



**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

**SINGLE AUDIT REPORT**

Fiscal year ended June 30, 2022

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
Los Angeles, California

SINGLE AUDIT REPORT  
Fiscal year ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise LACMTA's basic financial statements, and have issued our report thereon dated January 23, 2023. Our report includes a reference to other auditors who audited the financial statements of the defined benefit pension plan financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans, as described in our report on LACMTA's financial statements. The financial statements of the defined benefit pension plan of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans were not audited in accordance with *Government Auditing Standards*.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACMTA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of LACMTA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a significant deficiency.

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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## LACMTA's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on LACMTA's response to the findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. LACMTA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Los Angeles, California  
January 23, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of LACMTA's major federal programs for the year ended June 30, 2022. LACMTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LACMTA's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002, to be a significant deficiency.

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(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on LACMTA's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. LACMTA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated January 23, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Los Angeles, California  
February 16, 2023

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2022

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
<b>Federal Grants</b>								
U.S. Department of Transportation								
Federal Transit Administration								
Passed through State of California Department of Transportation:								
Highway Planning and Construction Cluster								
Highway Planning and Construction								
Extension of Transit way on 1-110 to Downtown LA	20.205	EA 07-278008	\$ 6,272,631	\$ 417,702	\$ 334,162	\$ -	\$ -	\$ 83,540
I-5 Chokepoint Relief Project	20.205	07-5187	47,000,000	43,059,548	34,433,102	-	-	8,626,446
Freight Advanced Traveler Information System (FRATIS)	20.205	ATCMTDL-6065(218)	3,000,000	507,414	253,707	-	-	253,707
I-605/SR-91 Interchange Improvements	20.205	07-5186	32,000,000	4,889,205	4,041,889	-	523,652	323,664
Soundwall Package #10	20.205	HIPL-6065(251)	48,649,000	295,604	295,604	-	-	-
Highway Planning and Construction Cluster Total			<u>136,921,631</u>	<u>49,169,473</u>	<u>39,358,464</u>	-	<u>523,652</u>	<u>9,287,357</u>
Direct Programs:								
Federal Transit Cluster:								
Federal Transit Capital Improvement Grants:								
Trans Ctr / Bus Park & Shelters	20.500	CA-04-0088	5,570,560	77,768	62,214	62,214	-	15,554
Los Angeles Union Station/Cesar Chavez Bus Stop	20.500	CA-2016-123	1,668,557	178	142	-	-	36
Regional Connector Transit Corridor	20.500	CA-2016-046	504,900,000	120,433,163	80,641,081	-	-	39,792,082
Westside Purple Line Ext – Section 1 New Starts	20.500	CA-2016-017	597,710,967	299,630,264	61,102,709	-	-	238,527,555
Westside Purple Line Ext – Section 2 New Starts	20.500	CA-2016-047	597,710,967	156,194,251	95,553,641	-	-	60,640,610
Westside Purple Line Ext – Section 3 New Starts	20.500	CA-2019-170	397,710,967	282,432,027	60,101,532	-	-	222,330,495
Federal Transit - Capital Improvement Grants Total			<u>2,105,272,018</u>	<u>858,767,651</u>	<u>297,461,319</u>	<u>62,214</u>	-	<u>561,306,332</u>
Federal Transit - Formula Grants:								
Congestion Mitigation & Air Quality (CMAQ) CA-95-X251	20.507	CA-95-X251	64,000,000	11,416,935	13,061,626	-	-	(1,644,691)
COVID-19 - FFY21 5307-08 CRRSAA Grant	20.507	CA-2021-140	771,248,282	771,248,282	771,248,282	-	-	-
Systemwide Light Rail Vehicles	20.507	CA-2016-026	121,630,000	27,842,796	10,604,267	-	-	17,238,529
COVID-19 - FFY21 5307-09 ARPA Grant	20.507	CA-2022-021	1,239,508,166	1,239,508,166	1,239,508,166	-	-	-
FY2020 CMAQ and RSTP Bus Acquisition	20.507	CA-2020-139	150,500,000	58,764,020	13,034,784	-	-	45,729,236
Federal Transit - Formula Grants Total			<u>2,346,886,448</u>	<u>2,108,780,199</u>	<u>2,047,457,125</u>	-	-	<u>61,323,074</u>
State of Good Repair Grants Program								
5337 LA Metro Rail Vehicle Midlife Overhauls	20.525	CA-2018-031	86,251,460	8,630,615	6,904,492	-	-	1,726,123
State of Good Repair Grants Program Total			<u>86,251,460</u>	<u>8,630,615</u>	<u>6,904,492</u>	-	-	<u>1,726,123</u>
Bus and Bus Facilities Formula Program								
Section 5339 Bus Overhauls	20.526	CA-2019-056	96,632,212	29,433,435	21,679,318	-	-	7,754,117
FY2018 5339 Funds (D2018-BUSC-142) (Los Angeles 60020)	20.526	CA-2021-056	5,457,098	9,548,854	5,457,098	-	-	4,091,756
Bus and Bus Facilities Formula Program Total			<u>102,089,310</u>	<u>38,982,289</u>	<u>27,136,416</u>	-	-	<u>11,845,873</u>
Federal Transit Cluster Total			<u>4,640,499,236</u>	<u>3,015,160,754</u>	<u>2,378,959,352</u>	<u>62,214</u>	-	<u>636,201,402</u>

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Fiscal year ended June 30, 2022

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
<b>Direct Programs:</b>								
<b>Transit Services Programs Cluster</b>								
<b>Enhanced Mobility of Seniors and Individual with Disabilities</b>								
L.A. County Section 5310 Lanc/Palm - AVTA (2016)	20.513	CA-2018-122	129,351	129,351	129,351	129,351	-	-
Enhanced Mobility of Seniors and Individuals with Disability Program 5310 All	20.513	CA-16-X066	6,092,451	341,163	206,644	206,644	-	134,519
L.A. County Section 5310 Program Administration	20.513	CA-2018-029	1,043,894	175,241	175,241	175,241	-	-
LA County Section 5310 All Subrecipients FY17	20.513	CA-2018-065	9,207,811	616,797	452,659	452,659	-	164,138
Program Administration FFY19	20.513	CA-2021-226	1,115,715	124,382	124,382	124,382	-	-
L.A. County Section 5310 All Subrecipients - FY19	20.513	CA-2020-167	9,787,049	2,052,207	1,592,923	1,592,923	-	459,284
<b>Enhanced Mobility of Seniors and Individual with Disabilities Total</b>			<b>27,376,271</b>	<b>3,439,141</b>	<b>2,681,200</b>	<b>2,681,200</b>	<b>-</b>	<b>757,941</b>
<b>Job Access and Reverse Commute Program</b>								
L A County Job Access and Reverse Commute Program. Administration. FY 06-12	20.516	CA-37-X071	5,032,849	287,161	287,161	-	-	-
Job Access and Reverse Commute Program. Project - LA County Job Access and Program Project	20.516	CA-37-X100	10,343,881	2,978,187	267,213	167,126	-	2,710,974
Job Access and Reverse Commute - Capital/Operating Assist.	20.516	CA-37-X123	13,878,024	166,360	166,360	166,360	-	-
LA County Job Access and Program Project - Capital/Operating Assist.	20.516	CA-37-X171	7,711,637	119,592	119,592	119,592	-	-
<b>Job Access and Reverse Commute Program</b>			<b>36,966,391</b>	<b>3,551,300</b>	<b>840,326</b>	<b>453,078</b>	<b>-</b>	<b>2,710,974</b>
<b>New Freedom Program:</b>								
New Freedom - Program Adm. FY06-12	20.521	CA-57-X003	2,152,346	76,073	76,073	-	-	-
New Freedom - Capital & Operating. Assistance	20.521	CA-57-X100	7,354,678	81,828	40,914	40,914	-	40,914
New Freedom - Capital/Operating Assist.	20.521	CA-57-X048	1,755,553	83,434	41,717	41,717	-	41,717
New Freedom - Capital & Operating. Assistance	20.521	CA-57-X084	8,702,026	323,215	317,730	317,730	-	5,485
<b>New Freedom Program Total</b>			<b>19,964,603</b>	<b>564,550</b>	<b>476,434</b>	<b>400,361</b>	<b>-</b>	<b>88,116</b>
<b>Transit Services Programs Cluster Total</b>			<b>84,307,265</b>	<b>7,554,991</b>	<b>3,997,960</b>	<b>3,534,639</b>	<b>-</b>	<b>3,557,031</b>
<b>Direct Programs:</b>								
<b>Research and Development Cluster</b>								
<b>Public Transportation Research, Technical Assistance, and Training</b>								
FY16 Demonstration of Collision Avoidance & Mitigation Technologies on Los Angeles Metro Bus Service	20.514	CA-2017-055	1,450,000	600,977	435,708	-	-	165,269
LACMTA FY15 Section 5312 LONO	20.514	CA-2017-089	4,275,000	4,998,899	110,082	-	-	4,888,817
<b>Public Transportation Research, Technical Assistance, and Training Total</b>			<b>5,725,000</b>	<b>5,599,876</b>	<b>545,790</b>	<b>-</b>	<b>-</b>	<b>5,054,086</b>
<b>Federal Transit Administration Total</b>			<b>4,867,453,132</b>	<b>3,077,485,094</b>	<b>2,422,861,566</b>	<b>3,596,853</b>	<b>523,652</b>	<b>654,099,876</b>
<b>Direct Programs:</b>								
<b>Office of the Secretary</b>								
<b>National Infrastructure Investments</b>								
Eastside Access Improvements	20.933	CA-79-0005	11,800,000	9,943,567	9,943,567	-	-	-
TIGER VII Rail to Rail Active Transportation Corridor Connector	20.933	CA-2017-103	15,000,000	7,751,749	3,681,351	-	(304,125)	4,374,523
<b>National Infrastructure Investments Total</b>			<b>26,800,000</b>	<b>17,695,316</b>	<b>13,624,918</b>	<b>-</b>	<b>(304,125)</b>	<b>4,374,523</b>
<b>U.S. Department of Transportation Total</b>			<b>4,894,253,132</b>	<b>3,095,180,410</b>	<b>2,436,486,484</b>	<b>3,596,853</b>	<b>219,527</b>	<b>658,474,399</b>

(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2022

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
U.S. Department of Homeland Security:								
Direct Programs								
Rail and Transit Security Grant Program								
Transit Security Grant Program	97.075	EMW-2018-RA-00007	6,204,960	22,208	22,208	-	-	-
Transit Security Grant Program	97.075	EMW-2019-RA-00019	7,208,108	373,997	373,997	-	-	-
Video Management System/Security Intelligence	97.075	EMW-2020-RA-00029	12,180,025	431,072	431,072	-	-	-
Rail and Transit Security Grant Program Total			<u>25,593,093</u>	<u>827,277</u>	<u>827,277</u>	-	-	-
Passed through State of California Department of Transportation:								
Disaster Grants - Public Assistance								
COVID-19 - FEMA-4482-DR-CA	97.036	FEMA-4482-DR-CA	627,768	627,768	627,768	-	-	-
U.S. Department of Homeland Security Total								
			<u>26,220,861</u>	<u>1,455,045</u>	<u>1,455,045</u>	-	-	-
Total Federal Grants			<u>\$ 4,920,473,993</u>	<u>\$ 3,096,635,455</u>	<u>\$ 2,437,941,529</u>	<u>\$ 3,596,853</u>	<u>\$ 219,527</u>	<u>\$ 658,474,399</u>

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2022

Grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total State Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
State Grants:								
Network Integration			\$ 7,000,000	\$ 626,259	-	-	-	\$ 626,259
Access for All			-	94,956	-	-	94,956	
VMT Mitigation Program(CALTRANS)			700,000	31,643	-	-	28,013	3,629
FY2015 PROP1B 6761-0002			16,103,043	14,532,108	-	-	14,532,108	
Airport Metro Connect			40,000,000	90,900,000	-	-	40,000,000	50,900,000
STIP-PPM20-6065(242)			2,308,000	2,254,193	-	-	2,254,193	
Crenshaw Pre-Revenue			21,837,815	8,979,481	-	-	8,183,471	796,010
DIV 20 Portal Widening Turnbac			64,437,000	122,339,311	-	-	40,627,888	81,711,423
Rosa Parks Mezzanine			14,808,000	3,418,106	-	-	1,546,077	1,872,029
TAP Farebox Upgrade			8,201,000	125,900	-	-	(636)	126,536
TAP Farebox Upgrade - MUNI			5,000,000	311,087	-	-	155,543	155,543
Rosecrans/Marquardt			76,665,000	624,072	-	-	583,026	41,046
SR-57/60 Confluence Choke Point			22,000,000	2,199,683	-	-	1,542,170	657,512
LCTOP - Metro Electric Bus Charging Infrastructure			39,098,039	2,046,740	-	-	2,046,740	-
FSP21-6065(243)			8,021,144	8,021,144	-	-	8,021,144	-
FSP21SB1-6065(245)			6,682,708	3,850,396	-	-	3,850,396	-
07A5025			3,000,000	148,273	-	-	148,273	-
Southern California Optimized Rail Expansion (Link US Phase A)			227,420,000	61,737,668	-	-	59,206,771	2,530,897
Airport Metro Connect 96th Street transit Station			151,000,000	27,340,801	-	-	27,340,801	-
So. Bay Green Line Ext.			9,000,000	6,578,480	-	-	2,573,822	4,004,658
Partnership for Housing Acceleration			1,600,000	23,245	-	-	23,245	-
FY2016 PROP1B 6861-0002			16,103,043	2,553,179	-	-	2,553,179	-
STIP PPM21-6065 (247)			4,002,000	1,475,771	-	-	1,475,771	-
Total State Grants			<u>\$ 744,986,792</u>	<u>\$ 360,212,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,786,952</u>	<u>\$ 143,425,543</u>

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2022

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**NOTE 1 – GENERAL**

The accompanying schedule of expenditures of federal and state awards (the Schedule) presents the grant activity of all expenditures of federal and state award programs of the Los Angeles County Metropolitan Transportation Authority (LACMTA) in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule. The Schedule also includes state grants that do not participate in the federal awards. LACMTA is the reporting entity as defined in Note 1 to the financial statements of LACMTA's basic financial statements.

**NOTE 2 – BASIS OF PRESENTATION**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. LACMTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – STATE AND LOCAL FUNDS REIMBURSEMENT**

LACMTA utilizes state and local funds when federal funds are not received in a timely manner. Upon receipt of federal funds, LACMTA reimburses state and local funds that were utilized for expenditures for federal programs. Reimbursements are shown as credit balances in the Schedule. Expenditures incurred during the current fiscal year, but before a federal grant is executed are included as state or local on the Schedule in the year the expenditures are incurred and are reported as federal on the Schedule in the year the grant was executed.

**NOTE 4 – FEDERAL FINANCIAL ASSISTANCE**

Pursuant to the Single Audit Act and Uniform Guidance Compliance Supplement, the federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**NOTE 5 – MAJOR PROGRAMS**

The Single Audit Act and Uniform Guidance establish criteria to be used in defining major federal financial assistance programs. Major programs for LACMTA are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

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(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2022

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**NOTE 6 – PRIOR YEAR EXPENDITURES**

In accordance with Government Accounting Standards Board (GASB) guidance, expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed and eligible expenditures have been incurred. As a result, \$771,248,282 of expenditures reported on the Schedule were incurred in fiscal year 2021, as the related grant agreement was executed in fiscal year 2022.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2022

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**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statements:***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

  X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

***Federal Awards:***

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified?

  X   Yes    \_\_\_\_\_ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major federal programs:

ALN 20.500 / 20.507 / 20.525 / 20.526

Federal Transit Cluster

ALN 20.933

National Infrastructure Investments

Dollar threshold used to distinguish type A and B programs:

  \$  7,313,825  

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2022

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2022-001 – Internal Controls over Procurements (Significant Deficiency)**

Criteria: Proper internal controls are an integral component of an organization's ability to have effective operations, reliable financial reporting, and maintain compliance with applicable laws and regulations. Management should have internal controls over all key aspects of their business and for all significant financial areas, including procurement.

Condition: During our testing of sole source procurements, we noted the following exceptions:

- Three of the "Justification for Other Than Full and Open Competition" forms were not signed as reviewed by the Contracting Officer until we requested them, and a fourth was not signed by the Contracting Officer at all. In all four cases, however, there was a documented review performed by the Strategic Business Unit Chief.
- For four of the justifications, we were unable to determine whether they met the procurement policies guidelines.
- Two of the signed PO's could not be located and all that could be found was the unsigned PO and the purchase requisition from the system.
- One instance where the "Basis for Award" or "Ethics Declaration" documents could not be located and in another case the labor rate or price comparison document could not be located.

Additionally, one check request was for consulting services, which appeared allowable based on section 1.2 (a) of the Check Request policy, which indicates that "purchases greater than \$3,000" cannot use the check request unless accompanied by memo of justification approved by the Chief Officer of the department. (The check request was approved by the Chief Officer of that department) However, according to section 1.2 (b) of the Check Request policy, a check request cannot be used for "Professional Services", which seems contradictory to the prior section.

Cause: Staff did not follow their Acquisition Policy and Procedure Manual, or in some instances could not find the supporting documentation requested.

Effect: There was no financial statement impact as a result of these internal control exceptions, however, the lack of effective internal controls and adherence to internal policies could lead to errors or improperly approved contracts.

Context: We selected a sample of 23 procurements and identified the exceptions noted above.

Recommendation: We recommend that LACMTA adhere to their Acquisition Policy that requires that all "Justification for Other Than Full and Open Competition" forms be fully reviewed by both the Strategic Business Unit Chief and the Contracting Officer. We also recommend LACMTA adhere to their Records Management Policy that requires that all PO's and related procurement documents be retained for a minimum of 7 years.

We recommend that Metro clarifies the check request policy by removing section 1.2 (a) that allows for an exception to the other requirements of a check request, or recommend rewording or renumbering the policy so that it is clear that all expenditures follow the purchase order (PO) process, unless an extraordinary circumstance requires an exception to the general policy.

Lastly, we agree with the OIG's recommendation to have the Ethics and/or Legal department review the non-competitive procurements, and we further recommend that this review include the "Justification for Other Than Full and Open Competition" form specifically.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2022

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Views of responsible officials and planned corrective actions: We concur with the recommendation to adhere to the Acquisition and Record Management policies and we have already taken step to address this moving forward.

We concur with the recommendation to clarify the check request policy regarding the unacceptable uses of check requests (section 1.2 of the policy) and the requirements for any exceptions. The revisions to the policy will be completed by March 31, 2023.

We concur with OIG's recommendation and have already accepted and implemented the recommendation as of December 14, 2022.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

#### **Finding 2022-002 – Monitoring Controls Related to Compliance with Wage Rate Requirements (Significant Deficiency)**

Information on the Federal Program: ALN 20. 933 - National Infrastructure Investments – Special Tests and Provisions

Criteria: 2 CFR 200.303 states in part: "The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . ."

Federal wage rate requirements included in subchapter IV of chapter 31 of title 40, U.S.C., apply to all projects receiving funds under this program, and apply to all parts of the project. Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements, a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). The non-Federal entity should also have internal controls in place to ensure that the contractor or subcontractor is submitting payrolls for any week that contract work is performed.

Condition: Staff was unable to provide evidence of controls in place to ensure contracts subject to wage rate requirements are appropriately monitored for compliance. There is no evidence of a review performed over certified payroll records and compliance documents performed in fiscal year 2022. Additionally, there is no evidence of communications with contractors available that demonstrate monitoring wage rate requirements.

Cause: Metro experienced staffing turnover and was not able to timely complete a review for all contracts subject to wage rate requirements. Additionally, evidence of a review performed and communications with contractors is not retained outside of email, resulting in lost documentation when there is staffing turnover.

Effect: The failure to establish an effective internal control system could have enabled noncompliance to go undetected.

Questioned Costs: None

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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Context: During our documentation and corroboration of internal controls over monitoring of wage rate requirements, there was no evidence of an effective monitoring control.

Identification as a repeat finding: No, this is not a repeat finding.

Recommendation: We recommend LACMTA assess the timing and frequency of reviews performed over compliance with wage rate requirements to ensure they are occurring at a frequency that establishes an effective internal control. Additionally, we recommend that documentation of monitoring related communications be retained in accordance with LACMTA's retention policy.

Views of responsible officials and planned corrective actions: We concur with the recommendation and add that the Labor Wage & Retention Programs (LWRP) currently has the required controls to ensure that the certified payrolls are reviewed in a timely manner and reviews are formally documented and evidence of the reviews are retained in accordance with LACMTA's retention policy. The staff turnover issue that LWRP experienced has been addressed.