

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
July 1, 2010 to September 30, 2010**

Report No. 11-AUD-13

May 2, 2011



**Statutorily Mandated Audit of Miscellaneous Expenses for the
Period July 1, 2010 to September 30, 2010, Report No. 11-AUD-13**

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Metro


**Los Angeles County
Metropolitan Transportation Authority**

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DATE: May 2, 2011

TO: Board of Directors
Chief Executive Officer

FROM: 
Jack Shigetomi
Deputy Inspector General - Audits

**SUBJECT: Statutorily Mandated Audit of Miscellaneous Expenses for the Period
July 1, 2010 to September 30, 2010 (Report No. 11-AUD-13)**

INTRODUCTION

This report covers the period July 1, 2010 to September 30, 2010. Our Audit of Miscellaneous Expenses was performed pursuant to Public Utilities Code (PUC), 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, 2010 through September 30, 2010, total expenses were \$648,733¹ for the nine accounts included in our audit — accounts of training, business meals, employee relocation, mileage/parking, schedule checkers, seminar and conference fees, business travel, employee

¹ Total does not include transactions that were \$200 or less, adjustment, and credit amounts.

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activities, and other miscellaneous expenses. From these 9 accounts, we statistically selected 33 expenses totaling \$194,868 for our audit. The statistical procedures resulted in expenditures selected from each of the nine accounts. We tested these 33 expenses by tracing and verifying information to supporting documentation such as purchase orders, payment approval form, travel authorization form, expenses approval form, and journal entries. See Attachment A for details.

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, 2010 through September 30, 2010 generally complied with policies, were reasonable, and were adequately supported. The audit did not disclose any reportable conditions.

Summary of Expenses Audited

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$166,335	\$81,501
50903	Business Meals	14,848	1,884
50908	Employee Relocation	20,000	10,000
50910	Mileage / Parking	2,951	264
50914	Schedule Checkers	12,676	1,066
50915	Seminar and Conference Fee	36,749	810
50917	Business Travel	147,297	11,436
50930	Employee Activities	5,120	1,834
50999	Other Miscellaneous Expenses	<u>242,757</u>	<u>86,073</u>
	Totals	<u>\$648,733</u>	<u>\$194,868</u>

Final Report Distribution

Board of Directors

Michael D. Antonovich
Diane DuBois
John Fasana
José Huizar
Richard Katz
Don Knabe
Gloria Molina
Ara Najarian
Pam O' Connor
Mark Ridley-Thomas
Antonio R. Villaraigosa
Mel Wilson
Zev Yaroslavsky
Michael Miles (Non-Voting)

Metro

Chief Executive Office
Deputy Chief Executive Officer
Ethics Officer/Acting Inspector General
Board Secretary
Chief Financial Services Officer
Controller
Director of Accounting
Accounting Manager, Accounts Payable
Chief Auditor
Records Management