



THE PORT  
OF LOS ANGELES LA

AMERICA'S PORT®

# *Internal Audit Report*

## *Audit Committee Meeting*

Presented by:

*Sher Shah, Acting Director of Internal Audit  
Leonard Hyman, Internal Auditor III*

Presented to:

Board of Harbor Commissioners,  
Audit Committee

1/29/26

## TOPICS COVERED

- Status of the Internal Audit Division
- Status of Projects & Audit Requests
- FY 26 Audit Plan
- C & M Staffing Audit
- Prior Years Audit Recommendations Follow Up Report
- Questions/Comments

An aerial photograph of a busy port. In the foreground, a large container ship is docked, its deck covered with stacks of blue and white containers. The ship's name 'CMA CGM' is visible on its side. The port area is filled with numerous cranes and stacks of containers. In the background, the blue sea meets a clear sky, with a small town visible on a hillside in the distance.

# Status of the Internal Audit Division

## *Status of the Internal Audit Division*

### ➤ *Staffing Needs*

- Director position – Regular appointment
- Internal Auditor II - Approved position
- Student Professional Worker – Approved position

### ➤ *Internal Audit Governance Framework*

- Internal Audit Charter – Approved on Nov 6
- FY 26 Internal Audit Plan – Approved on Nov 20
- New pool of 12 On-Call Consulting Agreements – Approved on Nov 20



# Status of Projects & Audit Requests

## Status of Projects & Audit Requests

- Today's presentations
  - C & M Staffing Audit
  - Prior Audit Recommendations Follow-Up Report
- March presentation
  - Everport Compliance Audit (currently at Draft Audit Report stage)
- Other Projects
  - ✓ Two consulting projects for management (In Progress)
  - ✓ Task Order Solicitations for 2 new audits sent out in Dec
    - Proposals received are being scored and ranked



# FY 26 Audit Plan

## *FY26 Audit Plan*

- FY25 Projects – Carryover from previous FY
  - Everport Compliance Audit
  - C & M Staffing & Organization
- FY26 Projects
  - IT General Controls – Consultant
  - Clean Ports Grant Audit & Monitoring Activities - Consultant
  - Oracle Fusion Application Controls – Consultant
  - 2 Management Consulting Projects – In House



# C&M Staffing & Organization Performance Audit

(Report Provided)

## *Why we did this Audit?*

- C&M provides critical services to Port tenants and other divisions in the Port
- C&M has faced staff shortages while providing these services



# PERFORMANCE AUDIT OF THE CONSTRUCTION & MAINTENANCE (C&M) DIVISION

JEN WINTER, P.E.  
VICE PRESIDENT, MATRIX CONSULTING GROUP

PORT OF LOS ANGELES, CALIFORNIA

**MATRIX**  
CONSULTING GROUP

# KEY FINDINGS



**ASSET  
MANAGEMENT**



**STAFFING  
LEVELS**



**ADMINISTRATIVE  
SUPPORT**



**SPAN OF  
CONTROL**



**CAPITAL  
PLANNING**



**HIRING  
PRACTICES**



## **FINDING #1**

**C&M HAS NOT FULLY IMPLEMENTED AN ASSET MANAGEMENT SYSTEM OR SOFTWARE TO MANAGE THE PORT'S ASSETS.**



**ESTABLISH AN ASSET MANAGEMENT PROGRAM**



**ADD AN ASSET ANALYST / PROGRAM MANAGER**



**EQUIP FIELD STAFF WITH TABLETS / IPADS**

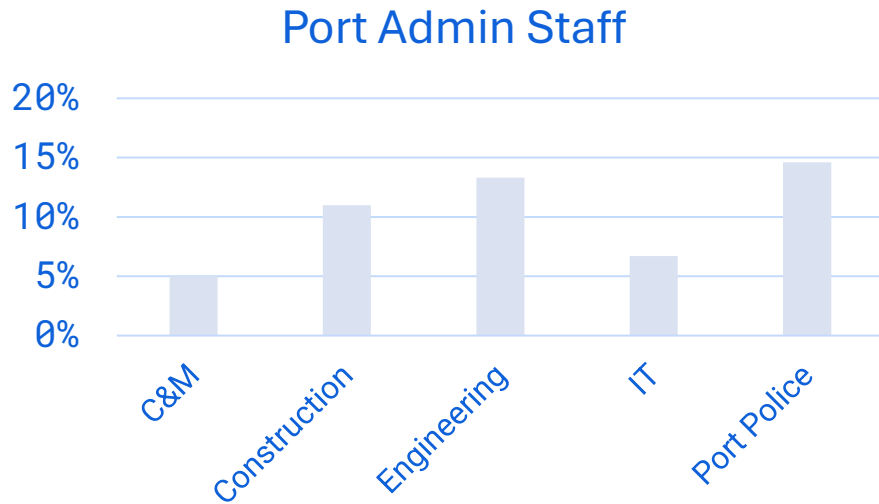


**SHIFT FROM REACTIVE TO PREVENTIVE MAINTENANCE**



## FINDING #2

### C&M ADMINISTRATIVE SUPPORT DOES NOT ALIGN WITH ITS SIZE AND SCOPE



**ADD AN ASSISTANT DIRECTOR AND CONSOLIDATE ADMIN SUPPORT FUNCTIONS**



**ADD 3 FTES TO SUPPORT FISCAL OPERATIONS**



**ENHANCE WORK TRACKING IN MAINTSTAR**



**ADD 1 FTE SAFETY / TRAINING COORDINATOR**



**RETITLE “QUALITY ASSURANCE “**



## **FINDING #3**

**OPERATING AND  
MAINTENANCE COSTS  
NEED TO BE INTEGRATED  
INTO THE CIP PROCESS**



**MODIFY THE CIP PROCESS TO  
CONSIDER O&M COSTS**



**INTEGRATE O&M COSTS INTO  
THE CIP CAPITAL INVESTMENT  
PLAN**



## FINDING #4

### ADDRESSES ADEQUATE STAFFING LEVELS



**ADD:**

**1 FTE GARDENER**

**3 FTE PORT  
ELECTRICAL  
MECHANIC**

**2 FTE EQUIPMENT  
MECHANIC**

**1 FTE  
CONSTRUCTION  
ESTIMATOR**

**1 FTE  
CONSTRUCTION  
PROJECT  
MANAGER**



**DEVELOP  
CUSTODIAL  
SERVICE LEVELS  
AND INCREASES  
STAFFING BY UP  
TO 10 FTES**



## **FINDING #5**

**THERE IS DISPARITY IN ORGANIZATIONAL SPANS OF CONTROL**



**ADD 1 FTE PARKS MAINTENANCE SUPERVISOR**



**ADD 2 FTE SECOND-LEVEL SUPERVISORS**

## FINDING #6

### REVIEW OF HIRING PRACTICES



**FORMALIZE A PLAN WITH HR TO ENHANCE USE OF ALTERNATIVE HIRING PROGRAMS**





# QUESTIONS & DISCUSSION



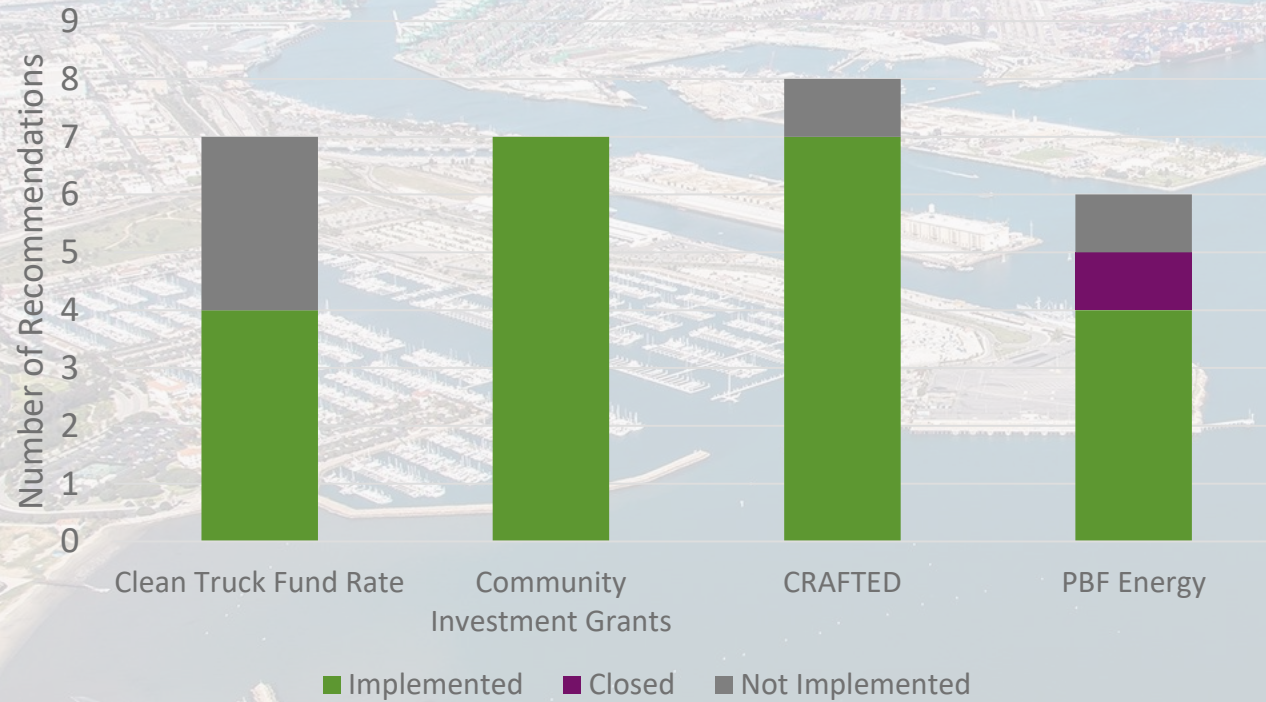
# Prior Years Audit Recommendations Follow Up Report



## Audits Reviewed:

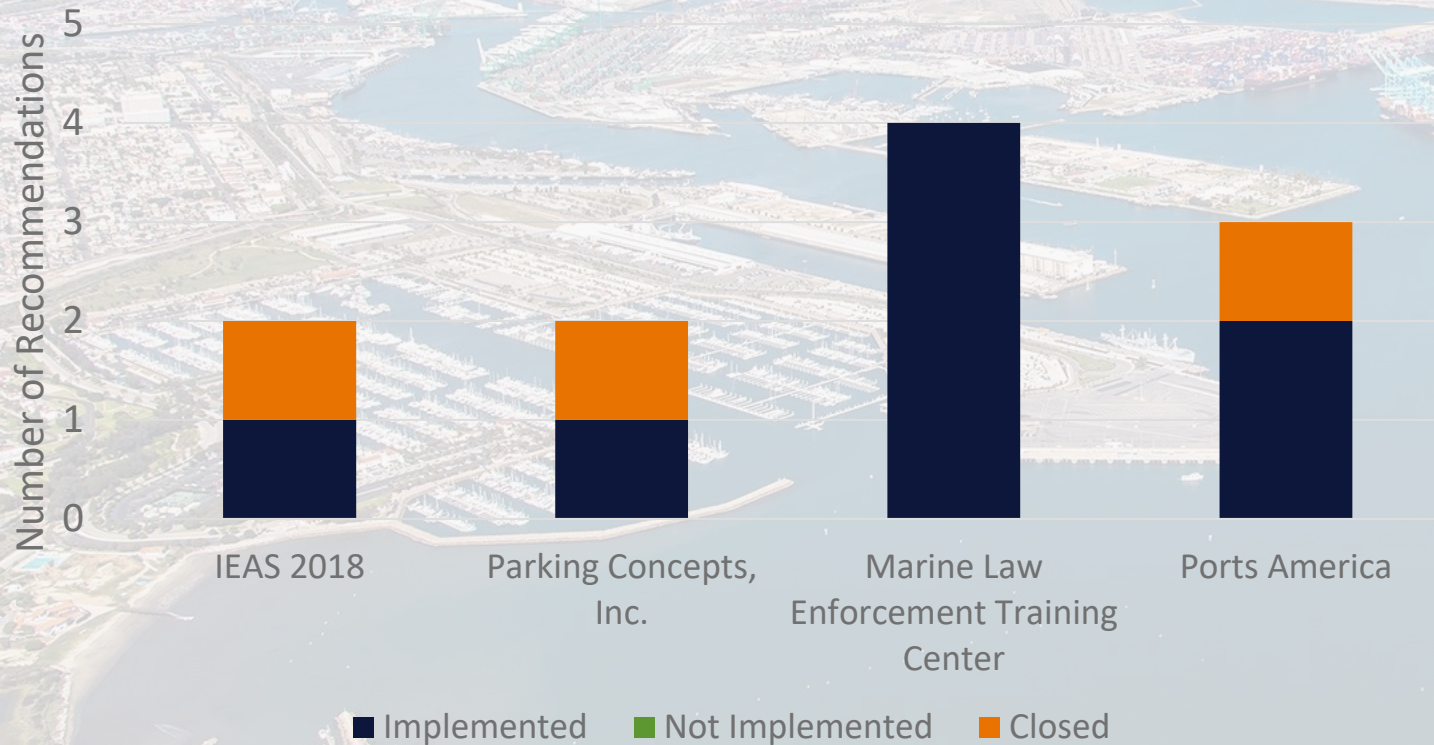
- Post-2022
  - PBF Energy
  - Crafted
  - Community Investment Grants
  - Clean Truck Fund Rate
- Pre-2022 (11 specific recommendations):
  - Marine Law Enforcement Training Center
  - IEAS 2018
  - Ports America
  - Parking Concepts

# Post-2022: 28 Recommendations



# Pre-2022: 11 Recommendations

Pre-2022 Recommendation Status by Audit





**Thank you – Questions/Comments**

