

EXHIBIT A – SCOPE OF SERVICES**CONSOLIDATED AUDIT SERVICES– FY 2026 THROUGH FY 2030****I. BACKGROUND**

The Los Angeles County Metropolitan Transportation Authority (Metro), as the Regional Transportation Planner for Los Angeles County, is responsible for planning, programming and allocating transportation funding to Los Angeles County jurisdictions, transit operators and other transportation programs. Metro has the fiduciary responsibility to help ensure jurisdictions, operators, and program administrators receiving funds for transportation related projects are in compliance with the applicable statutes, rules, regulations, policies, guidelines and Memorandum of Understanding (MOU) agreements.

Metro is seeking the services of two (2) external, independent Certified Public Accountant (CPA) Firms to perform financial and compliance audits to provide assurance that recipients of the funds and subsidies included in the Consolidated Audit are adhering to the statutes of each applicable funding source and that operations data used to allocate funds is fair and in accordance with Federal Transportation Authority (FTA) guidelines.

The Consolidated Audit project is divided into two separate packages (Package A and Package B) based primarily on the District's geographic location. See (Attachment 1) for a complete list of agencies/jurisdictions for Package A and Package B and the funding programs applicable for each agency.

Interested CPA Firms can propose on both packages but will be awarded only one of the two packages based on Metro's evaluation.

In the event that the interested CPA firm has performed audit services on the Consolidated Audit for six consecutive fiscal years, the lead audit partner or coordinating audit partner having primary responsibility for the audit must be rotated out and replaced by personnel with knowledge and skills, per Assembly Bill 1345 section 12410.6.(b) of the Government Code.

(http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201120120AB1345)

The audits shall be conducted in accordance with generally accepted government auditing standards (GAGAS) and shall meet the American Institute of Certified Public Accountants' Standards (AICPAS). In performing these audits, the respective CPA Firm shall report on internal control deficiencies, findings and recommendations for non-compliance with the applicable statutes, rules, regulations, policies, guidelines and MOU agreements. See (Attachment 2) for program guidelines and MOUs.

II. FUNDING PROGRAMS

The Consolidated Audit consists of the funding programs listed below:

1. Local Funding Program to the 88 cities and Unincorporated Los Angeles County
 - a) Proposition A Local Return
 - b) Proposition C Local Return
 - c) Measure R Local Return

- d) Measure M Local Return
 - e) Transit Development Act (TDA) Article 3
 - f) Transit Development Act (TDA) Article 8
 - g) Proposition A Discretionary Incentive Program
2. Transit System Funds to Commerce, Redondo Beach, and Torrance
- a) Transit Development Act (TDA) Article 4
 - b) State Transit Assistance (STA)
 - c) Proposition A 95% of 40% Discretionary
 - d) Proposition C 5% Security
 - e) Proposition C 40% Discretionary
 - f) Measure R 20% Bus Operations
 - g) Measure M 20% Transit Operations
3. Proposition A Growth Over Inflation (GOI) Funds to the transit operators of LADOT, Glendale, Pasadena, and Burbank
4. EZ Transit Pass Program
5. SB125 Zero Emission Transit Capital Program (ZETCP)
6. LADOT Operating Data (Proposition A Incentive Programs)
7. Low Income Fare is Easy (LIFE) – LIFE Administrator
8. SCRRA Metrolink Program
9. Access Services

III. FUNDING PROGRAM REQUIREMENTS

Unless otherwise noted, the following Consolidated Audit Programs Scope and Objectives shall apply for FY 2026 through FY 2030.

A. Local Return Fund Programs: Propositions A&C and Measures R&M

1. Scope:

Audit should be conducted on applicable jurisdictions that receive the Local Return Funds:

- 1) Proposition A
- 2) Proposition C
- 3) Measures R
- 4) Measure M.

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background:

a) Propositions A&C:

Twenty-five percent (25%) of all Proposition A revenues and twenty percent (20%) of Proposition C revenues are allocated to the 88 cities and Los Angeles County on a per capita basis. These funds are referred to as Local Return Funds and are to be used exclusively to benefit public transit. Funds are disbursed by Metro to the jurisdictions on a monthly basis according to their proportionate share of actual net receipts for the month.

The Proposition A and Proposition C Local Return Guidelines require Metro approval prior to expenditure of funds. Jurisdictions submit "Form A" or electronic equivalent to Metro for every project for which local return funds are to be used. The Annual Project Update "Form B" or electronic equivalent is also required by August 15th of each fiscal year for approved projects that will be carried forward into the coming year. Actual project expenditures should be reported by October 15th of the year by submitting "Form C" or electronic equivalent.

b) Measure R:

Measure R is funded with ½ cent sales tax revenues to meet transportation needs of Los Angeles County. The Measure R Ordinance specifies that 15 percent (15%) of revenues shall be allocated to jurisdictions. After administrative costs are deducted, apportionments are made to all jurisdictions. Metro allocates and distributes Local Return funds monthly to jurisdictions on a per capita basis and in conformance with the Measure R Ordinance and Metro's adopted policies and guidelines. The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes only.

Local Return Guidelines require Metro approval prior to expenditure of funds. Jurisdictions submit "Form 1" or electronic equivalent to Metro for every project for which Local Return funds are to be used. An Annual Project Update is also required by August 15th of each fiscal year for approved projects that will be carried forward into the coming year. Actual project expenditures should be reported by October 15th of the year by submitting "Form 2" or electronic equivalent.

c) Measure M:

Measure M is funded with ½ cent sales tax revenues to meet transportation needs of Los Angeles County. The Measure M Ordinance specifies that 17 percent (17%) of revenues shall be allocated to jurisdictions. After administrative costs are deducted, apportionments are made to all jurisdictions. Metro allocates and distributes Local Return funds monthly to jurisdictions on a per capita basis and in conformance with the Measure M Ordinance and Metro's adopted policies and guidelines. The Measure M Ordinance specifies that Local Return funds are to be used for transportation purposes only.

Local Return Guidelines require Metro approval prior to expenditure of funds. Jurisdictions submit "Form M-1" or electronic equivalent to Metro for every project for which local return funds are to be used. An Annual Project Update is required by August 15th of each fiscal year for approved projects that will be carried forward into the coming year. Actual project expenditures should be reported at the end of the year by submitting "Form M-2" or electronic equivalent.

For complete rules and regulations, please refer to:

- i. Proposition A and Proposition C Local Return Guidelines (Attachment 2, #7)
- ii. Measure R Local Return Guidelines (Attachment 2, #5)
- iii. Measure M Local Return Guidelines (Attachment 2, #3).

3. Objectives:

- a) To obtain reasonable assurance about whether the financial position and the results of operations as pertain to the Local Return funds are in conformity with the accounting principles generally accepted in the United States of America, reasonable, and free of material misstatement.
- b) To obtain reasonable assurance that the funds are accounted for and used in accordance with the Local Return guidelines approved by Metro's board.

4. Deliverables:

- a) Each Local Return Fund's Audited Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances including Capital Reserves
 - iii. Schedule of Expenditures – Comparisons between Metro's approved project budget and actual expenditures
 - iv. Schedule of Capital Assets
 - v. Note disclosures including the calculation of potential lapsed funds in the following fiscal year
- b) Compliance Report
- c) Schedule of findings and recommendations
- d) Summary of Revenues, Expenditures and Fund Balances by Jurisdiction in Excel Format including expenditures funded by a bond for Metro Program Manager to determine lapsed funds
- e) Summary of Findings and Questioned Costs by Jurisdiction

B. Transportation Development Act (TDA) Article 3

1. Scope:

Audit should be conducted on applicable jurisdictions that receive TDA Article 3 funds.

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background:

Transportation Development Act (TDA) Article 3 funds are available to local agencies in Los Angeles County (88 cities and LA County unincorporated) and are allocated pursuant to Metro's adopted policies and guidelines. These funds may be used for design and construction of pedestrian and bicycle facilities and amenities, including sidewalk improvements and wheelchair ramps.

At the beginning of the year, Metro allocates TDA Article 3 funds to the eligible Agencies on a per capita basis and in conformance with the Transportation Development Act Statutes and Metro's adopted policies and guidelines. During the year, eligible agencies withdraw their allocated shares or place them on reserves for future use by filing a claim form or electronic equivalent with Metro by May 31st of each year. Upon approval of the claim, Metro requests disbursement of the funds from the State Controller's Office. Unwithdrawn allocations that are not reserved or reserved allocations that are not withdrawn after three (3) years are subject to lapse. All withdrawn funds must be expended or encumbered by the end of the year. Any unexpended or unencumbered funds must be returned to Metro to be placed on reserves unless Metro has granted an extension in writing that the unexpended funds may be held for another year.

3. Objectives:

- a) To obtain reasonable assurance about whether the financial position and the results of operations as it pertains to whether TDA article 3 funds are in conformity with the accounting principles generally accepted in the United States of America, reasonable, and free of material misstatement.
- b) To obtain reasonable assurance that the funds are accounted for and used in accordance with the TDA Section 99234 and Metro's adopted policies and guidelines.

4. Deliverables:

- a) Audited Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances
 - iii. Schedule of Allocation for Specific Projects – including allocations, actual expenditures and project status
 - iv. Note disclosures including revenue allocations, reserved funds and any lapsed funds for the year
- b) Compliance Report
- c) Schedule of findings and recommendations
- d) Summary of Revenues, Expenditures and Fund Balances by Jurisdiction in Excel Format

C. Transportation Development Act (TDA) Article 8**1. Scope:**

Audit shall be conducted on the five jurisdictions that receive TDA Article 8 funds.

- a) City of Palmdale
- b) City of Lancaster
- c) City of Santa Clarita
- c) City of Avalon
- d) LA County Unincorporated

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background:

Transportation Development Act (TDA) Article 8 funds are allocated to those areas in the County that do not have Metro Service because they are located outside Metro's service area. TDA Article 8 funds should be used in construction, maintenance and operations of streets and highways.

At the beginning of the year, Metro allocates TDA Article 8 funds to the eligible Agencies on a per capita basis and in conformance with the Transportation Development Act Statutes and Metro's adopted policies and guidelines. During the year, eligible agencies withdraw their allocated shares or place them on reserves for future use by filing a claim form with Metro. Upon approval of the claim, Metro requests disbursement of the funds from the State Controller's Office. Unwithdrawn allocations that are not reserved or reserved allocations that are not withdrawn after three (3) years are subject to lapse. All withdrawn funds must be expended or encumbered by the end of the year. Any unexpended or unencumbered funds must be returned to Metro to be placed on reserves unless Metro has granted an extension in writing that the unexpended funds may be held for another year.

3. Objectives:

- a) To obtain reasonable assurance about whether the financial position and the results of operations as it pertains to whether TDA article 8 funds are in conformity with the accounting principles generally accepted in the United States of America, reasonable, and free of material misstatement.
- b) To obtain reasonable assurance that the funds are accounted for and used in accordance with the TDA Section 99400 and Metro's adopted policies and guidelines.

4. Deliverables:

- a) Audited Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances

- iii. Schedule of Allocation for Specific Projects – including allocations, actual expenditures and project status
- iv. Note disclosures including revenue allocations, reserved funds and any lapsed funds for the year
- b) Compliance Report
- c) Schedule of findings and recommendations
- d) Summary of Revenues, Expenditures and Fund Balances by Jurisdiction in Excel Format

D. Proposition A Discretionary Incentive Programs

1. Scope:

Audit should be conducted on applicable jurisdictions that receive Proposition A Discretionary Incentive funds to obtain reasonable assurance that funds are expended in accordance with the Program Proposition A Incentive Program Guidelines and MOUs.

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background:

Five (5%) of the forty (40%) Proposition A fund is designated as Discretionary Incentive fund and is allocated to various jurisdictions that operate Local Fixed Route, Dial-A-ride services, or special demonstration projects. Some cities receive Proposition A Discretionary Incentive Funds for participating in the National Transit Database (NTD) Reporting Program. This program requires that funds received under this program shall be used for projects that meet eligibility and administrative compliance.

The Proposition A Discretionary Incentive Programs are classified as follows:

- a) Sub Regional Paratransit Projects - funds are allocated on either (1) a grant basis to eligible participants for up to twenty-five 25% of their audited net operating costs subject to meeting performance standards as determined by the Incentive Guidelines or (2) twenty-five 25% of an eligible participant's current net operating expenses – whichever is less.
- b) Voluntary NTD Data Reporting - funds are allocated based on FTA Allocation Formulas.
- c) Sub Regional Grant Projects - Lump sum allocation.

3. Objectives:

- a) For Sub Regional Para Transit and Grant Projects, verify that all funds received were fully expended exclusively for the projects as specified in the MOU.
- b) For Voluntary NTD Data Reporting Projects, verify that all funds received were deposited to their Proposition A Local Return Funds.

4. Deliverables:

- a) If a Jurisdiction receives Proposition A Local Return Fund, Proposition A Incentive Grant Funds can be reported under the Proposition A Local Return Fund.
- b) For AVTA and PVTa, Audited Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances including Capital Reserves
 - iii. Schedule of Expenditures – Comparisons between Metro’s approved project budget and actual expenditures
 - iv. Schedule of Capital Assets
 - v. Note disclosures including the calculation of potential lapsed funds in the following fiscal year
- c) Compliance Report
- d) Schedule of findings and recommendations
- e) Summary of Revenues, Expenditures and Fund Balances by Jurisdiction in Excel Format including expenditures funded by a bond for Metro Program Manager to determine lapsed funds
- f) Summary of Findings and Questioned Costs by Jurisdiction

E. Transit Systems Funds for Commerce, Redondo Beach, and Torrance**1. Scope:**

Audit should be conducted on the three jurisdictions/municipal operators that receive Measure R 20%, Measure M 20% Funds and/or Transit System Funds:

- a) City of Commerce
- b) City of Redondo Beach
- c) City of Torrance including Transit Service Expansion MAX program funds.

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background:

These operators receive various Transit System Funds which may include the following:

- a) Measure R Operating
- b) Measure R Clean Fuel Bus Funds
- c) Transportation Development Act (TDA) Article 4 funds
- d) State Transportation Assistance (STA) funds
- e) Proposition A Discretionary funds through Metro’s Formula Allocation Procedures (FAP)
- f) Proposition C Discretionary funding for Foothill Mitigation
- g) Transit Service Expansion (TSE)
- h) Discretionary Base Restructuring
- i) Bus System Improvement Plan Overcrowding Relief
- j) Bus Security Enhancement

- k) Municipal Operators' System Improvement (MOSIP) programs
- l) Proposition 1B PTMISEA Bridge
- m) Proposition 1B Transit Security Bridge
- n) Measure M.

3. Objectives:

- a) To obtain reasonable assurance about whether the financial position and the results of operations as pertain to the operators' Measure R Funds, Measure M Funds and Transit System Funds are in conformity with the accounting principles generally accepted in the United States of America, reasonable, and free of material misstatement.
- b) To obtain reasonable assurance that the funds are accounted for and used in accordance with the applicable rules, regulations, policies, guidelines, MOUs, and agreements.

(Please refer to Attachment 2 "Guidelines for Auditing Municipal Operators' Transit System Funds").

4. Deliverables:

- a) Audited Financial Statements including the following for Measure R 20% and Measure M 20% Funds:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances
 - iii. Schedule of Expenditures – Comparison between Metro's approved budget and actual expenditures.
 - iv. Note disclosures
- b) Audited Financial Statements including the following for Transit System Funds:
 - i. Statement of Net Position
 - ii. Statement of Revenues, Expenditures and Changes in Net Position
 - iii. Statement of Cash Flow
 - iv. Note disclosures
 - v. Supplementary Information
 - 50% Expenditure Limitation Test and Maintenance of Effort Test
 - Proposition A Discretionary Eligibility Test
 - Schedule of Capital Assets
- c) Compliance Report
- d) Schedule of findings and recommendations
- e) 3 separate audit reports:
 - i. Measure R 20%
 - ii. Measure M 20%
 - iii. Transit System Funds

F. Proposition A Growth Over Inflation (GOI) Funds for LADOT/DASH, Glendale, Pasadena, and Burbank

1. Scope:

Audit should be conducted on the four jurisdictions/transit operators that receive Proposition A GOI Funds:

- a) LADOT/DASH
- b) City of Glendale
- c) City of Pasadena
- d) City of Burbank

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background:

These operators receive a portion of Proposition A 40% Discretionary funds through Metro's Formula Allocation Procedures (FAP), which is based on the Transit Performance Measurement Data that is reported by the operators at the end of each fiscal year. Participating non-municipal, Tier II operators receive the funds to assist in the growth and development of those operators' fixed route transit services.

3. Objectives:

- a) To obtain reasonable assurance about whether the financial position and the results of operations as pertain to the operators' Proposition A GOI Funds are in conformity with the accounting principles generally accepted in the United States of America, reasonable, and free of material misstatement.
- b) To obtain reasonable assurance that the funds are accounted for and used in accordance with the applicable rules, regulations, policies, guidelines, MOUs, and agreements.

(Please refer to Attachment 2 "Proposition A 40% Discretionary Guidelines").

4. Deliverables:

- a) Audited Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances
 - iii. Schedule of Expenditures – Comparisons between Metro's approved project budget and actual expenditures
 - iv. Schedule of Capital Assets if applicable
 - v. Note disclosures
- b) Compliance Report
- c) Schedule of findings and recommendations

G. EZ Transit Pass Program including Metrolink EZ Pass Program

1. **Scope:** EZ transit pass program audits should be conducted on the following operators:

- a) Culver City Municipal Bus Lines
- b) Gardena Municipal Bus Lines
- c) Long Beach Public Transportation Company
- d) Montebello Bus Lines
- e) Norwalk Transit
- f) City of Redondo Beach
- g) Santa Monica's Big Blue Bus
- h) Torrance Transit
- i) Foothill Transit
- j) Antelope Valley Transit Authority
- k) Los Angeles Department of Transportation
- l) Santa Clarita Transit
- m) City of Carson
- n) City of Pasadena
- o) City of Burbank
- p) City of Glendale
- q) City of Monterey Park
- r) County of Los Angeles Dept. of Public Works
- s) Palos Verdes Peninsula Transit Authority
- t) Los Angeles World Airports

(See Attachment 1 for the list of jurisdictions and agencies.)

2. **Objectives:**

- a) The audit is to determine compliance of EZ Pass Participating Agencies with the MOU agreements and program guidelines. The audit should provide an opinion on the average fare calculation for the EZ Transit Pass program submitted to Metro for reimbursement.
- b) The Auditor should verify the accuracy of the average fare calculation submitted to Metro for revenue reimbursement for the EZ transit pass program.

3. **Deliverables:**

- a) Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used and EZ Transit Pass Program Reimbursements
- b) Compliance report
- c) Schedule of findings and recommendations.

H. SB125 Zero Emission Transit Capital Program (ZETCP)

1. **Scope:** Audit should be conducted on the following 15 jurisdictions/transit operators that receive the Zero Emission Transit Capital Program (ZETCP) Funds:

- a) Arcadia
- b) Claremont
- c) Commerce
- d) Culver City Municipal Bus Lines
- e) Gardena Municipal Bus Lines
- f) Long Beach Public Transportation Company
- g) Montebello Bus Lines
- h) Norwalk Transit
- i) City of Redondo Beach
- j) Santa Monica's Big Blue Bus
- k) Torrance Transit
- l) Foothill Transit
- m) Antelope Valley Transit Authority
- n) Los Angeles Department of Transportation
- o) Santa Clarita Transit

(See Attachment 1 for the list of jurisdictions and agencies.)

2. Background

These operators receive Zero Emission Transit Capital Program (ZETCP) funds of approximately \$50M through Metro and are required to spend them within the 3 years from the allocation year or by FY2029.

3. Objectives:

- a) To obtain reasonable assurance about whether the financial position and the results of operations as pertain to the operators' Zero Emission Transit Capital Program (ZETCP) Funds are in conformity with the accounting principles generally accepted in the United States of America, reasonable, and free of material misstatement.
- b) To obtain reasonable assurance that the funds are accounted for and used in accordance with the applicable rules, regulations, policies, guidelines, MOUs, and agreements.

(Please refer to Attachment 2 "Zero Emission Transit Capital Program (ZETCP) Guidelines and MOU").

4. Deliverables:

- a) Audited Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances
 - iii. Schedule of Expenditures – Comparisons between Metro's approved project budget and actual expenditures
 - iv. Schedule of Capital Assets if applicable
 - v. Note disclosures

- b) Compliance Report
- c) Schedule of findings and recommendations

I. LADOT Operating Data:

1. Scope:

Audit should be conducted to verify compliance with the Federal Transit Administration (FTA) requirements in collecting and reporting operating data as prescribed in the FTA's Uniform System of Accounts and Records and Reporting System, Final Rule as specified in 49 CFR Part 630 Federal register dated January 15, 1993 and the latest guidelines as presented by the National Transit Database (NTD) Reporting Manual.

2. Background:

The Los Angeles Department of Transportation (LADOT) operates the Community DASH and demand response transit services programs with approximately 87 lines in the City of Los Angeles. These services are either sub-contracted to various operators or directly operated by LADOT. LADOT is allocated with Proposition A Incentive funds through Voluntary NTD reporting and Sub-Regional Paratransit Programs.

3. Objectives: To obtain reasonable assurance that:

- a) A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- b) A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- c) Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following the FTA's receipt of the NTD report. The data are fully documented and securely stored.
- d) A system of internal control is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- e) The data collection methods are those suggested by the FTA or meet FTA requirements.
- f) The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles (VRM) data, appear to be correct.
- g) Data are consistent with the prior reporting periods and other facts known about the transit agency operations.
- h) Farebox revenues have been accounted for and recorded in accordance with FTA definitions

4. Deliverables:

- a) Schedule of Ridership, Operating Data, Operating Expenditures and Farebox Revenues. Revenues for each line operated and summarized by program. Report shall include but not limited to:
- b)
 - i. Operating Data (Number of vehicles in operation, total vehicle miles, total vehicle hours, total vehicle revenue miles, total vehicle revenue hours and total vehicle trips).
 - ii. Ridership Data (Total passenger trips and total passenger miles)
 - iii. Operating Expenditures and Farebox revenue
- c) Compliance report
- d) Schedule of findings and recommendations

J. Low Income Fare is Easy (LIFE) Program – Audit of Administrator (Non-profit entity)**1. Scope:**

Audit should be conducted on the Administrator's financial activities involving the use of LIFE funds.

2. Background

Metro entered into an agreement with International Institute of Los Angeles (IILA) (herein referred to as "Administrator") to manage and administer the Low Income Fare is Easy (LIFE) program. The objective of this program is to provide transportation subsidies to low income Los Angeles County residents who ride Metro or participating transit operator system. A network of social service and governmental agencies enroll individuals in the program and/or distribute transportation subsidies to individuals who have no transportation resources in the form of taxi coupons, variable value vouchers, and 4-ride tickets.

Metro allocates funds annually to the Administrator to administer the LIFE Program.

3. Objectives:

- a) To obtain reasonable assurance that the funds are accounted for and used in accordance with the Program's scope of services and Metro's adopted program guidelines.
- b) To obtain reasonable assurance that the participating agencies are eligible under the program guidelines and that they adhere to the adopted program guidelines in their enrollment/distribution, client eligibility, accountability and safe keeping of the transportation media (taxi coupons, variable value vouchers, and 4-ride tickets).
- c) To obtain reasonable assurance that the Administrator keeps and maintains full and complete records of their costs and expenses.
- d) To obtain reasonable assurance that the insurance requirements specified in the contract are met.

- e) To obtain reasonable assurance that the payment history to each cab company are as follows:
 - i. Accurate, adequately supported (authenticity of the cab company invoices to the administrator was verified), and compliant with program guidelines.
 - ii. Reconciles with the payment requests made by the same cab company.
 - iii. Timely; (ageing of accounts payable for each cab company must be disclosed, see deliverables below)

4. Deliverables:

- a) Audited Statement of Program Revenues and Expenses.
- b) A detailed ageing report of accounts payable to each cab company broken down by 30 days past due, 60 days past due, 90 days past due, and over 120 days past due.
- c) Compliance report
- d) Schedule of findings and recommendations.

J-1 Low Income Fare is Easy (LIFE) Program - Semi-annual Verification of Patrons' Eligibility

1. Scope

To ensure that patrons still qualify for the LIFE Program benefits and the Administrator is performing their due diligence for program enrollment, semi-annual audits should be conducted on the LIFE customer enrollment process and customer eligibility in both English and Spanish languages at a minimum. The Agreed-Upon Procedures (AUP) engagement should be conducted in accordance with program guidelines and AICPA Standards.

2. Background:

Metro has an agreement with International Institute of Los Angeles (IILA) to manage and administer the Low Income Fare is Easy (LIFE) program. The objective of this program is to provide transportation subsidies to low-income Los Angeles County residents who ride Metro or a participating transit operator system. A network of social service and governmental agencies enrolls individuals in the program and/or distributes transportation subsidies to individuals who have no transportation resources in the form of taxi coupons, variable value vouchers, and 4-ride tickets.

Metro allocates funds annually to the Administrator to administer the LIFE Program. The Administrator is responsible for screening for patrons' eligibility, outreach, accountability, transportation subsidy security, record keeping, training, and procedures for distributing transportation subsidies such as taxi vouchers.

In Spring 2023 as part of Metro's continued efforts to enhance the program, Metro discontinued the LIFE Program's annual re-enrollment requirement to create a better customer experience for riders and ensure that patrons

will always have LIFE program benefits.

As of February 2025, Metro LIFE program has passed 400,000 program enrollments.

3. Objectives:

- a) To determine whether the participating agencies are eligible under the program guidelines and that they adhere to the adopted program guidelines in their enrollment/distribution, customer eligibility verification and accountability.
- b) To determine whether LIFE patrons enrolled into the program meet the minimum income requirements and can provide supporting documentation, which should include identification, residency, domicile, income level, and/or other documents, which demonstrate eligibility.

4. Sampling Methodology and Minimum Size

- a) Use statistical sampling to determine sample sizes from new enrollments and renewing customers. The CPA firm should obtain approval of the sampling methodology and the size from Metro's Project Manager.
- b) For each semi-annual audit, the CPA firm is required to sample at least **120** patrons from the Administrator.
- c) The following is an example of sampling methodology and size calculation:

Calculating Sample Size - Attributes MENU		
Use this worksheet to calculate sample size for an attribute sample.		
<p>◆ To use the worksheet, enter the required parameters for your sample test plan.</p> <p>◆ To print the sample test plan, click the print button on the toolbar.</p>		
Sample Parameters		
IF YOUR SAMPLE TEST PLAN IS:		
Population Size:	400,000	If unknown, enter 0.
Sampling Error:	3.5%	Range of error (+/-) of the sample result - <u>keep it small</u> .
Confidence Level:	95%	90%, 95% or 99%
Expected (true) Error Rate:	4.0%	Suspected actual population error rate based on informed knowledge or "best guess"
THEN THE SAMPLE SIZE SHOULD BE	120	Random Samples Only

- d) The CPA firm should agree to use the following methodology and contact strategy:
 - i. Participants Contact Methods: Audit Team will reach out to participants through email, phone calls, and US mail.

- ii. Contact Attempts: Audit Team will make at minimum 3 attempts per contact method. Patrons who do not respond can be categorized as “unresponsive”, in addition to classification of “eligible” and “ineligible”.
- iii. Alternative Documentation: In cases where an affidavit is completed by the Agency (typically applicable when identity and/or annual household income cannot be verified), Audit Team should discuss alternative methods for documentation with Metro Project Manager.

5. Deliverables:

- a) Provide bilingual staff who can contact a sampling of LIFE patrons semi-annually, who have been enrolled in the program since 2019. This will require developing an action plan to reach targeted customers via email, mail or by phone. (If it is necessary, Metro Customer Experience department will work with the auditors to provide external bilingual staff.)
- b) Compliance report includes a detailed list of customers that are eligible or ineligible into the program:
 - i. Customer ability to provide supporting documents
 - ii. Updated contact information (address, email, etc)
 - iii. Preferred language
- c) Compliance report on findings, recommendations, observations and action plan to improve review of LIFE patrons’ eligibility into the program.

K. SCRRA/Metrolink Program MOU(s)

1. Scope:

Audit should be conducted on SCRRA/Metrolink’s funds allocated by Metro including Proposition C 10%, Measure R 3%, and Measure M 1% funds. The audit is to determine whether SCRRA/Metrolink complies with the statutes, board-adopted annual work program, guidelines and MOU agreements.

2. Background:

The Southern California Regional Rail Authority (SCRRA) was established through a Joint Exercise of Powers Agreement (JPA) among Los Angeles County Metropolitan Transportation Authority (Metro), Orange County Transportation Authority, Riverside County Transportation Commission, San Bernardino County Transportation Authority and Ventura County Transportation Commission. The purpose of this agreement is to provide commuter rail transportation within the counties served by these agencies through the Metrolink commuter rail service program. Every year, each member agency provides operating and capital funds for the Metrolink Program in accordance

with the board-adopted policies, guidelines, annual work programs, capital grants, other operating assistance, and adopted language MOUs.

3. Objectives:

To obtain reasonable assurance that:

- a) The amounts shown in the Subsidy Allocation by County Report as Metro's share are free of material discrepancies.
- b) The total revenues and expenditures shown in the Schedule of Subsidy Allocation by County provided by SCRRA are in agreement, in all material respects, with SCRRA's Annual Comprehensive Financial Report (ACFR).
- c) The allocation methods used by SCRRA to allocate revenues and expenditures are in conformance with the allocation methods adopted by the joint authorities and are applied consistently to allocate revenues and expenditures.
- d) The amount of Proposition C 10%, Measure R 3%, and Measure M 1% funds received from Metro during the fiscal year under audit is in agreement with Metro's disbursement records.
- e) The Proposition C 10%, Measure R 3%, and Measure M 1% funds received are expended for the purposes identified in the SCRRA Annual Work Program, capital grants, other operating assistance, adopted language MOU(s) and the SCRRA adopted budget.
- f) Metro's contribution to the Self Insurance Reserve (SIR) was made in accordance with the appropriate member agency allocation formula, and that claims against the SIR were appropriate uses of funds.
- g) Metro's contribution to the annual capital replacement program is properly accounted for and is solely allocated for this purpose.
- h) SCRRA's third party participation contracts do not materially impact Metro's share of revenues and expenditures.
- i) SCRRA complied with all applicable ordinances and MOUs.

4. Deliverables:

Financial report must include:

- a) Statement of Changes in Metro's contribution to the Self Insurance Reserve.
- b) Schedule showing Metro's allocation of revenue and/or expenditures from Third Party Participation.
 - i. Notes to Schedule (See Exhibit 5 attached) including:
 - Summary of Significant Accounting Policies
 - Memorandum of Understanding (MOU)
 - Details of the receipts and uses of funds for the year ended
 - Status of prior year's Memorandum of Understanding
 - Details of receipts and uses of funds of prior years' open MOUs

- c) Reconciliation of the Schedule of Subsidy Allocation to ACFR
- d) Schedule of Methods of Allocation Used and the Types of Revenues and Expenses
- e) Schedule of Funds Received for Proposition C 10%, Measure R 3% and Measure M 1%
- f) Schedule of Metro's Allocation of Revenue from Right of Way – Security Cost
- g) Comparative Analysis (by type) of Deferred Revenue to determine any funds not expended or encumbered that may be carried over to the next fiscal years in accordance with the provisions of the MOUs.

L. Access Services

1. Scope:

Audit should be conducted on Access Services' revenues and expenditures of all funding sources including state, local and federal funding including:

- a) Surface Transportation Block Grant (STBG) (this is mentioned in the MOU) vs. Regional Surface Transportation Program (RSTP) funds, under FTA Section 5310 and/or 5307 Program that Metro in its role as the Regional Transportation Planning Agency, allocated to Access;
- b) Proposition C Discretionary 40% funds (Operations and Capital);
- c) Measure M funds; and
- d) Facilities Development and Construction Fund.

2. Background

The Los Angeles County Metropolitan Transportation Authority (Metro) executed an agreement (MOU) to provide funding to Access Services (Access). The local public entity known as Access is the Los Angeles County Consolidated Transportation Services Agency (CTSA) on behalf of its public fixed route operators. Access facilitates the provision of the complementary ADA paratransit services to people with disabilities, which is a federally mandated civil right for persons with disabilities, who cannot ride the public fixed route buses and trains. Paratransit is an alternate mode of flexible passenger transportation that does not follow a fixed route. The deviated share ride service is curb to curb and utilizes a fleet of mini-vans, small buses and taxis to carry out Access' role for Los Angeles County as required under §15950 of the California Government Code (collectively, the "Project"). The term of the agreement is annual.

3. Objectives:

- a) Provide assurance that the funds are used for their intended purposes and in accordance with the terms and conditions of the agreement (MOU).
- b) Determine any funds not expended or encumbered that may be carried over to the next fiscal years in accordance with the MOU(s).
- c) Determine whether Access Services has adequate controls in place for reviewing vendor's and subcontractor's billing.

- d) Determine whether Access Services complied with the provision of the MOU(s) which limits the administrative cost to maximum of ten percent of the total Operating and Capital expense as stated in the MOU(s).
- e) Determine adequacy of internal controls over procured capital expenditures including vehicles and transportation services funded by Metro in accordance with MOU(s) to provide reasonable assurance that:
 - i. Procurement of vehicles and transportation services complies with applicable federal, state or other applicable requirements;
 - ii. Vehicles and transportation services procured are fully accounted for;
 - iii. Vehicles' disposal complies with generally accepted accounting principles (i.e. vehicles are not disposed of until they reach their useful life);
 - iv. Vehicles procured are fully utilized for their intended purposes;
 - v. Vehicle purchase of parts, vehicle repair, rehabilitation and preventative maintenance award of 5307 American Rescue Plan Act (ARPA) Additional Assistance Program grant audit shall be performed on the yearly funds drawn down;
 - vi. Procurement audit of Capital and/or transportation services expenditures shall be performed: samples should be greater than 10% of expenditures and deferred support; and
- f) Capital procurement and construction development (Facilities Development and Construction Fund) expenditures and deferred support are in Access Services' service region for Metro.

4. Deliverables:

- a) Audited comparative current and prior year Financial Statements including the following:
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures and Changes in Fund Balances
 - iii. Schedule of Deferred Revenues/Support - each type of deferred revenue and corresponding amount (The report should include details of each deferred support item such as FY25 open purchase orders for vehicle purchases, etc.)
 - iv. Schedule of Capital Assets
 - v. Note disclosures
- b) Compliance Report
- c) Schedule of findings and recommendations
- d) Procurement testing workpapers

IV. Summary of deliverables, progress payment schedule, report due dates and format, and summaries of results format and due dates:

The Contractors shall provide Metro's Project Manager with the following deliverables:

A. Schedule of Deliverables and Payment

Deliverable	Due Dates	Progress Payment Schedule
1. Annual Kick off and Entrance Conference with Metro's Project Manager and Program Managers (Work Plan and Initial Project Schedule needed from the firms)	Within 2 weeks after receipt of fully executed contract	0%
2. Annual Consolidated Audit Workshop with all auditees (Power Point Presentation materials are needed for audit process, documentation, timelines and other information for auditees).	May - July of each year	0%
3. Bi-weekly Written Status Report by funding recipient (Template is Attachment 5)	One day prior to Bi-Weekly Status Meetings	0%
4. Bi-weekly Status meetings in the form of conference calls with Metro Project Manager and Metro Program Managers to discuss the content of the Bi-weekly Written Status Report (Metro Project Manager will schedule the bi-weekly status meetings for the entire audit duration).	Bi-weekly	0%
5. Draft Reports for Metro Project Manager and Program Managers' review	At least two weeks before the final report due dates	70%
6. Exit Conference with the auditee if necessary	At least one week prior to the final report due dates	0%
7. Revision of Draft Report Based on Management Comments, if applicable	At least one week prior to the final report due dates	0%
8. Final Reports (must contain the auditee's management response) and Summaries of Audit Results	See #2, #3 and #4 below for required reports and summaries with due dates.	20%

Deliverable	Due Dates	Progress Payment Schedule
9. Final Report Upload to State Controller Office Website for TDA 3, TDA 4, and TDA 8 funds	At least one week prior to December 31 of each year unless an extension is approved by Metro	10%
10. Annual Presentation of Audit Results - Power Point Presentation is needed: a) Prop A and C Funds – Independent Citizens Advisory and Oversight Committee b) Measure R – Independent Taxpayers Oversight Committee c) Measure M – Independent Taxpayer Oversight Committee	Power Point Presentation Materials should be provided to Metro Project Manager at least 6 weeks prior to the Oversight Committee meetings. 1. Prop A & C Committee Meeting (Between January and March) 2. Measure R Committee Meeting (Between February and April) 3. Measure M Committee Meeting (Between February and April)	Retention will be released
11. Public Hearing Participation for Prop A & C, Measure R, and Measure M	Between February and June	0%
Total		100%

B. List of Final Reports by Fund Recipient and Fund Type in PDF Format:

Recipient(s)	Fund(s)/Program(s) including:	Final Report Due Date*
Each of 88 cities and the County of Los Angeles: (TDA Article 8 is only for the Cities of Avalon, Lancaster, Palmdale and Santa Clarita and the County of Los Angeles)	<ul style="list-style-type: none"> • Proposition A Local Return • Proposition A Incentive Grants • Proposition C Local Return • Measure R Local Return • Measure M Local Return • TDA Article 3 • TDA Article 8 	December 31st
AVTA and PVTA	<ul style="list-style-type: none"> • Proposition A Incentive Grants 	December 31st
Cities of Commerce, Redondo Beach and Torrance	<ul style="list-style-type: none"> • Transit System Funds • Measure R 20% • Measure M 20% 	December 31st

ATTACHMENT A

Recipient(s)	Fund(s)/Program(s) including:	Final Report Due Date*
Cities of Glendale, Pasadena and Burbank and LADOT	<ul style="list-style-type: none"> • Proposition A GOI Fund 	December 31st
ZETCP Fund Recipients (15)	<ul style="list-style-type: none"> • SB125 Zero Emission Transit Capital Program (ZETCP) 	February 28th
LADOT (11)	<ul style="list-style-type: none"> • NTD Operating Data (11) • (Proposition A Incentive Program) 	February 28th
IILA, Non-profit Administrator	<ul style="list-style-type: none"> • Low Income Fare is Easy (LIFE) (Annual financial and compliance report) 	February 28th
LIFE Patrons	<ul style="list-style-type: none"> • Low Income Fare is Easy (LIFE) (Semi-annual verification of Patrons' Eligibility) 	April 30 th & October 31st
SCRRA Metrolink	<ul style="list-style-type: none"> • Proposition C • Measure R • Measure M 	February 28th
Access Services	<ul style="list-style-type: none"> • Proposition C • Measure R • Measure M • Any other funding sources for capital facilities development and construction 	February 28th

C. Consolidated Reports in MS Office Word and PDF Formats (See Attachment 3 for the Template):

Report	Jurisdictions	Final Report Due Date*
Consolidated Proposition A & Proposition C Local Return Funds Report	<ul style="list-style-type: none"> • 88 Cities • County of Los Angeles 	December 31st
Consolidated Measure R Local Return Fund Report	<ul style="list-style-type: none"> • 88 Cities • County of Los Angeles 	December 31st
Consolidated Measure M Local Return Fund Report	<ul style="list-style-type: none"> • 88 Cities • County of Los Angeles 	December 31st
Consolidated TDA 3 Final Report	<ul style="list-style-type: none"> • 88 Cities • County of Los Angeles 	December 31st
Consolidated EZ Transit Pass Report for Package A and Package B	<ul style="list-style-type: none"> • Package A – Nine (9) Participants • Package B – Eleven (11) Participants 	December 31st

D. Summaries of Audit Results in MS Office Excel Format (See Attachment 4 for Template):

Description	Funds	Due Date*
Summary of Revenues, Expenditures and Fund Balances by Jurisdiction	<ul style="list-style-type: none"> • Proposition A Local Return • Proposition C Local Return 	December 31st

Description	Funds	Due Date*
(Expenditures funded by a Bond should be included to properly calculate lapsed funds.)	<ul style="list-style-type: none"> • Measure R Local Return • Measure M Local Return • TDA Article 3 	
Summary of Findings and Questioned Costs by Jurisdiction	<ul style="list-style-type: none"> • Proposition A Local Return • Proposition C Local Return • Measure R Local Return • Measure M Local Return • TDA Article 3 	December 31st

* Unless a date extension is negotiated with and approved by Metro's Project Manager.

E. Additional Notes on Conferences and Reports:

- a) The annual Entrance Conference with Metro's program managers and audit staff is to discuss the audit process, timetable and documentation requirements. The purpose of the annual Exit Conference is to discuss the audit results and provide an opportunity for the auditee to respond to any audit findings.
- b) Submission of draft and final compliance and financial audit reports for all auditees/entities: For each Jurisdiction, the reports shall cover Local Return Funds and Transit Funds, where applicable. All final audit reports shall contain the auditee's management response when there is a finding. In addition, a consolidated separate final report summarizing results for all entities should be submitted to Metro's Project Manager and Program Managers for the following:
 - i. Prop A and C Local Return
 - ii. Measure R Local Return
 - iii. Measure M Local Return
 - iv. TDA Article 3
 - v. EZ Transit Pass Program.

All draft reports shall be submitted to Metro's Project Manager and Program Managers at least two (2) weeks prior to the due date of the final reports. The final report submissions shall include electronic copies of each audit report.

All final audit reports shall be submitted by the established due dates.

F. Standardized Reporting:

Metro recommends the use of consistent Standard reports to report compliance requirements and test results for Prop A, Prop C, Measure R, Measure M, TDA, etc.

(See Attachment 3 for the compliance requirements and recommended report templates.)