

**Los Angeles County**  
**Metropolitan Transportation Authority**  
**Office of the Inspector General**

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**Audit of Miscellaneous Expenses for the  
Period January 1, 2011 to March 31, 2011**

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Report No. 12-AUD-02

August 16, 2011



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for the Period January 1, 2011 to March 31, 2011  
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**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**DATE:** August 16, 2011

**TO:** Board of Directors  
Chief Executive Officer

**FROM:** Karen Gorman  
Acting Inspector General

**SUBJECT: Audit of Miscellaneous Expenses for the Period  
January 1, 2011 to March 31, 2011 (Report No. 12-AUD-02)**

**INTRODUCTION**

This report covers the period January 1, 2011 to March 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 January 1, 2011 through March 31, 2011, total expenses were \$1,203,825<sup>1</sup> for the eight accounts included in our audit — accounts of training, business meals, employee relocation, mileage/parking, schedule checkers, seminar and conference fees, business travel, and other miscellaneous expenses. From these eight accounts, we statistically selected 34 expenses totaling \$583,275 for our audit. The statistical procedures resulted in samples been selected from every account except employee relocation, from which our sampling software did not select any transaction. We tested these samples by tracing and verifying supporting documentation such as purchase orders, payment approval forms, travel authorization forms, expenses approval forms, and journal entries. See Attachment A for details.

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

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 January 1, 2011 through March 31, 2011 generally complied with policies, were reasonable, and were adequately supported. This audit did not disclose any reportable deficiencies. Some minor matters raised during the audit were resolved by the Accounting Department by the end of the audit.

### Summary of Expenses Audited

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$ 369,797	\$ 138,538
50903	Business Meals	18,337	2,858
50908	Employee Relocation	15,000	0
50910	Mileage / Parking	906	222
50914	Schedule Checkers	12,234	1,084
50915	Seminar and Conference Fee	44,585	1,425
50917	Business Travel	100,866	5,720
50999	Other Miscellaneous Expenses	<u>642,100</u>	<u>433,428</u>
	<b>Totals</b>	<b><u>\$ 1,203,825</u></b>	<b><u>\$ 583,275</u></b>

## Final Report Distribution

### *Board of Directors*

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

### *Metro*

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