

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

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Report No. 21-AUD-01

October 23, 2020



TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
OBJECTIVES, METHODOLOGY AND SCOPE OF AUDIT	1
BACKGROUND	2
RESULTS OF AUDIT	2
1. Purchase Card Logs Submitted Late.....	3
2. Non-Compliance with Travel and Business Expense Policy	3
3. Insufficient Documentation on Business Meals Expenses.....	6
4. Observation on Various Miscellaneous Expenses.....	7
CONCLUSION.....	8
RECOMMENDATIONS.....	8
MANAGEMENT COMMENTS TO RECOMMENDATIONS	9
OIG EVALUATION OF MANAGEMENT RESPONSE	10
ATTACHMENTS	
A. Summary of Sampled Expenses Audited	11
B. Management Comments to Draft Report.....	12
C. Final Report Distribution	20



Metro

DATE: October 23, 2020

TO: Metro Board of Directors
Metro Chief Executive Officer

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

SUBJECT: Final Report on Statutorily Mandated Audit of Metro Miscellaneous Expenses
From January 1, 2020 to March 31, 2020 (Report No. 21-AUD-01)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from January 1, 2020 to March 31, 2020. 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 adequately supported by required documents. However, we noted the following issues on seven of the 56 expenses reviewed:

- Purchase card logs submitted late
- Non-compliance with Travel and Business Expense Policy
- Insufficient documentation on business meals expenses

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.
- Policies and procedures were adequate and followed to ensure that expenses were documented and properly accounted for.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General **Report No. 21-AUD-01**

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

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel including staff in Accounting, Communications, Human Capital and Development, Vendor Contract Management, Office of Board Secretary, and Operations; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro miscellaneous expenses for the period of January 1, 2020 to March 31, 2020. For this period, miscellaneous expenses totaled \$2,083,186¹ with 992 transactions. We selected 56 expense transactions totaling \$377,986 for detail testing. Thirty-one of the expense transactions were randomly selected, 3 were selected due to their large dollar amounts, 8 were selected to add more samples to other accounts and the remaining 14 were judgmentally selected for an expanded review of Business Meals (Account 50903), which was the focus of this quarter's review. As a result, we examined 17 business meals expenses with a total amount of \$24,950 out of 56 samples mentioned above. See Attachment A for details.

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 payment for miscellaneous expenses.

RESULTS OF AUDIT

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

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

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

1. Purchase Card Logs Submitted Late

- a. The P-Cardholder of Systemwide Design & Art Program submitted the Purchase Card (P-Card) log for \$5,960.10 for December 2019 to the Approving Official on February 7, 2020 and to the Accounting Department on February 10, 2020. The P-Card log should have been submitted to the approver on January 5, 2020 and to the Accounting Department on January 15, 2020.

According to the P-Cardholder, who is the Project Manager, Transit Asset Management, the log was submitted late because she got busy when they moved offices in January 2020.

- b. The P-Cardholder for the Office of Board Secretary submitted the credit card statement for February 2020 for P-Card purchases on February 28, 2020. This was approved online by the Board Secretary on March 30, 2020. However, the P-Cardholder did not submit the P-Card Log for \$5,157.38 until May 4, 2020, which was almost two months late.

2. Non-compliance with Travel and Business Expense Policy

- a. Fiscal Year 2019 Travel Expense Recorded in Fiscal Year 2020 Due to Late Submission of Report

Our review found that Citibank travel credit card charges for the month of June 2019 in the amount of \$74,752.23 were expensed in March 2020.

The Accounting Department records all payments to Citibank as a prepayment first and then records the expense when it receives the travel distribution report from the Travel Program Administrator (TPA) charging them to various cost centers. However, for this particular statement, the TPA submitted the report to Accounting in March 2020 – nine months later.

The TPA explained that since expense reports are submitted 30 days after the travel, it becomes difficult to retrieve invoices for prepaid hotel and car rental receipts to complete the reconciliation. This pushes back the submittal if there are missing invoices.

The TPA added that they have improved the process and are getting caught up this year with the slowing down of travel, as they currently have more time to call the hotels and obtain the receipts themselves. They are also working on implementing a new system with Concur, so that they can prepay the hotels directly and not wait for the invoices from the employees.

It is important that reports are submitted on time, especially if the expense pertains to a different fiscal year as it may negatively impact the budget in the fiscal year the expense was processed.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

b. Employee Reimbursed for an Unnecessary Extra Day at the Hotel

The Senior Engineer at Rail Maintenance of Way Engineering attended a conference in Florida from January 28 to January 31, 2020. The conference ended in the morning of January 31, 2020 and the employee should have checked out from the hotel on the same day. However, his TBE report with a reimbursable amount of \$1,047.08 showed a hotel charge of \$170.24 on January 31, 2020; thus, he was over reimbursed by Metro for the said amount.

Section 1.1.15 of the Travel and Business Expense policy (FIN 14) states that *“if traveler’s meeting, training, or seminar adjourns by 2:00 pm, traveler is expected to depart for Los Angeles the same day since no overnight lodging will be authorized.”*

The employee explained that he was not aware of the policy. Employees should be counseled to read FIN14 prior to traveling for Metro.

The Travel Program Administrator should review the details and charges on the TBE Report to ensure that expenses are properly and accurately reported.

Section 1.2.1 of the Travel & Business Expense Policy FIN 14 states: *“The Travel Program Administrator will verify completeness of documentation and accuracy of calculation, and then forward the TBE Report to Accounting for processing.”*

The employee was asked to pay the cost of the extra day at the hotel for \$170.24. The payment was made on July 21, 2020.

c. Travel and Business Expense Report Submitted Late

The Senior Bus Equipment Maintenance Instructor at Bus Maintenance – Central Instruction attended a conference in San Francisco from September 26 to 27, 2019. However, he submitted the TBE report for \$1,151.53 with reimbursable expenses of \$932.92 on January 6, 2020, which was almost three months late. The report was due in October 2019.

The employee explained that he prepared the report on time through the online Electronic travel System but did not realize that he only saved it and did not actually submit the report. When he had not received the reimbursement after several months, he identified the error that he made and later corrected it.

Section 1.2.1 of the Travel & Business Expense Policy (FIN 14) states: *“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.”*

It is important that TBE reports are submitted on time in order for the expense to be recorded in the proper accounting period. Management should continue to encourage employees to attend the training on TBE and remind them of Metro’s travel policy.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

The Travel coordinator should consult with the Information Technology Services department to implement a notification to travelers if they did not complete their on-line TBE report to ensure TBE reports are filled out, completed and submitted promptly.

d. Travel Funded by a Non-Company Source Not Made in Accordance with Travel and Business Expense Policy

In March 2017, Metro entered into a three-year agreement with Transportation Learning Center (Center) as a member of the National Signals Training Consortium whose membership includes public transportation and railroad agencies, as well as certain associated union organizations. The Center provides certain services and creates certain products regarding rail signals maintenance training. Members can avail themselves of one-on-one Train the Trainer, technical assistance and other resources from the Center. The initial membership period commenced on January 1, 2018 and ends on December 31, 2020, with the option to renew. The annual membership fee is \$18,500 and Metro paid its third annual fee in January 2020.

In the course of our review of the said payment, we found that employees at Wayside Systems Signal Maintenance attended out-of-state training conducted by the Center in 2018 and 2019 without complying with the Travel and Business Expense Policy (FIN 14).

In October 2018, the Director, Wayside Systems, attended the five-day training in Colorado and in October of the following year, the Sr. Rail EMI, Signals attended the five-day training in Pennsylvania. However, both travels were not made in accordance with Metro's travel policy. They did not inform the Travel Department and did not submit the Travel Authorization form.

The Travel and Business Expense Policy (FIN 14) requires *“for audit purposes, the TA form must be completed and approved by the Executive Officer (EO) for all travel, even travel that is funded by a non-company source.”*

The Director, Wayside Systems, explained that they were not aware of the requirement to submit the Travel Authorization since the travel was paid by the Signal Consortium. Both employees were reimbursed directly by the Consortium for their travel expenses. On May 26, 2020, the Director, Wayside Systems, submitted a memo from the DEO, Wayside Systems Engineering and Maintenance, which indicated his supervisor's approval to attend the training in Colorado in October 2018. The Director approved the training attended by the Sr. Rail EMI, Signals in October 2019.

It is important that employees comply with FIN 14 to document all official travels, whether paid for by Metro or not. Travel expenses paid for by an organization other than Metro is subject to review by Metro's Ethics Department to ensure compliance with Metro's Employee Code of Conduct. If a Metro employee receives a benefit from a vendor who may influence a business decision, a violation of the Code of Conduct or Political Reform Act might occur. The expense may need to be reported on the employee's Form 700 and have other impacts.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

We further recommend that the Department evaluate if there is a need to renew its membership with the Consortium, which is expiring in December of this year and make a cost-benefit analysis, taking into consideration of the current financial situation of the Agency.

3. Insufficient Documentation on Business Meals Expenses

For this quarter from January 1, 2020 to March 31, 2020, we performed an expanded review of Business Meals expenses². The total Business Meals expense for the quarter was \$46,842, from which we sampled 17 transactions in the amount of \$24,950 and examined the supporting documents.

The following is the summary of Business Meals expenses by Cost Center from January 1, 2020 to March 31, 2020:

<u>Cost Center</u>	<u>Business Meals</u>	
	<u>Total Amount</u>	<u>Sample Amount</u>
Board Office	\$ 8,417	\$ 6,737
Human Capital and Development	4,433	2,866
Corporate Safety	3,809	1,934
Marketing	3,729	3,729
Office of Civil Rights	2,587	1,987
Office of Extraordinary Innovation	2,002	793
Talent Development	1,996	338
Public Relations	1,914	972
System Security & Law Enforcement	1,564	1,323
General Services Administration	1,433	1,433
Community Relations	1,373	1,128
Bus Maintenance - Division 7	1,372	1,072
Other Cost Centers with less than \$1,100	12,213	638
Total	\$ 46,842	\$ 24,950

Our review of Business Meals expenses found no significant issues except for the following transaction:

Our sample included business meals incurred by the Board Office for Purchase Card statements dated 12/23/2019 (\$2,115.43) and 2/24/2020 (\$5,137.38). We noted that purchases of meals using a P-Card did not include details such as nature of meeting, number of attendees, and other information as required by the Accounting Procedures and Guidelines for Check Request (ACC-01).

² Note that during the Covid-19 era, any expenses for meals may be disallowed.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

Section 1.1.1(aa) of ACC-01 requires that that business meals for events and business meetings *“must be accompanied with receipts, account coding and a detailed justification memo signed by the responsible department which documents attendees, name and title, affiliation, subject discussed, purpose and benefit to LACMTA.”*

Upon our request, the P-Cardholder provided the nature of meetings and number of attendees for each meeting. We calculated the average per person cost of a meal. The per person cost ranged from \$6 to \$22.

In comparison, the U.S. General Services Administration published a per diem rate of \$17 for lunch for employees on business travels and this rate is being used in Metro’s Travel and Business Expense policy (FIN 14). Some of the costs per person exceeded the published GSA rate. Currently, there is no official standard rate or maximum amount set by Metro for business meals during meetings.

It is important to include pertinent information, as required by ACC-01 to determine that the business meals incurred were reasonable and justifiable. A clearly-defined policy could be formulated for meals during business meetings that sets a maximum per person rate. Since the GSA rate includes payment of a tip and in office buffet style meals would not likely include a tip, it might result in a lower than GSA rate. Local cost rates should be considered and a policy limit or guidelines should be established.

OBSERVATION:

In the course of our audit, we observed the following:

- a. **Professional membership paid prior to Training & Development approval.** Rail Maintenance of Way Engineering paid a professional membership³ for one of its employees in the amounts of \$175 and \$316 through the Purchase Card, without securing first the approval of Training & Development, as required by the policy.
- b. **Some transactions recorded to incorrect accounts.**
 - Professional membership recorded to miscellaneous (Rail Maintenance of Way Engineering);
 - Seminar recorded as miscellaneous (Workforce Services); and
 - Professional services recorded as fringe benefit – training (Central Oversight and Analysis Department);

We brought these transactions to the attention of Accounting and the concerned departments and they were promptly corrected.

³ Note that during the Covid-19 era, any payments for professional membership may be disallowed unless required by the Agency as a job requirement.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

- c. **Checks for business meals prepared but events were cancelled.** The Talent Development Department prepared check requests for \$337.70 each for its bi-monthly onboarding sessions for new employees scheduled on March 23 and April 6, 2020. However, these sessions were cancelled due to COVID-19 pandemic. Talent Development did not advise Accounting to cancel the checks. As soon as we brought this to their attention, they voided the checks.

- d. **Specific vendor used to cater to the Agency's events and meetings.** As directed by management, Metro uses the cafeteria located inside Union Station for most of its meetings. While purchasing from this vendor offers convenience and support our inhouse vendor meet expenses to stay at hour facility, we believe that their beverages such as bottled water and soda cans are priced much higher (\$1.25 for each bottled water and \$1.50 for each soda can) than when purchased from supermarket or big box stores. For example, a 32-bottle case of water bottles can be bought at Walmart for \$3.98.

With the Agency's current financial circumstances due to the COVID-19 pandemic, management and staff must be conscious in all purchases and ensure that they are made in the most cost-effective manner. Grocery delivery services are currently more available than before. The Agency might want to consider allowing water bottles to be purchased by a more economical source.

CONCLUSION

The miscellaneous expenses we reviewed for the period of January 1, 2020 to March 31, 2020 generally complied with policies, were reasonable, and adequately supported by required documents. However, we found that for seven of the expenses reviewed, requirements were not followed regarding the compliance with policies on purchase cards, travel and business expenses, and business meals. Some accounts were recorded to incorrect accounts, which were corrected after we brought the issue to the attention of Accounting and the involved staff.

As stated in our previous report on the audit of miscellaneous expenses for the period October to December 2019, Metro is facing unprecedented financial challenges due to the Covid-19 pandemic. Because of the current financial situation, we recommend that miscellaneous expenses be strictly controlled to identify cost saving opportunities and eliminate unnecessary expenses.

RECOMMENDATIONS

We recommend that:

Operations:

1. Rail Maintenance of Way Engineering and Bus Maintenance – Central Instruction: remind staff to submit TBE Reports timely and accurately; require staff to attend TBE training before travelling and be familiar with Metro's travel policy FIN14.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

2. Wayside System Signal Maintenance staff and supervisors: comply with the Travel and Business Expense policy, even for travels funded by a non-company source and evaluate the need to renew membership with the Signal Consortium.

Office of Board Secretary:

3. Remind the P-Cardholder to submit the Purchase Card log on time.
4. Indicate details and other pertinent information when business meal expenses are incurred, in compliance with ACC-01. Evaluate and negotiate prices with vendors providing business meals to obtain the best reasonable price.
5. Work with Accounting to formulate a policy on business meal expenses during meetings to set a maximum meal allowance per attendee amount considering the GSA standards and local average costs.

Human Capital and Development:

6. Instruct the Travel Program Administrator to submit travel distribution reports on time so expenses can be recorded in the proper accounting period.
7. Work with Metro's ITS department to assist travelers, who use the on-line Electronic Travel system to submit their TBE and notify them of incomplete and unsubmitted TBE reports.
8. Remind the Travel Program Administrator to perform a detailed review of Travel and Business Expenses and supporting documents to ensure reports are accurate, complete, and within applicable policies.

Communications:

9. Systemwide Design and Art Program: ensure that P-Card logs are submitted on time and in compliance with the P-Card policy.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On October 2, 2020, we provided Metro Management a draft report. On October 23, 2020, the management completed their responses that summarized their corrective actions, as shown in Attachment B.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
January 1, 2020 to March 31, 2020**

Office of the Inspector General

Report No. 21-AUD-01

OIG EVALUATION OF MANAGEMENT RESPONSE

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

**Summary of Sampled Expenses Audited
For the Period from January 1, 2020 to March 31, 2020**

<i>Account</i>	<i>Account Description</i>	<i>Total Amount</i>	<i>Sample Amount</i>
50213	Training Program	\$ 78,972	\$ 64,876
50903	Business Meals	46,842	24,950
50905	Corporate Membership	152,433	84,000
50908	Employee Relocation	0	0
50910	ER Mileage / Parking	4,369	0
50912	Professional Membership	32,656	5,785
50914	Schedule Checkers	2,174	0
50915	Seminar and Conference Fee	130,014	13,343
50917	Business Travel	345,006	5,771
50918	Advertising	926,059	106,580
50930	Employee Activities and Recreation	23,002	22,667
50999	Other Miscellaneous Expenses	<u>341,659</u>	<u>50,014</u>
	Total	<u>\$2,083,186</u>	<u>\$ 377,986</u>

Management Comments to Draft Report



Metro

Interoffice Memo

Date	October 21, 2020
To	Karen Gorman Inspector General
From	James T. Gallagher <i>JTG</i> Chief Operations Officer
Subject	Management Response to the Audit of Metro Miscellaneous Expenses (Report # 21- AUD-01)

Operations Management has received and reviewed the Audit of Metro Miscellaneous Expenses for transactions processed from January 2020 - March 2020 in the Bus Maintenance and Maintenance & Engineering departments within Operations. The report includes the following recommendations:

1. Rail Maintenance of Way (MOW) Engineering and Bus Maintenance – Central Instruction: Remind staff to submit Travel & Business Expense (TBE) Reports timely and accurately; require staff to attend TBE training before travelling and be familiar with Metro's travel policy FIN14.

Response: Agree; Sr. Bus Equipment Maintenance Instructor, submitted his TBE report 3 months late due to an oversight in the use of the automated on-line TBE report management system. This employee has read the attached OIG audit report (see attachment A), has been re-issued the travel policy FIN 14, and has been advised of his responsibility to adhere to all aspects of the policy for travel & business funded by Metro and/or other external agencies such as the Transportation Learning Center. Further, the employee has been advised to attend the next scheduled training class for the use and application of the FIN 14 policy.

2. Wayside System Signal Maintenance staff and supervisors: comply with the Travel and Business Expense policy, even for travels funded by a non-company source and evaluate the need to renew membership with the Signal Consortium.

Response: Agree; All Maintenance & Engineering non-contract personnel, including their supervisors, will be provided Metro's travel policy FIN14 and will be required to acknowledge receipt and full understanding of the policy, even for travels funded by a non-company source. Also, staff will continue to evaluate the need to renew membership as necessary, ensure that they obtain the approval of Training & Development first, as required by Metro's policy, and charge approved memberships to the correct accounts.

CC: Yvonne Zheng, Sr. Mgr., Audit
Alex DiNuzzo, Sr. EO, Bus Maintenance
Errol Taylor, Sr. EO, Maintenance & Engineering

Management Comments to Draft Report

Daniel Ramirez, Service Operations Superintendent
Diane Corral-Lopez, EO, Operations Administration
Theresa Arslanian, Manager, Transportation Planning
Nancy Alberto-Saravia, Director, Finance & Administration

Management Comments to Draft Report



Metro

Interoffice Memo

Date	October 19, 2020
To	Yvonne Zheng, Senior Manager, Audit Office of the Inspector General
From	Michele Jackson, Board Secretary
Subject	Draft Report: Audit of Metro Miscellaneous Expenses From January 1, 2020 to March 31, 2020 (Report No.21-AUD-01)

OVERVIEW

The results of the audit have been reviewed and concur with the recommendations.

Corrective actions must be taken to ensure that Metro policies are followed concerning timely submission of Purchase Card logs and sufficient documentation is properly logged for all business meals expenses.

PROPOSED CORRECTIVE ACTIONS

The audit recommends that:

1. Remind the P-Cardholder to submit the Purchase Card log on time.

Management Response: Agree

The Board Secretary will ensure that the P-Cardholder submit the Purchase Card log on time every month.

2. Indicate details and other pertinent information when business meal expenses are incurred, in compliance with ACC-01. Evaluate and negotiate prices with vendors providing business meals to obtain the best reasonable price.

Management Response: Agree

The Board Secretary will work with the P-Cardholder to evaluate and negotiate prices with vendors providing business meals to obtain the best reasonable price.

Management Comments to Draft Report

3. Work with Accounting to formulate a policy on business meal expenses during meetings to set a maximum meal allowance per attendee amount considering the GSA standards and local average costs.

The Audit/Accounting recommendations are sound in principal; however, all meal recommendations and locations are made by the rotating Chair at the time. This office does not govern or set parameters regarding meal allocation for any Board related meetings. We recommend using a two-year average per meal for Accounting purposes.


Should you have any questions regarding the response to this report, please feel free to contact me.

Management Comments to Draft Report



Metro

Interoffice Memo

*	Date	October 19, 2020
	To	Yvonne Zheng Senior Manager, Audit Office of Inspector General
	From	Joanne Peterson  Chief Human Capital & Development Officer
	Subject	Response to Draft Report: Audit of Miscellaneous Expenses from January 1, 2020 to March 31, 2020 (Report No. 21-AUD-01)

OVERVIEW

We have reviewed the results of the Office of the Inspector General (OIG) draft report on Audit of Miscellaneous Expenses. The purpose of the audit was to determine whether:

- 1) expenses were proper, reasonable, and in compliance with Metro policies and procedures;
- 2) expenses had proper approval, receipts, and other supporting documentation; and
- 3) policies and procedures were adequate and followed to ensure that expenses were documented and properly accounted for.

RECOMMENDATIONS (BOLD) AND PROPOSED CORRECTIVE ACTIONS

- 1. Instruct the Travel Program Administrator to submit travel distribution reports on time so expenses can be recorded in the proper accounting period.**

In response to recommendation 1, the Travel Program Administrator agrees to submit travel distribution reports on time so that expenses can be recorded in the proper accounting period. On-time is defined as, reconciliation of credit card statements to Accounting within the next 30-day period from the billing month received. Travel distribution report became current in April-2020. Delays in reconciliation reports have been due to missing receipts that are obtained when a traveler submits a TBE report.

- 2. Work with Metro's ITS department to assist travelers who use the online Electronic Travel system to submit their TBE and notify them of incomplete and unsubmitted TBE reports.**

In response to recommendation 2, the Travel Program Administrator agrees to continue to work with Metro's ITS department to assist travelers who use the online

Management Comments to Draft Report

Electronic Travel system to submit their TBE and notify them of incomplete and unsubmitted TBE reports. Notification reminders to approvers and travelers of pending travel authorizations and travel expense reports were implemented in October-2019. Reminder notifications are sent on the 3rd day of submission and then sent three times on alternate days, with a final one with a notice saying "Final" reminder to have action completed. Manual process via email to notify travelers of unsubmitted expense reports was initiated during the 2nd quarter of 2020. Will submit a Service Request to ITS to implement an electronic notification process for unsubmitted TBE reports to be sent to travelers. Service request will request a completed by December 31, 2020 however, development and implementation will be dependent on IT workload.

- 3. Remind the Travel Program Administrator to perform a detailed review of Travel and Business Expenses and supporting documents to ensure reports are accurate, complete, and within applicable policies.**


In response to recommendation 3, the Travel Program Administrator agrees to perform a detailed review of Travel and Business Expenses and supporting documents to ensure reports are accurate, complete, and within applicable policies. A review is conducted within 10 business days of the traveler submitting an expense report. With no existing backlog of expense reports since April-2020, a detailed review of an expense report is conducted as it is received. The average review period in April was 2 days per TBE report.

cc: Steve Jaffe
Yolanda Limon
Maria Conchita Banuelos

Management Comments to Draft Report


Metro

Interoffice Memo

Date	October 19, 2020
To	Yvonne Zheng Senior Manager, Audit Office of Inspector General
From	Joanne Peterson  Chief Human Capital & Development Officer
Subject	Audit of Metro Miscellaneous Expenses from January 1, 2020 to March 31, 2020 (Report No. 21- AUD-01)

Thank you for the opportunity to respond to the findings and recommendations prior to the final release of the quarterly Audit of Metro Miscellaneous Expenses from January 1, 2020 to March 31, 2020 (Report No. 21-AUD-01). Although, our response is in regard to an Observation and not a Recommendation we still feel it is important to address.

Observation

Checks for business meal prepared but events were cancelled. The Talent Development Department prepared check request for \$337.70 each for its bi-monthly onboarding sessions for new employees scheduled on March 23 and April 6, 2020. However, these sessions were cancelled due to the COVID 19 Pandemic. Talent Development did not advise Accounting to cancel the checks. As soon as we brought this to their attention, they voided the checks.

Response

As mentioned above, once the issue was brought to Talent Development's attention the checks were voided. Going forward, now that Talent Development is aware of and understands the procedures and process; they will contact Accounting, in a timely manner, to cancel any payments not needed.

cc: Patrice McElroy, Executive Officer, Talent Management

X 


Management Comments to Draft Report



Metro

Interoffice Memo



Date	October 22, 2020
To	Yvonne Zheng, Senior Manager, Audit Office of Inspector General
From	Yvette Rapose Chief Communications Officer 
Subject	Audit of Miscellaneous Expenses January to March 2020 (21-AUD-01)

OVERVIEW

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

PROPOSED CORRECTIVE ACTIONS

The audit recommends that:

Communications:

Systemwide Design and Art Program: ensure that P-Card logs are submitted on time and in compliance with the P-Card policy.

Management Response: Agree. Staff will work to ensure that P-Card logs are submitted on time and in compliance with the P-Card policy.

Final Report Distribution

Board of Directors

Kathryn Barger
Mike Bonin
James Butts
Jacquelyn Dupont-Walker
John Fasana
Eric Garcetti
Robert Garcia
Janice Hahn
Paul Krekorian
Sheila Kuehl
Ara Najarian
Mark Ridley-Thomas
Hilda Solis
John Bulinski, Non-Voting Member

Metro

Chief Executive Officer
Chief of Staff
Board Secretary
Inspector General
Chief Ethics Officer (Interim)
Chief Finance Officer
Executive Officer, Finance/Controller
Chief Operations Officer
Chief Human Capital and Development Officer
Chief Communications Officer
Chief Vendor/Contract Management Officer
Chief Auditor (Interim)
Audit Support Manager
Manager, Records & Information Management