

**Los Angeles County**  
**Metropolitan Transportation Authority**  
**Office of the Inspector General**

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**Statutorily Mandated Audit of  
Miscellaneous Expenses for the Period  
April 1, 2013 to June 30, 2013**

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Report No. 14-AUD-04

April 10, 2014



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**Metro**

**Los Angeles County  
Metropolitan Transportation Authority**

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**DATE:** April 10, 2014

**TO:** Metro Board of Directors  
Metro Chief Executive Officer

**FROM:** *Jack Shigetomi*  
Jack Shigetomi  
Deputy Inspector General - Audits

**SUBJECT:** Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period April 1, 2013 to June 30, 2013 (Report No. 14-AUD-04)

## **INTRODUCTION**

The Office of Inspector General (OIG) performed an audit of miscellaneous expenses for the period of April 1, 2013 to June 30, 2013. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires that the Inspector General reports 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, METHODOLOGY AND SCOPE OF AUDIT**

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

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

Miscellaneous expenses for the period of April 1, 2013 to June 30, 2013 totaled \$1,787,946,<sup>1</sup> which comprised of 1,106 expense transactions. From this total, we selected 44 transactions<sup>2</sup> totaling \$413,382 for review. The 44 transactions were for expenses from the following nine accounts: Training, Business Meals, Cash Over/Short, Employee Relocation, Mileage/Parking, Schedule Checkers, Seminar and Conference Fees, Business Travel, and Other Miscellaneous Expenses. No item was selected for testing from the Employee Activities and Recreation account because the amount is immaterial. We tested each selected

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<sup>1</sup> This total does not include transactions that were \$200 or less, credits, adjustments, and transactions from the OIG.

<sup>2</sup> Thirty-one of the 44 transactions were randomly selected and the remaining 13 transactions were judgmentally selected using criteria such as high dollar amount.

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transaction by reviewing supporting documentation such as receipts, purchase logs, travel authorization forms and other supporting documents. We also reviewed applicable policies and procedures.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

We relied on computer-processed data provided to us, which detailed information on actual miscellaneous expenses for the period of our review. Although we did not perform a formal reliability assessment of the computer-process data, we determined that the hard copy documents we reviewed were reasonable and generally agreed with the information contained in the computer-processed data. We did not find errors that would preclude us from using the computer-processed data to meet the audit objectives or that would change the conclusions in this report.

## **RESULTS OF AUDIT**

The 44 expense transactions we reviewed for the period from April 1, 2013 to June 30, 2013, generally complied with policies, were reasonable, and were adequately supported. Our review did not disclose any reportable deficiencies.

## Summary of Expenses Audited

For the Period from April 1, 2013 to June 30, 2013

Account	Account Description	Total Amount(1)	Sample Amount
50213	Training Program	\$ 142,462	\$ 16,868
50903	Business Meals	82,502	4,546
50907	Cash Over/Short(2)	26,402	26,402
50908	Employee Relocation	95,638	90,638
50910	Mileage / Parking(3)	1,929	340
50914	Schedule Checkers(3)	3,274	791
50915	Seminar and Conference Fee	236,320	8,760
50917	Business Travel	482,720	7,880
50930	Employee Activities and Recreation(4)	4,789	0
50999	Other Miscellaneous Expenses	<u>711,910</u>	<u>257,157</u>
<b>Totals</b>		<b><u>\$ 1,787,946</u></b>	<b><u>\$ 413,382</u></b>

- (1) These amounts do not include transactions that there \$200 or less, credits adjustments, and transactions from the OIG.
- (2) Monthly cash over/short totals from the TVM revenue reconciliations are charged to this account. The \$26,402 amount represents the shortage amount for May 2013. For April and June 2013, overage (credits) amounts of \$18,562 and \$15,881 were recorded the account. TVM cash over/short amounts are primarily due to timing differences.
- (3) Although the amounts in these accounts are immaterial, we selected items for testing due to finding in these accounts in the previous audits.
- (4) No item in this account was selected because it's immaterial.

## Final Report Distribution

### *Board of Directors*

Diane DuBois, Board Chair  
Michael Antonovich  
Mike Bonin  
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Ara Najarian  
Pam O'Connor  
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Carrie Bowen, Non-voting Member

### *Metro*

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Director of Accounting  
Accounting Manager, Accounts Payable  
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