



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH THE REQUIREMENTS APPLICABLE TO
PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSITION A AND PROPOSITION C
LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH THE REQUIREMENTS APPLICABLE TO
PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSITION A AND PROPOSITION C
LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2021**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND PROPOSITION A AND PROPOSITON C LOCAL RETURN GUIDELINES	1
List of Package A Jurisdictions	4
Compliance Area Tested	5
Summary of Audit Results	
Schedule 1 – Summary of Compliance Findings	6
Schedule 2 – Schedule of Findings and Questioned Costs	7

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS
APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Proposition A and Proposition C Independent Citizen's Advisory and Oversight
Committee**

Report on Compliance

We have audited the compliance of the County of Los Angeles (County) and the thirty-nine (39) Cities identified in the List of Package A Jurisdictions, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter-approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by Metro, the County and the respective Cities for the year ended June 30, 2021 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the County and the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and the Requirements is the responsibility of the respective management of the County and the Cities.

Auditor's Responsibility

Our responsibility is to express opinions on the County and each City's compliance with the Guidelines and the Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs occurred. An audit includes examining, on a test basis, evidence about the County and each City's compliance with the Guidelines and the Requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of the County and each City's compliance with the Guidelines and the Requirements.

Opinion

In our opinion, the County and the Cities complied, in all material respects, with the Guidelines and the Requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and the Requirements and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2021-001 through #2021-008. Our opinion is not modified with respect to these matters.

The County and the Cities' responses to the noncompliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The County and the Cities' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

The management of the County and each City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and the Requirements referred to above. In planning and performing our audits of compliance, we considered the County and each City's internal control over compliance with the Guidelines and the Requirements that could have a direct and material effect on the Proposition A and Proposition C Local Return programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County and each City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2021-005, that we consider to be a significant deficiency.

The County and the Cities' responses to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The County and the Cities' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and the Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vaquero & Company LLP". The signature is written in a cursive, flowing style.

Glendale, California
December 30, 2021

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2021**

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INDUSTRY
20. CITY OF INGLEWOOD
21. CITY OF IRWINDALE
22. CITY OF LA PUENTE
23. CITY OF LAWNSDALE
24. CITY OF LYNWOOD
25. CITY OF MALIBU
26. CITY OF MAYWOOD
27. CITY OF MONTEBELLO
28. CITY OF MONTEREY PARK
29. CITY OF PICO RIVERA
30. CITY OF POMONA
31. CITY OF ROSEMEAD
32. CITY OF SAN FERNANDO
33. CITY OF SANTA FE SPRINGS
34. CITY OF SANTA MONICA
35. CITY OF SOUTH EL MONTE
36. CITY OF SOUTH GATE
37. CITY OF VERNON
38. CITY OF WALNUT
39. CITY OF WEST HOLLYWOOD
40. CITY OF WESTLAKE VILLAGE

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Compliance Area Tested
Fiscal Year Ended June 30, 2021

1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for local return purposes.
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.
3. Funds were expended with Metro's approval and were not substituted for property tax.
4. Timely use of funds.
5. Administrative expenses are within the 20% cap.
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.
10. Local Return Account is credited for reimbursable expenditures.
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.
14. Recreational transit form was submitted on time.
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.
17. All on-going and carryover projects were reported on Form B or electronic equivalent.
18. Cash or cash equivalents are maintained.
19. Accounting procedures, record keeping and documentation are adequate.

SUMMARY OF AUDIT RESULTS

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year ended June 30, 2021**

The audits of the County of Los Angeles and the 39 cities have resulted in 8 findings. The table below summarized those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Funds were expended with Metro's approval and were not substituted for property tax.	1	Montebello (See Finding #2021-005)	\$ 1,767	\$ 74,980	\$ 76,747
Timely use of funds.	2	Lawndale (See Finding #2021-004)	-	174,817	174,817
		Montebello (See Finding #2021-006)	615,004	-	615,004
Administrative expenses are within the 20% cap.	1	Calabasas (See Finding #2021-002)	37,984	124,898	162,882
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	3	Agoura Hills (See Finding #2021-001)	None	None	None
		Calabasas (See Finding #2021-003)	None	None	None
		County of Los Angeles (See Finding #2021-008)	None	-	None
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	1	Montebello (See Finding #2021-007)	-	None	None
Total Findings and Questioned Costs	8		\$ 654,755	\$ 374,695	\$ 1,029,450

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021**

Finding #2021-001: PALRF and PCLRF	City of Agoura Hills
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a Budget Request for the following projects:</p> <ul style="list-style-type: none"> a. PALRF's Project Code 107, Dial-A-Ride. Amount in excess of 25 percent of the approved budget was \$6,804; and b. PCLRF's Project Code 303, Traffic Signal Sync Maintenance project. Amount in excess of 25 percent of the approved budget was \$8,750. <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or a Budget Request.</p> <p>The City submitted the Budget Requests through Local Return Management System (LRMS) and obtained a retroactive approval of the project from Metro Program Manager.</p>
Cause	Revision to the budget for Dial-A-Ride as a result of unanticipated increase ridership in connection with the unknown fluctuations associated with the pandemic. Revision to the Traffic Signal Sync Maintenance project was the result of additional required work performed.
Effect	The City's PALRF and PCLRF project expenditures exceeded 25 percent of the approved project budgets prior to Metro's approval which resulted in the City's noncompliance with the Guidelines.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2021
 (Continued)**

Finding #2021-001: PALRF and PCLRF (Continued)	City of Agoura Hills
Recommendation	We recommend that the City submit revised Form A or submit Budget Requests to obtain Metro's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	The City concurs with the finding and will establish procedures to ensure that any projects exceeding the 25 percent threshold are identified and updated Project Description Form (Form A) or Budget Request is submitted to Metro for approval prior to the expenditure of funds.
Findings Resolved During the Audit	Metro Program Manager granted retroactive approval of the said projects on December 10, 2021 and December 13, 2021. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)**

Finding #2021-002: PALRF and PCLRF	City of Calabasas
Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section II(A)(15) states that, "The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on the year-end expenditures, and will be subject to an audit finding if the amount exceeds 20 percent".
Condition	The City's administration expenditures exceeded more than 20 percent of its PALRF and PCLRF total annual local return expenditures by \$37,984 and \$124,898, respectively.
Cause	The City is aware of the 20% limit of actual expenditures on Direct Administration. However, budgeted project expenditures were lower than expected, which reduced the threshold for allowable administrative costs.
Effect	Administrative expenses exceeded over 20% of the total annual local return expenditures. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures to ensure that administrative expenditures claimed under the local return funds be limited to 20 percent of the fund's total annual expenditures.
Management's Response	During the year, the City did not lay off any transit staff. With that being said and observing that this past year was an unusual year while services were not fully operating due to the pandemic, we requested and received a reprieve on the 20% cap requirement from Metro.
Finding Corrected During the Audit	On November 8, 2021, Metro Transportation Planning Manager waived the direct administration cap of 20% requirement for the City of Calabasas for FY 2020/21. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)**

Finding #2021-003: PALRF and PCLRF	City of Calabasas
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or SmartSheets for the following projects:</p> <ul style="list-style-type: none"> a. PALRF's Project Code 130, Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$26,635; b. PCLRF's Project Code 130, Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$21,030; and c. PCLRF's Project Code 620, Direct Administration. Amount in excess of 25 percent of the approved budget was \$116,842; and <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or via SmartSheets.</p> <p>The City submitted revised budgets via SmartSheets and obtained a retroactive approval of the project on November 19, 2021.</p>
Cause	The City was in transition staff wise. Information was not properly communicated.
Effect	The City's PALRF and PCLRF project expenditures exceeded 25 percent of the project budget approved by Metro prior to approval of the revised budget from Metro, which resulted in the City's noncompliance with the Guidelines.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2021
 (Continued)**

Finding #2021-003: PALRF and PCLRF (Continued)	City of Calabasas
Recommendation	We recommend that the City submit revised budgets via SmartSheets to obtain Metro's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	The City submitted revised budgets via SmartSheets and obtained an approval for the increase in the project budgets from Metro Program Manager.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of said project on November 19, 2021. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)**

Finding #2021-004: PCLRF	City of Lawndale
Compliance Reference	Section I(B) Timely Use of Funds of the Proposition A and C Local Return Guidelines states that, "Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City has unused Proposition C funds amounting to \$174,817 which lapsed as of June 30, 2021.
Cause	The City was unaware that there were lapsing allocations in the Proposition C Local Return Fund.
Effect	The City did not comply with the Proposition A and C Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that Proposition C funds are used timely.
Management's Response	The City agrees with the auditor's findings and recommended actions to establish procedures and internal controls to ensure that Proposition C funds are used timely. The City will develop internal controls to monitor when funds are received, so that an aging schedules can be put in place to monitor when revenues will lapse.
Findings Resolved During the Audit	On December 15, 2021, Metro Transportation Planning Manager granted a one-time, one-year extension for the use of the lapsed funds.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2021
 (Continued)**

Finding #2021-005: PALRF and PCLRF	City of Montebello
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City claimed expenditures under the following projects prior to approval by Metro.</p> <ul style="list-style-type: none"> a. PALRF Project Code 610, Administrative Overhead, totaling \$300; b. PALRF Project Code 610, Finance Overhead, totaling \$1,467; c. PCLRF Project Code 175, Inspect/Repair Transformer - Metrolink, totaling \$3,383; d. PCLRF Project Code 205, Bus Stop Pads Improvement Project (Citywide), totaling \$2,389; e. PCLRF Project Code 620, Administrative Overhead, totaling \$18,400; f. PCLRF Project Code 620, Finance Overhead, totaling \$1,784; g. PCLRF Project Code 490, Sales Tax Revenue Bonds, totaling \$1,500; and h. PCLRF Project Code 715, Paving the Way - Prop C, totaling \$47,524. <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</p> <p>This is a repeat finding from prior year's audit of PCLRF.</p>
Cause	The City was unfamiliar with the new process due to staff turnover and a new system for reporting to Metro.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2021
 (Continued)**

Finding #2021-005: PALRF and PCLRF (continued)	City of Montebello
Effect	The City claimed expenditures totaling \$1,767 of Proposition A and \$74,980 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management's Response	The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the said projects on September 20 and 23, 2021.
Findings Resolved During the Audit	Metro Program Manager granted a retroactive approval of the said projects on September 20 and 23, 2021. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)**

Finding #2021-006: PALRF	City of Montebello
Compliance Reference	Section I(B) Timely Use of Funds of the Proposition A and C Local Return Guidelines states that, "Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City has unused Proposition A funds amounting to \$615,004 which lapsed as of June 30, 2021.
Cause	The City was unfamiliar with the new process due to staff turnover and a new system for reporting to Metro.
Effect	The City did not comply with the Proposition A and C Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that Proposition A funds are used timely.
Management's Response	The City submitted a request to Metro Transportation Planning Manager to extend the use of the funds.
Finding Corrected During the Audit	On September 27, 2021, Metro Transportation Planning Manager granted a one-time, one-year extension for the use of the lapsed funds.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)**

Finding #2021-007: PCLRF	City of Montebello
Compliance Reference	<p>Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects".</p> <p>"Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria."</p> <p>"A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 806, and 840."</p>
Condition	<p>The City did not submit a signed Pavement Management System (PMS) certification in FY 2020/21, which is required to be conducted and maintained every 3 years. The City's latest certification submitted to Metro on April 13, 2017 has a December 13, 2016 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2021.</p> <p>A PMS Certification is required for the following PCLRF projects:</p> <ul style="list-style-type: none"> a) Project Code 705, Beverly Blvd Street Improvements (21st to Howard); and b) Project Code 705, Montebello Blvd ATP (Lincoln to Paramount).
Cause	<p>There was a turnover in permanent staff and a turnover on the consultants.</p>
Effect	<p>The City was not in compliance with respect to the certification of PMS in conformance with the criteria stipulated in the Local Return Guidelines. As such, any local return funds spent on the projects maybe required to be returned to the Local Return Funds.</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2021
 (Continued)**

Finding #2021-007: PCLRF (Continued)	City of Montebello
Recommendation	We recommend that the City submit to Metro and keep on file an updated PMS certification for eligibility of its new or ongoing street maintenance or bikeway projects.
Management's Response	The City is currently in the process of preparing a new PMS certification to be submitted in FY 2022. The City also requested from Metro Program Manager to extend the City's submittal date.
Finding Corrected During the Audit	On November 9, 2021, Metro Transportation Planning Manager granted an extension for the submittal of the PMS certification by January 3, 2022 as requested.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)

Finding #2021-008: PALRF	County of Los Angeles
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The County exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through Form A for PALRF's Project Code 105, Florence-Firestone/Walnut Park Youth project. Amount in excess of 25 percent of the approved budget was \$54,947.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The County submitted a Form A to the Metro Program Manager and obtained a retroactive approval of the project on October 12, 2021.</p>
Cause	This condition was caused by staff oversight.
Effect	The County's PALRF project expenditures exceeded 25 percent of Metro's approved budget prior to Metro's approval, which resulted in the County's noncompliance with the Guidelines.
Recommendation	We recommend that the County submit a revised budget request in the LRMS to obtain Metro's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	The County submitted budget request to the Metro Program Manager and obtained a retroactive approval of the said project on October 12, 2021.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the said project on October 12, 2021. No additional follow up is required.



www.vasquezcpa.com

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.