

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
October 1, 2010 to December 31, 2010**

Report No. 11-AUD-14

June 15, 2011



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Period October 1, 2010 to December 31, 2010
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Metro

**Los Angeles County
Metropolitan Transportation Authority**

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DATE: June 15, 2011

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
October 1, 2010 to December 31, 2010 (Report No. 11-AUD-14)**

INTRODUCTION

This report covers the period October 1, 2010 to December 31, 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 October 1, 2010 through December 31, 2010, total expenses were \$1,032,933¹ 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,

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

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employee activities, and other miscellaneous expenses. From these 9 accounts, we statistically selected 30 expenses and judgmentally selected 4 large expenses. The 34 expenses selected for audit totaled \$592,351 (see Attachment A for details). The expenses selected for audit were from six of the nine accounts. The remaining three accounts only had small overall dollar totals and few expense transactions.

We tested the 34 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.

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, 2010 through December 31, 2010 generally complied with policies, were reasonable, and were adequately supported. The audit did not disclose any reportable conditions. Some minor issues raised during the audit were resolved by the Accounting Department. Specifically, three small dollar value transactions were found miscoded. Accounting Department staff agreed to make adjustments.

Summary of Expenses Audited

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$172,096	\$95,690
50903	Business Meals	23,976	762
50908	Employee Relocation	1,558	294
50910	Mileage / Parking	1,503	0
50914	Schedule Checkers	16,016	0
50915	Seminar and Conference Fee	32,902	1,525
50917	Business Travel	191,957	16,783
50930	Employee Activities	3,442	0
50999	Other Miscellaneous Expenses	<u>589,483</u>	<u>477,297</u>
	Totals	<u>\$1,032,933</u>	<u>\$592,351</u>

Note that the three accounts that were not in our sample included small amounts of money and only a few items.

Final Report Distribution

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Metro

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