

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Audit of Miscellaneous Expenses for the
Period January 1, 2009 to March 31, 2009**

Report No. 10-AUD-03

September 23, 2009





Metro


**Los Angeles County
Metropolitan Transportation Authority**

Office of the Inspector General
818 West 7th Street, Suite 500
Los Angeles, CA 90017

213.244.7300 Tel
213.244.7343 Fax

DATE: September 23, 2009

TO: Board of Directors
Chief Executive Officer

FROM: 
Jack Shigetomi
Deputy Inspector General - Audits

SUBJECT: **Audit of Miscellaneous Expenses for the Period
January 1, 2009 to March 31, 2009 (Report No. 10-AUD-03)**

INTRODUCTION

This report covers the period January 1, 2009 to March 31, 2009. Our Audit of Miscellaneous Expenses was performed pursuant to Public Utilities Code (PUC), Section 130051. The Section requires that the Inspector General report quarterly to the Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors on certain miscellaneous expenses such as travel, meals and refreshments, private club dues, and membership fees.

OBJECTIVES AND SCOPE OF AUDIT

The objectives of the audit were to determine whether sampled expenses were:

- ▲ Reasonable and in accordance with policies.
- ▲ Adequately supported with receipts, proper approvals, and other appropriate documentation.

The audit included review of seven general ledger expense accounts such as training, business meals, mileage/parking, seminar and conference fees, business travel, employee activities, and other miscellaneous expenses. For these seven accounts, expenditures totaled \$987,348 during January 1, 2009 through March 31, 2009 (excluding transactions that were \$200 or less, adjustments, and credits). We statistically selected 47 expenditures totaling \$26,260 for review (see Attachment A for details).

The audit was conducted in accordance with Government Auditing Standards and included such tests of the procedures and records, as we considered necessary under the circumstances. During the audit, we did not test the reliability and accuracy of the Financial Information System, which processed the transactions we reviewed. Our conclusions are based on the audit results of the transactions reviewed during this audit.

RESULTS OF AUDIT

The expenses we reviewed for the period January 1, 2009 through March 31, 2009 generally complied with policies, were reasonable, and were adequately supported. The audit did not identify any reportable conditions.

Recently Issued Supplemental Review

As part of our statutory requirement to audit certain miscellaneous expenses, we recently issued a supplemental report on Community Outreach Payments.¹ The supplemental review found:

- ▲ Payments were generally adequately supported by invoices, proper approvals, and other appropriate documentation.
- ▲ There was no evidence that the payments were made for political, lobbying or campaign activities.
- ▲ Most payments had documentation to show that the payments had a public transportation purpose and Metro received some benefit.

However, several Community Outreach Payments lacked documentation or evidence that showed the payments had a public transportation purpose and Metro received some benefit. Also, account definition in the Chart of Accounts Descriptions does not provide sufficient information to users to determine the purpose of community outreach expenditures. Management implemented the recommendations by:

- ▲ Revising the Chart of Accounts Descriptions to provide sufficient information for users to determine the purpose of the Community Outreach account.
- ▲ Including, in the future, more detailed information concerning the purpose of certain Community Outreach Payments.

¹ "Review of Community Outreach payments," Report No. 09-AUD-07, August 20, 2009.

Summary of Expenses Reviewed

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$21,268	\$1,080
50903	Business Meals	17,861	2,128
50910	Mileage / Parking	2,557	677
50915	Seminar and Conference Fee	41,882	5,556
50917	Business Travel	115,969	6,528
50930	Employee Activities	5,166	494
50999	Other Miscellaneous Expenses	<u>782,645</u>	<u>9,797</u>
	Totals	<u>\$987,348</u>	<u>\$26,260</u>

Final Report Distribution

Board of Directors

Michael D. Antonovich
Diane DuBios
John Fasana
José Huizar
Richard Katz
Don Knabe
Gloria Molina
Ara Najarian
Pam O' Connor
Rita Robinson
Mark Ridley-Thomas
Antonio R. Villaraigosa
Zev Yaroslavsky
Doug Failing, Non-voting Member

Metro

Chief Executive Office
Deputy Chief Executive Officer
Chief Ethics Officer/Acting Inspector General
County Counsel
Board Secretary
Chief Financial Services Officer
Chief Administrative Services Officer
Controller
Director of Accounting
Executive Officer, Administration
Travel Coordinator
Chief Auditor
Records Management