

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
January 1, 2013 to March 31, 2013**

Report No. 13-AUD-14

June 25, 2013



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Metro

Los Angeles County
Metropolitan Transportation Authority

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DATE: June 25, 2013

TO: Metro Chief Executive Officer
Metro Board of Directors

FROM: 
Jack Shigetomi
Deputy Inspector General - Audits

SUBJECT: Draft Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period January 1, 2013, to March 31, 2013 (Report No. 13-AUD-14)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of miscellaneous expenses for the period of January 1, 2013, to March 31, 2013. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires that the Inspector General reports 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.

Miscellaneous expenses for the period of January 1, 2013, to March 31, 2013, totaled \$898,277,¹ which were comprised of 459 expense transactions from 7 general ledger accounts. From this total, we selected 30 transactions totaling \$166,711 for review. The 30 transactions were for expenses from the following accounts: Training, Business Meals, Mileage and Parking, Seminar and Conference Fees, Business Travel, Miscellaneous Employee Activities and Recreation, and Other Miscellaneous Expenses (see Attachment A). We tested each selected transaction by reviewing supporting documentation such as receipts,

¹ This total does not include transactions that were \$200 or less, credits, adjustments, and transactions from the OIG and Ethics Departments. We also excluded certain accounts for which we are planning future audits.

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purchase logs, travel authorization forms and other supporting documents. We reviewed applicable policies and procedures and interviewed Metro staff when deemed necessary.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

We relied on computer-processed data provided to us, which detailed information on actual miscellaneous expenses for the period of our review. Although we did not perform a formal reliability assessment of the computer-process data, we determined that the hard copy documents we reviewed were reasonable and generally agreed with the information contained in the computer-processed data. We did not find errors that would preclude us from using the computer-processed data to meet the audit objectives or that would change the conclusions in this report.

RESULTS OF AUDIT

The 30 expense transactions we audited for the period January 1, 2013, to March 31, 2013, generally complied with policies, were reasonable, and were adequately supported. Our review did disclose one minor deficiency.

One of the sample expenses we examined was for \$236 charged to account 50910, ER Mileage/Parking, in cost center 3152, Data Collection. We found that the \$236 was a summation of parking reimbursements made to 15 Schedule Checkers through the payroll system. These 15 reimbursements were shown as one total expense amount in the Financial Information System since they all had the same account codes. The Payroll Department did not have the receipts for each parking expense; therefore, we asked Data Collection to provide this information, which they provided. Our review of the parking receipts found that one of the payments for \$6 was a duplicate payment. Data Collection staff could not explain how the duplicate payment was sent to Payroll. We brought this matter to the attention of the Accounting Department, who informed us that they would work with the using department to process an adjustment. Because of the small dollar amount involved in this transaction and the proposed by the Accounting Department, we will consider this minor deficiency corrected.

Summary of Expenses Audited

For the Period from January 1, 2013, to March 31, 2013

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$ 22,119	\$ 1,530
50903	Business Meals	27,413	3,661
50910	Mileage / Parking	3,220	236
50915	Seminar and Conference Fee	102,386	2,725
50917	Business Travel	112,450	6,811
50930	Employee Activities and Recreation	14,477	2,804
50999	Other Miscellaneous Expenses	<u>616,112</u>	<u>148,944</u>
	Totals	<u>\$898,177</u>	<u>\$166,711</u>

Final Report Distribution

Board of Directors

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Michael Miles, Non-voting Member

Metro

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