

**Measure M Local Return Fund Audit Results  
For the Fiscal Year Ended June 30, 2022  
(Package B)**

**Simpson & Simpson, LLP**



Measure M Independent Taxpayer Oversight Committee Meeting  
Date: March 1, 2023

# Agenda

❖ Presenter: Etta Hur, CPA, Partner

- Background
- Summary of Findings
- Analysis of Measure M Audit Results
- S&S Contact Information
- Questions



# Background



# Simpson and Simpson, LLP

- We have audited the compliance of the 49 cities (49 Jurisdictions under Package B).

- |                                  |                                   |
|----------------------------------|-----------------------------------|
| 1. CITY OF ALHAMBRA              | 31. CITY OF PALMDALE              |
| 2. CITY OF ARCADIA               | 32. CITY OF PALOS VERDES ESTATES  |
| 3. CITY OF ARTESIA               | 33. CITY OF PARAMOUNT             |
| 4. CITY OF AVALON                | 34. CITY OF PASADENA              |
| 5. CITY OF BELLFLOWER            | 35. CITY OF RANCHO PALOS VERDES   |
| 6. CITY OF BRADBURY              | 36. CITY OF REDONDO BEACH         |
| 7. CITY OF BURBANK               | 37. CITY OF ROLLING HILLS         |
| 8. CITY OF CERRITOS              | 38. CITY OF ROLLING HILLS ESTATES |
| 9. CITY OF CLAREMONT             | 39. CITY OF SAN DIMAS             |
| 10. CITY OF COVINA               | 40. CITY OF SAN GABRIEL           |
| 11. CITY OF DIAMOND BAR          | 41. CITY OF SAN MARINO            |
| 12. CITY OF DOWNEY               | 42. CITY OF SANTA CLARITA         |
| 13. CITY OF DUARTE               | 43. CITY OF SIERRA MADRE          |
| 14. CITY OF EL SEGUNDO           | 44. CITY OF SIGNAL HILL           |
| 15. CITY OF GLENDALE             | 45. CITY OF SOUTH PASADENA        |
| 16. CITY OF GLEN DORA            | 46. CITY OF TEMPLE CITY           |
| 17. CITY OF HAWAIIAN GARDENS     | 47. CITY OF TORRANCE              |
| 18. CITY OF HERMOSA BEACH        | 48. CITY OF WEST COVINA           |
| 19. CITY OF LA CANADA FLINTRIDGE | 49. CITY OF WHITTIER              |
| 20. CITY OF LA HABRA HEIGHTS     |                                   |
| 21. CITY OF LA MIRADA            |                                   |
| 22. CITY OF LA VERNE             |                                   |
| 23. CITY OF LAKEWOOD             |                                   |
| 24. CITY OF LANCASTER            |                                   |
| 25. CITY OF LOMITA               |                                   |
| 26. CITY OF LONG BEACH           |                                   |
| 27. CITY OF LOS ANGELES          |                                   |
| 28. CITY OF MANHATTAN BEACH      |                                   |
| 29. CITY OF MONROVIA             |                                   |
| 30. CITY OF NORWALK              |                                   |



# Simpson and Simpson, LLP

- We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in government auditing standards, and the compliance requirements described in the Measure M Ordinance, the Measure M Local Return Guidelines and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds.



# Summary of Findings



# Summary of Findings

- ❖ We performed all 49 jurisdictions' audits.
  - Total dollar amounts associated with the findings have increased from \$675,503 in FY2021 to \$889,466 in the FY2022 compliance audit.
  - Total questioned costs of \$889,466 is about 0.7% of the FY2022 Measure M allocations of \$129,001,382 to jurisdictions under Package B.
  - \$889,466 of the questioned cost relates to funds expended on Measure M eligible projects prior approval from Metro and was resolved during the audit.
  - We identified 11 non-compliance findings which includes the following:
    - 1 significant deficiency (City of Bradbury)

We will explain the specific conditions for the significant deficiency in internal control over Compliance as we present each finding.



# Summary of Findings (Cont.)

| Finding                                                                       | # of Findings | Responsible Cities/<br>Finding Reference                                | Questioned Costs                | Resolved During the Audit       |
|-------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Funds were expended with Metro's approval.                                    | 3             | Alhambra (#2022-001)<br>Covina (#2022-005)<br>Redondo Beach (#2022-011) | \$ 569,942<br>252,260<br>67,264 | \$ 569,942<br>252,260<br>67,264 |
| Expenditure Plan (Form M-One or electronic equivalent) was submitted on time. | 2             | Artesia (#2022-002)<br>Glendale (#2022-007)                             | None<br>None                    | None<br>None                    |



# Summary of Findings (Cont.)

| Finding                                                                         | # of Findings | Responsible Cities/<br>Finding Reference                                                                                                          | Questioned Costs                             | Resolved During the Audit                    |
|---------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Expenditure Report (Form M-Two or electronic equivalent) was submitted on time. | 6             | Artesia (#2022-003)<br>Bradbury (#2022-004)<br>Covina (#2022-006)<br>La Habrá Heights (#2022-008)<br>Palmdale (#2022-009)<br>Pasadena (#2022-010) | None<br>None<br>None<br>None<br>None<br>None | None<br>None<br>None<br>None<br>None<br>None |
| Total Findings and Questioned Cost                                              | 11            |                                                                                                                                                   | \$ 889,466                                   | \$ 889,466                                   |



# Analysis of Measure M Audit Results



# Material Weakness and Significant Deficiency In Internal Controls over Compliance

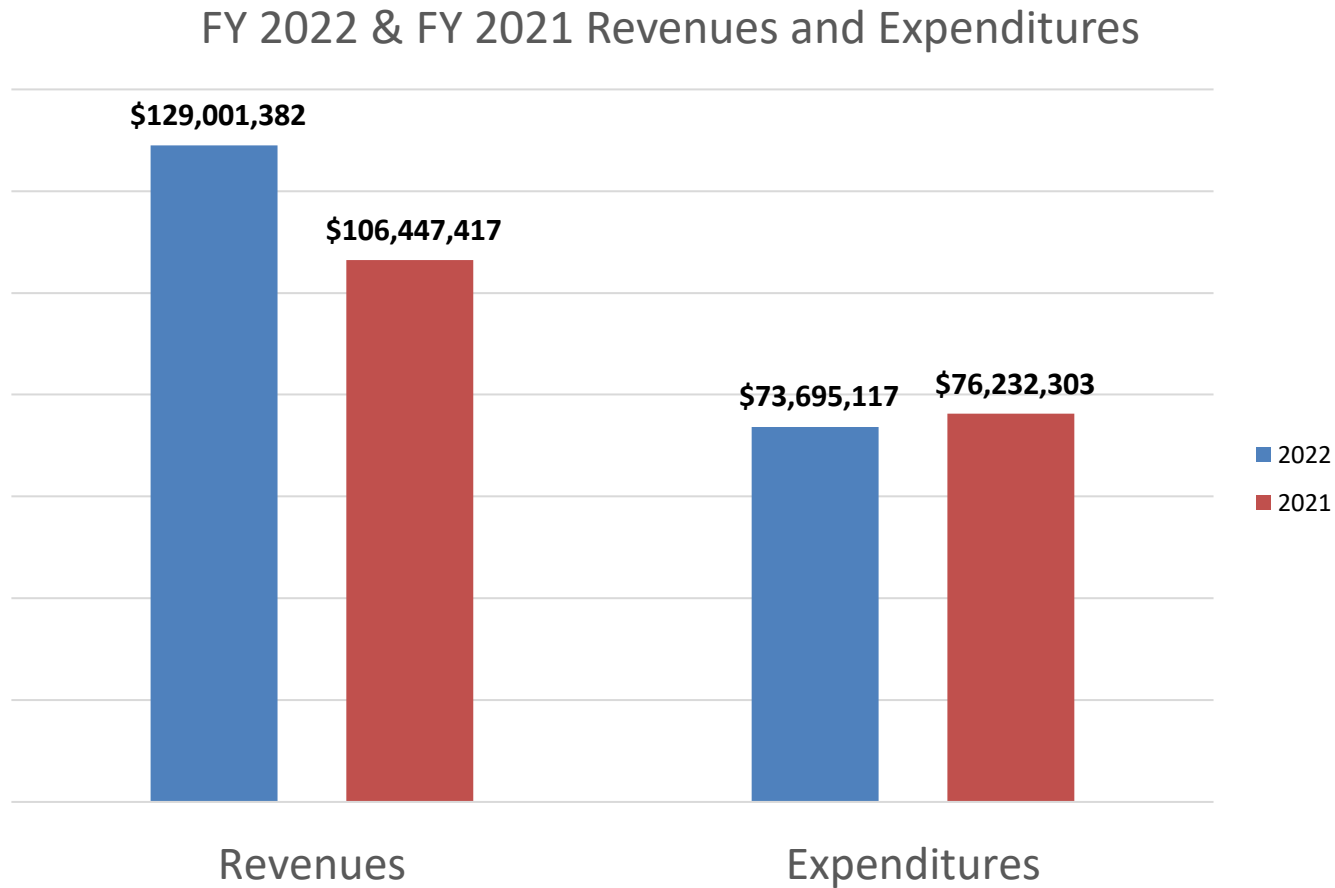
➤ **One (1) significant deficiency:**

**City of Bradbury (Finding #2022-004):**

- The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS).
- This is a repeat finding from the prior fiscal year.
- The City has a new Finance Director during fiscal year 2022 and was unaware of the compliance requirement of Local Return Funds.
- Resolved During the Audit: The City subsequently entered the required information in the LRMS on November 4, 2022.



# Revenue and Expenditures of 49 Jurisdictions



# Simpson & Simpson CPAs

## Contact information

| Team member                                     | Contact information                                                             |
|-------------------------------------------------|---------------------------------------------------------------------------------|
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# Questions

