

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

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**Statutorily Mandated Audit of  
Miscellaneous Expenses  
January 1, 2024 to March 31, 2024**

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**Metro**<sup>™</sup>

**Los Angeles County  
Metropolitan Transportation Authority**

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**DATE:** December 13, 2024

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

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

E-SIGNED by Yvonne Zheng  
on 2024-12-13 09:30:33 PST

**SUBJECT:** Final Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses  
January 1, 2024 to March 31, 2024 (Report No. 25-AUD-03)

## **INTRODUCTION**

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from January 1 to March 31, 2024. 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 were adequately supported by required documents. However, we noted the following issues with seven of the sampled expenses reviewed:

1. Non-Compliance with P-Card Rules and Guidelines
2. Absence of policy related to payments for Expensive Certification Programs
3. Non-Compliance with Non-Travel Business Expense Policy (FIN 14)
4. Outdated TBE Report used for mileage reimbursement
5. Non-Compliance with Metro Business Travel Guidelines (GEN 65)

## **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.

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

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel including staff in Accounting, Program Management, Talent Development, Transit Security, and Workforce Services; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro's miscellaneous expenses for the period of January 1 to March 31, 2024. For this period, miscellaneous expenses totaled \$1,976,723<sup>1</sup> with 619 transactions. We selected 65 expense transactions totaling \$1,018,922 for detail testing. Thirty (30) of the expense transactions were randomly selected, ten (10) were selected due to their large dollar amounts, and twenty-five (25) were selected to add more samples for account number 50999 (miscellaneous – others) and a few 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 respective 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 with the following transactions:

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

## 1. Non-Compliance with P-Card Rules and Guidelines

### a. P- Card Log not signed by Cardholder

P-Card Rules and Guidelines state: *“Cardholder must sign and date the certification statement at the bottom of each page of the P-Card log. This certifies that all purchases logged on that page are authorized expenditures to support official Metro business requirements, and all materials or services purchased have been properly accounted for, received, and applied to the intended use.”* Our review of the January and February 2024 P-Card Logs for the Transit Security Department, found that the cardholder did not sign the P-Card Logs. The cardholder stated: *“This is my error, I was still processing my reconciliation as we had been since we started teleworking.”* Another cardholder in the Program Management Department, also did not sign her department’s December 2023 P-Card Log. The cardholder stated: *“I signed the very first page, assuming that signature would cover the entire submitted P-Card package, including the log. Going forward I will be sure to sign and date the P-Card log as well.”*

Initially, the P-Card Program required the physical signature of both the cardholder and approving official on the log. The P-Card Program advised that shortly after Metro’s Accounting Department implemented its electronic approval of P-Card Statements in April 2020, both Accounting and the P-Card Program realized the redundancy of requiring the approving official’s signature on the log when it was being captured electronically in the system and served the same business purpose. However, the P-Card Administrator stated that cardholders are still required to sign and date each page of the P-Card Log. This helps provide assurance that all materials and services have been properly accounted for and have a business purpose.

After the completion of this audit, the P-Card Administrator advised that the P-Card guidelines had been subsequently updated and cardholders are no longer required to sign the log, only the credit card statement. Specifically, the guidelines now state: *“P-Card Log does not need to be signed by the cardholder, cardholder signature is only required on the US Bank statement as acknowledgement of responsible charges.”*

### **Recommendations:**

#### Transit Security and Program Management

- Cardholders should sign and date each page of the P-Card Log as required by P-Card Rules and Guidelines.
- Approving officials should ensure the cardholder has prepared the P-Card log and attachments in accordance with P-Card Rules and guidelines before approving.

**b. P- Card Monthly Spending Limit Exceeded**

P-Card Rules and Guidelines state: *“The use of the P-Card is subject to a single transaction limit and monthly spending limit requested by Business Unit management and approved by the Agency Program Coordinator. A written justification for increases on Single Purchase Limits and/or Monthly Cycle Limits must be submitted with a Purchase Card Change form.”*

The cardholder for the Transit Security Department has a monthly spending limit of \$15,000. Our review of the February 2024 P-Card log found that the monthly expenditures were over \$25,000. The cardholder provided written documentation that showed a temporary increase in the monthly spending limit to \$75,000 was requested and approved. However, based on the justification memo submitted to the P-Card Administrator, this temporary increase was supposed to end on December 31, 2023. We inquired whether an extension of the temporary monthly increase was requested, and the cardholder advised that the memo requesting the temporary increase till December 31, 2023 was the last request submitted.

When we discussed this issue with the P-Card Administrator, he stated: *“There should have been a new memo provided or a permanent request for increase submitted by the department. In addition, P-Card Administration should have flagged this for follow-up with the department. To minimize/avoid this from happening in the future, we have modified how we review monthly card limits by adding a temporary limit column for both single and monthly purchase amounts to the report in addition to having permanent limit columns.”* The P-Card Administrator also advised that Cardholder’s purchase limits have been reduced to the appropriate amounts.

**Recommendations:****Transit Security**

- Monitor compliance with temporary spending limit increases and ensure that written requests for temporary spending limit extensions are prepared and submitted to the P-Card Administrator in accordance with P-Card Rules and Guidelines.

**Vendor/Contract Management – Purchase Card Program**

- Monitor on a continuous basis, the Active Bank Account Report and identify those temporary individual and/or monthly spending limits that should be reviewed and determine if current spending limits need to remain in place.

**2. Absence of Policy related to payments for Expensive Certification Programs**

Metro’s Miscellaneous Expense Account – Seminar/Conference Fee (Acct. 50915) states: *“Fees to attend seminar, conference, and certification programs.”* Our review of miscellaneous

expenses for this period found that a department paid for an employee to attend a certification program in calendar year 2024 that costs \$19,000. This same employee was allowed to attend a certification program in calendar year 2023 that costs \$14,500. Currently, Metro has no policy in place for certification programs at this cost level. Implementing a policy, where employees would be required to maintain employment with Metro for a specified period of time after payment for an expensive certification, allows Metro to encourage and invest in the professional development and personal growth of its employees, while at the same time ensuring that Metro receives some benefits from its investment. With no policy in place, an employee could voluntarily leave the agency shortly after receiving the certification or fail to obtain the certification. In these scenarios, Metro may have invested a large sum of money without a reasonable return on investment.

For certification programs with costs above a specified threshold, Metro should consider creating a Certification Program Policy requiring employees to maintain employment with Metro for a reasonable period, such as one year after successful completion of the program paid for by Metro. If the time period requirement is not met, the cost of the program would be automatically deducted from an employee's final paycheck. In addition, the policy should require the employee to complete and obtain the certification or reimburse Metro 100% of the funds disbursed by Metro for the certification program. This would be similar and aligned with Metro's tuition reimbursement policy that requires a minimum passing grade to obtain reimbursement. Metro's Tuition Reimbursement Policy (HR1) states: *"If an employee voluntarily terminates employment, they must reimburse 100% of any LACMTA tuition reimbursement funds received during the last six (6) months of LACMTA employment."* When considering this, Metro should keep in mind that some programs, because of the competitiveness of being accepted, may require payment from participants 6 months or more in advance. Metro's Tuition Reimbursement program is limited to a few thousand dollars per year, whereas a certification program such as the two mentioned above, can be much more expensive, warranting at least equal assurance to Metro that its employee investment is realized.

## **Recommendations:**

### Chief People Office and Accounting

- Review the current status of how Certification Programs are accounted for and consider creating a Certification Program Policy where the employee would be required to successfully complete the program, obtain the certification paid for by Metro, and maintain employment with Metro for a certain period of time after completion of the program, or be required to reimburse Metro for the costs.
- Consider the possible expansion of Account 50915 – Fees for conferences, seminars, and certifications, to track and include a cost threshold for certain certification programs, where employee would have to adhere to the new policy requirements.

### 3. Non-Compliance with Non-Travel Business Expense Policy (FIN 14)

Metro's Non-Travel Business Expense Policy (FIN14) states: *"Employee must submit a Non-Travel Business Expense Report, ACCT-501: Part II (TBE Report) with all applicable approvals and documents before it will be processed."* In addition, Part II of the Travel Business Expense report requires the employee to document the type of expense and its business purpose.

An employee from the Transit Security Department submitted a non-travel expense for reimbursement, but only completed Part I of the TBE report, indicating the amount of the expense only. Attached to the TBE Report, Part I was only a receipt. There was no documentation on the TBE Report- Part I of the expense's "Business Purpose", which is required by Metro's Non-Travel Business Expense Policy (FIN 14). Part II of the TBE report requires employees to document the type of expense and its business purpose.

#### Recommendations:

##### Transit Security

- Review with staff the proper procedures for submitting a non-travel expense for reimbursement, including the completion of the TBE Report.
- Approving Officials should ensure that TBE Report with required documents and information has been completed in accordance with Metro's Non-Travel Business Expense Policy (FIN 14).

### 4. Outdated TBE Report Used for Mileage Reimbursement

Metro's Non-Travel Business Expense Policy (FIN 14) states: *"If no other means of transportation is practical or available, employees who need to use their personal vehicle for business purposes may be reimbursed at the rate set by the Internal Revenue Service."* The current rate, effective for calendar year 2024 is 67 cents per mile. Metro's TBE Report, Part II provides the current mileage rate to be used for reimbursement.

An employee from the Talent Development Department used an outdated TBE form, that had a mileage reimbursement rate of 62.5 cents per mile. This rate was effective in calendar year 2022 and there has been two rate increases since then. When we advised the employee that she was using an outdated TBE Report, the employee stated: *"I was unaware, I continued using the document that was provided to me in September 2023."*



**Recommendations:**

Talent Development

- Communicate to employees the importance of using the most current TBE form.
- Approving officials should verify that the correct rate for mileage reimbursement was used before approving a TBE Report for reimbursement.

Accounting

- Periodically communicate to all employees the importance of using the most current TBE Report for reimbursement.

**5. Non-Compliance with Metro Business Travel Guidelines (GEN 65)**

Metro Business Travel Guidelines (GEN 65) states: *“Expenses incurred while on authorized travel must be reported and reconciled electronically on a TBE Report submitted through the Travel.Metro.Net. Site. A report is required to be submitted even if the traveler has no reimbursable expenses. The intent is to reconcile all travel costs whether prepaid by LACMTA and/or by Traveler.”*

A member of Metro’s Board of Directors traveled in August 2023. Our review of supporting documentation in Metro’s Financial Information System (FIS), did not find a TBE Report for travel. Metro’s Travel Program Administrator stated that a manual travel Authorization was prepared for this travel and when she contacted the Office of Board Administration about a TBE being completed, she was advised that they had checked the FIS and could not find a TBE Report either.

After some research, it was discovered that the TBE Report had been submitted to Metro’s travel office by email in October 2023 and had been misplaced and never processed. Metro’s travel policies require TBEs to be submitted electronically through Travel.Metro.Net. Workforce Services advised that during the pandemic, email scanned copies of TBE Reports and supporting documents were allowed. However, Workforce Services stated they will be returning to the best practice of requiring the submittal of TBE Reports and all original receipts to the travel office in accordance with Metro policy so that no Travel Authorization (TA) request or Travel Business Expense (TBE) Report is missed due to an overlooked email. The Office of Board Administration also advised that they would review their process and consider having one point of contact for travel to reduce the potential of issues arising related to travel, including TBE Reports being overlooked.

**Recommendations:**

Workforce Services

- Communicate to all employees that emailed TBE Reports and supporting documentation that was allowed during the pandemic will no longer be allowed, and going forward all TBE Reports will be processed in accordance with Metro’s Business travel Guidelines (GEN 65).
- In situations where a manual TA and/or emailed TBE Report must be processed, establish procedures for tracking the status of the TA and/or TBE Report to reduce the possibility of it being overlooked.

Office of Board Administration

- Establish procedures for tracking the status of TBE Reports to ensure that they are processed timely and in accordance with Metro Business Travel Guidelines (GEN 65) going forward, instead of the temporary method that was allowed during the pandemic.

**OBSERVATIONS**

**1. Use of P-Card to Purchase Uniforms and Related Accessories for Transit Security**

Our review of the February 2024 P-Card Log for the Transit Security Department found that the P-Card was used to purchase uniforms and other related accessories totaling \$19,090.69 for its officers. See breakdown below:

VENDOR NAME	AMOUNT SPENT
Galls	\$12,903.94
SQ Station Direct	5,770.65
Zavin’s Uniforms	416.10
<b>TOTAL – FEBRUARY 2024</b>	<b>\$19,090.69</b>

We inquired whether Transit Security had considered contracting with one vendor for the purchase of uniforms and related accessories. Having a contract in place would help ensure that Metro receives quality products at reasonable prices. The Cardholder advised that Transit Security had sent out two solicitations but was unable to obtain a contract. She stated that the third solicitation has been put on hold.

If a contract is not viable, another option may be to establish a voucher system similar to the one established for Metro’s bus operator uniforms. Metro identified and vetted 10 vendors who provide uniforms that meet Metro requirements. Bus Operators are given vouchers, with a

maximum value, that can be used at any one of the 10 vendors. Vendors issue uniforms to bus operators and bill Metro monthly. Invoices are reviewed by Central Oversight and then paid through Accounts Payable. Operators are eligible for vouchers when they are hired and on their anniversary. Approved items are explicitly listed on the uniform voucher and a notation indicates no other items can be purchased.

The implementation of the Transit Community Public Safety Department (TCPSD) within five years will result in a significant increase in the number of officers at Metro. It is imperative that Metro have a contract in place or some other purchasing system to help ensure that it is receiving quality goods at the best possible price. Also, if a new solicitation is started, Metro should consider how the implementation of the TCPSD could affect contract terms.

Having a contract in place or some other purchasing system, will give Metro the ability to more easily monitor expenditures for uniforms and related accessories. In addition, when P-Card purchases are being made with multiple vendors for the same items, it is harder to monitor fraud, waste, and abuse.

## **2. Metro Travel Card Reconciliations**

Our review of miscellaneous expenses for the period of January to March 2024 found that the Workforce Services Department submitted Metro's July 2023 Citi Card Travel Bill's Reconciliation for processing to Accounting in January 2024, almost 6 months after receipt of the bill. When we inquired about the long delay, the travel program administrator stated: *"Credit card reconciliation varies because we must obtain invoices from reimbursements that are submitted. Not all expense reports are submitted on time or employees choose to not submit at all, leaving the travel department to have to either wait for the reimbursement to come in to obtain invoices or to hunt down the invoices with hotels or car rental companies. I also was the only admin. working on this at the time."*

The Travel Program Administrator advised that when she receives the travel credit card bill, she submits the bill to Accounting for payment and she performs the reconciliation later. Reconciliations should be performed in a timely manner to help ensure that discrepancies as well as potential fraud are identified and corrected as soon as possible. In addition, if reconciliations are too far behind, and discrepancies are identified, and corrections are necessary, there is a possibility that travel expenses could be understated for one fiscal year and overstated for another.

Performing reconciliations in a timely manner will help to provide assurance that expense transactions related to travel are accurate, properly accounted for and in-compliance with Metro policies.

## COMPARISONS WITH PRIOR PERIODS

In the course of our audit, we noted the following when comparing the miscellaneous expenses for prior quarters and fiscal years. Note: All amounts were based on the audit population.

### 1. Reviewed Quarter (FY24 Q3) versus Prior Quarter (FY24 Q2) Miscellaneous Expenses

Miscellaneous expenses in the reviewed quarter totaled \$1,976,723, a 28% decrease in expenses compared to the second quarter in FY 2024. This was mainly due to a reduction in advertising expenses. Advertising expenses for the second quarter of this fiscal year totaled \$1,400,244 and \$313,294 for this current quarter, resulting in a \$1,086,950 (78%) decrease in spending. See Table 1 below.

**Table 1: Reviewed Quarter versus Prior Quarter**

Account	Jan-Mar 2024	Oct-Dec 2023	Increase (Decrease)
Advertising	\$ 313,294	\$ 1,400,244	\$ (1,086,950)
Business Meals	108,614	194,210	(85,596)
Business Travel	154,358	208,508	(54,150)
Corporate Membership	278,224	182,780	95,444
Employee Relocation	81,099	71,020	10,079
Employee Activities and Recreation	71,795	0	71,795
Professional Membership	20,835	11,343	9,492
Seminar and Conference Fee	194,607	111,589	83,018
Miscellaneous (50999) *	740,492	510,364	230,128
Others (Mileage and Parking, etc.)	13,405	41,868	(28,463)
<b>Total</b>	<b>\$ 1,976,723</b>	<b>\$ 2,731,926</b>	<b>\$ (755,203)</b>
<b>Decrease</b>			<b>-28%</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 expenditures for 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)*

### 2. Reviewed Quarter (FY24 Q3) versus Same Quarter of Prior Year (FY23 Q3) Miscellaneous Expenses

Miscellaneous expenses for the reviewed quarter decreased by \$418,434 or 17% as compared to the same quarter of FY23. This was mainly due to decreases in Account 50918 - Advertising and Account 50999 - (Miscellaneous Expense - Other). Advertising and Miscellaneous

Expense-Other, dropped 59% and 38% respectively from the third quarter in the prior fiscal year. See Table 2 below.

**Table 2: Reviewed Quarter versus Same Quarter of Prior Year**

Account	Jan-Mar 2024	Jan-Mar 2023	Increase (Decrease)
Advertising	\$ 313,294	\$ 766,359	\$ (453,065)
Business Meals	108,614	65,915	42,699
Business Travel	154,358	51,163	103,195
Corporate Membership	278,224	152,273	125,951
Employee Relocation	81,099	0	81,099
Employee Activities and Recreation	71,795	0	71,795
Professional Membership	20,835	18,381	2,454
Seminar and Conference Fee	194,607	124,062	70,545
Miscellaneous (50999) *	740,492	1,188,434	(447,942)
Others (Mileage and Parking, etc.)	13,405	28,570	(15,165)
<b>Total</b>	<b>\$ 1,976,723</b>	<b>\$ 2,395,157</b>	<b>\$ (418,434)</b>
<b>Decrease</b>			<b>-17%</b>

**3. April 2023 to March 2024 versus April 2022 to March 2023**

Miscellaneous expenses for the period April 2023 to March 2024 totaled \$9,539,318, a 6% decrease from the period April 2022 to March 2023, where expenses totaled \$10,153,444. In each period, April to June, which is the last quarter of Metro’s fiscal year, incurred the most expenses. In the fourth quarters of Fiscal Years 2022 and 2023, miscellaneous expenses totaled approximately \$4.2 million and \$3.1 million respectively. See Figure 1 below.



**Figure 1: Miscellaneous Expenses per Quarter  
April 2023 to March 2024 versus April 2022 to March 2023**

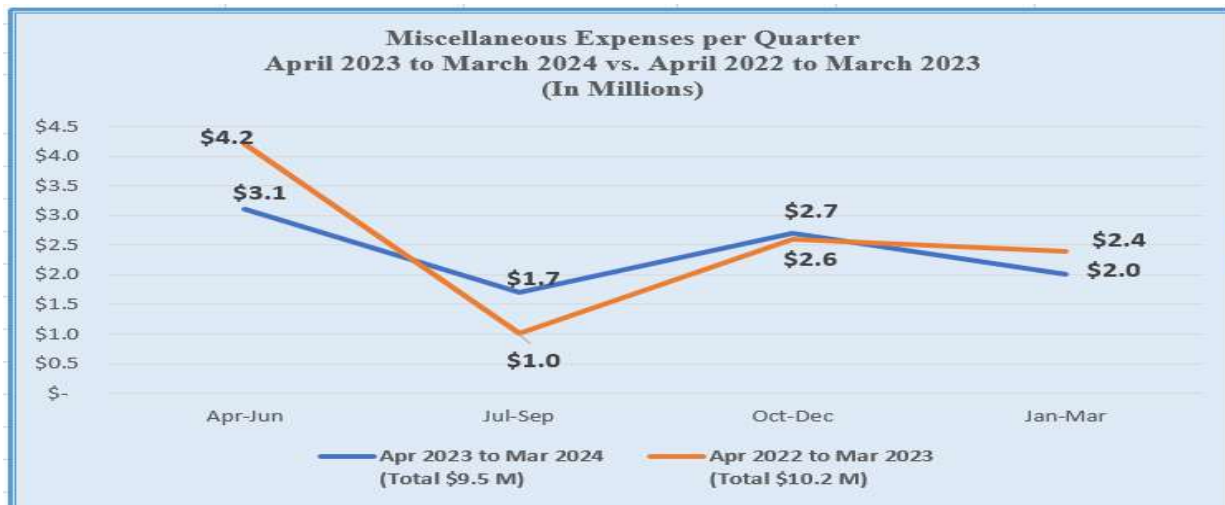
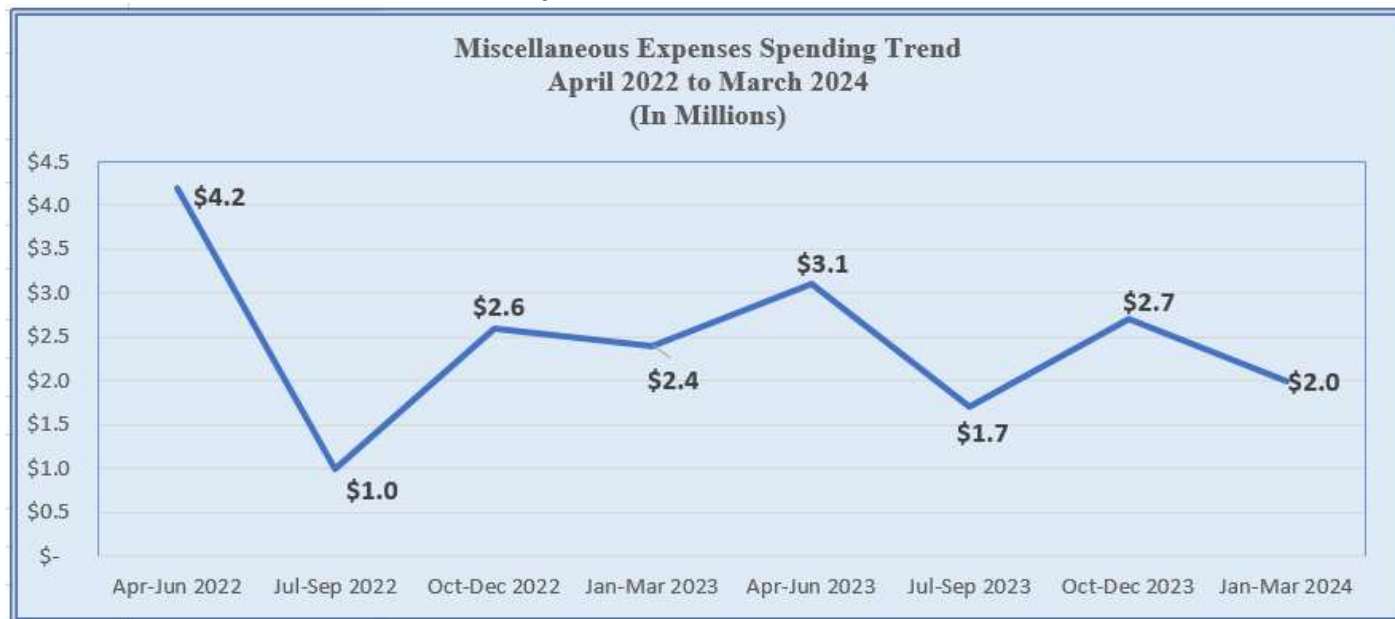


Figure 2 shows the spending trend for miscellaneous expenses for the last two years.

**Figure 2: Miscellaneous Expenses Spending Trend  
April 2022 to March 2024**



As noted earlier, miscellaneous expenses were highest during the last quarter of each fiscal year. Part of this increase can be attributed to the accrual of expenses in June of each fiscal year that are charged to the respective years' budget. It is a common practice to exhaust budgeted funds in the 4<sup>th</sup> quarter of a fiscal year to avoid trailing expenses to the following fiscal period.

## CONCLUSION

The miscellaneous expenses we reviewed for the quarter of January 1 to March 31, 2024, generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we found exceptions related to Metro's P-Card Rules and Guidelines, Non-Travel Business Expense policy (FIN14), and Business Travel Guidelines (GEN 65).

## RECOMMENDATIONS

We recommend the following:

### Transit Security

1. Cardholder should sign and date each page of the P-Card Log as required by P-Card Policies.
2. Approving Officials should ensure the cardholder has prepared the P-Card Log and attachments in accordance with P-Card log guidelines before approving.
3. Monitor compliance with temporary spending limit increases and ensure a written request is prepared and submitted to the P-Card Administrator in accordance with P-Card Rules and Guidelines when necessary.
4. Review with Staff the proper procedures for submitting a non-travel expense for reimbursement, including the completion of the TBE Report.
5. Approving officials should ensure that TBE Reports have required documents and information completed and attached in accordance with Metro Policy.

### Program Management

6. Cardholder should sign and date each page of the P-Card Log as required by P-Card Policies.
7. Approving officials should ensure the cardholder has prepared the P-Card Log and attachments in accordance with P-Card Log guidelines before approving.

### Vendor/Contract Management – Purchase Card Program

8. Monitor on a continuous basis, the Active Bank Account Report and identify those temporary individual and/or monthly spending limits that should be reviewed and determine if current spending limits need to remain in place.

**Chief People Office and Accounting**

9. Review the current status of how Certification Programs are accounted for and consider creating a Certification Program Policy where the employee would be required to complete the program, obtain the certification paid for by Metro, and maintain employment with Metro for a certain period of time after completion of the program, or be required to reimburse Metro for the costs.
10. Consider the possible expansion of Account 50915 – Fees for conferences, seminars, and certifications, to track and include a cost threshold for certain certification programs, where employee would have to adhere to the new policy requirements.

**Talent Development**

11. Communicate to employees the importance of using the most current TBE Report.
12. Approving officials should verify that the correct rate for mileage reimbursement was used before approving TBE Report for reimbursement.

**Accounting**

13. Periodically communicate to all employees the importance of using the most current TBE Report for reimbursement.

**Workforce Services**

14. Communicate to all employees that emailed TBE Reports and supporting documentation that was allowed during the pandemic will no longer be allowed, and going forward all TBE Reports will be processed in accordance with Metro's Business Travel Guidelines (GEN 65).
15. In situations where a manual TA and/or TBE Report must be processed, establish procedures for tracking the status of the TA and/or TBE Report to reduce the possibility of it being overlooked.

**Office of Board Administration**

16. Establish procedures for tracking the status of TBE Reports to ensure that they are processed timely and in accordance with Metro's Business Travel Guidelines (GEN 65) going forward, instead of the temporary method that was allowed during the pandemic.



## MANAGEMENT COMMENTS TO RECOMMENDATIONS

On November 19, 2024, we provided Metro Management our draft report. By December 10, 2024, Metro Management submitted their responses summarizing their corrective actions. See Attachment B.

## OIG EVALUATION OF MANAGEMENT RESPONSE

Metro Management 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.

However, we suggest that Vendor/Contract Management reconsider the change that was made to the P-Card Guidelines after the completion of this audit, related to P-Cardholders no longer being required to sign the P-Card Log. Prior to the change, P-Card Rules and Guidelines stated: *“Cardholder must sign and date the certification statement at the bottom of each page of the P-Card log. This certifies that all purchases logged on that page are authorized expenditures to support official Metro business requirements, and all materials or services purchased have been properly accounted for, received, and applied to the intended use.”*

We recommend that Vendor/Contract Management reinstate this Best Practice because it provides acknowledgement by the cardholder who prepares the log that all goods and services listed on the log have been received and used for Metro purpose, and are in accordance with Metro policy.

## Summary of Sampled Expenses Audited

Account	Account Description	Audit Population	Sample Amount
50213	Training Program	\$ 9,790	\$6,898
50903	Business Meals	108,614	21,369
50905	Corporate Membership	278,224	139,144
50908	Employee Relocation	81,099	12,945
50910	Mileage and Parking	3,615	995
50912	Professional Membership	20,835	2,400
50914	Schedule Checkers Travel <a>	0	0
50915	Seminar and Conference Fee	194,607	49,363
50917	Business Travel	154,358	16,456
50918	Advertising	313,294	291,866
50930	Employee Activities & Recreation	71,795	14,553
50999	Other Miscellaneous Expenses	<u>740,492</u>	<u>462,933</u>
	<b>Total</b>	<b><u>\$1,976,723</u></b>	<b> <b><u>\$1,018,922</u></b>

<a> No expenses incurred for this quarter.

<b> This total does not include transactions that were less than \$200, offsetting debits and credits, and transactions from the OIG and Transit Court Department

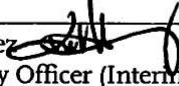
## Management Comments to Draft Report

### Transit Security



**Metro**

## Interoffice Memo

Date	December 6, 2024
To	Yvonne Zheng Senior Manager, Audit Office of the Inspector General
Through	Kenneth Hernandez  Chief Transit Safety Officer (Interim)
From	Robert Gummer <i>RG 12/5/24</i> Deputy Chief, System Security & Law Enforcement
Subject	Response to Draft Report No. 25-AUD-03: Statutorily Mandated Audit of Metro Miscellaneous Expenses

This memo is in response to the draft report of the Statutorily Mandated Audit of Metro Miscellaneous Expenses (Report No. 25-AUD-03). The Metro Office of Inspector General (OIG) performed the audit, which resulted in a series of recommendations to improve Metro's management practices. The results of the audit identified the following recommendations in relation to the System Security & Law Enforcement (SSLE) Department and its compliance with P-Card Rules and Guidelines, and with Non-Travel Business Expense Policy (FIN 14).

#### 1. Non-Compliance with P-Card Rules and Guidelines

##### a. P- Card Log not signed by Cardholder

###### Recommendations:

1. Cardholders should sign and date each page of the P-Card Log as required by P-Card Rules and Guidelines.

###### *Response:*

System Security & Law Enforcement agrees with the above recommendation. The Transit Security Cardholder agrees to sign and date each page of the P-Card Log as required by the P-Card Rules and Guidelines.

2. Approving Officials should ensure the cardholder has prepared the P-Card Log and attachments in accordance with P-Card Rules and Guidelines before approving.

###### *Response:*

System Security & Law Enforcement agrees with the above recommendation. Before approval, the approving official will ensure that the cardholder has prepared the P-Card Log and attachments in accordance with the P-Card Rules and Guidelines.

Date of Completion: The estimated completion date will be ongoing for compliance and was put into effect starting October 1, 2024

## Management Comments to Draft Report

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### Transit Security - Continued

#### b. P- Card Monthly Spending Limit Exceeded

**Recommendation:**

1. Monitor compliance with temporary spending limit increases and ensure that written requests for temporary spending limit extensions are prepared and submitted to the P-Card Administrator in accordance with P-Card Rules and Guidelines.

***Response:***

System Security & Law Enforcement agrees with the above recommendation. Transit Security Cardholder agrees and will ensure that written requests for temporary spending limit extensions are prepared and submitted to the P-Card Administrator in accordance with P-Card Rules and Guidelines.

**Date of Completion:** The estimated completion date will be ongoing for compliance and was put into effect starting October 1, 2024

#### **3. Non-Compliance with Non-Travel Business Expense Policy (FIN 14)**

**Recommendations:**

1. Review with staff the proper procedures for submitting a non-travel expense for reimbursement, including the completion of the TBE report.

***Response:***

System Security & Law Enforcement agrees with the above recommendation. Transit Security Management will review with staff the proper procedures for submitting a non-travel expense for reimbursement, including completing the TBE report.

2. Approving Officials should ensure that TBE Report with required documents and information has been completed in accordance with Metro's Non-Travel Business Expense Policy (FIN14)

***Response:***

System Security & Law Enforcement agrees with the above recommendation. Transit Security will have administration staff review the TBE report before submission to ensure that it contains the required documents and information and is completed in accordance with Metro's Non-Travel Business Expense Policy (FIN14).

**Date of Completion:** The estimated completion date will be ongoing for compliance and was put into effect starting October 1, 2024

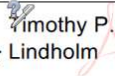
## Management Comments to Draft Report

### Program Management



**Metro™**

## Interoffice Memo

Date	December 5, 2024		
To	Yvonne Zheng Senior Manager, Audit		
From	Tim Lindholm Chief Program Mgmt Officer		Digitally signed by Timothy P. Lindholm Date: 2024.12.06 16:55:28 -08'00'
Subject	Response to OIG Audit No. 25-AUD-03		

The Office of Inspector General (OIG) audited Metro's miscellaneous expenses from January 1, 2024, to March 31, 2024. OIG found that the sampled transactions generally complied with Metro policies, were reasonable, and adequately supported by required documents.

However, there was a finding related to a program management P-card log that was missing the cardholder's signature. Therefore, Program Management will take the actions below to comply with the audit recommendations.

#### Noncompliance with the Purchase Card Rules and Guidelines

**Recommendation: Cardholders should sign and date each page of the P-Card log as required by policies. Approving officials should ensure the cardholder has prepared the P-Card Log and attachments in accordance with P-Card guidelines, before approving.**

Management Response: The Chief Program Management Officer will issue a memo advising all P-Card holders to sign and date the monthly P-Card log and reminding the approving official to confirm that cardholders prepare P-Card Logs and attachments, in accordance with the P-Card Log guidelines before approval.

Completion Date: December 31, 2024.

Please call me at extension 27297 or Kathy Knox at extension 27504 if you would like to discuss this or require additional information.



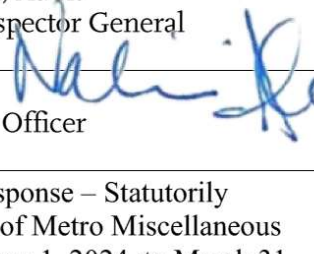
## Management Comments to Draft Report

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### Vendor/Contract Management – Purchase Card Program


**Metro**

## Interoffice Memo

Date	December 3, 2024
To	Yvonne Zheng Senior Manager, Audit Office of the Inspector General
From	Nalini Ahuja,  Chief Financial Officer
Subject	Management Response – Statutorily Mandated Audit of Metro Miscellaneous Expenses – January 1, 2024, to March 31, 2024

The Office of Inspector General (OIG) performed a review of Metro Miscellaneous Expenses from January 1, 2024, to March 31, 2024 (Report No. 25-AUD-03).

#### **Audit Conclusion**

This audit found that the transactions reviewed generally complied with Metro policies, were reasonable, and were adequately supported by required documents. Upon engagement with V/CM and Office of Inspector General regarding this review, OIG auditors have reported on the following finding:

1. Purchase Card Monthly Spending Limit Exceeded by Transit Security due to temporary limits not reset timely by V/CM Purchase Card Program.

Based on these findings, OIG's report documented one recommendation to improve transactions of Metro Miscellaneous Expenses. Below is V/CM's responses for Report No. 25-AUD-03.

#### **OIG Recommendation:**

##### **Recommendation:**

- Monitor on a continuous basis, the Active Bank Account Report and identify those temporary individual and/or monthly spending limits that should be reviewed and determine if current spending limits need to remain in place.

##### **V/CM Response:**

- **Agree.** V/CM has implemented this recommendation. To minimize the risk of this from happening in the future, the Purchase Card Administrator has modified the Active Bank Account Report to add columns which capture temporary single and monthly purchase

**Management Comments to Draft Report**

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**Vendor/Contract Management – Purchase Card Program - Continued**

limit amounts and their expiration dates in addition to having permanent limit columns. Furthermore, this report update was added into existing desk procedures that are used to administer the program. These program enhancements were completed in August 2024.

Any questions or concerns can be addressed to me, Nalini Ahuja at 213-922-3088.

Cc: Debra Avila, Deputy Chief Vendor/Contract Management Officer  
Dr. Irma L. Licea, Executive Officer, Vendor/Contract Management  
Abraham Lora, Senior Director, Finance, Vendor/Contract Management

## Management Comments to Draft Report

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### Chief People Office


**Metro**

## Interoffice Memo

Date	December 10, 2024
To	Yvonne Zheng Senior Manager, Audit Office of the Inspector General
From	Dawn Jackson-Perkins Interim Chief People Officer
Subject	Statutorily Mandated Audit of Metro Miscellaneous Expenses January 1, 2024 to March 31, 2024 (Report No. 24-AUD-03)



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 our response below to the recommendation pertaining to the Chief People Office (CPO).

### Recommendation

#9. Chief People Office & Accounting: Review the current status of how Certification Programs are accounted for and consider creating a Certification Program Policy where the employee would be required to complete the program, obtain the certification paid for by Metro, and maintain employment with Metro for a certain period of time after completion of the program, or be required to reimburse Metro for the costs.

**Response:** Staff will consider the recommendation. CPO will collaborate with Accounting and other stakeholders to consider creating a Certification Program Policy where the employee would be required to complete the program, obtain the certification paid for by Metro, and maintain employment with Metro for a certain period of time after completion of the program, or be required to reimburse Metro for the costs. CPO will also review HR1 (Tuition Reimbursement) to determine whether updating this policy is necessary based on this audit and recommendation.

Completion Date: March 31, 2025



## Management Comments to Draft Report

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### Chief People Office -Continued



**Metro**

## Interoffice Memo

- #10. Chief People Office & Accounting: Consider the possible expansion of Account 50915 – Fees for conferences, seminars, and certifications, to track and include a cost threshold for certain certification programs, where employee would have to adhere to the new policy requirements.

**Response:** The Chief People Office and Accounting considered the recommendation, and we determined that the use of General Ledger (GL) Expense Account 50915 is not suitable to track any future cost threshold for certification programs. The purpose of the GL expense account is to enable the agency to properly record, classify, and report transactions that fit the nature of the expense account. The cost threshold may be set as part of any future Certification Program Policy and adherence to the policy will be the responsibility of the requestor and the approver. *(see Accounting Response for details)*

Completion Date: NA

- #11. Talent Development: Communicate to employees the importance of using the most current TBE Report.

**Response:** Staff concurs with the recommendation. Talent Development will communicate to its employees the importance of using the most current TBE Report.

Completion Date: January 31, 2025

- #12. Talent Development: Approving officials should verify that the correct rate for mileage reimbursement was used before approving TBE Report for reimbursement.

**Response:** Staff concurs with the recommendation. Talent Development will ensure that its approving officials will verify that the correct rate for mileage reimbursement was used before approving TBE Report for reimbursement.

Completion Date: January 31, 2025

- #14. Workforce Services: Communicate to all employees that emailed TBE Reports and supporting documentation that was allowed during the pandemic will no longer be allowed, and going forward all TBE Reports will be processed in accordance with Metro's Business Travel Guidelines (GEN 65).

**Response:** Staff concurs with the recommendation. Workforce Services has communicated to departments as of October 31, 2024, who commonly submit manual Travel Requests, that emailed TBE Reports and supporting documentation that were allowed to replace manual hard copy submittals during the pandemic will no longer be

Chief People Office-Continued**Metro****Interoffice Memo**

allowed, and going forward all TBE Reports will be processed in accordance with Metro's Business Travel Guidelines (GEN 65).

Completion Date: October 31, 2024

- #15. Workforce Services: In situations where a manual TA and/or TBE Report must be processed, establish procedures for tracking the status of the TA and/or TBE Report to reduce the possibility of it being overlooked.

**Response:** Staff concurs with the recommendation. For situations where a manual TA and/or TBE Report must be processed, Workforce Services has established procedures as of October 31, 2024 for tracking the status of the TA and/or TBE Report to reduce the possibility of it being overlooked.

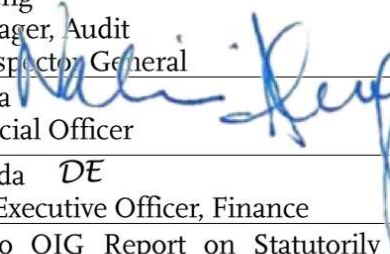
Completion Date: October 31, 2024

## Management Comments to Draft Report

Accounting

Metro

## Interoffice Memo

Date	December 6, 2024
To	Yvonne Zheng Senior Manager, Audit Office of Inspector General
Through	Nalini Ahuja  Chief Financial Officer
From	Diana Estrada <i>DE</i> Interim Sr. Executive Officer, Finance
Subject	Response to OIG Report on Statutorily Mandated Audit of Miscellaneous Expenses January 1, 2024 to March 31, 2024 (Report No. 25-AUD-03)

The audit recommends that:


1. **Outdated TBE Report Used for Mileage Reimbursement**

**Accounting**


Periodically communicate to all employees the importance of using the most current TBE Report for reimbursement


**Management Response: Agree**


Accounting will periodically communicate to all employees the importance of using the most updated TBE form. On November 18, 2024, we sent out our first communication, via Daily Brief, reminding employees to use the updated TBE form in our intranet. We will continue sending out reminders at the beginning of each calendar quarter, or when changes are made in the TBE form.

 Metro Internal (no-reply)  
To: -All Email Recipients

Retention Policy: Metro 3 Years Inbox folder (3 years) Expires: 11/18/2027  
Mon 11/18/2024 5:01 PM

 You replied to this message on 11/18/2024 5:28 PM.

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15 KB

 Interoffice Memo\_Cashier's Desk Closed between November 28 and 29, 2024.pdf  
141 KB

**Updates to the Mileage Rate from Metro Accounting**

A friendly notice that Accounting updates the mileage rate in the Travel & Business Expense Report form (TBE) per the guide published annually at the beginning of the year. Posted on the [Accounting websites](#) are the TBE forms for your use.

It is important that employees use the current TBE form relevant to the traveling period for appropriate reimbursement.

Here is the link: [https://lacmta.sharepoint.com/sites/Accounting2/SitePages/Forms\(1\).aspx?ga=1](https://lacmta.sharepoint.com/sites/Accounting2/SitePages/Forms(1).aspx?ga=1)



## Management Comments to Draft Report

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### Accounting – Continued

#### 2. Absence of Policy related to payments for Expensive Certification Programs

##### Chief People Office and Accounting:

- Review the current status of how Certification Programs are accounted for and consider creating a Certification Program Policy where the employee would be required to successfully complete the program, obtain the certification paid for by Metro, and maintain employment with Metro for a certain period of time after completion of the program, or be required to reimburse Metro for the costs.
- Consider the possible expansion of Account 50915 – Fees for conferences, seminars, and certifications, to track and include a cost threshold for certain certification programs, where employee would have to adhere to the new policy requirements

##### Management Response:

- We agree to support the Chief People Office for any financial information needed as they consider the creation of a Certification Program Policy.
- We considered the recommendation, and we determined that the use of General Ledger (GL) Expense Account 50915 is not suitable to track any future cost threshold for certification programs. The purpose of the GL expense account is to enable the agency to properly record, classify, and report transactions that fit the nature of the expense account. The cost threshold may be set as part of any future Certification Program Policy and adherence to the policy will be the responsibility of the requestor and the approver.

Should you have any questions, please feel free to call me at ext. 22161

Thank you.

CC: Elaine Dimson, Sr. Director, Accounting  
Don Howey, EO Administration  
Michelle Thaung, Manager, Accounting  
Ernest Ruben, Principal Transportation Planner

## Management Comments to Draft Report

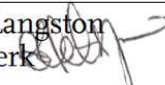
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### Office of Board Administration



**Metro**

## Interoffice Memo

<b>Date</b>	November 19, 2024
<b>To</b>	Yvonne Zheng Sr. Manager, Audit
<b>From</b>	Collette Langston Board Clerk 
<b>Subject</b>	Response to OIG Audit No. 25-AUD-03

This memo is in response to the Office of the Inspector General audit, 25-AUD-03, which found that a member of Metro's Board of Directors traveled in August 2023 and the expense report for said travel was not processed due to a number of reasons.

As the audit states, the expense report was submitted in accordance with Metro's Business Travel Guidelines (GEN 65). The issue arises due to the expense report being submitted via email and being overlooked for processing, instead of being submitted through Metro's Financial Information System (FIS).

Board Administration determined that our internal procedures will be reviewed by the end of calendar year 2024 to ensure that all future expense reports are submitted through the proper channels and that staff follows up, as necessary.

Please contact me at 213.364.6681 if you would like to discuss or require additional information.

**Final Report Distribution**

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**Board of Directors**

Kathryn Barger  
Karen Bass  
James Butts  
Jacquelyn Dupont-Walker  
Fernando Dutra  
Janice Hahn  
Lindsey Horvath  
Paul Krekorian  
Holly Mitchell  
Ara Najarian  
Gloria Roberts  
Tim Sandoval  
Hilda Solis  
Katy Yaroslavsky

**Metro**

Chief Executive Officer  
Chief of Staff  
Board Clerk  
Inspector General  
Chief Financial Officer  
Chief People Officer (Interim)  
Chief Program Management Officer  
Chief Safety Officer (Interim)  
Deputy Chief Vendor/Contract Management Officer  
Deputy Chief Auditor