

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
October 1, 2011 to December 31, 2011**

Report No. 12-AUD-17

June 28, 2012



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Metro

**Los Angeles County
Metropolitan Transportation Authority**

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DATE: June 28, 2012

TO: Chief Executive Officer
Board of Directors

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

**SUBJECT: Statutorily Mandated Audit of Miscellaneous Expenses for the Period
October 1, 2011 to December 31, 2011 (Report No. 12-AUD-17)**

INTRODUCTION

This report covers the period October 1, 2011 to December 31, 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 October 1, 2011 through December 31, 2011, total expenses were \$766,408¹ for the nine accounts included in our audit — accounts of training program, business meals, employee relocation, mileage/parking, schedule checkers, seminar and conference fee, business travel, employee activities and recreation, and other miscellaneous expenses. From these nine accounts, we statistically selected 33 expenses totaling \$177,455 for our audit (see Attachment A for details). The statistical procedures resulted in samples being selected from

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

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every account except “mileage/parking,” “schedule checkers,” and “employee activities and recreation” which were not selected by our sampling software. These three accounts had the smallest number of transactions and dollar value. We tested these samples 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 October 1, 2011 through December 31, 2011 generally complied with policies, were reasonable, and were adequately supported. This audit did not disclose any reportable deficiencies.

Summary of Expenses Audited

For the period from October 1 to December 31, 2011

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$ 82,819	\$ 995
50903	Business Meals	32,574	256
50908	Employee Relocation	55,000	40,000
50910	Mileage / Parking	1,193	-
50914	Schedule Checkers	9,497	-
50915	Seminar and Conference Fee	68,848	9,595
50917	Business Travel	250,761	12,627
50930	Employee Activities and Recreation	2,735	-
50999	Other Miscellaneous Expenses	<u>262,981</u>	<u>113,982</u>
	Totals	<u>\$ 766,408</u>	<u>\$ 177,455</u>

Final Report Distribution

Board of Directors

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John Fasana
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Richard Katz
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Gloria Molina
Ara Najarian
Pam O' Connor
Mark Ridley-Thomas
Mel Wilson
Zev Yaroslavsky
Michael Miles, Non-voting Member

Metro

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Board Secretary
Chief Financial Services Officer
Controller
Director of Accounting
Accounting Manager, Accounts Payable
Chief Auditor
Records Management