

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Audit of Miscellaneous Expenses for the
Period January 1, 2010, to March 31, 2010**

Report No. 11-AUD-05

October 27, 2010





Metro

**Los Angeles County
Metropolitan Transportation Authority**

Office of the Inspector General
818 West 7th Street, Suite 500
Los Angeles, CA 90017

213.244.7300 Tel
213.244.7343 Fax

DATE: October 27, 2010

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
January 1, 2010, to March 31, 2010 (Report No. 11-AUD-05)**

INTRODUCTION

This report covers the period January 1, 2010 to March 31, 2010. Our audit of miscellaneous expenses was performed as a mandated audit pursuant to Public Utilities Code Section 130051. This 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 AND SCOPE OF AUDIT

The objectives of the audit were to determine whether sampled expenses were:

- ▲ Reasonable and in accordance with policies.
- ▲ Adequately supported with receipts, proper approvals, and other appropriate documentation.

The audit included review of eight general ledger expense accounts such as Training program, Business Meals, Mileage/Parking, Schedule Checker, Seminar and Conference Fees, Business Travel, Employee Activities, and Other Miscellaneous Expenses. For these eight accounts, expenditures totaled \$879,925 during January 1, 2010, through March 31, 2010 after excluding transactions that were \$200 or less, adjustments, and credits. We statistically selected 46 expenditures totaling \$62,093 for review, see Attachment A for details.

The audit was performed in accordance with Government Auditing Standards. Those standards require that the audit be planned to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

During the audit, we did not test the reliability and accuracy of the Financial Information System, which processed the transactions we reviewed. Our conclusions are based on the audit results of the transactions reviewed.

RESULTS OF AUDIT

The expenses we reviewed for the period January 1, 2010, through March 31, 2009 generally complied with policies, were reasonable, and were adequately supported.

Summary of Expenses Reviewed

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$333,017	\$274
50903	Business Meals	36,085	2,622
50910	Mileage/Parking	2,324	523
50914	Schedule Checkers	3,004	465
50915	Seminar and Conference Fee	38,456	6,995
50917	Business Travel	84,202	8,731
50930	Employee Activities	62,392	18,201
50999	Other Miscellaneous Expenses	<u>320,445</u>	<u>24,282</u>
	Totals	<u>\$879,925</u>	<u>\$62,093</u>

Final Report Distribution

Board of Directors

Michael D. Antonovich
Diane DuBios
John Fasana
José Huizar
Richard Katz
Don Knabe
Gloria Molina
Ara Najarian
Pam O' Connor
Rita Robinson
Mark Ridley-Thomas
Antonio R. Villaraigosa
Zev Yaroslavsky

Metro

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