

**Measure M Local Return Fund Audit Results
For the Fiscal Year Ended June 30, 2023
(Package B)**

Simpson & Simpson, LLP



Measure M Independent Taxpayer Oversight Committee Meeting
Date: March 6, 2024

Agenda

- ❖ Presenters: Etta Hur, CPA, Partner
Austine Cho, Senior Audit Manager
 - Background
 - Summary of Findings
 - Analysis of Measure M Audit Results
 - S&S Contact Information
 - Questions



Background



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- 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 GLENDORA | 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 | |



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- 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

- ❖ Audits were performed in all 49 jurisdictions.
 - Total dollar amounts associated with the findings decreased significantly from \$889,466 in FY2022 to \$17,148 in the FY2023 compliance audit.
 - Total questioned costs of \$17,148 is about 0.01% of the FY2023 Measure M allocations, which amounted to \$131,857,855 for jurisdictions under Package B.
 - Of the \$17,148 in questioned cost, it was identified that this amount related to funds expended on Measure M eligible projects without prior approval from Metro but was resolved during the audit.
 - There were a total of 9 non-compliance findings, including:
 - 1 material weakness (City of Bradbury)
 - 2 significant deficiencies (City of Artesia and City of La Habra Heights)

Further details about the specific conditions for the material weakness and the significant deficiencies in internal control over Compliance will be explained as each finding is presented.



Summary of Findings (Cont.)

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended with Metro's approval.	2	Arcadia (#2023-001) South Pasadena (#2023-009)	\$ 1,961 15,187	\$ 1,961 15,187
Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	1	Bradbury (#2023-003)	None	None



Summary of Findings (Cont.)

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	5	Artesia (#2023-002) Bradbury (#2023-004) La Habra Heights (#2023-006) Palos Verdes Estates (#2023-007) Rolling Hills (#2023-008)	None None None None None	None None None None None
Accounting procedures, record keeping and documentation are adequate.	1	Glendora (#2023-005)	None	None
Total Findings and Questioned Cost	9		\$ 17,148	\$ 17,148



Analysis of Measure M Audit Results



Material Weakness and Significant Deficiency In Internal Controls over Compliance

➤ **One (1) material weakness:**

City of Bradbury (Finding #2023-004):

- The City did not meet the October 15, 2023 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS).
- The finding was due to personnel change in the City's finance department.
- The finding is a repeat occurrence, as it had also occurred in fiscal years 2021 and 2022.
- To address this issues, the City plans to establish calendar notifications to remind the finance department to submit the Expenditure Report before the due date.
- Resolved during the audit: the City subsequently entered the required information in the LRMS on November 14, 2023.



Material Weakness and Significant Deficiency In Internal Controls over Compliance

➤ **Two (2) significant deficiencies:**

City of Artesia (Finding #2023-002):

- The City did not meet the October 15, 2023 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS).
- The City was understaffed due to employee turnover.
- The finding is a repeat occurrence, as it had also occurred in fiscal year 2022.
- Resolved during the audit: the City subsequently entered the required information in the LRMS on December 18, 2023.



Material Weakness and Significant Deficiency In Internal Controls over Compliance

➤ **Two (2) significant deficiencies (continued):**

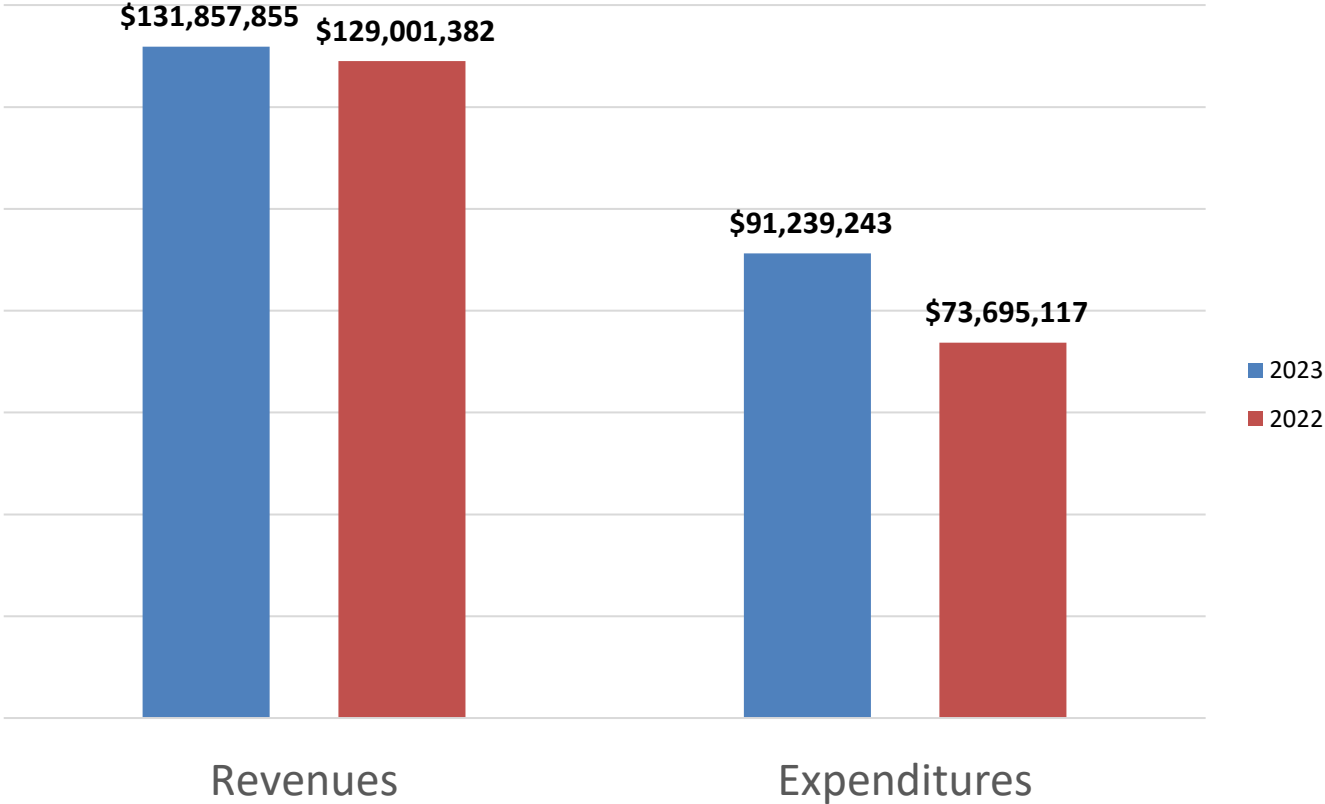
City of La Habra Heights (#2023-006):

- The City did not meet the October 15, 2023 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS).
- The City experienced turnover among administrative staff and management.
- The finding is a repeat occurrence, as it had also occurred in fiscal year 2022.
- Resolved during the audit: the City subsequently entered the required information in the LRMS on November 20, 2023.



Revenue and Expenditures of 49 Jurisdictions

FY 2023 & FY 2022 Revenues and Expenditures



Simpson & Simpson CPAs

Contact information

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Questions

