

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

---

**Statutorily Mandated Audit**  
**of Miscellaneous Expenses**  
**July 1, 2021 to September 30, 2021**

---

Report No. 22-AUD-04

January 11, 2022



# **TABLE OF CONTENTS**

INTRODUCTION .....	1
OBJECTIVES, METHODOLOGY AND SCOPE OF AUDIT .....	1
BACKGROUND .....	2
RESULTS OF AUDIT .....	2
1. Professional Membership Paid Prior to Training & Development Department Approval..	2
2. Late Submission and Approval of Purchase Card Statement and Reconciliation Package.	3
3. Travel and Business Expense Report Not Approved by the Appropriate Officer.....	5
4. Transaction Recorded to Incorrect Account .....	6
OBSERVATION .....	6
CONCLUSION .....	9
RECOMMENDATIONS.....	9
MANAGEMENT COMMENTS TO RECOMMENDATIONS.....	10
OIG EVALUATION OF MANAGEMENT RESPONSE .....	10
ATTACHMENTS .....	11
A. Summary of Sampled Expenses Audited.....	11
B. Management Comments to Draft Report .....	12
C. Final Report Distribution .....	19



**Metro**

**DATE:** January 11, 2022

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

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

**SUBJECT:** Draft Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses  
July 1, 2021 to September 30, 2021 (Report No. 22-AUD-04)

## **INTRODUCTION**

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from July 1, 2021 to September 30, 2021. This audit was performed pursuant to Public Utilities Code, Section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

We found that the transactions reviewed generally complied with Metro policies, were reasonable, and adequately supported by required documents. However, we noted the following issues on six of the 48 expenses reviewed:

- Professional membership paid prior to Training and Development Department Approval
- Late submission and approval of Purchase Card statement and reconciliation package
- Travel and Business Expense report not approved by the appropriate officer
- Transaction recorded to incorrect account

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

The objectives of the audit were to determine whether:

- Expenses charged were proper, reasonable, and in accordance with Metro policies and procedures;
- Expenses had proper approval, receipts, and other supporting documentation; and
- Policies and procedures were adequate and followed to ensure that expenses were documented and accounted for properly.

# Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

---

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

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel including staff in Accounting, Human Capital and Development, Information Technology Services, Operations, Planning and Development, Program Management, and Vendor/Contract Management; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro miscellaneous expenses for the period of July 1, 2021 to September 30, 2021. For this period, miscellaneous expenses totaled \$480,979<sup>1</sup> with 150 transactions. We selected 48 expense transactions totaling \$322,680 for detail testing. Twenty six of the expense transactions were randomly selected, four were selected due to their large dollar amounts, and 18 were selected to add more samples for Travel and Business Expense (Account 50917) and to sample other accounts. See Attachment A for details.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

## BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable section is responsible for the accurate and timely processing of payment for miscellaneous expenses.

## RESULTS OF AUDIT

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

### 1. Professional Membership Paid Prior to Training & Development Department Approval

In August 2021, the Purchase Cardholder of Construction, Program Management paid the professional membership fees for three employees at Quality Management in various organizations

---

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

# Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

---

for a total amount of \$444. However, the payment was made prior to securing the approval of the Training and Development Department (T&D).

Based on the Corporate and Professional Membership (HR 6) Policy, the Professional Membership Information form must be completed, signed, and approved by the Department Head and T&D prior to payment by Metro.

The P-Cardholder stated that the membership fees for the said employees were pre-approved by the Manager through emails before she made the payment. However, the required Professional Membership Information form was not completed and T&D's approval was not secured prior to payment because as she explained, *"During this time, I had a delay in receiving the [Professional Membership Information] form signed by staff. After receiving the signed membership form, I forwarded it to T&D. Unknown to me, the person that I normally submitted the [said] form to left Metro so there was a delay in the processing of the form."*

It is important to submit the required form and secure the approval of T&D. Each fiscal year, T&D manages the list of agency membership and in reviewing the number of requests for individual memberships, T&D can assist in obtaining group membership discount rates within the professional organization if they are available. T&D also monitors the number of memberships for an individual employee. Management of group and individual memberships cannot be done effectively and in accordance with Metro policy if membership fees are paid without submitting the required form and securing the approval of T&D.

Both the P-Card Business Unit Coordinator and the P-Cardholder's Supervisor stated that they will instruct all staff to comply with HR 6 policy.

## 2. Late Submission and Approval of Purchase Card Statement and Reconciliation Package

Our audit found that the following cost centers failed to submit and/or approve their P-Card statement and reconciliation package on time:

- a. The P-Cardholder of Planning and Development submitted their June 2021 Purchase Card statement and supporting documents for \$1,601.68 to the Accounting Department on July 23, 2021. It was electronically approved by the Approving Official on September 16, 2021 - two months late.

Pursuant to the P-Card policy, the P-Cardholder must forward the P-Card package (monthly P-Card log, reconciled monthly bank statement, and receipts) to the designated Approving Official for review and approval within five working days of receipt of the bank statement. The Approving Official, in turn, should review and approve statement packages within five working days from the date of receipt. The P-Card package should be received by Accounting not later than the 15<sup>th</sup> day of the following month. Not turning in monthly statements on time is a violation of Metro's P-Card policy.

## Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

---

The P-Cardholder explained that he was late by a few days in submitting the P-Card statement and reconciliation package due to oversight. He informed us that reminders were already sent to enable him to submit the monthly statements on time. He added that the statement was approved late because the Approving Official/Business Unit Coordinator had issues with the notification and believed that he had approved the statement already.

Our prior period audit found the same policy violation for this business unit.

- b. The P-Cardholder of Regional Rail (Cost Center 2415) submitted their March 2021 P-Card statement and reconciliation package for \$1,104.71 to the Accounting Department in August 2021 – four months after the due date of April 15, 2021.

The P-Cardholder explained: *“The reason for the late submittal was two reasons: (1) Since we have been working from home, I have not had many P-Card transactions and this was an oversight. I apologize and have taken measures to revert back to timely submissions. However, since being provided a Metro P-Card for almost 10 years, I have usually remitted my P-Card statements timely prior to COVID; and (2) I was trying to locate the supporting documentation and requested a copy from the vendor which took longer than expected.”*

The P-Cardholder added that while the P-Card reconciliation submittal process was automated, the delivery of the actual P-Card statement is still via US Mail. She explained further that since P-Cardholders are working from home, access to mail delivered to Gateway was not readily available which would have assisted in reminding staff to submit timely nor were reminder emails sent from the P-Card Program. She suggested that emailing the P-Card statements to P-Card holders would be more efficient and less costly.

However, the P-Card Administrator explained that P-Cardholders have the capability of downloading their statements online just like they download the excel financial transaction detail report for their reconciliation. The P-Card Program Unit has offered assistance to the P-Cardholder in relation to this process.

In our previous audit report, Statutorily Mandated Audit of Miscellaneous Expenses, April to June 2021 (Report No. 22-AUD-03 issued on October 22, 2021), we emphasized the importance of timely submission and approval of the monthly statements and reconciliation package to closely monitor the department’s expenditures and budgets. If P-Cardholders are delinquent with their P-Card logs, their cost center’s account balances are not current because they do not reflect all the purchases made. In addition, prompt submission of the P-Card statement and reconciliation package will give Accounting more time to review the transactions and ensure that purchases are made in accordance with Metro policy.

The P-Card Business Unit Coordinator informed us that Program Management will send a memo to all P-Card program participants stressing the importance of submitting monthly statement and reconciliation packages for approval prior to the required due date.

## Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

---

### 3. Travel and Business Expense Report Not Approved by the Appropriate Officer

Our audit found that travel and business expense reports were not approved by the appropriate officer in the following instances:

- a. The Director of Logistics (then with Rail Vehicle Acquisition) traveled to Springfield, MA and Milwaukee, WI from June 8 to 10, 2021 and submitted his Travel and Business Expense (TBE) report on July 8, 2021 with reimbursable expenses of \$697.90. The TBE Report was signed by the Sr. Executive Officer, Vehicle Acquisition, not the Chief Operations Officer.

The Travel and Business Expense (FIN 14) policy requires that all Travel Authorizations and related travel justifications, including TBE Reports, be approved by the Department Chief.

The employee explained that it had been a while since he traveled and he was not sure if the travel system automatically forwarded his report to the approval chain for digital authorization, or if he had to select the approver. He added that if he selected the name, it was because he was instructed to do so.

We tested the travel request system that includes filling out the request, submitting justification and supporting documents, and a travel business expense report. We verified that the traveler does have the opportunity to fill in both the Department Head and Department Chief, both required fields.

The Travel Program Administrator (TPA) confirmed that it was the Traveler or the delegated submitter who erroneously selected the name of the Senior Executive Officer, instead of the Department Chief. However, she failed to correct it due to oversight. She stated that *“Unfortunately, the system is not sophisticated enough to know who is the actual Chief of the department. It’s up to the employee to select the correct Department Head and Department Chief. Because there are times when a Department Head has been delegated to approve for the Chief, we need to leave it open for the employee to select the proper approver.”* The TPA added that she should have verified or requested an approver delegation signature form, if it was applicable. She will make sure to include that form in the future to determine who had signature delegation at the time.

- b. The Principal Transportation Planner of the Intelligent Transportation Systems Department attended the Intelligent Transportation Society of California (ITSCA) Annual Conference which was held in San Diego from August 9 to 11, 2021. She was with Program Management at the time. She submitted her TBE Report with reimbursable expenses of \$949.81 and it was approved on September 28, 2021 by the Senior Executive Officer, instead of the Chief Program Management Officer, as required in FIN 14 policy.

The employee acknowledged that this was a mistake on her part.

As indicated on the TBE Report, the form should be approved by the following: Travel Program Administrator, Department Head, and lastly, the Department Chief. This is to ensure

## Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

---

that each Chief is aware of his/her staff's travel, eliminating unnecessary travel and maximizing cost efficiency.

Staff should be reminded to comply with FIN 14 policy and ensure that the appropriate approval is obtained.

The Travel Program Administrator (TPA), aside from verifying the accuracy of calculation, should check the completeness of documentation, including the necessary and appropriate approval, before forwarding the TBE Report to Accounting for processing. While it may be difficult for the TPA to know the traveler's chain of command, this does not relieve the TPA of the responsibility for submitting an accurate TBE report.

#### 4. Transaction Recorded to Incorrect Account

In July 2021, a check payment of \$11,937 was made to SANS Institute for courses attended by Information Security personnel. The courses addressed Cyber Security issues, strategies, and techniques used to protect Metro's systems and networks against dangerous threats. Upon completion, a certification was issued to the attendees. The payment was charged to account number 50213 – Fringe Benefit (FB) Training Program.

Based on Metro's Chart of Accounts, and as explained by the Senior Director, Accounting, this transaction should have been recorded in account 50915 Misc – Seminar/Conference Fee since the payment was for registration fees for the said courses.

FB Training Program or account number 50213 is defined as "*expenses for off-site contracted training for which there exists a written agreement between Metro and a consultant for a specific training/training programs required by Metro.*" On the other hand, account number 50915 is defined as "*fees to attend seminar, conference, and certification programs.*"

We checked and found that the previous payments made to this vendor were also erroneously recorded to the incorrect account – FB Training.

The check requester and Approving Official should ensure that transactions are charged to the proper account. Management should continue to advise staff to check Metro's Chart of Accounts or consult with Accounting

## OBSERVATION

### Comparison of Miscellaneous Expenses for the Current Period with Prior Period/Year

To determine if miscellaneous expenses incurred were fairly consistent and to identify any significant fluctuations, we performed comparisons of miscellaneous expenses for the current period with prior period and prior year. The following is the result of the comparisons. All amounts were based on audit population.

## Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

### a. Current Quarter (FY22 Q1) vs. Last Quarter (FY21 Q4) Miscellaneous Expenses

Miscellaneous expenses this quarter decreased significantly by almost \$3.5 million compared to the prior quarter. This was mainly due to the decrease in advertising cost of \$3.1 million for media campaigns on Micro Transit, “Return to Service,” bus operator recruitment, ridership, and others. All expenses, except for business meals and relocation, decreased this quarter and this was expected since cost centers accrued their expenses as of June 30, 2021, as budgeted in FY21. Other expenses of \$46,227 increased this quarter from last quarter’s \$18,792 mainly due to relocation assistance of \$20,000 for new employees, in accordance with Metro’s Employee Relocation Assistance (HR 42) policy. Both employees relocated from the East Coast. See Table 1 below:

**Table 1: Current Quarter vs. Last Quarter**

Account	Jul-Sep 2021	Apr-Jun 2021	Increase (Decrease)
Advertising	\$ 33,016	\$ 3,162,947	\$ (3,129,931)
Business Travel	7,521	17,476	(9,955)
Corporate Membership	222,000	298,579	(76,579)
Professional Membership	6,958	18,625	(11,667)
Seminar and Conference Fee	21,883	59,466	(37,583)
Miscellaneous (50999) *	143,374	385,221	(241,847)
Others (Business meals, etc.)	46,227	18,792	27,435
<b>Total</b>	<b>\$ 480,979</b>	<b>\$ 3,961,106</b>	<b>\$ (3,480,127)</b>
<b>Decrease vs. Prior Quarter</b>			<b>-88%</b>

\*Miscellaneous (account number 50999) is used for miscellaneous expenses incurred that cannot be classified under accounts 50901 to 50940, including payments made to cover the expenditure of fines and penalties incurred by Metro, books and periodicals used in the normal operation of Metro’s business, recruitment expenses, community outreach, postage, and others. (Source: Metro’s Descriptive Chart of Accounts)

### b. Current Quarter (FY22 Q1) vs. Same Quarter of Last Year (FY21 Q1) Miscellaneous Expenses

The total amount of miscellaneous expenses for this quarter was almost the same as the first quarter of 2021.

**Statutorily Mandated Audit of Miscellaneous Expenses  
July 1, 2021 to September 30, 2021**

**Office of the Inspector General**

**Report No. 22-AUD-04**

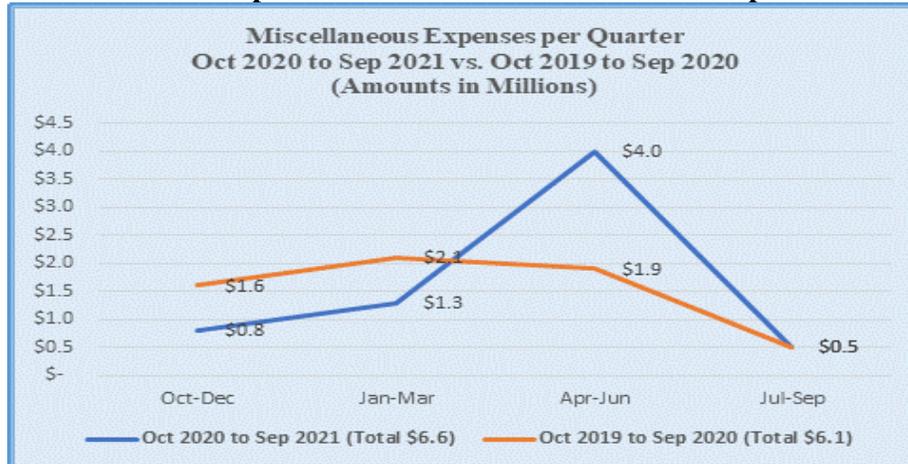
**Table 2: Current Quarter vs. Same Quarter of Last Year**

Account	Jul-Sep 2021	Jul-Sep 2020	Increase (Decrease)
Advertising	\$ 33,016	\$ 76,264	\$ (43,248)
Business Travel	7,521	6,621	900
Corporate Membership	222,000	151,516	70,484
Professional Membership	6,958	6,946	12
Seminar and Conference Fee	21,883	3,261	18,622
Miscellaneous (50999) *	143,374	226,593	(83,219)
Others (Business meals, etc.)	46,227	13,197	33,030
<b>Total</b>	<b>\$ 480,979</b>	<b>\$ 484,398</b>	<b>\$ (3,419)</b>

**c. October 2020 to September 2021 vs. October 2019 to September 2020**

Miscellaneous expenses of \$6.6 million for the last four quarters was comparable with \$6.1 million from October 2019 to September 2020. The average amount per quarter was \$1.6 million and \$1.5 million for both periods, respectively.

**Figure 1: Miscellaneous Expenses per Quarter  
October 2020 to September 2021 vs. October 2019 to September 2020**



**Statutorily Mandated Audit of Miscellaneous Expenses  
July 1, 2021 to September 30, 2021**

**Office of the Inspector General**

**Report No. 22-AUD-04**

Figure 2 below shows the spending trend for miscellaneous expenses for the last two years:

**Figure 2: Miscellaneous Expenses Spending Trend  
October 2019 to September 2021**



As discussed in Observation (a) above, out of \$4 million expenses for the prior quarter, \$3.2 million or 80% was spent for advertising on media campaigns on Micro Transit, “Return to Service” bus operator recruitment, ridership, and others.

## CONCLUSION

The miscellaneous expenses we reviewed for the period of July 1, 2021 to September 30, 2021 generally complied with policies, were reasonable, and adequately supported by required documents. However, we found that for six of the expenses reviewed, requirements were not followed regarding policies on Corporate and Professional Membership, Purchase Cards, and Travel and Business Expense. The non-compliance of staff was either due to oversight or misinterpretation of the policy. To improve the process and increase the timeliness of employees submitting and approving P-Cards and Travel/Business expenses and supporting documents, the Office of the Inspector General is working with Metro’s Information Technology Services and other Metro Business Units to improve their reporting, alerting and reminder systems.

## RECOMMENDATIONS

We recommend that:

### Information Technology Services

1. Ensure that correct accounts are used in all transactions. Remind staff to check Metro’s Chart of Accounts or consult with Accounting Department.

## Statutorily Mandated Audit of Miscellaneous Expenses

July 1, 2021 to September 30, 2021

Office of the Inspector General

Report No. 22-AUD-04

---

2. Work with the Travel Office Department to create timely alerts and reminders , improving the process and timeliness of employees submitting their Travel and Business Expense reports and supporting documentation.

### Human Capital and Development

3. Ensure that all Travel and Business Expense reports are reviewed for accuracy and completeness of documentation, including proper approval from authorized officers.

### Planning and Development

4. Instruct all Purchase Card program participants involved in the reconciliation process to submit and approve the monthly statements and reconciliation package in a timely manner.

### Operations

5. Remind staff to comply with Travel and Business Expense (FIN 14) policy and ensure approval from the appropriate officer is obtained.

### Program Management

6. Instruct staff to comply with the Corporate and Professional Membership (HR 6) policy; submit the Professional Membership Information form for review and approval by T&D before payment is made.
7. Instruct all Purchase Card program participants involved in the reconciliation process to submit and approve the monthly statements and reconciliation package in a timely manner.
8. Remind staff to comply with Travel and Business Expense (FIN 14) policy and ensure that the appropriate approval is obtained.

## MANAGEMENT COMMENTS TO RECOMMENDATIONS

On January 4, 2022, we provided Metro Management a draft report. By January 10, 2022, Metro Management submitted their responses summarizing their corrective actions, as shown in Attachment B.

## OIG EVALUATION OF MANAGEMENT RESPONSE

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

**Summary of Sampled Expenses Audited  
July 1, 2021 to September 30, 2021**

<i>Account</i>	<i>Account Description</i>	<i>Audit Population</i>	<i>Sample Amount</i>
50213	Training Program	\$ 16,848	\$ 12,712
50903	Business Meals	8,619	5,727
50905	Corporate Membership	222,000	215,500
50908	Employee Relocation	20,000	20,000
50910	Mileage and Parking	760	760
50912	Professional Membership	6,958	3,277
50914	Schedule Checkers Travel <a>	0	0
50915	Seminar and Conference Fee	21,883	3,593
50917	Business Travel	7,521	5,090
50918	Advertising	33,016	22,936
50930	Employee Activities & Recreation <b>	0	0
50999	Other Miscellaneous Expenses	<u>143,374</u>	<u>33,085</u>
	<b>Total</b>	<b><u>\$480,979</u></b> <c>	<b><u>\$322,680</u></b>

<a> Transactions below \$200; thus, not included in the audit population

<b> No transaction for this quarter

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

## Management Comments to Draft Report

---


**Metro**

### Interoffice Memo

	<b>Date</b>	Jan 6, 2022
#	<b>To</b>	Yvonne Zheng Senior Manager, Audit, OIG
#	<b>From</b>	Bryan M. Sastokas  Chief Information Technology Officer <small>Digitally signed by Bryan M. Sastokas Date: 2022.01.10 10:12:20 -0800</small>
#	<b>Subject</b>	ITS Management Reponse: Statutorily Mandated Audit of Miscellaneous Expenses July 1, 2021 to September 30, 2021 (Report 22-AUD-04)

ITS management response to the draft report Statutorily Mandated Audit of Miscellaneous Expenses July 1, 2021 to September 30, 2021 (Report 22-AUD-04):

#### Conclusion

To improve the process and increase the timeliness of employees submitting and approving P-Cards and Travel/Business expenses and supporting documents

#### Recommendation #1

1. Ensure that correct accounts are used in all transactions. Remind staff to check Metro's Chart of Accounts or consult with Accounting Department.
2. Work with the Travel Office Department to create timely alerts and reminders, improving the process and timeliness of employees submitting their Travel and Business Expense reports and supporting documentation.

**Management Response:** ITS concurs with the recommendation.

1. ITS will provide a refresher education to ITS staff to review the proper usage of Metro Chart of Accounts. In addition, the ITS Budget department will oversee proper codes entered before these expense forms are processed.
2. ITS will work with the Travel Office Department to design alerts and reminders within their Travel and Business Expense workflow process.

CC: Medik Ghazikhanian, Executive Officer, Information Technology

## Management Comments to Draft Report

---


**Metro**

### Interoffice Memo

Date	January 7, 2022
To	Yvonne Zheng Senior Manager, Audit Office of the Inspector General
From	Patrice McElroy <i>Patrice McElroy</i> Chief People Officer (Interim)
Subject	Statutorily Mandated Audit of Metro Miscellaneous Expenses July 1, 2021 to September 30, 2021 (Report No. 22-AUD-04)

Thank you for the opportunity to respond to the findings and recommendations prior to the final release of the Audit Report. It is our understanding that this audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority for miscellaneous expenses such as travel, meals, refreshments, and memberships. Please see below our responses to the Recommendation.

#### **Recommendation**

1. Ensure that all Travel & Business Expense reports are reviewed for accuracy and completeness of documentation, including proper approval from authorized officers.

**Response:** Staff concurs with the recommendation and will ensure that the Travel Program Administrator (TPA) will verify the accuracy of the calculations, check for the completeness of the documentation, including the necessary and appropriate approval before forwarding the TBE Report to Accounting for processing. If applicable, the TPA will also include the approver delegation signature form as well.

## Management Comments to Draft Report

---


**Metro**

# Interoffice Memo

<b>Date</b>	January 7, 2022
<b>To</b>	Yvonne Zheng, Senior Manager Audit Office of the Inspector General
<b>From</b>	James de la Loza, Chief Planning Officer Countywide Planning & Development <i>JLB</i>
<b>Subject</b>	Response to Audit Report No. 22-AUD-04, Results of Audit 2(a)

### **Audit Report Issue**

In the Draft Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses July 1, 2021 to September 30, 2021 (Report No. 22-AUD-04), the audit results found the following issue for Countywide Planning & Development:

### ***2(a) Late Submission and Approval of Purchase Card Statement and Reconciliation Package***

The P-Cardholder of Planning and Development submitted their June 2021 Purchase Card statement and supporting documents for \$1,601.68 to the Accounting Department on July 23, 2021. It was electronically approved by the Approving Official on September 16, 2021 – two months late.

The P-Cardholder explained that he was late by a few days in submitting the P-Card statement and reconciliation package due to oversight. He informed us that reminders were already sent to enable him to submit the monthly statements on time. He added that the statement was approved late because the Approving Official/Business Unit Coordinator had issues with the notification and believed that he had approved the statement already.

### **Countywide Planning & Development Response**

Countywide Planning & Development's Financial & Management Services (FMS) team reminded Cardholders and Approving Officials the importance of submitting monthly reconciliation packages and approving them on time. Furthermore, we encouraged Cardholders and Approving Officials to utilize Outlook to set reminders as an added measure to ensure reconciliation and approval efforts are completed and confirmed in a timely manner.

## Management Comments to Draft Report

---


**Metro**

# Interoffice Memo

<b>Date</b>	December 30, 2021
<b>To</b>	Karen Gorman Inspector General
<b>From</b>	James T. Gallagher <i>JTG</i> Chief Operations Officer
<b>Subject</b>	Operations Management Response to the Audit of Metro Miscellaneous Expenses (Report # 22-AUD-04)

Operations Management has received and reviewed the Audit of Metro Miscellaneous Expenses for transactions processed from July 1, 2021 to September 30, 2021 in the Vehicle Engineering & Acquisition (VEA) and Intelligent transportation Systems (ITS) units within Operations. The report includes the following recommendation for Operations:

5. Remind staff to comply with Travel and Business Expense (FIN 14) policy and ensure approval from the appropriate officer is obtained.

**Response:** Agree; VEA and ITS will be advised of FIN 14 and ensure that Travel Business Expense reports are signed by the Chief Operations Officer, not by the Sr. Executive Officers of those respective units, as required in the FIN 14 policy.

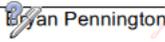
CC: Yvonne Zheng, Sr. Mgr., Audit  
 Diane Corral-Lopez, EO, Operations Administration  
 Shahrzad Amiri, Interim Deputy Chief Operations Officer  
 Jess Montes, Sr. EO, Vehicle Engineering & Acquisition  
 Steve Gota, EO, Highway Programs  
 Nancy Alberto-Saravia, Director, Finance & Administration

## Management Comments to Draft Report

---


**Metro**

# Interoffice Memo

Date	January 7, 2022
To	Yvonne Zheng Sr Manager, Audit
From	Bryan Pennington  <small>Digitally signed by Bryan Pennington Date: 2022.01.10 11:53:30 -0800</small> Chief Program Mgmt Officer
Subject	Response to OIG Audit No. 22-AUD-04

This memo is in response to the Office of the Inspector General audit, 22-AUD-04, which found the following:

1. Professional Membership paid prior to Training & Development Department approval.
2. Late submission and approval of Purchase Card Statement and Reconciliation Package
3. Travel and Business Expense Report not approved by appropriate Officer

Program Management agrees with the Office of the Inspector General (OIG) recommendations to:

1. Instruct staff to comply with the Corporate and Professional Membership (HR 6) policy; submit the Professional Membership Information form for review and approval by T&D before payment is made.
2. Instruct all Purchase Card program participants involved in the reconciliation process to submit and approve the monthly statements and reconciliation package in a timely manner.
3. Remind staff to comply with Travel and Business Expense (FIN 14) policy and ensure the appropriate approval is obtained.

Program Management's corrective actions are:

1. An interoffice memo was sent via email on January 7, 2022, reminding all staff that Talent Development approval is needed prior to requesting payment or seeking reimbursement for a Professional Membership. A copy of the Corporate and Professional Membership (HR 6) Policy was included with the memo.
2. An interoffice memo was sent via email on January 7, 2022, reminding Purchase Card holder to submit monthly purchase card statements and reconciliation packages in accordance with required due dates.
3. Program Management in collaboration with Metro's Travel Office provided Travel and Business Expense (FIN 14) Training for all staff on September 29 and October 6, 2021. Program Management will also send a memo, no later than January 31, 2022, reminding staff to comply with Travel and Business Expense (FIN 14) and receive appropriate approvals for all travel and related expenses.

Please contact me at x27449 if you would like to discuss or require additional information.

Attachments:

Interoffice Memo – Compliance with Corporate and Professional Membership Policy  
Interoffice Memo – Timely Submission of Purchase Cards

**Management Comments to Draft Report**

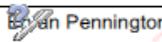
---



**Metro**

## Interoffice Memo

---

<b>Date</b>	January 4, 2022
<b>To</b>	Program Management Staff
<b>From</b>	Bryan Pennington  Bryan Pennington Chief Program Management Officer
<b>Subject</b>	Compliance with Corporate and Professional Membership Policy (HR 6)

---

A recent audit conducted by the Office of the Inspector General found Program Management noncompliant with the Corporate and Professional Memberships policy (HR 6).

The Corporate and Professional Membership Information Form should be reviewed and approved by Talent Development prior to requesting payment or seeking reimbursement for a Professional Membership.

For questions on the Corporate and Professional Membership Information Form please contact Talent Development.

Attachment:  
Corporate and Professional Memberships (HR 6)

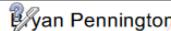
## Management Comments to Draft Report

---



**Metro**

## Interoffice Memo

<b>Date</b>	January 5, 2022
<b>To</b>	Purchase Card Holders
<b>From</b>	Bryan Pennington  <small>Digitally signed by Bryan Penn Date: 2022.01.07 14:43:47 -08</small> Chief Program Management Officer
<b>Subject</b>	Timely Submission of Purchase Cards

A recent audit by the Office of the Inspector General found Program Management noncompliant with Purchase Card due dates.

Purchase Card holders must forward the Monthly Pcard Log, Reconciled Monthly Bank Statement, and Receipts to the Approving Official within 5 working days of receipt of bank statement.

The Approving Official should review and approve statement packages within 5 working days of receipt.

Please ensure your Purchase Card monthly statements and reconciliation packages are submitted to Metro Accounting prior to the 15<sup>th</sup> of each month.

## Final Report Distribution

---

### Board of Directors

Kathryn Barger  
Mike Bonin  
James Butts  
Jacquelyn Dupont-Walker  
Fernando Dutra  
Eric Garcetti  
Janice Hahn  
Paul Krekorian  
Sheila Kuehl  
Holly Mitchell  
Ara Najarian  
Tim Sandoval  
Hilda Solis  
Anthony Tavares

### Metro

Chief Executive Officer  
Chief of Staff  
Board Clerk  
Inspector General  
Chief Financial Officer  
Acting Chief Operations Officers  
Chief Planning Officer  
Chief Program Management Officer  
Chief People Officer (Interim)  
Deputy Chief of IT/Lead Technology Officer  
Executive Officer, Administration, Management Audit Services  
Manager, Records & Information Management