



Board Report

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FINANCE, BUDGET, AND AUDIT COMMITTEE JULY 18, 2024

SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF APRIL 1, 2023, TO JUNE 30, 2023

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, 2023 to June 30, 2023.

ISSUE

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from April 1, 2023 to June 30, 2023. 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's miscellaneous expenses for the period of April 1, 2023 to June 30, 2023. For this period, miscellaneous expenses totaled \$3,087,015 with 1,292 transactions. We selected 58 expense transactions totaling \$1,149,825 for testing.

DISCUSSION

FINDINGS

The miscellaneous expenses we reviewed for the quarter of April 1 to June 30, 2023, generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we found five instances of non-compliance with Metro policy.

The findings include (a) missing required support documentation such as justification memos (b) mileage and ground transportation claimed twice, and (c) late submission of TBE report. We also noted that the cost of meals included in registration fees when travelling were not deducted or accounted for when completing Travel Authorization/Request forms.

Employees should be reminded to review invoices and TBE reports thoroughly, and adhere to all Metro policies and procedures.

RECOMMENDATIONS

We recommend the following:

Chief People Office

1. Approvers should review the Travel and Business Expense Report thoroughly to ensure compliance with the policy, including required justification memos and authorized travel expenses/costs.

Operations (Rail Vehicle Acquisition)

2. Approvers should review the Travel and Business Expense Report thoroughly to ensure compliance with the policy, including required justification memos and authorized travel expenses/costs.
3. Require travelers to submit a justification memo if claiming the full per diem rate when meals are included in the event registration fees.
4. Consider reimbursement to Metro for the overpayment of mileage.
5. Require staff to submit TBE Reports in a timely manner.

Office of the Chief of Staff

6. Approvers should review the Travel and Business Expense Report thoroughly to ensure compliance with the policy, including required justification memos and authorized travel expenses/costs.
7. Require travelers to submit a justification memo if claiming the full Per Diem rate when meals are included in event registration fees.
8. Review all TBE Reports thoroughly and verify that all charges are accurate and properly

supported

FINANCIAL IMPACT

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

EQUITY PLATFORM

It is OIG's opinion that there is no equity considerations or impacts resulting from 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 of April 1, 2023 to June 30, 2023. (Report No. 24-AUD-05)

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