

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
July 1, 2011 to September 30, 2011**

Report No. 12-AUD-14

April 13, 2012



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Metro

**Los Angeles County
Metropolitan Transportation Authority**

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DATE: April 13, 2012

TO: Board of Directors
Chief Executive Officer

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

**SUBJECT: Statutorily Mandated Audit of Miscellaneous Expenses for the Period
July 1, 2011 to September 30, 2011 (Report No. 12-AUD-14)**

INTRODUCTION

This report covers the period July 1, 2011 to September 30, 2011. Our Audit of Miscellaneous Expenses was performed pursuant to Public Utilities Code 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, 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.

During July 1, 2011 through September 30, 2011, total expenses were \$509,861¹ for the eight accounts included in our audit — training program, business meals, employee relocation, mileage/parking, schedule checkers, seminar and conference fees, business travel, and other miscellaneous expenses. From these eight accounts, we selected 32² transactions totaling \$137,497 for review (see Attachment A for details). This sampling methodology resulted in transactions being selected from every account except “employee relocation” and “schedule checkers,” which were not selected by our sampling software. We tested the 32 sample

¹ Total does not include transactions that were \$200 or less, adjustments, and credits.

² Of the 32 transactions selected for review, 29 were statistically selected and 3 large dollar value transactions were judgmentally selected.

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transactions by tracing and verifying supporting documentation such as purchase orders, payment approval forms, travel authorization forms, expense approval forms, and journal entries.

The audit was conducted in accordance with Generally Accepted 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 tested. Our conclusions based on the audit results are limited to the transactions tested during this audit.

RESULTS OF AUDIT

The expenses we audited for the period July 1, 2011 through September 30, 2011 generally complied with policies, were reasonable, and were adequately supported. The audit did not disclose any reportable deficiencies.

Summary of Expenses Audited

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$ 88,058	\$ 29,946
50903	Business Meals	29,983	1,210
50908	Employee Relocation	10,000	-
50910	Mileage / Parking (Note 1)	61,885	54,769
50914	Schedule Checkers	6,055	-
50915	Seminar and Conference Fee	33,253	520
50917	Business Travel	121,018	8,798
50999	Other Miscellaneous Expenses	<u>159,609</u>	<u>42,254</u>
	Totals	<u>\$ 509,861</u>	<u>\$ 137,497</u>

Note 1: Of the total amount of \$61,885, \$59,999.94 (\$54,545.40 parking fee and \$5,454.54 related tax) was paid to AMPCO System Parking for the period July 1, 2011 to June 30, 2012. On February 1, 2006,, the Los Angeles Sheriff's Department (LASD) entered into an agreement with Metro on the issue of LASD employee parking at the Gateway Building. In exchange for 100 parking spaces at Gateway, the LASD agreed to compensate Metro \$60,000 on an annual basis. The expenditure for Fiscal year 2012 will be paid in the form of a billing adjustment on the May 2012 billing.

Final Report Distribution

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Metro

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