



Board Report

File #: 2022-0681, **File Type:** Informational Report

Agenda Number: 14.

FINANCE, BUDGET, AND AUDIT COMMITTEE OCTOBER 19, 2022

SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF APRIL 1, 2022 TO JUNE 30, 2022

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period of April 1, 2022 to June 30, 2022.

ISSUE

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1, 2022 to June 30, 2022. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable Section is responsible for the accurate and timely processing of payment for miscellaneous expenses.

This audit covered a review of Metro miscellaneous expenses for the period of April 1, 2022 to June 30, 2022. For this period, miscellaneous expenses totaled \$4,154,394 with 879 transactions. We selected 55 expense transactions totaling \$719,687 for detail testing.

DISCUSSION

Findings

The miscellaneous expenses we reviewed for the quarter of April 1 to June 30, 2022 generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we found three issues during the audit: (1) Goods were delivered to employee's home address, (2) incorrect meal per diem was inadvertently reported on Travel and Business Expense (TBE) Report, and (3) a late submission of TBE Report.

The staff explained that their non-compliance with the policy was due to oversight and staff turnover.

The Office of the Inspector General provided recommendations to address the issues.

Recommendations

We recommend the following:

Accounting

1. Update Travel and Business Expense (FIN 14) policy to limit goods eligible for reimbursement through Travel and Business Expense Report to be delivered to a Metro business address unless prior written approval is received from the approving official.

County Counsel

2. Ensure administrative staff leaving the department complete or transfer to replacement staff the processing of Travel and Business Expense Report in a timely manner.

Human Capital and Development (Workforce Services) and Operations (Expresslanes)

3. Remind staff to thoroughly review the Travel and Business Expense (TBE) Report for accuracy to ensure that the traveler is reimbursed correctly for legitimate business expense.
4. Confirm the newly implemented electronic notification process to notify travelers who have not submitted their TBE reports is working.

FINANCIAL IMPACT

There is no financial or budgetary impact by accepting the report, but compliance with the recommendations would contribute in minor respects to cost savings and controls.

EQUITY PLATFORM

It is OIG's opinion that there is no equity consideration or impact in this audit.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendations support strategic plan goal no. 5.2: Metro will exercise good public policy judgment and sound fiscal stewardship.

NEXT STEPS

Metro management will implement corrective action plans.

ATTACHMENTS

Attachment A: Final Report on Statutorily Mandated Audit of Miscellaneous Expenses for the Period April 1, 2022 to June

30, 2022 (Report No. 23-AUD-02)

Attachment B: PowerPoint Presentation

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