



Metro

Los Angeles County
Metropolitan Transportation Authority

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**EXECUTIVE MANAGEMENT COMMITTEE
JUNE 21, 2012**

SUBJECT: REPORT ON OFFICE OF INSPECTOR GENERAL ACTIVITIES

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file this Office of the Inspector General (OIG) Report.

ISSUE

The OIG reports periodically on its activities.

DISCUSSION

A. Report on Construction Authorities

At the direction of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority (Metro), on February 24, 2012, the Office of the Inspector General (OIG) provided the Board a report on the staffing plans, Chief Executive Officer's (CEO) compensation and policies regarding expenditures of the Metro Gold Line Foothill Extension Construction Authority, the Exposition Metro Line Construction Authority, and the Alameda Corridor-East Construction Authority.

On March 22, 2012, the Metro Board passed a motion that requested "the Exposition Metro Line Construction Authority, the Metro Gold Line Foothill Extension Construction Authority, and the Alameda Corridor-East Construction Authority to take action to implement the full set of recommendations made by the Inspector General." At this meeting, Director Antonovich also gave direction to "investigate the cost of living allocation policies and practices of the independent construction authorities and compare them to the MTA policies and practices provided in a report for a future meeting."

In June 2012, the OIG issued a supplemental report on construction authorities to the Metro Board that (a) followed up on the status of the implementation of recommendations in the prior OIG report to the construction authorities, and (b) determined policies and practices for employee salary increases for the three Authorities and Metro.

1. Implementation of Recommendations in Prior OIG Report

We found that the three Authorities have completed action on all of the recommendations in our prior report issued on February 24, 2012, except for one recommendation which concerns inclusion of language in the funding agreement or memorandum of understanding to demonstrate a commitment to best practices and industry standards. Action on this recommendation is in progress. The Authorities are working with Metro to include appropriate language as modifications or agreements are being drafted for other updates to agreements with Metro.

2. Salary Adjustment Policies and Practices

We found that the three Authorities and Metro had written policies for providing salary increases to employees. The Authorities and Metro used various factors such as the consumer price index (CPI) for determining the size and frequency of the salary increases. During FY 2007 through FY 2012, the Authorities gave employees generally larger and more frequent salary increases than increases provided to Metro employees; and in some cases, they gave two types of salary increases in a year.

To demonstrate prudent stewardship of public funds and maintain public confidence, the Authorities should adopt salary increase practices that are closer to and more consistent with those of Metro, other governmental agencies, and the condition of the local economy, and as required to attract and maintain highly qualified and competent talent required by the Authorities to accomplish their mission.

B. Investigation and Audit Activities

1. During the third quarter of fiscal year (FY) 2012, the Investigations Unit opened 15 matters and completed 16 matters. The 15 matters opened consisted of 6 investigations, 7 multi-site reviews (bus safety and compliance checks), and 2 requests for investigative assistance services. We also issued seven confidential investigative reports to Metro management. Five of the seven reports found violations and/or made recommendations to improve operations. These investigations resulted in three employee terminations. Recent significant investigations include:

a. Misuse of Metro Computer to Operate Gambling Pools

A Storekeeper used Metro assets (computer, email account, printer, copier, etc.) to operate sport gambling pools, and solicited others (both Metro employees and non-employees) to participate in the sport gambling pools during duty hours. The Storekeeper also used Metro's mail system and other employees to deliver wagers to his workplace, a division storeroom. He personally benefited from the operation of the sport gambling pools. This employee was terminated from Metro subsequent to a disciplinary hearing.

b. Inappropriate Use of Metro Computer and Email

A Storekeeper inappropriately used his Metro computer to access sexually explicit materials and engage in sports gambling. This employee was terminated from Metro subsequent to a disciplinary hearing.

c. Abuse of Family Medical Leave and False Information on Outside Employment Requests

Our investigation found that a full-time Metro custodian was also working full-time at the Los Angeles Community College (LACC). His Metro shift ended at 6 a.m. and his job at LACC began at 6 a.m., which made it impossible for him to leave his Metro work place on time and report to LACC on time. To maintain the dual employment, the custodian developed a scheme, which involved submitting false Family Medical Leave (FML) requests to both employers. The investigation determined that the custodian used the FML time granted by Metro and LACC to travel between the two work locations for at least 4 months. The custodian also provided false information on the two outside employment requests submitted to his Metro supervisor that stated he would work only part time at his second job. As a result of the investigation, a disciplinary hearing was held, and the employee was terminated.

d. Alleged Altered Concrete Test Results

A terminated former employee of a subcontractor alleged that his tests of concrete from Metro's Orange Line and I-405 construction projects were altered. The investigation found that the allegation was not credible or supported by evidence. Tests of duplicative concrete samples by an independent laboratory found that the strength of the concrete met standards. In addition, an audit by an independent engineering quality assurance firm found that the subcontractor's testing procedures and calculations are satisfactory. The investigation was closed.

2. The OIG completed five audit reports in the previous quarter. A summary of certain audits follows:

- a. Our review of Transit Station Maintenance and Park & Ride Utilization and Maintenance found that most transit stations and park & rides were clean, safe, and user friendly; and the majority of park & rides were being used at half to full capacity. However, at several stations and park & rides, we found maintenance matters that needed to be resolved. We also found that some park & rides were underutilized. Our report made several recommendations to improve maintenance and utilization of transit stations and park & rides.

Metro management agreed to the recommendations in the report and outlined the following corrective actions:

- continue to inspect and maintain transit station areas to ensure established Metro standards are met,
 - continue to inspect non-Metro park & ride lots,
 - report deficiencies at non-Metro owned park & ride lots to responsible third parties, and
 - will assess parking needs and develop strategies for increasing usage of under-utilized park & rides and minimizing maintenance costs.
- b. Our review of Metro's driver license monitoring system found that the Corporate Safety Department is adequately monitoring the status of driver licenses for most Operations Department employees. However, driver license information is not centrally monitored for employees assigned outside of the Operations Department, although departments outside of Operations have non-revenue vehicles. The lack of a monitoring system for these departments increases the risk that a Metro vehicle might be driven by an employee without a valid or current license. We made several recommendations to implement a comprehensive system to monitor driver licenses for all Metro employees. Metro management initiated appropriate corrective actions.
- c. We reviewed contract bus operators' compliance with ADA, safety, and courtesy rules and found that the majority of operators were complying with Metro policies. We found violations in 18% of the observations we made. The number of violations decreased from the amount of violations identified in our first review of contract bus operators conducted in 2010. To make further improvements, management was urged to emphasize compliance with:
- calling out stops,
 - wheelchair securement,
 - wearing seat belts,
 - obeying traffic signals, and
 - wearing approved uniforms.
- d. Pursuant to Section 130051 of the Public Utilities Code, we completed the quarterly audit of miscellaneous expenses such as travel, meals and refreshments, private club dues, and membership fees. The audits found that travel and other expenses reviewed complied with Metro policies.

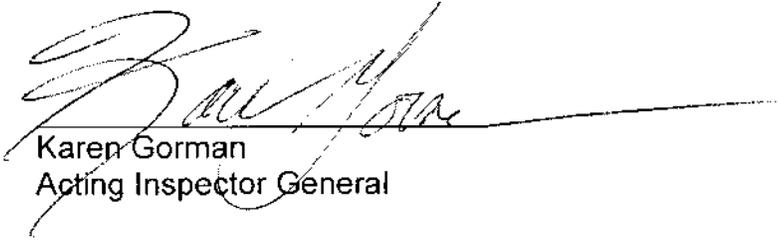
C. Other Matters and Activities:

1. As part of our Investigative Assistance Program, Metro's legal department requested assistance. The OIG Forensic Computer Investigator used forensic system tools to review, sort, and organize numerous electronic communications to identify documents responsive to an e-discovery request in a class action case in which

Metro is a litigant. This support allowed the legal department to utilize in-house resources to develop a more refined, discrete, and smaller cadre of materials for its litigation consultant to prepare for presentation in the litigation than to expel funds to have the consultant attempt to review a huge number of materials at great expense.

2. Concerning the Metrolink review of potential efficiencies and savings, the OIG continues to meet with Metrolink staff to identify and agree on areas where Metrolink outsourcing or duplicative activities might be more economically or effectively provided by Metro so that any improved efficiency or savings can be passed on to the public and member agencies of Metrolink.
3. Staff participated in a free 2-day training seminar on fraud awareness provided by the Los Angeles Police Department.
4. In our efforts to stay abreast of current technology, the OIG Computer Forensic Administrator attended a course provided by the California Department of Justice on personal computer forensic advanced specialized tools. He also attended another course on advanced internet investigation training.
5. We continued to conduct quarterly bus operations observations and reporting concerning bus operator ADA compliance, safety, and courtesy.
6. We updated OIG audit policies and procedures to conform to the 2011 revision of the Government Auditing Standards.
7. The Acting Inspector General attended board meetings for the Gold Line, Expo, and Alameda Corridor-East Construction Authorities and made presentations to the boards concerning the OIG report of their staffing plans, compensation, and expenditure policies.
8. The Acting Inspector General participated in the mentoring and training of Audie Alexandre from Operations to educate division managers to develop the necessary talent for leading the agency into the future.

Prepared by Jack Shigetomi, Deputy Inspector General - Audits



Karen Gorman
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