

Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
April 1, 2011 to June 30, 2011**

Report No. 12-AUD-07

January 12, 2012



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Metro

**Los Angeles County
Metropolitan Transportation Authority**

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DATE: January 12, 2012

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
April 1, 2011 to June 30, 2011 (Report No. 12-AUD-07)**

INTRODUCTION

This report covers the period April 1, 2011 to June 30, 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 April 1, 2011 through June 30, 2011, total expenses were \$3,415,816¹ for the seven accounts included in our audit — accounts of training, business meals, mileage/parking, schedule checkers, seminar and conference fees, business travel, and other miscellaneous expenses. From these seven accounts, we statistically selected 33 expenses totaling \$2,128,234 for our audit (see Attachment A for details). The statistical procedures resulted in samples being selected from every account except “Schedule Checkers” expenses that were not selected by our sampling software. 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.

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

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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 April 1, 2011 through June 30, 2011 generally complied with policies, were reasonable, and were adequately supported. The audit did not disclose any reportable deficiencies.

Summary of Expenses Audited

Account	Account Description	Total Amount	Sample Amount
50213	Training Program	\$ 154,988	\$ 3,180
50903	Business Meals	43,032	2,928
50910	Mileage / Parking	17,796	791
50914	Schedule Checkers	12,835	-
50915	Seminar and Conference Fee	76,403	1,150
50917	Business Travel	295,506	11,657
50999	Other Miscellaneous Expenses	<u>2,815,256</u>	<u>2,108,528(a)</u>
	Totals	<u>\$ 3,415,816</u>	<u>\$ 2,128,234</u>

Note (a): The \$2,108,528 consisted of two one-time adjustments totaling \$2,106,631 for fare revenue due to other transit agencies and disallowed contract overhead based on actual expenditures incurred for Fiscal Year 2010.

Final Report Distribution

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Metro

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