



Metro

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Metropolitan Transportation Authority

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EXECUTIVE MANAGEMENT COMMITTEE
April 17, 2014

SUBJECT: OFFICE OF THE INSPECTOR GENERAL ACTIVITIES REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

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

ISSUE

The OIG reports periodically on its activities. This report covers the OIG activities for the first half of Fiscal Year (FY) 2014.

DISCUSSION

1. OIG audit activities included the following:
 - a. Bus Operator Safety and Compliance Checks

We continue to perform undercover observations of bus operator performance to monitor and confirm bus operator compliance with safety, ADA, revenue, and customer service policies. Our quarterly evaluations of bus operator performance found that most operators performed their duties in accordance with Metro policies and rules, in some instances in an exceptional manner. We found that only a few operators did not adhere to the Operator's Rulebook requirements, and the number of violations has decreased over time. We recently altered our criteria for which lines and operators to review to better address safety and fare enforcement concerns.

- b. Audit of LASD Contract with Metro

We continue to meet with and monitor the consultant's progress on the audit of the LASD contract with Metro. Preliminary findings have been discussed with both LASD and Metro officials. A draft report has been completed and LASD and Metro have been asked to provide comments. The report will include recommendations that can facilitate the development of specifications and requirements for an RFP for the next law enforcement contract. A final report to the Metro Board will follow.

2. OIG Investigation opened new cases and carried on numerous investigation activities during this period. The resolution of some of these cases include:

a. Employee Abuse of Metro Time and Vehicles, Falsifying Reports, and Theft of Metro Materials

Our investigation found substantial evidence that a Metro division employee committed numerous violations of Metro policies. OIG observations and data from Global Positioning System devices placed on a Metro vehicle used by the employee found that:

- the employee used Metro time (scheduled work hours) and a Metro vehicle for personal reasons on 37 occasions occurring on 24 work days. He traveled to the following unauthorized locations on Metro time using a Metro vehicle to visit (1) a business where he had an unreported/unauthorized side job as outside employment, (2) a business owned by his wife, (3) his daughter's residence, (4) his personal residence, (5) Traffic Court to assist his son with a traffic citation, and (5) a bank to conduct personal business.
- Used the Metro Purchase Card (P-Card) assigned to him to buy materials for the outside job.
- Submitted a falsified Vehicle Accident Report to Metro management to conceal that he was at fault for damaging the Metro truck assigned to him at an unauthorized location (bank) during work hours.
- Falsified his time card when, after clocking in on a Saturday morning (an overtime day), he went home but did not clock out and later reported time at home as work time.

Management cooperated fully in the investigation. After we confronted the employee he admitted wrongdoing and resigned from Metro.

b. Review of Fire Extinguishers at the Gateway Building

We inspected 137 portable fire extinguishers located at the Gateway building. We found that 112 (82%) of the 137 fire extinguishers were delinquent in the required monthly inspections. This occurred because most of the volunteer floor wardens were not making the required monthly inspections. Our inspection also found several violations that could have been identified and corrected by monthly inspections such as:

- Delinquent annual maintenance and recharging
- Non-legible instructions
- Improperly-charged fire extinguisher
- No safety pin
- No safety seal

Metro management informed us they will initiate actions to implement the recommendations in our report to improve internal inspections of fire extinguishers. The OIG will confirm that the actions were implemented. Further

inspections of the divisions by the OIG staff are ongoing and will be reported separately to the Board.

c. Employee Violation of Policies on Use of Metro Resources

The investigation found that a Metro division employee violated the requirements in the Metro Employee Code of Conduct, Metro Policy GEN 16, and Metro Maintenance Guidebook, when on at least 6 occasions he took a Metro vehicle to his residence without authority. He also abused Metro time when on 4 of the 6 occasions, he took the Metro vehicle home during his Metro work hours. In one instance, he remained at his residence for over 4 hours although he should have been working at Metro.

Metro management advised that they will initiate actions to implement the recommendations in our report to improve internal controls over vehicle usage. Subsequent to a hearing, the mechanic was terminated from Metro.

d. Unauthorized Purchases Made on a Metro Purchase Card

We investigated unauthorized purchases totaling \$16,377 that were made at Macy's, Home Depot, and Office Depot stores on a Purchase Card (P-Card) issued to a Maintenance Supervisor. We contacted the bank that issued the P-Card and stores where the unauthorized purchases were made, reviewed receipts of the unauthorized purchases, viewed store videos, obtained pictures of the suspects using the Metro P-Card number, and interviewed Metro staff; however, on one was able to identify the persons who made the unauthorized purchases. Metro is not liable for the unauthorized purchases and did not sustain a financial loss. The investigation found that the Maintenance Supervisor inappropriately gave his P-Card to co-workers to make purchases, which violated Metro's P-Card Program policy.

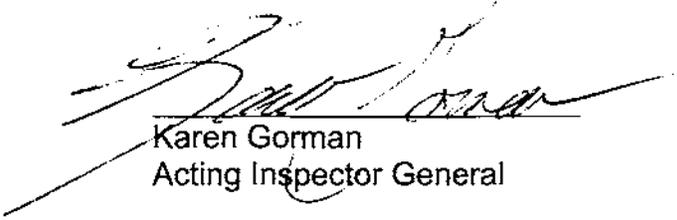
Metro management advised that they will initiate actions to implement the recommendations in our report to improve internal controls over P-Card purchases.

3. The Expo Board of Directors requested the OIG to review the implementation of the Exposition Metro Line Construction Careers Policy and Project Labor Agreement. We (1) interviewed Expo staff, prime contractor representatives, and Metro experts, (2) gathered and reviewed documents related to the review, and (3) prepared a detailed statement of work for the review. A consultant firm experienced in labor compliance and PLA reviews, was selected to gather billing and hiring records and conduct a detailed review and analysis of the documentation. The consultant began the review in February and anticipates completing the review in April 2014. A report will be provided thereafter to the Expo management and Board.

4. Other Matters and Activities:

- a. In 2013 the Acting Inspector General earned a Certified Inspector General designation after meeting eligibility requirements, completing a rigorous 40 hour certification course, and passing a multi-hour exam given by the Inspector General Institute on core competency areas for Inspectors General. In addition, an OIG auditor completed the Institute's program for a Certified Inspector General Auditor.
- b. An independent expert in government organization, management and investigations, completed a department study of the OIG. The review found that the department is performing effectively. The OIG is in the process of implementing several of the oral recommendations to further improve the effectiveness and efficiency of operations.
- c. To keep current with investigation and audit standards and methodologies, two OIG staff attended the Association of Inspectors General's fall conference.
- d. The OIG completed a self assessment of the Investigations Unit's policies and procedures. Several areas for improvement were noted and corrective actions have been initiated.
- e. The OIG continued to follow the criminal prosecution of the investigation the OIG performed and submitted to the District Attorney concerning attorney James Reiss who stole \$2.5 million from Metro. We recently reported that he was sentenced to 10 years in prison and ordered to make full restitution to Metro.

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