	Life-Time	Active	<a href="#">Download</a>

**Allied Digital Services Employee Certifications  
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Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
263	Los Angeles-HQ	Diaz, Jesus	ADSL University	Life-Cycle Services	101	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
264	Los Angeles-HQ	Iniestra, Nahiki	ADSL University	Life-Cycle Services	101	Allen Mike	Life-Time	Active	<a href="#">Download</a>
265	Los Angeles-HQ	Chua, Steve	ADSL University	Life-Cycle Services	101	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
266	Los Angeles-HQ	Chua, Steve	ADSL University	Infrastructure Services	101	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
267	Los Angeles-HQ	Wade, D Artagnan	ADSL University	Life-Cycle Services	101	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
268	Los Angeles-HQ	Wong, Hubert	ADSL University	Infrastructure Services	101	Schatzle, Kevin	Life-Time	Active	<a href="#">Download</a>
269	Los Angeles-HQ	Diaz, Jesus	ADSL University	Infrastructure Services	101	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
270	Los Angeles-HQ	Iniestra, Nahiki	ADSL University	Infrastructure Services	101	Allen Mike	Life-Time	Active	<a href="#">Download</a>
271	Los Angeles-HQ	Chua, Steve	ADSL University	GSD	101	Kangethe, John	Life-Time	Active	<a href="#">Download</a>
272	Los Angeles-HQ	Bilbrough, Steve	ADSL University	GSD	101	Jaramillo, Aaron	Life-Time	Active	<a href="#">Download</a>
273	Los Angeles-HQ	Johnson, Wayne	ADSL University	GSD	101	Allen Mike	Life-Time	Active	
274	Los Angeles-HQ	Wade, D Artagnan	ADSL University	Infrastructure Services	101	Castle, Andrew	Life-Time	Active	<a href="#">Download</a>
275	Los Angeles-HQ	Diaz, Jesus	ADSL University	GSD	101	Anderson, Jeremy	Life-Time	Active	<a href="#">Download</a>
276	Los Angeles-HQ	Kangethe, John	ADSL University	GSD	101	Moore, Bradley	Life-Time	Active	
277	Los Angeles-HQ	Iniestra, Nahiki	ADSL University	GSD	101	Allen Mike	Life-Time	Active	<a href="#">Download</a>
278	Los Angeles-HQ	Yinger, Steve	ADSL University	GSD	101	Allen Mike	Life-Time	Active	<a href="#">Download</a>
279	Los Angeles-HQ	Selby-Hele, Henry	ADSL University	GSD	101	Moore, Bradley	Life-Time	Active	<a href="#">Download</a>
280	Los Angeles-HQ	Wong, Hubert	ADSL University	GSD	101	Schatzle, Kevin	Life-Time	Active	<a href="#">Download</a>
288	Mumbai- India	Salve, Abhijeet	Microsoft	MCTS	70-673 SAM	Bhatt, Sunil	Life-Time	Active	
289	Mumbai- India	Salve, Abhijeet	Microsoft	MCTS	70-403 Mgr Cnfg	Bhatt, Sunil	Life-Time	Active	
290	Mumbai- India	Salve, Abhijeet	Microsoft	MCTS	70-652 WS Virt,	Bhatt, Sunil	Life-Time	Active	
291	Mumbai- India	Wanniang, Barrister	Lenovo	Warranty Basics for Admin	RXWA1-R1	Wong, Hubert	Life-Time	Active	<a href="#">Download</a>
292	Mumbai- India	Parab, Mandar	Symantec	STS	ST0-052 BU Exec	Bhatt, Sunil	Life-Time	Active	<a href="#">Download</a>
293	Mumbai- India	Bose, Swastisundar	ADSL University	Life-Cycle Services	101	Quaid, Jawadwala	Life-Time	Active	
321	Rancho Cucamonga	Vang, Nhia	Dell	Notebook	N/A	McGee, Gayle	7/19/2013	Active	<a href="#">Download</a>
322	Rancho Cucamonga	Vang, Nhia	Dell	Printer	N/A	McGee, Gayle	7/18/2013	Active	<a href="#">Download</a>
323	Rancho Cucamonga	Vang, Nhia	Dell	Storage	Power Vault	McGee, Gayle	7/22/2013	Active	<a href="#">Download</a>
324	Rancho Cucamonga	Vang, Nhia	Dell	Switch	Power Connect	McGee, Gayle	7/19/2013	Active	<a href="#">Download</a>
325	Rancho Cucamonga	Vang, Nhia	Dell	Server	Power Edge	McGee, Gayle	7/28/2013	Active	<a href="#">Download</a>
326	Rancho Cucamonga	Jarero, Ricardo	Dell	Printer	N/A	McGee, Gayle	7/17/2013	Active	<a href="#">Download</a>
327	Rancho Cucamonga	Jarero, Ricardo	Dell	Storage	Power Vault	McGee, Gayle	7/27/2013	Active	<a href="#">Download</a>
328	Rancho Cucamonga	Jarero, Ricardo	Dell	Switch	Power Connect	McGee, Gayle	7/24/2013	Active	<a href="#">Download</a>
329	Rancho Cucamonga	Jarero, Ricardo	Dell	Server	Power Edge	McGee, Gayle	7/20/2013	Active	<a href="#">Download</a>
330	Rancho Cucamonga	Vang, Nhia	Dell	Blade	N/A	McGee, Gayle	7/31/2013	Active	<a href="#">Download</a>
331	Rancho Cucamonga	Vang, Nhia	Dell	Desktop/ Workstation	N/A	McGee, Gayle	7/17/2013	Active	<a href="#">Download</a>
332	Rancho Cucamonga	Sauer, Dennis	Dell	Notebook	N/A	McGee, Gayle	7/18/2013	Active	<a href="#">Download</a>
333	Rancho Cucamonga	Sauer, Dennis	Dell	Blade	N/A	McGee, Gayle	7/26/2013	Active	<a href="#">Download</a>
334	Rancho Cucamonga	Sauer, Dennis	Dell	Printer	N/A	McGee, Gayle	7/17/2013	Active	<a href="#">Download</a>
335	Rancho Cucamonga	Jarero, Ricardo	Dell	Blade	N/A	McGee, Gayle	7/26/2013	Active	<a href="#">Download</a>
336	Rancho Cucamonga	Jarero, Ricardo	Dell	Desktop/ Workstation	N/A	McGee, Gayle	7/18/2013	Active	<a href="#">Download</a>
337	Rancho Cucamonga	Jarero, Ricardo	Dell	Notebook	N/A	McGee, Gayle	7/18/2013	Active	<a href="#">Download</a>
338	Rancho Cucamonga	Sauer, Dennis	Dell	Desktop/ Workstation	N/A	McGee, Gayle	7/17/2013	Active	<a href="#">Download</a>

**Allied Digital Services Employee Certifications  
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Item #	Location	Employee	Certifying Company	Certification Skill Set	Certification/Exam-ID	Manager	Expiration Date	Status	Attachment
339	Rancho Cucamonga	Roa, Debbie	ADSL University	Managed Security Services	101	Raghute, Ashish	Life-Time	Active	
340	Rancho Cucamonga	Roa, Debbie	ADSL University	Life-Cycle Services	101	Raghute, Ashish	Life-Time	Active	<a href="#">Download</a>
341	Rancho Cucamonga	Roa, Debbie	ADSL University	Infrastructure Services	101	Raghute, Ashish	Life-Time	Active	<a href="#">Download</a>
342	Rancho Cucamonga	Roa, Debbie	ADSL University	GSD	101	Raghute, Ashish	Life-Time	Active	<a href="#">Download</a>