

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

**Revised Statutorily Mandated Audit of
Miscellaneous Expenses
April 1, 2025 to June 30, 2025**

Report No. 26-AUD-04

March 30, 2026



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DATE: March 30, 2026

TO: Metro Board of Directors
Metro Chief Executive Officer

FROM: Yvonne Zheng, Senior Manager, Audit
Office of the Inspector General

**E-SIGNED by Yvonne Zheng
on 2026-03-20 09:33:37 PDT**

SUBJECT: Final Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses
April 1, 2025, to June 30, 2025 (Report No. 26-AUD-04)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1 to June 30, 2025. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

We found that the transactions reviewed generally complied with Metro policies, were reasonable, and were adequately supported by required documents. However, we noted the following issues with four of the sampled expenses reviewed:

1. Missing Independent Purchase Card Expense Approval
2. Missing Approval for an Exception to the Lodging Dollar Limit
3. Incomplete Documentation for a Check Request
4. Inaccuracies in Justification Memo for a Purchase Card Transaction

OBJECTIVES, METHODOLOGY, AND SCOPE OF AUDIT

The objectives of the audit were to determine whether:

- Expenses charged were proper, reasonable, and in accordance with Metro policies and procedures;
- Expenses had proper approval, receipts, and other supporting documentation; and
- Policies and procedures were adequate and followed to ensure that expenses were documented and accounted for properly.

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To achieve the audit objectives, we performed the following procedures:

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel, including staff in Accounting, Program Management, Talent Development, Transit Security, Workforce Services, and Operations; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro's miscellaneous expenses for the period of April 1 to June 30, 2025. For this period, miscellaneous expenses totaled \$5,453,707¹ with 1,059 transactions. We selected fifty (50) expense transactions totaling \$2,841,628 for detail testing. Thirty-one (31) of the expense transactions were randomly selected, seven (7) were selected due to their large dollar amounts, two (2) were selected due to their unique nature, and ten (10) were selected to add more samples from account number 50915 (Seminar/Conference fee). See Attachment A for details.

This audit also covered a review of international travel expenses for the period of April 1 to June 30, 2025. We identified and performed detailed testing on all six (6) international expense transactions.

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 conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable section is responsible for the accurate and timely processing of payments for miscellaneous expenses.

¹ This total does not include transactions that are less than \$200, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

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RESULTS OF AUDIT

Our audit found that the transactions reviewed generally complied with policies, were reasonable, and were adequately supported by required documents. However, we noted issues with the following transactions:

1. Missing Independent Purchase Card Expense Approval

We examined the P-Card Log and supporting documentation submitted in May 2025 by a Senior Administrative Analyst for a transaction that occurred on May 2, 2025. This expense was a registration fee for a Customer Experience Officer to attend a local conference (Mobility 21). We noticed that in this case, the attendee of this conference was also the Approving Official for this expense.

Although P-Card Rules and Guidelines do not provide specific guidance for this particular situation, P-Card Restrictions states: *“Metro Cardholders, Approving Officials and Business Unit Management should also be mindful of issues of appearance and perception that may arise on a case-by-case basis.”*

Furthermore, Accounting Procedures & Guidelines, Check Requests Section 1.5 states: *“In cases where the approver mentioned above is the same as the payee, the next higher authorized approver for the cost center or department shall approve the check request.”* An exception for this may be made for offices of the agency where this occurs for a higher-ranking employee.

It is important that an Approving Official does not approve their own expenses in order to prevent potential fraud and misuse of Metro funds. When Metro employees approve their own expenses, Metro may expose itself to a higher risk of employees spending fraudulently, since there is no independent check or control on the legitimacy of the costs.

When we brought this issue to the attention of the employee, she subsequently provided a justification memo for the expense, which was signed by the CEO.

Recommendation:

Strategic Financial Management (Vendor/Contract Management – Support Services)

- Consider including a section within the P Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

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2. Missing Approval for an Exception to the Lodging Dollar Limit

We examined the Travel and Business Expense Report (TBE) submitted in June 2025 by a Senior Transportation Planner in Complete Streets & Highway Capital for travel that occurred from May 27-31, 2025. This expense was for attendance at a conference in Washington, DC. We noticed that the lodging rate exceeded the allowed per diem rate, but an exception to the lodging dollar limit was not submitted with the travel package.

Metro Business Travel Guidelines (GEN 65) states: *“An exception to the lodging dollar limit may be made for conference hotels or close proximity to the final business destination when time and commute costs are high when determined by the Administrator and approved by the Department Chief.”*

It is important for employees to submit an exception to the lodging dollar limit in order to protect the employee from out-of-pocket expenses and allow for reimbursement in justified cases. Submission of this document also helps Metro maintain control over travel costs and prevent potential policy abuse.

When we brought this issue to the attention of the employee, she told us that she booked the lodging on Concur using the government rate of \$276/night, which was within the dollar limit. Upon her arrival at the hotel, the hotel staff said this rate was only allowed for federal employees and an additional \$50/night charge was applied to the reservation. When we inquired about this charge, the employee subsequently provided a signed exception to the lodging dollar limit signed by the Chief Planning Officer.

Recommendations:

Countywide Planning & Development (Complete Streets & Highway Capital)

- Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
- If circumstances change during travel, e.g., the hotel fails to honor the government per diem rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.
- Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

3. Incomplete Documentation for a Check Request

We examined the Check Request submitted in June 2025 by a Senior Representative from the Chief Executive Office for business meals with external entities on June 24, 2025. Specifically,

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this expense was for breakfast catering for the Project Labor Agreement (PLA) Regional Roundtable Event. We noticed that a valid list of attendees was not included with the supporting documentation used to substantiate the request.

Metro Check Requests (ACC-01) Section 1.1.1.aa states: *“Such expenses must be accompanied by receipts, account coding, and a detailed justification memo signed by the responsible department head which documents attendees, name and title, affiliation, subject discussed, purpose, and benefit to LACMTA.”*

It is important for employees to submit all of the required supporting documentation in order to show proof that the meal had a clear business objective and was not for a personal or social gathering. Robust documentation procedures also help prevent abuse of the check requests policy and provide proper monitoring of Metro spending.

When we brought this issue to the attention of the employee, she subsequently provided a list of attendees to the meeting.

Recommendations:

Chief Executive Office (Diversity & Economic Opportunity)

- Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro’s Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
- Instruct the employee to review and follow Metro’s Accounting Procedures & Guidelines – Check Requests (ACC-01) policy.

4. Inaccuracies in Justification Memo for a Purchase Card Transaction

We examined the P-Card Log and supporting documentation submitted in May 2025 by a Senior Administrative Analyst in the Customer Experience Office for a transaction that occurred on May 5, 2025. This expense was for registration fees for 14 employees to attend a local conference (Mobility 21). We noticed that the justification memo for this expense contained inaccuracies related to how many tickets were requested and ultimately purchased. The first section of the memo requests approval for 16 tickets, but only 12 attendee names were listed. It is important for expense justifications to have the correct information to ensure proper decision-making regarding budgets and resource allocation. When the total number of attendees for an event is uncertain, only request tickets up to the anticipated number of scheduled attendees. Memos with errors, missing details, or insufficient information also increase processing time and negatively impact Metro operations and efficiency.

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When we brought this issue to the attention of the employee, she subsequently provided the itemized receipt that showed a total of 14 tickets purchased.

Recommendation:

Chief of Staff (Community Relations)

- Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

OBSERVATIONS

1. Duration of Union Contract Negotiations

During the course of our quarterly audit of miscellaneous expenses, we came across business meals costs incurred during Union Contract Negotiations with AFSCME, ATU, TCU, and TEAMSTERS. The first business meal expense justification memo dated January 22, 2024, pre-approved these purchases between February 2024 and the end of June 2024. A subsequent justification memo dated July 31, 2024, pre-approved business meals to the end of December 2024. The third and latest pre-approval was for an extension on food purchases through December 2025.

We would like to bring this observation to the Employee & Labor Relations management's attention that the approval for the business meals has been extended well over a year from the original plan/estimate.

2. Vague Descriptions for Specific Vendor Invoices

Our review of Vendor GP GENERATE LLC invoices found that their invoices provided only a general description of services provided, with no detailed description/support of actual services rendered (ATTACHMENT B sample invoice). Due to the large dollar amount of these invoices, it is important for the vendor to provide corresponding supporting documentation of the services provided in order to ensure the validity of the invoice.

We would like to bring this observation to the Regional Shared Mobility Programs management's attention so that future invoices under this vendor are sufficiently documented.

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3. Absence of Formal Policy for Seminars/Conferences/Certification Programs

During our review, we observed multiple instances of payments for high-dollar value seminars/conferences/certification programs. Specifically, in this audit, we saw a \$10,099 certification program for one individual and a \$6,300 executive-level leadership development program for another individual. The recommendation for creating a Certification Program Policy to guide and control Metro expenditures for employee certifications was first brought to the Chief People Office and Accounting's attention in the audit of miscellaneous expenses for the audit period January – March 2024 (25-AUD-03) Recommendation #9.

We would like to bring this observation to the Talent Development management's attention as employees continue to take expensive conferences and certification programs without a policy or program to guide and control such expenditures.

4. Underutilization of Metro Resources

During our review, we observed the purchase of 3 tables (8 tickets per table) for a total of 24 available seats for Metro employees to attend the California Transportation Foundation (CTF) Transportation Awards Gala, but only 21 seats were filled. In this instance, there was an underutilization of resources. In the future, management may consider implementing a process to notify employees of any unfilled seats to allow other eligible staff to possibly attend the event.

We would like to bring this to the Operations Administration management's attention to maximize the value of funds spent and reduce the risk of purchasing unused seats for future events.

5. International Travel

During our review of miscellaneous expenses for the period of April to June 2025, we identified four employees/board members who traveled internationally at a cost of \$13,730.

- A senior manager attended the HR5000 Preliminary Design Review Workshop at various US and Canadian supplier facilities. The same employee also attended HR5000 Carshell supplier pre-inspection visits at various supplier facilities in Seoul and Changwon, Korea.
- An employee from Maintenance and Engineering attended the International Association of Public Transport (UITP) Conference in Hamburg, Germany.
- A senior transportation planner attended the 2025 Women's Transportation Seminar (WTS) International Annual Conference in Toronto, Canada.
- An employee from the Office of Strategic Innovation traveled to Milan, Italy, to study the city's preparations for the 2026 Winter Olympics. Another employee from the same office

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was also scheduled to go to Italy, but due to a family emergency, was unable to attend. This resulted in a \$1,189 expense due to the non-refundable nature of the hotel reservation.

These international travel expenses were charged in accordance with Metro's Business Travel Guidelines (GEN 65).

COMPARISONS WITH PRIOR PERIODS

In the course of our audit, we noted the following when comparing the miscellaneous expenses for prior quarters and fiscal years. Note: All amounts were based on the audit population.

1. Reviewed Quarter (FY25 Q4) versus Prior Quarter (FY25 Q3) Miscellaneous Expenses

Miscellaneous expenses in the reviewed quarter totaled \$5,453,707, an increase of 226% compared to the third quarter in FY 2025. This was mainly due to an increase in advertising and miscellaneous expenses. Account 50999 (MISC – EXPENSES – OTHERS) for the third quarter of this fiscal year totaled \$583,663 and \$3,050,167 for this current quarter, resulting in a \$2,466,504 (423%) increase in spending. See Table 1 below.

Table 1: Reviewed Quarter versus Prior Quarter

Account	Apr -Jun 2025	Jan -Mar 2025	Increase (Decrease)
Advertising	\$ 1,295,974	\$ 487,753	\$ 808,221
Business Meals	288,963	165,775	123,188
Business Travel	391,590	102,391	289,199
Corporate Membership	140,108	94,677	45,431
Employee Relocation	1,655	14,246	(12,591)
Employee Activities and Recreation	23,042	58,402	(35,360)
Professional Membership	19,052	25,607	(6,555)
Seminar and Conference Fee	207,733	125,636	82,097
Miscellaneous (50999) *	3,050,167	583,663	2,466,504
Others (Mileage and Parking, etc.)	35,423	14,857	20,566
Total	\$ 5,453,707	\$ 1,673,007	\$ 3,780,700
Increase			226%

** Miscellaneous (account number 50999) is used for miscellaneous expenses incurred that cannot be classified under accounts 50901 to 50940, including payments made to cover the expenditures for fines and penalties incurred by Metro, books, and periodicals used in the normal operation of Metro's business, recruitment expenses, community outreach, postage, and others. (Source: Metro's Descriptive Chart of Accounts)*

The dollar amounts for April - June 2025 have been rounded to the nearest whole dollar.

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2. Reviewed Quarter (FY25 Q4) versus Same Quarter of Prior Year (FY24 Q4) Miscellaneous Expenses

Miscellaneous expenses for the reviewed quarter increased by \$1,281,709 or 31% as compared to the same quarter of FY24. This was mainly due to an increase in Account 50999 (Miscellaneous Expenses - Others) and Account 50198 (Advertising). See Table 2 below.

Table 2: Reviewed Quarter versus Same Quarter of Prior Year

Account	Apr-Jun 2025	Apr-Jun 2024	Increase (Decrease)
Advertising	\$1,295,974	\$ 934,691	\$ 361,283
Business Meals	288,963	170,124	118,839
Business Travel	391,590	328,761	62,829
Corporate Membership	140,108	139,300	808
Employee Relocation	1,655	0	1,655
Employee Activities and Recreation	23,042	12,418	10,624
Professional Membership	19,052	15,661	3,391
Seminar and Conference Fee	207,733	148,761	58,972
Miscellaneous (50999) *	3,050,167	2,382,699	667,468
Others (Mileage and Parking, etc.)	35,423	39,585	(4,162)
Total	\$5,453,707	\$ 4,172,000	\$ 1,281,707
Increase Over Same Quarter of Prior Year			31%

3. July 2024 to June 2025 versus July 2023 to June 2024

Miscellaneous expenses for the period July 2024 to June 2025 totaled \$13,378,208, a 26% increase from the period July 2023 to June 2024, where expenses totaled \$10,624,300. In the fourth quarter of each fiscal year, from April to June, Metro's expenses were the highest. (In the fourth quarters of Fiscal Years 2024 and 2025, miscellaneous expenses totaled approximately \$4.2 million and \$5.5 million, respectively. (See Figure 1).

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**Figure 1: Miscellaneous Expenses per Quarter
July 2024 to June 2025 versus July 2023 to June 2024**

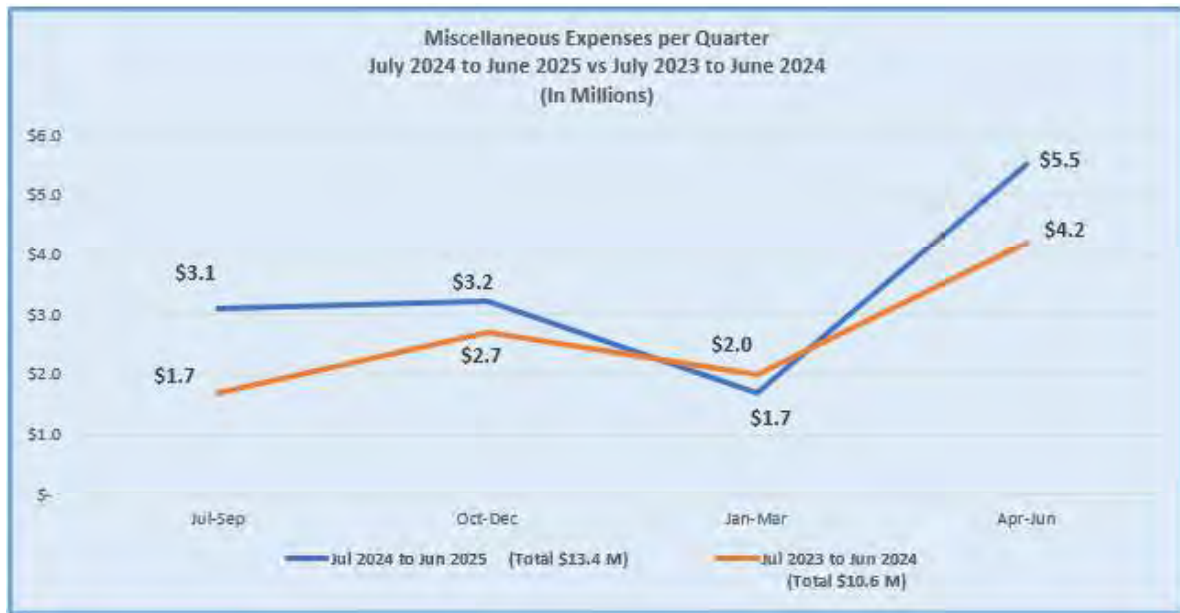
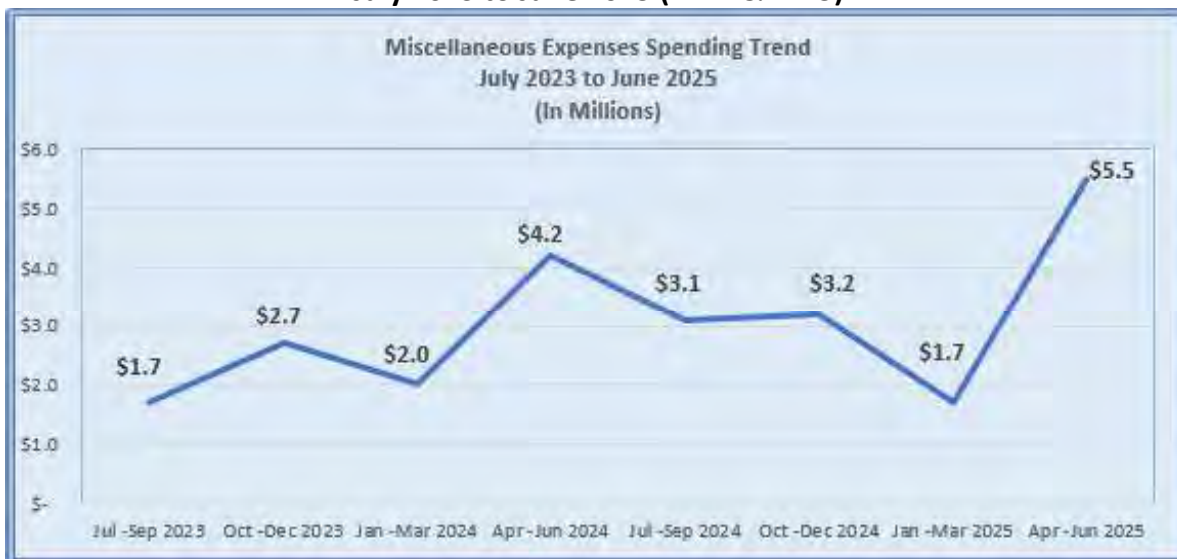


Figure 2 shows the spending trend for miscellaneous expenses for the last two years.

**Figure 2: Miscellaneous Expenses Spending Trend
July 2023 to June 2025 (FY24 & FY25)**



As noted earlier, miscellaneous expenses were highest during the last quarter of each fiscal year. Part of this increase can be attributed to the accrual of expenses in June of each fiscal year that are charged to the respective year's budget. It is a common practice to exhaust budgeted funds

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in the 4th quarter of a fiscal year to avoid trailing expenses to the following fiscal period. The increase in spending this quarter was likely also attributed to increased expansion efforts in anticipation of future major events (World Cup 2026, Olympics 2028).

CONCLUSION

The miscellaneous expenses we reviewed for the quarter of April 1 to June 30, 2025, generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documentation. However, we found exceptions related to missing independent P-Card expense approval, missing approval for exception to the lodging dollar limit, incomplete documentation for a check request, and inaccuracies in justification memo.

RECOMMENDATIONS

We recommend the following:

Strategic Financial Management (Vendor/Contract Management – Support Services)

1. Consider including a section within the P Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

Countywide Planning & Development (Complete Streets & Highways)

2. Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
3. If circumstances change during travel, e.g., the hotel fails to honor the government per diem rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.
4. Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

Chief Executive Office (Diversity & Economic Opportunity)

5. Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro's Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
6. Instruct the employee to review and follow Metro's Accounting Procedures & Guidelines – Check Requests (ACC-01) policy.

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Chief of Staff (Community Relations)

7. Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On March 5, 2026, we provided Metro Management with our draft report. By March 18, 2026, Metro Management submitted their responses summarizing their corrective actions. See Attachment C.

OIG EVALUATION OF MANAGEMENT RESPONSES

Metro Management corrective actions are responsive to the recommendations in this report. Therefore, we consider all issues related to the recommendations resolved and closed based on the corrective actions taken.

Summary of Samples Expenses Audited

Account	Account Description	Audit Population	Sample Amount
50213	Training Program	\$ 27,619	\$0
50903	Business Meals	288,963	10,341
50905	Corporate Membership	140,108	1,000
50908	Employee Relocation <a>	1,655	0
50910	Mileage and Parking	7,804	0
50912	Professional Membership	19,052	241
50914	Schedule Checkers Travel <a>	0	0
50915	Seminar and Conference Fee	207,733	60,370
50917	Business Travel	391,590	9,385
50918	Advertising	1,295,974	519,045
50930	Employee Activities & Recreation	23,042	0
50999	Other Miscellaneous Expenses	<u>3,050,167</u>	<u>2,241,246</u>
Total		<u>\$5,453,707</u>	 <u>\$2,841,628</u>

<a> No expenses incurred for this quarter.

 This total does not include transactions that are less than \$200, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

GP Generate LLC Sample Invoice

GP Generate LLC

12521 Venice Blvd.

Los Angeles, CA 90066 US

steven@gpgenerate.com

Invoice

BILL TO:

LA County MTA

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
LAC MTA-SC 511 25-05	06/12/2025	\$97,259.00	06/27/2025	Net 15	

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
06/12/2025	Agency Fee	GP Generate Media Plan: SoCal 511: PO: PS123964005: Pre-Bill 7/1/2025 - 6/30/2026	1	97,259.00	97,259.00

BALANCE DUE

\$97,259.00

Management Comments to Draft Report

Strategic Financial Management



Metropolitan Transportation Authority

Metro**Interoffice Memo**

Date:	March 13, 2026
To:	Yvonne Zheng Senior Manager, Audit Office of Inspector General
From:	Michelle Navarro Chief Financial Officer (Interim) <i>MF</i>
Subject:	Management Response – Statutorily Mandated Audit of Metro Miscellaneous Expenses – April 1, 2025, to June 30, 2025 Report No. 26-AUD-04

Thank you for the opportunity to respond to the finding and recommendation in the draft report (Statutorily Mandated Audit of Metro Miscellaneous Expenses – April 1, 2025, to June 30, 2025, No. 26-AUD-04) prior to the release of the final report. We have reviewed the draft report and provide our response to the recommendation below.

RECOMMENDATIONS:

1. Consider including a section within the P-Card Guidelines that an alternate approver, such as a departmental budget or administrative analyst, be utilized if the approving official would appear to receive a benefit from the purchase.

MANAGEMENT RESPONSE:

1. V/CM notes OIG's recommendation. However, Purchase Card Guidelines on the Purchase Card Intranet site and the training packet provided to all Purchase Card Program participants include the following guidance to departments: "In cases where an employee is a purchase card approver, the approver's supervisor must approve the expense in writing before the cardholder can proceed with purchase." As such, to avoid any conflict of interest, we recommend the employee designated to approve these expenses be determined by executive management of these departments.

c: Debra Avila, Deputy Chief Vendor/Contract Management Officer
Dr. Irma L. Licea, Executive Officer, Vendor/Contract Management
Abraham Lora, Senior Director, Finance, Vendor/Contract Management

Management Comments to Draft Report

Countywide Planning & Development



Metropolitan Transportation Authority

Metro**Interoffice Memo**

Date:	March 16, 2026
To:	Yvonne Zhang, Sr. Manager, Audit Office of Inspector General
Through:	Ray Sosa ^{RS} Chief planning Officer
From:	Roberto Machuca Deputy Executive Officer
Subject:	Response to Audit Recommendations in Report No. 26-AUD-04

Thank you for the opportunity to respond to the findings and recommendations in the draft report (Audit Report No. 26-AUD-04) prior to the release of the final report. We have reviewed the draft report and provide our response to the recommendations below.

RECOMMENDATION(S):

1. Ensure that approved exceptions to the lodging dollar limits are submitted with associated Travel and Business Expense Reports.
2. If circumstances change during travel, for example when a hotel does not honor the government per diem rate, the employee should submit an explanatory memo with their Travel and Business Expense Report.
3. Instruct the employee to read and follow Metro Travel Business Guidelines (GEN 65) regarding exceptions to per diem rates while traveling.

MANAGEMENT RESPONSE:

Agree.

The department acknowledges the recommendations and will reinforce the requirements outlined in Metro Business Travel Guidelines (GEN 65) related to lodging per diem limits, documentation of exceptions, and submission of explanatory documentation when circumstances change during travel.

Staff traveled to Washington, D.C. from May 27 through May 31, 2025 to attend the National Association of City Transportation Officials (NACTO) Designing Cities Conference. The travel was approved through the required Travel Authorization process and was consistent with allowable purposes for travel under GEN 65, which includes attendance at professional conferences and seminars related to LACMTA programs and activities.

Management Comments to Draft Report

Countywide Planning & Development (Continued)

Lodging accommodations were reserved through the Concur Travel platform at the Marriott Marquis using the Government Employee rate of \$276 per night, which was within the applicable lodging per diem rate at the time of booking.

Upon arrival at the hotel, staff presented Metro employee identification at check-in. Hotel staff informed the traveler that the Government Employee rate was restricted to federal government employees and could not be honored without federal identification. As a result, the hotel applied an additional \$50 per night, increasing the lodging rate to \$326 per night. Consistent with GEN 65, the employee prepared an explanatory memo requesting approval of the lodging rate exception. The request was reviewed and approved by the Chief Planning Officer.

The Travel and Business Expense Report was submitted shortly after the employee returned from travel. The reimbursement was fully processed through the established approval workflow prior to the completed explanatory memo requesting approval of the lodging rate exception.

Going forward, the department will remind staff to include exception approvals and explanatory documentation with the Travel and Business Expense Report when lodging rates exceed the allowable per diem limits due to circumstances that arise during travel and consistent with the requirements of Metro Business Travel Guidelines (GEN 65).

Attachment: NACTO Memo – Per Diem Lodging Exception Approval Memo

cc: Dennis Young, Auditor, OIG
George Maycott II, Sr. Director, OIG

Management Comments to Draft Report

Chief Executive Office



Metropolitan Transportation Authority

Metro**Interoffice Memo**

Date:	March 18, 2026
To:	Yvonne Zheng Senior Manager, Audit Office of Inspector General
From:	Sharon Gookin Deputy Chief Executive Officer Office of the Chief Executive Officer
Subject:	Management Response to the OIG Draft Report No. 26-AUD-04

Thank you for the opportunity to respond to the Office of Inspector General (OIG) audit of Metro's miscellaneous expenses from April 1 to June 30, 2025, which includes findings for Diversity & Economic Opportunity (DEOD) within the Chief Executive Office Cabinet. This memo acknowledges the recommendations in Report No. 26-AUD-04 and outlines corrective measures.

Findings

The audit found that, although most transactions followed Metro policies and had proper documentation, one DEOD check request was missing the required supporting materials. Specifically, in June 2025, a DEOD check request for breakfast catering costs for the Project Labor Agreement (PLA) Regional Roundtable event lacked a valid list of attendees, as required by Metro's Accounting Procedures & Guidelines (ACC-01) Check Requests policy, which states that such expenses must include a memo documenting attendees.

Recommendations

- Ensure that future payments for business meals with external entities include all supporting documentation as specified in Metro's Check Requests (ACC-01) policy Section 1.1.1.aa Business Meals for events and business meetings.
- Instruct the employee to review and follow Metro's Accounting Procedures & Guidelines - Check Requests (ACC-01) policy.

Proposed Corrective Measures

The DEOD is familiar with ACC-01 because it handles many monthly payment transactions, including check requests. Missing the attendee list was an unintentional oversight and was quickly fixed when it was brought to the department's attention. As a corrective step, DEOD will develop an internal pre-submission checklist. This checklist will specify the supporting materials needed for each transaction type. Staff must review and verify that all checklist items are included before submitting any transaction to ensure consistency and compliance.

To ensure the new checklist is effective, DEOD will conduct quarterly spot checks of randomly selected transactions to verify that all checklist items are consistently completed before submission. The department will record compliance results and provide feedback to staff as needed, aiming for zero exceptions. We believe that implementing, tracking, and reinforcing the use of the checklist will prevent future noncompliance and help us monitor progress over time.

DEOD leadership and I accept OIG's findings and will ensure that future business meal payments include all required documentation to maintain policy compliance and fiscal oversight.

Management Comments to Draft Report

Chief of Staff


Metro

Interoffice Memo

Date	March 6, 2026
To	Karen Gorman, Inspector General
From	Marisa Perez, Deputy Chief, Community Relations Officer <i>Marisa K. Perez</i> Lillian De Loza-Gutierrez, Executive Officer, Communications (Community Relations) <i>LDS</i>
Subject	Management Response to Draft Report on Statutorily Mandated Audit of Metro Miscellaneous Expenses April 1, 2025 to June 30, 2025 (Report No. 26-AUD-04)

Community Relations reviewed the Draft Report Statutorily Mandated Audit of Metro Miscellaneous Expenses **April 1, 2025 to June 30, 2025 (Report No. 26-AUD-04)**. Community Relations will update and monitor policies and procedures to comply with the recommendations outlined in the draft report for miscellaneous expenses while using Metro p-card.

The P-Card Log and supporting documentation submitted in May 2025 by a Senior Administrative Analyst was audited. A transaction that occurred on May 5, 2025, was classified as a miscellaneous expense and it was for registration fees for 14 employees to attend a local conference (Mobility 21). The justification memo for this expense contained inaccuracies related to how many tickets were requested and ultimately purchased. The first section of the memo requests approval for 16 tickets, but only 12 attendee names were listed. It is important for expense justifications to have the correct information to ensure proper decision-making regarding budgets and resource allocation. Memos with errors, missing details, or insufficient information also increase processing time and negatively impact Metro operations and efficiency.

This issue was brought to the attention of the employee; she subsequently provided the itemized receipt that showed a total of 14 tickets purchased. There were many changes with the department, which caused a discrepancy. Therefore, the following identifies actions to be taken by Community Relations to comply with the recommendations from the audit.

Management Comments to Draft Report

Chief of Staff (Continued)

Recommendation

Verify and confirm that all information in expense justifications is complete and accurate prior to submission for approval.

Management Response

To ensure compliance with policy requirements, we will verify and confirm that all information within expense justifications are complete and accurate before submitting for approval.

Completion Date: Complete and Ongoing

Management Comments to Draft Report

Chief People Office



Metro

Interoffice Memo

Date	March 13, 2026	
To	Yvonne Zheng Senior Manager, Audit Office of the Inspector General	
From	Dawn Jackson-Perkins Chief People Officer	Dawn Jackson-Perkins Digitally signed by Dawn Jackson-Perkins Date: 2026.03.13 11:58:00 -0700
Subject	Statutorily Mandated Audit of Metro Miscellaneous Expenses April 1, 2025 to June 30, 2025 (Report No. 26-AUD-04)	

Thank you for the opportunity to respond to the findings and recommendations prior to the final release of the Audit Report. It is our understanding that this audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority for miscellaneous expenses such as travel, meals, refreshments, and memberships. Please see our response below to the recommendation pertaining to the Chief People Office (CPO).

Observation

- #1. During the course of our quarterly audit of miscellaneous expenses, we came across business meals costs incurred during Union Contract Negotiations with AFSCME, ATU, TCU, and TEAMSTERS. The first business meal expense justification memo dated January 22, 2024, preapproved these purchases between February 2024 and the end of June 2024. A subsequent justification memo dated July 31, 2024, pre-approved business meals to the end of December 2024. The third and latest pre-approval was for an extension on food purchases through December 2025. We would like to bring this observation to the Employee & Labor Relations management's attention that the approval for the business meals has been extended well over a year from the original plan/estimate.

Response: Union negotiations are ongoing. As such, CPO requests the extension of food purchases until negotiations are completed.

- #3. During our review, we observed multiple instances of payments for high-dollar value seminars/conferences/certification programs. Specifically, in this audit, we saw a \$10,099 certification program for one individual and a \$6,300 executive-level leadership development program for another individual. The recommendation for creating a Certification Program Policy to guide and control Metro expenditures for employee certifications was first brought to the Chief People Office and Accounting's attention in the audit of miscellaneous expenses for the audit period January – March 2024 (25-AUD-03) Recommendation #9. We would like to bring this observation to the Talent Development management's attention as employees

Management Comments to Draft Report

Chief People Office (Continued)

continue to take expensive conferences and certification programs without a policy or program to guide and control such expenditures.

Response: CPO is reviewing relevant policies to determine whether modifications are necessary in response to this observation, particularly regarding Cabinet/Department-approved and certification and leadership programs. In relation to prior audit 25-AUD-03, Recommendation #9, CPO will continue to collaborate with Accounting on the potential development of a Certification Program Policy under which employees would be required to complete the program and obtain a certification funded by Metro. Consistent with AB692, California employment law effective January 1, 2026, CPO is working with County Counsel to determine whether employees may be required to remain employed with Metro for a specified period following completion of a certification program or reimburse Metro for associated certification or tuition costs. Based on findings, CPO will continue to work with County Counsel to review and update any relevant policies as necessary.

Completion Date: June 30, 2026

Final Report Distribution

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