

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

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**Statutorily Mandated Audit of  
Miscellaneous Expenses for the Period  
July 1, 2016 to September 30, 2016**

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Report No. 17-AUD-06

June 28, 2017





**Metro**

**DATE:** June 28, 2017

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

**FROM:** Yvonne Zheng, Senior Manager, Audit 

**SUBJECT:** Statutorily Mandated Audit of Miscellaneous Expenses for the Period  
July 1, 2016 to September 30, 2016 (Report No. 17-AUD-06)

The Office of Inspector General (OIG) performed an audit of miscellaneous expenses that were processed from July 1, 2016 to September 30, 2016. This audit was performed pursuant to Public Utilities Code Section 130051.28(b) which requires the OIG to report quarterly to the Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors on miscellaneous expenses such as travel, meals, refreshments, private club dues, and membership fees.

We found that most of the miscellaneous expenses reviewed were properly supported and in compliance with Metro policies. However, for 2 of the 30 expenses reviewed, we found several issues such as:

- Required business itineraries were not submitted.
- Lodging expenses exceeded the maximum government lodging rates.
- Rental car was picked up earlier than needed.
- Travel and Business Expense reports were not submitted within 30 days.
- Employee claimed travel expenses for a personal day.
- Contract-related expenses were charged to the incorrect account.
- Travel expenses were paid to a contractor, but travel costs were not included in the contract.
- Metro's travel and business expense policy has an inconsistency which needs to be corrected.

Metro management agreed with our recommendations in the report and indicated that corrective action will be taken. A copy of the management response is attached to this report.

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**Office of the Inspector General**

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## **INTRODUCTION**

The Office of Inspector General (OIG) performed an audit of miscellaneous expenses that were processed from July 1, 2016 to September 30, 2016. This audit was performed pursuant to Public Utilities Code Section 130051.28(b) which requires the OIG to report quarterly to the Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors on miscellaneous expenses such as travel, meals, refreshments, private club dues, and membership fees.

## **OBJECTIVES, SCOPE, AND METHODOLOGY OF AUDIT**

The objectives of the audit were to determine if miscellaneous expenses were adequately supported by appropriate documentation and complied with Metro policies, procedures, and guidelines. To accomplish these objectives, we obtained a listing of all 537 miscellaneous expenses<sup>1</sup> totaling \$2.9 million processed from July 1, 2016 to September 31, 2016. We statistically selected a random sample of 30 expenses totaling \$32,157 to review. (See Appendix A for details.) Our sample covered five types of expenses: training, business meals, conference/seminars, business travel, and other miscellaneous expenses. We reviewed invoices, receipts, justification memos, and other supporting documentation for each transaction. We reviewed policy, procedures, and guidelines applicable to the transactions reviewed. We also interviewed several Metro employees, including staff in Central Oversight & Analysis, Accounting, General Services, and Procurement Departments.

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 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 applicable policies, procedures, or guidelines. Employees who request Metro to directly pay for goods and services or who seek reimbursement for out-of-pocket expenses must follow

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<sup>1</sup> This total does not include transactions that were \$200 or less, credits, and OIG or Ethics Office transactions.

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

## **RESULTS OF AUDIT**

Most of the miscellaneous expenses we reviewed were properly approved, justified, supported, accurate, and in compliance with Metro policies, procedures, and guidelines. However, for 2 of the 30 expenses reviewed, we found several issues such as:

- Required business itineraries were not submitted.
- Lodging expenses exceeded the maximum government lodging rates.
- Rental car was picked up earlier than needed.
- Travel and Business Expense reports were not submitted within 30 days.
- Employee claimed travel expenses for a personal day.
- Contract-related expenses were charged to the incorrect account.
- Travel expenses were paid to a contractor, but travel costs were not included in the contract.
- Metro's travel and business expense policy has an inconsistency which needs to be corrected.

### **Issue 1: Noncompliance with Travel Policies**

Metro's Finance Travel and Business Expense (FIN 14) policy requires employees to request reimbursement for travel expenses by submitting a travel and business expense (TBE) report with their receipts. Our random sample of 30 items included 8 TBE reports. We found several noncompliance issues with one of the eight TBEs for travel by a procurement official (hereafter referred to as "traveler") from May 15, 2016 (Sunday) to May 22, 2016 (Sunday). There were two parts to this travel. First, the traveler flew to Indianapolis, IN on May 15, 2016, to attend a conference. Second, he drove a rental car on May 18, 2016, from Indianapolis to Pittsburgh, PA to attend business meetings. On May 22, 2016, he flew from Pittsburgh to Los Angeles, CA. We found issues with the business itinerary, an unreported personal day, lodging rates, car rental, and timeliness of TBE reports being submitted.

#### **A. An Adequate Business Itinerary Was Not Provided and a Personal Day Was Taken But Not Reported.**

The traveler submitted a TBE report, requesting reimbursement for Pittsburgh travel expenses incurred from May 18, 2016 (Wednesday) to May 22, 2016 (Sunday). Metro policy requires trip documentation, such as a business itinerary, to be submitted with the Travel Approval (TA) form. Although the traveler provided a handwritten list of names of

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the companies he was planning to meet with in the Pittsburgh area, he did not provide the specific dates/times of the meetings, locations, names of individuals attending meetings, and the subject matter of the meetings. The traveler thought the list of companies was adequate and said he did not realize more specific information should have been provided.

We asked the traveler several times to provide additional information regarding the meetings. After getting his supervisor involved, the traveler provided us a list of persons he met with, what they discussed, and the locations of the meetings but did not provide the dates of the meetings. We called the contacts on his list and determined that the traveler attended meetings from May 18, 2016 (Wednesday) to May 20, 2016 (Friday). He did not have a meeting on Saturday even though he claimed travel expenses for Saturday on his TBE report.

1. Meeting on Saturday Rescheduled to an Earlier Date. Travel documentation showed that he was originally scheduled to attend a meeting in Columbus, OH on May 18, 2016, but the company cancelled the meeting on May 3, 2016. The traveler emailed the Travel Program Administrator and told her about the cancellation, but he did not inform her that he was able to switch a Pittsburgh area business meeting from May 21st to May 18th and, therefore, would not have any meetings on Saturday. He should have informed the Travel Program Administrator of this schedule change so she could have determined if it would have been cost effective (after reviewing airline or hotel cancellation fees) to send him home a day early. (He returned to Los Angeles on May 22<sup>nd</sup>, Sunday.) Since he did not conduct meetings on Saturday and did not inform the Travel Program Administrator about the schedule change, he should have treated Saturday as a personal day.

2. Traveler Did Not Report Personal Day on TBE. FIN 14 states that all travel costs incurred for personal reasons should be subtracted from any monies due the traveler on the TBE report. On his TBE report, the traveler claimed per diem, lodging, car rental fees, and hotel parking fees totaling \$338.18 for the Saturday. He also signed the TBE report, certifying that “all expenditures reported here are legitimate, allowable, and supported by documentation as required by LACMTA Policy FIN 14.” According to FIN 14, “Falsification of an item in an expense report will result in forfeiture of claim (28 U.S.C. 2514) and may result in a fine up to \$10,000 or imprisonment for up to 5 years or both (18.U.S.C. 287; i.d. 1001)...”

The traveler acknowledged that he should have immediately informed the Travel Program Administrator when he realized he had no meeting scheduled for Saturday. He offered to reimburse Metro for the travel costs related to that Saturday.

3. Review of Additional TBES. We reviewed prior TBE reports for the last 2 years for the traveler to determine if he had a pattern of not providing business itineraries. He travelled three times between January 2014 and April 2016. Two of the trips involved conferences, and the documentation was adequate. However, his TBE report for a trip to Pittsburgh to attend business meetings from Wednesday, October 15 through Tuesday, October 21, 2014

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(which included staying in Pittsburgh over the weekend) did not include a specific business itinerary to show whom he planned to talk to, locations, and specific dates/times. It only showed a list of four companies he planned to visit. He had five non-travel days (October 16 to 20, 2014) in which to conduct meetings with four companies. Because the trip occurred two and a half years ago, it is impractical to verify whether any of the meetings occurred on Saturday and Sunday.

4. Metro Policy. Although FIN 14 does not specify what information should be included in a business itinerary, for travelers attending business meetings, the Travel Program Administrator and the Chief, Vendor/Contract Management agreed that travelers should provide a business itinerary that lists attendees (or at least a main contact), location of the meeting, and dates/times of the meetings. This information would facilitate reviews by the Travel Program Administrator and supervisor to identify personal days and to verify business travel.

**B. Government Lodging Rate for Pittsburgh Was Exceeded.**

FIN 14 requires travelers to use the Travel Program Administrator to assist with reservations. It also requires that lodging rates not exceed the published government rates.<sup>2</sup> Exceptions are allowed for hotels that host conferences.<sup>3</sup> An Executive Officer should approve any compelling reason for exceeding the government lodging rate. The traveler's TBE report exceeded the government lodging rates for both Indianapolis and Pittsburgh. Because the traveler stayed at a conference host hotel in Indianapolis, the higher hotel rate was allowable. However, for Pittsburgh, the traveler stayed at the Wyndham Grand which charged \$197 per night (\$224.58 with taxes) although the government lodging rate was \$130 (\$148.20 with taxes).<sup>4</sup> As a result, Metro paid \$76.38 a day or a total of \$305.52 for 4 days in excess of the government lodging rate. There was no explanation in the TA to explain or justify exceeding the government lodging rate.

1. Traveler Did Not Use Travel Program Administrator to Make Reservations. The Travel Program Administrator stated she did not make these hotel reservations because the traveler insisted on making his own hotel reservations whenever he travelled. When asked why he did not use the Travel Program Administrator to make his hotel reservations as required by policy, the traveler stated that he did not know it was policy. He said he made the reservations himself because he thought the Travel Program Administrator was too busy and admitted that he was impatient. He also stated that he was not aware that Metro policy required travelers to follow government lodging rates. This employee began his Metro employment in 2003 and has made numerous business trips. Also, FIN 14 requires travelers

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<sup>2</sup> Government rates are listed in the Internal Revenue Service Publication 1542 or the GSA website: [www.gsa.gov](http://www.gsa.gov)

<sup>3</sup> Conferences often secure a block of rooms in a hotel where the conference is held or one that is close proximity.

<sup>4</sup> Pittsburgh has a seven percent state sales tax and a seven percent hotel occupancy tax.

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to be familiar with the policy. The traveler should have known about the requirement to stay within the government lodging rates and obtained approval to exceed them.

2. Review of Additional TBEs. Because of this issue, we reviewed TBEs for three trips taken by the traveler during the last 2 years. Two of his trips involved conferences where he stayed at host hotels that exceeded the government rate, which was allowable. However, for his October 15-21, 2014 trip to Pittsburgh (which was not related to a conference), he exceeded the Pittsburgh government lodging rate of \$128.00 (\$145.92 with taxes) when he paid a daily lodging rate of \$212.80 (\$242.59 with taxes) for 6 nights at the Hyatt Place. As a result, Metro paid \$96.67 a day or a total of \$580.02 for 6 days in excess of the government lodging rate. There was no explanation in the TA to explain or justify exceeding the government lodging rate.

As a result of our discussion with the traveler, he stated that he planned to use the Travel Program Administrator to make his hotel reservations for all future travel.

3. Interview with Travel Program Administrator. When we asked the Travel Program Administrator why she approved the TBE even though the traveler did not provide a business itinerary and exceeded the lodging rate, she stated that at the time she did not feel empowered to refuse to approve the TBE since the traveler's interim supervisors approved the TA and TBE. She started working in Metro's Travel Office in 2014. She received some training from the previous Travel Program Administrator, but most of it was on-the-job training. She now feels more confident as the Travel Program Administrator and has implemented new practices and procedures, including returning TA and TBE reports to travelers immediately if they are missing documentation, such as a business itinerary. She also stated that she now requires written approval from all travelers' Executive Officers for any exceptions to the lodging rate.

**C. Car Rental Was Picked Up Before Needed.**

FIN 14 states that "The Travel Coordinator will make rental vehicle reservations as appropriate" and "Business travel is booked based on the most economical means to carry out company business." A car rental was approved for the traveler. The justification for the rental was that the traveler planned to drive from Indianapolis to Pittsburgh to attend business meetings.

The Travel Program Administrator arranged for the traveler to pick up a rental car from Enterprise Rent-A-Car (Enterprise) at the Indianapolis airport on May 15, 2016, although he did not need the rental car until the evening of May 17, 2016 (he had a business meeting in Tipton, PA the morning of May 18<sup>th</sup>). The traveler stayed at a conference host hotel that was in walking distance to the conference so a rental car was not needed in Indianapolis. There was an Enterprise facility less than a mile from the hotel and conference location that could

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have picked up the traveler and brought him to their facility on the date he actually needed the car. As a result, Metro paid for car rental fees and a hotel parking rate of \$40 per night for 2 nights when the car was not needed for Metro business. The Travel Program Administrator was not aware that an Enterprise facility was close to the traveler's conference hotel and would have had the car rental agency pick up the traveler on the date the rental car was needed if she had known.

**D. TBE Reports Not Submitted in a Timely Manner.**

1. Criteria. FIN 14 states that "The TBE Report must be completed, approved, and delivered to the Travel Program Administrator within 30 calendar days of the date of returning from travel ...." FIN 14 does not allow for cash advances for travel except under extraordinary circumstances and also states that the "traveler shall pay amount owed to LACMTA before submitting the TBE Report to Accounting."

2. May 2016 Trip. The traveler returned to Los Angeles from Pittsburgh on May 22, 2016, but did not submit his TBE until July 6, 2016 (45 days later). Prior to the trip, the traveler had received a \$2,500 cash advance. The traveler stated he needed the cash advance because he did not have the money to pay for travel expenses upfront. This is no longer a legitimate reason to receive a cash advance because the Travel Program Administrator prepays for hotel, airfare, and car rental fees on her corporate credit card. After all travel expenses had been reconciled, he owed Metro \$377. When Accounting requested the traveler to reimburse the \$377, he did not repay Metro the money. Accounting subsequently took action to deduct the money from the traveler's wages.

3. November 2016 Trip. During our audit, the Travel Program Administrator mentioned the traveler had taken a trip to Pittsburgh, PA in November 2016 to attend business meetings but had not turned in his TBE report. He had received a \$2,500 cash advance even though the Travel Program Administrator had prepaid his airfare, hotel, and car rental expenses. As of May 1, 2017, (over 5 months later) he has not turned in his TBE report. After the traveler did not respond to a request to return the cash advance, Accounting deducted the \$2,500 advance from his wages in March 2017. Even though the traveler had not turned in his TBE report for his last travel, the traveler has requested to take three more trips this year, according to his supervisor.

We discussed this issue with the Chief, Vendor/Contract Management who agreed that the traveler's supervisor should avoid approving unnecessary cash advances and should ensure employees turn in their TBEs within the required 30 days for any future travel. Regarding the traveler in our sample, the Chief Vendor/Contract Management informed us that this employee was terminated from his Metro employment on May 24, 2017, due to other matters not related to this report.

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**Issue 2: Travel Expenses Were Charged to Incorrect Account and Were Not Included in the Contract**

We reviewed travel expenses totaling \$1,312 paid to a consultant who had a firm-fixed price contract with the Central Oversight & Analysis in the Operations Department to oversee leadership training that was held at a Metro facility. The work for this contract was completed in July 2016 and completely paid for in August 2016. We found the following matters with this expense.

**A. Paid From Wrong Account.**

Metro expenditures are categorized into various expense accounts and recorded in FIS. It is important that employees allocate expenses to the proper accounts to ensure the accuracy of information in FIS. In June 2016, the Executive Officer, Finance/Controller issued a memo that stated “expenses paid to individuals or organizations contracted to provide in-house training for a contract or non-contract employees are charged to account 50316 – Serv Professional and Technical Services.” It further clarified that “account 50213 – FB Training Program should be used for expenses for off-site contracted training for which there exists a written agreement between Metro and a consultant for a specific training/training programs required by Metro.”

In July 2016, the consultant submitted a \$6,228 invoice for travel costs. Central Oversight & Analysis paid \$4,916 from account 50316 and the remaining \$1,312 was paid for from account 50213. The \$1,312 should not have been paid from account 50213 according to the Executive Officer, Finance/Controller’s June 2016 memo. The Project Manager for the contract explained that they had run out of funds for account 50316 and decided to pay the remaining \$1,312 out account 50213. She agreed that they should have transferred funds from account 50213 to 50316 and then paid the expense using the appropriate account. To correct the error, they processed a voucher to change the account number charged on the invoice back to the 50316 account.

**B. Travel Costs Were Not Included In The Contract.**

While reviewing this expense, we found that travel costs were not included in the \$134,700 contract price and was not discussed in the contract. The Project Manager for the contract showed us the independent cost estimate and the consultant’s cost proposal. Both showed \$134,700 for direct labor costs plus \$11,000 for travel costs. However, the total contract price was only for \$134,700 and did not mention travel costs. Without travel costs being in the contract, Metro had no basis for reimbursing the consultant his travel costs.

The Director, Contract Administration stated that the Contract Administrator for this contract had inadvertently left out the travel costs when creating the contract. He also felt the

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communication between the Contract Administrator and Project Manager could have been better and was partly to blame. We further believe the Project Manager and consultant could have identified the error by reviewing the draft contract. The Project Manager agreed that she and the consultant should have found the error and reported it to the Contract Administrator.

**C. Payment Certification Was Not Obtained.**

The contract states the contractor must submit a “Certification for Request for Payment” with the invoices. This payment certification must be signed by the consultant and certifies that the work completed is in full accordance with the terms of the contract. The contractor did not submit this certification with the invoices. The Project Manager acknowledged she did not follow up with the contractor to ask for the certification. She stated that on future procurements, she will make sure all contract requirements are met.

**Issue 3: Inconsistent Metro Policy**

We also found inconsistent requirements in the Metro Travel Policy. FIN 14, section 1.2.1 states that the Travel Program Administrator forwards the TBE to Accounting for a review and travel invoice reconciliation.

*“Expenses incurred while on authorized travel must be reported and reconciled on a Travel and Business Expense Report (TBE Form ACCT-501). The TBE Report must be completed, approved and delivered to the Travel Program Administrator within 30 calendar days of the date of returning from travel, or from date of credit card statement. The Travel Program Administrator will forward the TBE Report to Accounting for a review and travel invoice reconciliation.”*

However, section 1.2.8 in FIN 14 states the Travel Program Administrator is responsible for the TBE review and travel invoice reconciliation.

*“The traveler must submit the completed and approved TBE Report to the Travel Program Administrator for review and travel invoice reconciliation. The Travel Program Administrator then forwards the report to Accounting for processing.”*

Based on our discussions with the Travel Program Administrator, she is responsible for reviewing the TBE reports related to travel to ensure they are supported and meet criteria. The Executive Officer, Finance/Controller confirmed this is correct and agreed that the sections were conflicting. To avoid confusion, he plans to revise section 1.2.1.

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## **CONCLUSION**

We found most miscellaneous expenses were properly supported and in compliance with Metro policies. However, we found several issues with 2 expenses of the 30 reviewed. Metro needs to strengthen controls over travel and procurement expenses, and Accounting needs to revise conflicting requirements in FIN 14.

## **RECOMMENDATIONS**

We recommend that:

1. The Travel Program Administrator:
  - a. Require TAs involving business meetings have a business itinerary that includes contacts, location of the meeting, and date/time of the meeting.
  - b. Implement plans to require written approval from the travelers' Executive Officers for any exceptions to the lodging rate.
  - c. Ensure rental cars are not picked up until they are needed, when feasible.
2. The Chief, Vendor/Contract Management:
  - a. Ensure that approved TAs involving business meetings include an adequate business itinerary that includes contacts, location of the meeting, and date/time of the meeting.
  - b. In coordination with the Travel Program Administrator, consider whether Metro should seek reimbursement from the former procurement official for the Saturday expenses for the personal day (\$338).
  - c. Ensure all TBE reports are submitted within 30 days after travel is completed.
  - d. Remind Contracting Administrators to include all required costs when drafting contracts.
  - e. Have Contract Administrators remind Project Managers to carefully review contracts and follow all of the contract terms.
3. The Executive Officer Finance/Controller should revise section 1.2.1 of FIN 14 to reflect current practices.

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## **METRO MANAGEMENT COMMENTS**

Metro management agreed with the recommendations in this report and has initiated the following corrective actions. (See Attachment B for details of actions implemented.)

The Travel Program Administrator will require business itineraries to include contacts, location of the meeting, and date/time of the meeting. She will also reserve rental cars for dates the traveler expects to drive the car during the trip. On June 22, 2017, the Travel Program Administrator informed us that their attempts after July 1, 2016 to get justification memos and verbal approvals from Executive Officers to exceed the lodging rates were not effective. At the end of 2016, she began a new procedure to document through emails the Executive Officers' approval to exceed lodging rates. This new procedure is acceptable and responsive to our recommendation.

The Chief, Vendor/Contract Management Officer plans to require staff to provide adequate business itineraries and ensure staff submit their TBE reports within 30 days. She will also ensure through training and education that all required costs are included in the contracts and will instruct Contract Administrators to remind Project Managers to carefully review contracts and follow all of the contract terms once the contract is awarded.

The Executive Officer, Finance/Controller plans to revise the travel policy to remove conflicting language by July 31, 2017.

## **EVALUATION OF METRO MANAGEMENT COMMENTS**

Metro management's proposed corrective actions are responsive to the findings and recommendations in the report. Therefore, we consider all issues related to the recommendations in the report resolved based on the corrective action plan. Although the recommendations are resolved, staff must follow up on the recommendations that are still open until all corrective actions are completed.

**Summary of Sampled Expenses Audited  
For the Period from July 1 to September 31, 2016**

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<i>Account</i>	<i>Account Description</i>	<i>Total Amount</i>	<i>Sample Amount</i>
50213	Training Program	\$ 60,286	\$ 1,312
50903	Business Meals	56,857	1,503
50908	Employee Relocation	80,000	0
50910	Mileage and Parking	5,918	0
50914	Schedule Checkers	2,255	0
50915	Seminar and Conference Fees	88,359	5,973
50917	Business Travel	151,761	5,977
50999	Other Miscellaneous Expenses	2,428,906	17,392
<b><i>Totals</i></b>		<b><u>\$ 2,874,342</u></b>	<b><u>\$ 32,157</u></b>

## Management Comments to Draft Report



**Metro**

### Interoffice Memo

Date	June 8, 2017
To	Yvonne Zheng Senior Manager, Audit, Inspections & Reviews
From	Debra Avila, Chief Vendor Contract Management Officer Vendor Contract Management
	Steve Jaffe, Deputy Executive Officer, General Services
	Jesse Soto, Executive Officer, Finance/Controller, Accounting
Subject	Response to Statutorily Mandated Audit of Miscellaneous Expenses from July 1, 2016 to September 30, 2016 Report No. 17-AUD-06

#### OVERVIEW

We have reviewed the results of the subject audit report and concur with the recommendation in the report.

We recognize that corrective action must be taken to ensure that controls over travel and Procurement expenses must be strengthened, and conflicting requirements in FIN 14- Travel and Business policy is corrected to avoid confusion.

#### PROPOSED CORRECTIVE ACTIONS

The audit recommends that:

1. The Travel Program Administrator:
  - a. *Require TAs involving business meetings have a business itinerary that includes contacts, location of the meeting, and date/time of the meeting.*

Management Response: Agree

The Travel Program Administrator will require a travel justification memo that accompanies a signed TA for any trip that does not have a published conference agenda to include an itinerary with contacts, location of the meeting, and date/time of the meeting for each day of travel.

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- b. *Implement plans to require written approval from the travelers' Executive Officers for any exceptions to the lodging rate.*

Management Response: Implemented 06/13/16  
Effective 07/01/2016, Chief Officers are required to authorize exceptions to travel policy cost control measures, including exceptions to the lodging per diem rate.

- c. *Ensure rental cars are not picked up until they are needed, when feasible.*

Management Response: Agree  
The Travel Program Administrator will exercise additional care that, when practical, rental car reservations are made for dates when the traveler expects to drive during a trip, and to avoid excess rental and parking charges for dates when the traveler will not be driving.

2. The Chief Vendor Contract Management Officer should:

- a. *Ensure that approved TAs involving business meetings include an adequate business itinerary that includes contacts, location of the meeting, and date/time of the meeting.*

Management Response: Agree  
The Chief Vendor Contract Management Officer will ensure all travelers follow the travel program requirements to provide an adequate business itinerary that includes contacts, location of the meetings, and date/time of the meetings for each day of travel.

- b. *Ensure all TBE reports are submitted within 30 days after travel is completed.*

Management Response: Agree  
The Chief Vendor Contract Management Officer will ensure all Vendor Contract Management staff submit their TBE reports within 30 days after travel is completed.

- c. *Remind Contracting Administrators to include all required costs when drafting contracts.*

Management Response: Agree  
The Chief Vendor Contract Management Officer will ensure (through education and training) that all required costs are included in the contracts. However, if during negotiations, should any cost elements be removed from the proposed price, those costs will not be included in the contract and the Contract Administrator will communicate this information to the project manager.

- d. *Have Contract Administrators remind Project Managers to carefully review contracts and follow all of the contract terms.*

## Management Comments to Draft Report

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Management Response: Agree

The Chief Vendor Contract Management Officer will instruct Contract Administrators to remind Project Managers to carefully review contracts and follow all of the contract terms once the contract is awarded.

3. *The Executive Officer Finance/Controller should revise section 1.2.1 of FIN 14 to reflect current practices.*

Management Response: Agree

To avoid confusion, the Senior Director of Accounting will ensure that section 1.2.1 of FIN 14- Travel and Business policy is corrected by July 31, 2017.

Should you have any questions regarding the response to this report, please feel free to contact Debra Avila, Steve Jaffe or Jesse Soto.

CC: Nalini Ahuja, Chief Financial Officer, Finance and Budget  
Joanne Peterson, Chief Human Capital and Development Officer  
Maria Conchita Banuelos, Travel Program Administrator  
Juan Cordero, Senior Director of Accounting  
Juliet Glindro, Manager, Accounting  
Yolanda Limon, General Services Manager

## Final Report Distribution

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### Metro

Chief Executive Office  
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