



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH 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, 2020



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2020**

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SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSTION 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 Oversight Committee

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles (the County) identified in Schedule 1, 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 (LACMTA), 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 LACMTA and the respective Cities and the County for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express opinions on each City's and the County's compliance with the Guidelines and 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 each City's and the County's compliance with the Guidelines and 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 each City's and the County's compliance with the Guidelines and Requirements.





Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-029. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule 2 - Schedule of Findings and Questioned Costs. 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 each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County'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 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 each City's and the County's internal control over compliance.

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 were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 under the Guidelines and Requirements 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, such that there is a reasonable possibility that material noncompliance under the Guidelines and Requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-009 and #2020-010 to be material weaknesses.



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines and 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-002, #2020-008, #2020-014, #2020-015, #2020-016, #2020-019 and #2020-029 that we consider to be significant deficiencies.

The responses by the Cities 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 responses by the Cities 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 Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 31, 2020

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audits of the 49 cities and the County identified in Schedule 1 have resulted in 29 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Funds were expended without LACMTA's approval.	5	Artesia (#2020-002) Lancaster (#2020-015) Manhattan Beach (#2020-018) Palmdale (#2020-022) Temple City (#2020-028)	\$ 20,000 - - 21,375 750,000	- \$ 862 77,600 - -	\$ 20,000 862 77,600 21,375 750,000
Total annual expenditures exceeded more than 25% of the approved budget.	3	La Cañada Flintridge (#2020-014) Lancaster (#2020-016) Palmdale (#2020-023)	None None None	- - -	None None None
Annual Project Summary Report (Form B) was not submitted on time.	1	Alhambra (#2020-001)	None	None	None
Annual Expenditure Report (Form C) was not submitted on time	1	Artesia (#2020-003)	None	None	None
Accounting procedures, record keeping, and documentation are adequate.	6	Artesia (#2020-004) Downey (#2020-009) Downey (#2020-010) Glendora (#2020-012) Manhattan Beach (#2020-019) Whittier (#2020-029)	None 462,403 126,690 None None 152,636	- 73,844 - - - 98,380	None - - None None None

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Pavement Management System (PMS) is not in place or being used for Street Maintenance or Improvement Projects Expenditures.	4	Artesia (#2020-005) Claremont (#2020-007) Norwalk (#2020-021) Signal Hill (#2020-026)	- - - -	None None None None	None None None None
Recreational transit form was not submitted on time.	9	Artesia (#2020-006) Covina (#2020-008) El Segundo (#2020-011) Glendora (#2020-013) Los Angeles (#2020-017) Manhattan Beach (#2020-020) Pasadena (#2020-024) Redondo Beach (#2020-025) South Pasadena (#2020-027)	None None None None None None None None None	- - - - - - - - -	None None None None None None None None None
Total Findings and Questioned Cost	29		\$ 1,533,104	\$ 250,686	\$ 869,837

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Alhambra	Arcadia	Artesia
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	PA: #2020-002 PC: Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	PA & PC: #2020-001	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	PA & PC: #2020-003
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	PA: #2020-004 PC: Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	PA: Compliant PC: #2020-005
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	PA: #2020-006 PC: Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Avalon	Bellflower	Bradbury
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	PA: Compliant PC: #2020-007
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Covina	Diamond Bar	Downey
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	PA & PC: #2020-009 PA: #2020-010
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-008 PC: Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	PA: #2020-011 PC: Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	PA: #2020-012 PC: Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Not Applicable	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-013 PC: Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	PA: #2020-014 PC: Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Verne	Lakewood	Lancaster
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	PA: Compliant PC: #2020-015
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	PA: #2020-016 PC: Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	Compliant

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Compliant
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Compliant	PA: #2020-017 PC: Compliant

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: Compliant PC: #2020-018	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Not Applicable	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA: #2020-019 PC: Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	PA: #2020-020 PC: Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: #2020-022 PC: Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	PA: #2020-023 PC: Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	PA: Compliant PC: #2020-021	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	PA: #2020-024 PC: Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Not Applicable	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Not Applicable	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-025 PC: Compliant	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
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Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	PA: Compliant PC: #2020-026
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Compliant

Los Angeles County Metropolitan Transportation Authority
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Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	South Pasadena	Temple City	Torrance
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: #2020-028 PC: Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-027 PC: Compliant	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	West Covina	Whittier
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant
Timely use of funds.	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA & PC: #2020-029
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant

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PALRF Finding #2020-001	City of Alhambra
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, "Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects."
Condition	The City did not meet the August 1, 2019 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 14, 2019.
Cause	The submission of Form B was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director.
Effect	The City's Form B was not submitted timely as required by the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager.
Finding Corrected During the Audit	The City subsequently submitted the Form B on August 14, 2019. No follow-up is required.

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Fiscal Year Ended June 30, 2020
(Continued)

PALRF Finding #2020-002	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
Condition	The City used Proposition A Local Return funds for Project Code 480-08 Gateway COG Study in the amount of \$20,000 prior to LACMTA's approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 23, 2020. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City's finance department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines of obtaining an approval from LACMTA prior to the expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City's Form A for Project Code 480-08 Gateway COG Study was submitted and retroactively approved by LACMTA on December 23, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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Schedule of Findings and Questioned Costs
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(Continued)**

PALRF and PCLRF Finding #2020-003	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Annual Expenditure Report (Form C). Instead, the City submitted the Form C on December 23, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City's Form C was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form C is properly prepared and submitted before the due date of October 15th in accordance with the Proposition A and Proposition C Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City subsequently submitted the Form C on December 23, 2020. No follow up is required.

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 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PALRF Finding #2020-004</p>	<p>City of Artesia</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="text-align: center;">:</p> <p style="text-align: center;">(b) A Federal award and non-Federal award.</p> <p style="text-align: center;">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="text-align: center;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="text-align: center;">:</p> <p style="text-align: center;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:</p> <p style="text-align: center;">(i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**Los Angeles County Metropolitan Transportation Authority
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 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF Finding #2020-004 (Continued)	City of Artesia
Condition	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged for one (1) employee (Management Analyst) under Project 480-07, Prop A. Vehicle - Personnel Salary for the four (4) pay periods (1/10/20, 1/24/20, 2/8/20, 2/21/20) totaling \$2,025, did not agree with the authorized pay rate per Personnel Action Form (PAF) and the corresponding timesheets provided.</p> <p>However, based on the timesheets which showed actual hours worked per program and the pay rate per PAF to reflect the current effective pay rate allocated to the PALRF, the salaries and benefits charged under the Project 480-07 was under-allocated by \$95. The City represented that it was due to human error when allocating salaries and benefits expenditures to PALRF's project.</p>
Cause	It was due to an oversight by the City's finance department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen its controls over the allocation of payroll costs to ensure that all project expenditures are adequately supported and reported.
Management's Response	The error in salary expenditure allocation was due to an oversight, the new management team will ensure accurate recording in City's accounting system going forward.

**Los Angeles County Metropolitan Transportation Authority
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 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PCLRF Finding #2020-005</p>	<p>City of Artesia</p>
<p>Compliance Reference</p>	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a 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 should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
<p>Condition</p>	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for the following three projects: (1) 440-07 Pioneer, Artesia, & Norwalk Landscaped Median; (2) 440-08 Pioneer, Artesia, I Norwalk & South Street; and (3) 440-15 Traffic Stripping Maintenance. However, the City did not submit PMS Certification Form during the fiscal year 2020. The last PMS Certification Form was expired on November 15, 2019.</p>
<p>Cause</p>	<p>It was due to an oversight.</p>
<p>Effect</p>	<p>The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines.</p>

**Los Angeles County Metropolitan Transportation Authority
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 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-005 (Continued)	City of Artesia
Recommendation	We recommend that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
Management’s Response	The City is aware that the current Pavement Management System Certification (PMS) on file should have been updated in FY20. The City is in the process of obtaining a quote from the City's contracted engineer to update the PMS Certification. The City endeavors to bring the PMS Certification into compliance as quickly as possible in 2021.
Finding Corrected During the Audit	The City has reached out to LACMTA for an extension to submit the PMS certification form in FY2021. LACMTA subsequently approved on January 6, 2021. Verification of the PMS Certification Form submission will be performed during FY2021 audit.

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(Continued)**

PALRF Finding #2020-006	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on December 28, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen its control procedures to ensure the timely submission of all required forms and documentations.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unable to complete all required tasks on time.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted to LACMTA on December 28, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
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 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PCLRF Finding #2020-007</p>	<p>City of Claremont</p>
<p>Compliance Requirement</p>	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a 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 should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
<p>Condition</p>	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for its Project Code 440-01, On-Call Asphalt Repair. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2017 which was provided to LACMTA on December 8, 2016.</p> <p>Subsequently, the City submitted the PMS Certification on December 10, 2020.</p>
<p>Cause</p>	<p>This is due to the City staff’s oversight.</p>
<p>Effect</p>	<p>The City did not comply with the Proposition A and Proposition C Local Return Guidelines.</p>

**Los Angeles County Metropolitan Transportation Authority
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 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-007 (Continued)	City of Claremont
Recommendation	We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
Management’s Response	The Management concurred with the finding.
Finding Corrected During the Audit	The City subsequently submitted the PMS Certification on December 10, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
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 (Continued)**

PALRF Finding #2020-008	City of Covina
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 3, 2020. This is a repeat finding from prior fiscal year.
Cause	With rollout of the new LACMTA LRMS in October 2020, the submission of the Listing of Recreational Transit Services form was overlooked.
Effect	The City’s Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	Moving forward, the City will implement a new process to ensure that the submission of PALRF form deadline is met.
Finding Corrected During Audit	The City submitted the form to LACMTA on November 3, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PALRF & PCLRF Finding #2020-009</p>	<p>City of Downey</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p style="padding-left: 40px;">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**Los Angeles County Metropolitan Transportation Authority
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 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF & PCLRF Finding #2020-009 (Continued)	City of Downey
Condition	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged were based on estimated percentages on PALRF and PCLRF activities rather than the employee’s actual hours worked on the projects. Although the City provided a time study listing the employees charged to PALRF and PCLRF, the salaries and benefits on the time study were based on estimated percentages. Moreover, the hours were not adjusted to reflect the “true” hours worked on the projects at the end of the fiscal year 2019-20. The following is a list of the unsupported salaries and benefits allocations per project:</p> <p>(a) PALRF’s Fixed Route Program Project Code 110-13 in the amount of \$33,307.</p> <p>(b) PALRF’s Revised Senior/Handicapped Transit Program Project Code 130-02 in the amount of \$429,096.</p> <p>(c) PCLRF’s Ride Sharing Program Administration Project Code 480-02 in the amount of \$40,997.</p> <p>(d) PCLRF’s Local Return Fund Administration (Public Works) Project Code 480-28 in the amount of \$32,847.</p> <p>This is a repeat finding from the prior four fiscal years.</p>
Cause	<p>The City allocates the salaries and benefits charges based on a time study from fiscal year 2011-12. The same percentage allocations have been used in prior fiscal years. Additionally, the City believed the estimated percentages charged to the funds for salaries and benefit expenses are still less than the actual costs incurred for the programs.</p>
Effect	<p>The payroll costs claimed under the PALRF and PCLRF projects may include expenditures which may be disallowed Proposition A and Proposition C project expenditures. This resulted in questioned costs of \$462,403 and \$73,844 for PALRF and PCLRF, respectively.</p>
Recommendation	<p>We recommend that the City reimburse its PALRF and PCLRF accounts for \$462,403 and \$73,844, respectively. In addition, we recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the programs.</p>

Los Angeles County Metropolitan Transportation Authority
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(Continued)

PALRF & PCLRF Finding #2020-009 (Continued)	City of Downey
Management's Response	<p>The City's management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for salaries and benefits are less than the actual costs incurred for the programs. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the program was internally administered in which caused an increase in the salaries and benefits costs. In fiscal year 2019-20, the City implemented KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time spent on projects and to be able to track the time spent on each program. With the implementation of this system, the City will be able to charge salaries and benefits costs directly to the program. With the full implementation of KRONOS, the City expects this finding to be fully resolved in fiscal year 2020-21.</p>

**Los Angeles County Metropolitan Transportation Authority
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PALRF Finding #2020-010	City of Downey
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, payments for equipment rental in the amount of \$126,690 were charged to PALRF's Revised Senior/Handicapped Transit Program, Project Code 130-02, without appropriate supporting documentation, i.e., invoices, purchase orders, contracts, etc., to validate the disbursements. This is a repeat finding from the prior three fiscal years.
Cause	The City allocates equipment rental charges based on a time study from fiscal year 2011-12. The same percentage allocation has been used in prior fiscal years. Additionally, the City believed the estimated percentage charged to the fund for equipment rental expenditures are still less than the actual costs incurred for the program.
Effect	The unsupported expenditures for the equipment rental resulted in questioned costs of \$126,690.
Recommendation	We recommend that the City reimburse its PALRF account for \$126,690. In addition, we recommend that the City strengthen its controls over the allocation of equipment rental costs by using an equitable and supported allocation basis to substantiate the costs charged to the program.
Management’s Response	The City’s management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for the allocation of equipment rental expenditures are less than the actual costs incurred to administer the program. For example, the maintenance costs are directly charged to the City’s equipment fund and monthly charges are distributed to various departments for the repairs, maintenance, and general upkeep of the vehicles. In fiscal year 2019-20, legal costs in the amount of \$230,000 were incurred for charges in a Dial-A-Ride lawsuit. Both the maintenance and legal costs far exceed the amount allocated to the PALRF.

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PALRF Finding #2020-011	City of El Segundo
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on November 18, 2020.
Cause	This was an oversight by the City for not submitting the Recreational Transit Form by the due date.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	City staff submitted the Recreational Transit Form on November 18, 2020 due to oversight. In the future the City will make sure to submit Recreational Transit Form by the October 15th deadline to ensure compliance with the requirements.
Findings Corrected During the Audit	The City's Recreational Transit Form was submitted on November 18, 2020. No follow-up is required.

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 (Continued)**

<p>PALRF Finding #2020-012</p>	<p>City of Glendora</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>The Measure R Local Return Guidelines, Section A.I: Program Summary, states, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.”</p> <p>Likewise, the Measure M Local Return Guidelines, Section XXV: Program Objective, states, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to cities and County of Los Angeles (Jurisdictions) may be used for purposes other than transportation purposes.” and Audit Requirements, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation...”</p>
<p>Condition</p>	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by both the employee and the employee’s supervisor. The Certification is prepared annually and provides the hours worked by the employee on PALRF, MRLRF, and MMLRF projects for all pay periods during the fiscal year 2019-20. The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) March 22, 2020 b) April 19, 2020 c) May 17, 2020 d) June 14, 2020 <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October, November, and December 2020, which were four to seven months after the fact.</p>
<p>Cause</p>	<p>The City was not aware that the Certification needs to be prepared and reviewed near the end of the period covered. As a result, the Certifications were untimely signed by both employees and supervisors.</p>

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(Continued)

PALRF Finding #2020-012 (Continued)	City of Glendora
Effect	Without employees and supervisors signing the timecards/certifications, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Inadequate support for salaries could result in disallowed costs.
Recommendation	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds' projects.
Management's Response	The City will re-evaluate the preparation process of the Certifications to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time.

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 (Continued)**

PALRF Finding #2020-013	City of Glendora
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on October 19, 2020.
Cause	Due to the change in the reporting database with the other Metro forms, the late submission of the form was due to an oversight.
Effect	The City’s Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The City will re-evaluate the process to ensure that the form will be submitted timely in the future.
Finding Corrected During the Audit	The City submitted the form to LACMTA on October 19, 2020. No follow-up is required.

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PALRF Finding #2020-014	City of La Cañada Flintridge
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A), "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
Condition	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 150.03, Bus Shelter Maintenance Program for City's Bus Shelters, in the amount of \$328. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on October 5, 2020.</p> <p>This is a repeat finding from fiscal year ending June 30, 2018.</p>
Cause	The work performed on this project was completed in late June. The invoice was received in July 2020 and determined that the actual cost of the project was higher than the amount budgeted. Since the invoice was received after June 2020, the City was not able to submit a request for a budget increase from LACMTA in a timely manner.
Effect	The City's PALRF project expenditure exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA's approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating Local Return projects.
Management's Response	The City will review the PALRF expenditures on a monthly basis to ensure that all expenditures incurred are within the budget. The City will obtain approvals from LACMTA when the City determines that more costs are necessary to complete a project or task.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval in the amount of \$3,140 for the said project on October 5, 2020. No follow-up is required.

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PCLRF Finding #2020-015	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project.”
Condition	The City used Proposition C Local Return funds for Project Code 470-13, 2021 Pavement Management Program (12ST041) in the amount of \$862 prior to LACMTA’s approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 21, 2020. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City’s program department.
Effect	The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
Management’s Response	The City will establish procedures to ensure that Project Description Form (Form A) will be submitted timely.
Finding Corrected During the Audit	The City’s Form A for Project Code 470-13, 2021 Pavement Management Program (12ST041) was submitted and retroactively approved by LACMTA on December 21, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
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(Continued)

PALRF Finding #2020-016	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A), "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
Condition	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 160-04, Bus Stop Improvements (as part of Project 16ST007) and Project Code 480-05, General Fund Overhead Allocation without prior approval from LACMTA. The amounts that exceeded the approved budget by more than 25 percent were \$3,999 and \$42,139, respectively. Subsequently, the City submitted amended Project Description forms (Form A) to obtain budget increases from LACMTA for Project Code 160-04 and Project Code 480-05 and received approvals on October 12, 2020 and December 21, 2020, respectively.</p> <p>This is a repeat finding from the prior fiscal year.</p>
Cause	It was due to an oversight by the City's program department.
Effect	The City's PALRF project expenditures exceeded 25 percent of Metro's approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should submit an amended Form A prior to the expenditure of funds.
Management's Response	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget.
Finding Corrected During the Audit	Amended Form A's were submitted to LACMTA and were approved on October 12, 2020 and December 21, 2020, respectively. No follow-up is required.

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PALRF Finding #2020-017	City of Los Angeles
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on November 18, 2020.
Cause	This was an oversight by the City in submitting the Recreational Transit Form before the due date.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City in the future will endeavor to submit the Recreational Transit Form on or before the due date.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted on November 18, 2020. No follow-up is required.

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PCLRF Finding #2020-018	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section III. A: Reporting Requirements for Jurisdictions, Project Description Form (Form A), “A new project that meets the eligibility criteria...must be submitted to Metro on Project Description Form (Form A) prior to the expenditure of funds. Metro will review the project to determine if it meets the statutory eligibility requirement and notify Jurisdictions of the project’s LR funding eligibility. If a Jurisdiction expends Proposition A or Proposition C LR funds for a project prior to Metro approval, the Jurisdiction will be required to reimburse its LR Account. Additionally, approvals cannot be retroactive. A Project Description Form (Form A) may be submitted any time during the fiscal year”.
Condition	The City incurred expenditures in the amount of \$77,600 for the Street Resurfacing: Liberty Village project code 440-03 prior to receiving approval from LACMTA. However, the project was subsequently approved on September 24, 2020.
Cause	The City did not submit Form A to LACMTA prior to expenditure of funds on a new project due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines as expenditures for the PCLRF projects were incurred prior to LACMTA’s approval.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that Form A is submitted to LACMTA prior to expending funds on a new project.
Management’s Response	The City in the future will endeavor to submit the Form A on or before the due date.
Finding Corrected During the Audit	Updated Form A was submitted to LACMTA and was retroactively approved on September 24, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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PALRF Finding #2020-019	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	To support the propriety of expenditures charged to the Proposition A Local Return Fund (PALRF), all expenditures should be based on actual amounts incurred and supported by a properly executed invoice, purchase order, contract, or other official documentation evidencing in proper detail the nature of the charges. However, during our review of expenditures charged to PALRF for the Dial-A-Ride project code 130-01, it was noted that information system expenditures from the City’s Internal Service Fund were allocated to the PALRF based on the budgeted amount of \$86,640 and would not be “trued up” to the actual cost of \$89,620 at year end. The result was an undercharge of \$2,980 to the PALRF account. This is a repeat finding from the prior fiscal year.
Cause	The City was unaware that charging budgeted amounts to the PALRF is unallowable.
Effect	The City undercharged the PALRF for information system allocations by \$2,980.
Recommendation	We recommend that the City ensure all budgeted expenditures charged to the PALRF are “trued up” to actual amounts.
Management’s Response	The City in the future will allocate internal service funds on an actual basis.

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PALRF Finding #2020-020	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for the submission of the Recreational Transit Form. Instead, the City submitted the Recreational Transit Form on November 19, 2020.
Cause	This was an oversight by the City in submitting the Recreational Transit Form before the due date.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen its internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet the Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City in the future will endeavor to submit the Recreational Transit Form on or before the due date.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted on November 19, 2020. No follow-up is required.

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PCLRF Finding #2020-021	City of Norwalk
Compliance Reference	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a 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 should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for the following four projects: (1) 440-01 Foster Road Rehabilitation from Studebaker Road to Pioneer Blvd (7904); (2) 440-44 Imperial Highway Rehabilitation - Phase I (7905); (3) 440-47 Alondra Boulevard Rehabilitation from Gridley Road to Studebaker Avenue (Design); and (4) 450-02 Firestone Bridge Guard Rails (7196). However, the City did not submit PMS Certification Form during the fiscal year 2020. The last PMS Certification Form was expired on September 28, 2019.</p>
Cause	<p>It was due to an oversight.</p>
Effect	<p>The City did not comply with the Proposition A and Proposition C Local Return Guidelines.</p>

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PCLRF Finding #2020-021 (Continued)	City of Norwalk
Recommendation	We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
Management’s Response	The City hired an independent engineering firm to complete the PMS Certification. The City’s PMP study is currently 90% complete. However, there have been delays in finalizing this study due to the COVID-19. The final report will be adopted by the City Council in early Spring 2021.

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PALRF Finding #2020-022	City of Palmdale
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
Condition	The City used Proposition A Local Return funds for Project Code 500-01 VOIP Telephone System Improvements in the amount of \$21,375 prior to LACMTA's approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 15, 2020.
Cause	It was due to an oversight by the City's program department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
Management's Response	The City will establish procedures to ensure that Project Description Form (Form A) will be submitted timely.
Finding Corrected During the Audit	The City's Form A for Project Code 500-01 VOIP Telephone System Improvements was submitted and retroactively approved by LACMTA on December 15, 2020. No follow-up is required.

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PALRF Finding #2020-023	City of Palmdale
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
Condition	The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 230-04 Park and Ride Security without prior approval from LACMTA. The amount that exceeded the approved budget by more than 25 percent is \$10,801. Subsequently, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received an approval on December 15, 2020.
Cause	It was due to an oversight by the City's program department.
Effect	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should submit an amended Form A prior to the expenditure of funds.
Management's Response	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget.
Finding Corrected During the Audit	An amended Form A for Project Code 230-04 Park and Ride Security was submitted to LACMTA and was approved on December 15, 2020. No follow-up is required.

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PALRF Finding #2020-024	City of Pasadena
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 20, 2020.
Cause	It was due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
Management’s Response	There was a staff turnover in Transportation Department and the new staff missed the deadline when submitting the required forms. A reminder has been added to the reporting task calendar to ensure future Recreation Transit reporting due dates are met.
Finding Corrected During the Audit	The City’s Recreational Transit Form was submitted to LACMTA on October 20, 2020. No follow-up is required.

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PALRF Finding #2020-025	City of Redondo Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 29, 2020.
Cause	It was due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
Management Response	The Recreational Transit form was submitted late due to staff oversight. The City will work on submitting documents on time in the future.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted to LACMTA on October 29, 2020. No follow-up is required.

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PCLRF Finding #2020-026	City of Signal Hill
Compliance Reference	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a 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 should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
Condition	<p>The City has incurred expenditures for PCLRF Project Code 440, Street Improvement and Maintenance. However, the City’s latest PMS Certification expired on June 17, 2020.</p> <p>Subsequently, the City submitted the PMS Certification on December 1, 2020.</p>
Cause	It was due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentation to indicate the listing was submitted in a timely manner.

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PCLRF Finding #2020-026 (Continued)	City of Signal Hill
Management's Response	There was staff turnover in Public Works Department and the new staff did not know the PMS Certification was to be submitted on time
Finding Corrected During the Audit	The City subsequently submitted the PMS Certification on December 1, 2020. No follow-up is required.

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PALRF Finding #2020-027	City of South Pasadena
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 18, 2020.
Cause	The staff responsible for the submission of the form was out of the office for an extended period of time. As a result, the submission of the form was overlooked.
Effect	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City will provide proper training to handle the submission of form to several staff in case the staff who is primarily responsible for the submission of the form is unavailable.
Finding Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on November 18, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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(Continued)**

PALRF Finding #2020-028	City of Temple City
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
Condition	The City incurred expenditures prior to receiving approval from LACMTA for PALRF's Project Code 410-00, Proposition A Fund Exchange with Foothill Transit, in the amount of \$750,000. However, the project was subsequently approved on September 29, 2020.
Cause	Due to miscommunication amongst the staff, the City mistakenly did not submit a request for budget approval from LACMTA for PALRF's Proposition A Fund Exchange with Foothill Transit.
Effect	The City did not comply with the Guidelines when expenditures for PALRF project are incurred prior to LACMTA's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects.
Management's Response	Moving forward, the City will ensure that the necessary forms are submitted and official approvals from LACMTA are acquired before expending PALRF on any projects.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on September 29, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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(Continued)**

PALRF & PCLRF Finding #2020-029	City of Whittier
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	To support the propriety of expenditures being charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, indirect costs charged to PALRF and PCLRF in the amounts of \$152,636 and \$98,380, respectively, were based on a Cost Allocation Plan (CAP) that was prepared in fiscal year 1991-92. This is a repeat finding from prior fiscal year.
Cause	The City was in the final stages of review of CAP but has decided to work with an outside consultant to implement the CAP.
Effect	The expenditures allocated may not reflect the appropriate share of costs charged to PALRF and PCLRF.
Recommendation	We recommend that the City update its CAP either by the City’s own qualified personnel or by an independent external party to perform a study of the share of costs between departments, programs and funds throughout the City. The study ensures that the respective funds, including PALRF and PCLRF, are fairly and accurately paying for the services received. For a CAP to be reasonable, the City needs to establish an allocation system that is fair, equitable, and supported by current data.
Management Response	The City will implement a revised CAP.