



Board Report

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Agenda Number: 28.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE SEPTEMBER 19, 2019

SUBJECT: OFFICE OF INSPECTOR GENERAL REPORTS ON THE AUDIT OF (1) THE GRAFFITI/LANDSCAPING/TRASH MAINTENANCE ON THE GOLD AND ORANGE LINES RIGHT-OF-WAYS AND (2) MISCELLANEOUS EXPENSES FOR THE PERIOD OCTOBER 1, 2018 TO DECEMBER 31, 2018

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Office of Inspector General (OIG) final reports on the (1) Audit of the Graffiti/Landscaping/Trash Maintenance on the Gold and Orange Lines Right-of-Ways and (2) Statutorily Mandated Audit of Miscellaneous Expenses for the Period October 1, 2018 to December 31, 2018.

ISSUE

The OIG periodically reports on its activities. This report covers two recent OIG Audit reports:

1. Audit of the Graffiti/Landscaping/Trash Maintenance on the Gold and Orange Lines Right-of-Ways
2. Statutorily Mandated Audit of Miscellaneous Expenses for the Period October 1, 2018 to December 31, 2018 (required by Public Utilities Code section 130051.28(b))

BACKGROUND

Part 1. Audit of the Graffiti/Landscaping/Trash Maintenance on the Gold and Orange Lines Right-of-Ways:

The objectives of the audit were to determine if the trash collection and graffiti removal was effectively performed on the ROWs and if the Facilities Maintenance Department was effectively monitoring the contractors' maintenance of the ROWs to ensure that services were correctly billed.

Part 2. Statutorily Mandated Audit of Miscellaneous Expenses for the Period October 1, 2018 to December 31, 2018:

This audit covered a review of Metro miscellaneous expenses for the period of October 1 to December 31, 2018. For this period, miscellaneous expenses totaled \$1,997,667.02. We selected a sample of 36 expense transactions totaling \$485,664.87 for testing.

DISCUSSION

Part 1. Audit of the Graffiti/Landscaping/Trash Maintenance on the Gold and Orange Lines Right-of-Ways:

We found the Gold Line and Orange Line ROWs overall were adequately maintained by the Contractors except for two issues on the Gold Line concerning a few bulky items not being picked up and paint-out graffiti not being reported to Metro. We also found a significant number of instances of noncompliance with the Gold Line contract and minor issues with the Orange Line contract that resulted in Metro being overcharged \$91,175.92 and paying \$32,809.28 in unauthorized charges for November 2018, December 2018, and January 2019 services.

Findings Included

- The Gold Line Contractor charged Metro for 15 trash/vegetation crew members when only 14 were provided,
- The Gold Line Contractor did not charge Metro for actual hours, resulting in overpayments,
- The Gold and Orange Line Contractors charged Metro for holidays services without authorization,
- The Gold Line Contractor's use of "make-up" hours resulted in Metro paying for staff twice, and
- On the Gold Line, bulky items were not removed in a timely manner, and paint-out graffiti was not reported.

Recommendations:

The report makes 17 recommendations which Metro can take to improve oversight of contractors and compliance with the contracts.

Part 2. Statutorily Mandated Audit of Miscellaneous Expenses for the Period October 1, 2018 to December 31, 2018:

We found that the transactions reviewed generally complied with Metro policies, were reasonable, and were adequately supported by required documents. However, we found an instance where a purchase card holder was mistakenly listed as a business unit coordinator.

Recommendations:

The report makes two recommendations regarding the separation of duties of P-Card holders, Approving Officials, and Business Unit Coordinators and the accurate reporting of the name of the

Business Unit Coordinator on P-Card logs.

FINANCIAL IMPACT

Part 1. Audit of the Graffiti/Landscaping/Trash Maintenance on the Gold and Orange Lines Right-of-Ways:

There could be a potential recovery of \$91,175.92 in overcharges. Further, a review of charges since the Gold Line contract began in 2015 could identify similar billing errors identified in this audit that may also be recovered.

Part 2. Statutorily Mandated Audit of Miscellaneous Expenses for the Period October 1, 2018 to December 31, 2018:

There is no financial impact.

Impact to Budget: Both Reports: There is no impact to the agency budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendations support strategic plan goal # 5.3, LA Metro will apply prudent commercial business practices to create a more effective agency.

NEXT STEPS

Metro management should implement corrective action plans.


ATTACHMENTS

Attachment A - Final Report on Audit of the Graffiti/Landscaping/Trash Maintenance on the Gold and Orange Lines Right-of-Ways

Attachment B - Final Report on Statutorily Mandated Audit of Miscellaneous Expenses for the Period October 1, 2018 to December 31, 2018

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Reviewed by: Karen Gorman, Inspector General, (213) 244-7307



Karen Gorman
Inspector General

**Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General**

**Audit of the Graffiti/Landscaping/Trash
Maintenance on the
Gold and Orange Lines Right-of-Ways**

Report No. 20-AUD-02

August 16, 2019



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Metro

DATE: August 16, 2019

TO: Metro Chief Executive Officer
Metro Board of Directors

FROM: Yvonne Zheng, Senior Manager, Audit 

SUBJECT: Audit of the Graffiti/Landscaping/Trash Maintenance on the
Gold and Orange Lines Right-of-Ways, Report No. 20-AUD-02

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of maintenance along the Gold Line (rail) and Orange Line (bus) Right-of-Ways (ROWs). This audit was conducted as part of our ongoing program to assist Metro in improving the efficiency of operations and implementing an effective internal control system and to deter fraud, waste, and abuse.

OBJECTIVES, SCOPE, AND METHODOLOGY OF AUDIT

The objectives of the audit were to determine if the trash collection and graffiti removal was effectively performed on the ROWs and if the Facilities Maintenance Department was effectively monitoring the contractors' maintenance of the ROWs. To accomplish this objective, we reviewed contracts; conducted surprise inspections; reviewed invoices and weekly/monthly reports for November 2018, December 2018, and January 2019; reviewed timesheets and payroll records; downloaded and analyzed data on graffiti removals; interviewed Facilities Maintenance, Procurement, Corporate Safety, and Contractor staff.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

Our review covered the ROWs on the Gold and Orange Lines, which consists of the tracks, space next to the tracks, and walls/fencing to barricade the tracks between stations. The Gold Line is a 29.7-mile light rail line running from Azusa to East Los Angeles via Downtown Los Angeles serving 27 stations, including Little Tokyo, Union Station, and South Pasadena. The

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Orange Line is a bus rapid transit line that operates between Chatsworth and the North Hollywood Metro Station. It covers 18 miles and 18 stations.

Operations is responsible for maintaining all Metro transit stations and Metro-owned park & rides, performing structural inspections and repairs, performing painting maintenance, and contracting for services, such as landscaping care. Within Operations, the Facilities Maintenance Department executed contracts for the graffiti abatement, landscaping & irrigation maintenance, and trash & vegetation removal services with Parkwood Landscape Maintenance (Gold Line Contractor) (Contract Number OP3635700) and with Woods Maintenance Services (Orange Line Contractor) (Contract Number OP3569100) effective November 15, 2015 to September 30, 2018. Both contracts include two one-year renewable options that were exercised by Metro through September 2020. The Gold Line contract value is \$21.5 million. The Orange Line contract totals \$27.5 million and also covers the Red and Purple lines. For both contracts, graffiti abatement and trash/vegetation removal services are paid for by the hour while landscaping & irrigation maintenance are paid for at a fixed monthly rate. These contracts cover various locations, such as divisions, stations, parking lots, and ROWs.

The Gold Line contract and the Orange Line contract have different Metro Senior Facilities Maintenance Supervisors assigned to act as Project Managers on behalf of Metro. Project Managers (Metro PMs) are responsible for monitoring the contractor's performance and for ensuring that the services provided and billed for are in accordance with contract terms. This responsibility includes reviewing and certifying contractor invoices.

RESULTS OF AUDIT

Overall we found that Gold Line and Orange Line ROWs were adequately maintained by the Contractors except for issues with bulky items and paint-out graffiti control on the Gold Line. We also found that the Orange Line contract was overall well monitored by its Metro PM and that only a few deficiencies need to be corrected, including a \$1,904 unauthorized charge. However, we found more significant contract compliance issues for the Gold Line contract which resulted in Metro being overcharged \$91,175.92 and paying \$30,905.28 in unauthorized charges. The questioned charges for both the Gold and Orange Lines totaled \$123,985.20 for the three-month period: November 2018, December 2018, and January 2019. (See Attachment B for a schedule.)

Issue 1: Gold Line Contractor Charged Metro for 15 Trash/Vegetation Crew Members When Only 14 Were Provided

Contract Terms. According to the Gold Line contract, Metro pays \$100.40 per hour for trash/vegetation removal services. The contract's price schedule showed an estimated 1,910 hours a month for these services, which equates to approximately 12 full-time positions.

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Gold Line Contractor Overcharged Metro for Trash/Vegetation Removal Hours for an Extra Position Not Received. We reviewed the Gold Line Contractor's November, December, and January invoices and noticed that the number of invoiced hours was significantly higher than the estimated hours in the contract's price schedule. We contacted the Contractor to ask how they determined the invoiced hours. The Gold Line Contractor's Controller who inputs the hours on the invoices stated she charged Metro for 15 trash/vegetation staff (13 staff and 2 supervisors) at 108 hours per day (8 hours per day for the 13 staff and 4 total hours per day for the supervisors). She multiplied the 15 people times the number of available days of the month to determine the number of hours to bill. We met with the trash/vegetation staff which consisted of three teams of four people each (12 staff). All three teams stated that there is never an extra person with them. Based on our review, we accounted for only 14 people (12 staff plus 2 supervisors) who provided trash/vegetation services in November, December, and January.

Gold Line Controller's List of Team Members Was Incorrect. We asked the Contractor's Controller for a list of employees for whom she charged Metro hours for trash/vegetation removal for November, December, and January. Her list of trash/vegetation employees was incorrect. It was missing the names of three people who told us they had been working on the Gold Line team for two to three years and included four people who did not work on the Gold Line. She keeps a spreadsheet of the names of all crew members and said she updates it about once a quarter when the Contractor Project Manager (PM) tells her of any changes in staff. She could not explain why her list was wrong. As a result of our review, the Controller updated her list of trash/vegetation crew members. In May, the Contractor began requiring crews to fill out a manual timesheet at the end of each day with their number of hours worked and the Line they worked on. The Controller plans to use these timesheets to determine what to bill Metro in the future. We reviewed a recent timesheet, and it showed the correct 12 crew members for trash/vegetation. The Controller plans to only charge Metro for the hours for the 14 staff (12 staff plus 2 supervisors), starting on the June 2019 bill.

Overcharges. The Gold Line Contractor charged Metro \$803.20 per day (8 hours x \$100.40) for 63 work days in November, December, and January for a position that was not provided. As a result, Metro was overcharged \$50,601.60 for November, December, and January. It is possible that these overcharges also occurred before and after our three-month review period.

Metro Gold Line PM Was Not Adequately Reviewing the Invoices. The contract's price schedule showed an estimated 1,910 hours a month for trash/vegetation services, which equates to around 12 full-time positions. The Gold Line Contractor exceeded the estimated hours all three months in our review. For trash/vegetation, the Contractor charged Metro 2,376 hours; 2,160 hours; and 2,268 hours for November, December and January, respectively. All were significantly higher than the 1,910 hours monthly estimate.

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The former Metro PM¹ and current Metro PM did not know how many people were on the trash/vegetation teams and did not compare the number of hours on the monthly invoices to the estimated monthly hours on the price schedules in the contract. A Facilities Maintenance Senior Manager who supervised the Metro PMs stated that he expects the Metro PMs to compare the number of hours charged on the invoices to the contract's price schedule because the hours should be close to the estimate. He also expects the Metro PMs to ask the Contractor for an explanation if the hours invoiced are higher than the estimated hours on the price schedule.

He stated that the Metro PMs do not receive training on how to properly monitor Metro contracts and the invoices. The Metro PMs are expected to know how to manage contracts when they are hired because the position requires three years of experience in contract management. The Gold Line Contractor's errors may have been found sooner if the Metro PMs had asked the Contractor why they charged for hours that were significantly over the monthly estimate stated in the contract price schedule and if they had verified the number of team members providing the services against the number being billed for. In our opinion, it is essential for Metro PMs to be detail-oriented.

The Metro PM should require the Gold Line Contractor to provide a listing of crew members who worked graffiti abatement and trash/vegetation and the numbers of hours each person worked each day for the month. He should also consider making spot checks to verify the number of trash/vegetation staff actually working and should consider seeking a refund for the overcharges. Facility Maintenance management should also consider providing training to the Metro PMs on how to effectively monitor contracts and review invoices.

Orange Line. We found no issues with the trash/vegetation hours for the Orange Line. Each month, the Orange Line Contractor supported their invoiced hours by providing listings of staff who provided graffiti abatement services and trash/vegetation services and the number of hours each person worked each day. Also, their number of hours was in line with the estimated hours on the contract's price schedule.

Issue 2: Gold Line Contractor Did Not Charge Metro for Actual Hours Worked Which Resulted in Overpayments

The Gold Line Contractor did not charge Metro for actual hours worked for graffiti abatement and trash/vegetation services. Instead they charged Metro for available workdays for the month times a set number of employees. This methodology is not accurate because it does not take into account days when people are absent or work partial days. We found Metro was overcharged \$34,113.84 for days that team members did not work and no substitute was provided and for partial days that were billed as full 8 hour days.

¹ The former Metro PM was assigned to oversee the Gold Line contract around August 2016. He was replaced as the Metro PM for this contract in January 2019.

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Contract Terms. According to the Gold Line contract, Metro pays \$104.76 per hour for graffiti abatement services and \$100.40 per hour for trash/vegetation removal services. For the Orange Line, Metro pays \$119.00 per hour for both graffiti abatement and trash/vegetation services.

Metro Was Charged for Days When People Did Not Work. After reviewing the Gold Line Contractor's timecard records, subcontractors' timecard records, and subcontractor certified payroll records, we found 40 days where trash/vegetation or graffiti abatement team members were absent from work, but Metro was still charged for their hours. This does not include the days that the Gold Line Contractor had substitute staff make up for missed hours. (A further discussion of the substitution of hours is in Issue 4.) Within the 40 days, we found 12 trash/vegetation staff did not work Christmas Eve or New Year's Eve, however Metro was invoiced for these 2 days (192 hours) in full and was also charged 8 hours for supervision even though the employees were not working those days. The Contractor's Controller acknowledged that she did not look at timecards when determining the hours for the invoice and stated that the Contractor PM did not tell her that the crews did not work Christmas Eve or New Year's Eve. She charged Metro for hours for 15 trash/vegetation members and 7 graffiti abatement members times the number of available workdays of the month to determine the number of hours to bill. The current and former Gold Line Metro PMs were not aware of the vendor's current methodology of determining invoice hours and agreed that the Gold Line Contractor should only charge Metro for actual hours worked.

As a result of the Gold Line Contractor not charging Metro for actual hours worked, Metro overpaid \$33,210.24 for graffiti abatement and trash/vegetation services that were not received in November, December, and January. If the Controller had used payroll records, such as timecards, to determine billed hours, she would have identified the days that staff missed work; however, she relied on the Contractor PM to notify her of what days the staff had not worked and to substitute those hours. Regarding the subcontractors, the Gold Line Contractor relied on the subcontractors to self-report when their staff missed days. The Controller acknowledged that one of their subcontractors was "not very good" about reporting this. Our review found 16 days (part of the 40 days) the subcontractors were absent, but Metro was charged for these hours.

Metro was Charged for Full Days for Partial Days Worked. Our review of the November, December, and January Gold Line Contractor timesheets and certified payroll records found 5 days where trash/vegetation staff worked 6 to 7 hours but Metro was charged a full 8 hours for these days. As a result, Metro was overcharged for 9 hours at a rate of \$100.40 per hour. The overpayments totaled \$903.60.

Based on the issues found in this audit, the Gold Line Contractor agreed that her methodology in determining invoice hours was flawed and stated that they plan to charge Metro only for actual hours provided, starting June 2019. As mentioned previously, in May, they began

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requiring crews, including subcontractor staff, to fill out a manual timesheet at the end of the each day with their number of hours worked. The Controller plans to use these timesheets to determine the number of hours to bill Metro. The contract states that the contractor's applications for progress payments shall contain "any other documentation Metro requires to process the Progress Payment". The Metro PM is considering requiring the Gold Line Contractor to provide copies of timecards with their invoices to support their hours.

Orange Line. The Orange Line Contractor charged Metro for actual hours worked and provided support with their invoices. We found that Metro was charged the correct number of hours for November, December, and January.

Issue 3: Gold Line and Orange Line Contractors Charged Metro for Holidays Without Authorization.

We reviewed the Gold Line and Orange Line invoices for November, December, and January to determine if Metro was charged for holidays for trash/vegetation services and graffiti abatement services. There were six Metro-observed holidays during these months: Veteran's Day, Thanksgiving Day, Day After Thanksgiving, Christmas, New Year's Day, and Martin Luther King Day.

Contract Terms. The Gold Line and Orange Line contracts both state that:

"Contractor shall observe Metro-observed holidays unless otherwise advised by Metro PM. Metro observed holidays are New Year's Day, Martin Luther King Jr Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving, and Christmas Day."

Gold Line Contractor Charged for Metro-Observed Holidays Without Authorization. During November, December, and January, the Gold Line Contractor charged Metro for trash/vegetation services and graffiti abatement services for Veteran's Day, Day After Thanksgiving, and Martin Luther King Day (MLK). Although the contract clause stated the Contractor shall observe Metro-observed holidays, the contract did not list the Day After Thanksgiving holiday. According to Procurement, this was an oversight that needs to be corrected. As a result, we did not hold the Gold Line Contractor accountable for charging Metro for that day.

The Gold Line Contractor's Controller told us they only recognized Thanksgiving and Christmas. (They also did not charge Metro for New Year's Day.) They felt justified in working and charging Metro for holidays because they are built into and paid for in the wages that the Contractor pays his graffiti abatement and trash/vegetation staff. However, Metro paying for holidays is in violation of the contract terms, and the former and current Metro PMs

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stated that they did not authorize the Gold Line Contractor to work or charge Metro for these holidays.

Unauthorized Charges. Metro paid \$30,905.28 in unauthorized charges to the Gold Line Contractor for Veteran’s Day (November 12, 2018) and Martin Luther King Day (January 21, 2019) for trash/vegetation and graffiti abatement services. This amount would have been \$46,357.92 if the charges for the Day After Thanksgiving had been included. Table 1 and 2 below shows the unauthorized charges for holidays for trash/vegetation and graffiti abatement services that Metro paid to the Gold Line Contractor.

Table 1. Holidays Hours Metro was Charged for Gold Line Trash/Vegetation Services

Holiday	Invoiced Team Hours Per Day	Cost Per Hour	Unauthorized Charges
MLK Day	108	\$100.40	\$10,843.20
Veterans Day	108	\$100.40	\$10,843.20
Total	216	\$100.40	\$21,686.40

Table 2. Holiday Hours Metro was Charged for Gold Line Graffiti Abatement Services

Holiday	Invoiced Team Hours Per Day	Cost Per Hour	Unauthorized Charges
MLK Day	44	\$104.76	\$4,609.44
Veterans Day	44	\$104.76	\$4,609.44
Total	88	\$104.76	\$9,218.88

Orange Line Contractor Charged for a Holiday Without Authorization. For trash/vegetation, the Orange Line Contractor did not charge Metro for any of the Metro-observed holidays, including the Day After Thanksgiving. However, for MLK Day, they charged Metro 16 hours (16 hours x \$119.00 per hour = \$1,904.00) for two graffiti abatement crew members. The Orange Line Contractor stated that this was an oversight, and, in the future his staff will not work on MLK Day without permission from the Metro PM.

Table 3. Holiday Hours Metro was Charged for Orange Line Graffiti Abatement Services

Holiday	Invoiced Team Hours Per Day	Cost Per Hour	Unauthorized Charges
MLK Day	16	\$119.00	\$1,904.00

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The Metro PMs for both contracts should review invoices to ensure Contractors are not charging Metro for unauthorized holiday hours and should only authorize payment for holiday hours if they had given pre-approval. A Senior Director at Facilities Maintenance stated she wants the Gold and Orange Line Contractors to work on the Day After Thanksgiving, which would cost Metro approximately \$20,000 for trash/vegetation and graffiti for that Metro-observed holiday. However, we recommend the contract should still be modified to add the Day After Thanksgiving to the Gold Line and Orange Line contracts because the contracts give Metro PMs the option to require the crews to work on holidays.

Issue 4: “Make-up” Hours Resulted in Metro Paying Twice for Services

Contract Terms. The Gold Line contract requires that graffiti abatement and trash/vegetation services be paid by the hour. Therefore, the more hours charged, the more money Metro pays the Contractor. Landscaping/irrigation services are paid for by a fixed monthly rate by location.

Make-Up Hours. The Gold Line Contractor’s Controller stated that when trash/vegetation or graffiti abatement team members took a day off from work, the Contractor PM used two landscaping/irrigation staff (one from the Gold Line and one from the Blue Line)² to make-up the hours and charged Metro for the trash/vegetation or graffiti abatement hourly rates for these substitute hours. Because the landscaping/irrigation services were paid on a fixed monthly rate, they did not see anything wrong with using landscaping/irrigation staff to make up the graffiti abatement and trash/vegetation hours.

Make-Up Hours Not Necessary. Nearly all of the make-up hours were done at later dates – not on the missed days. For example, three trash/vegetation members took November 23, 2018 off (24 hours). The Gold Line landscaping/irrigation member did not make-up the 32 hours until November 26, 27, and 28 (8 hours per day). Trash/vegetation members told us they handle the tasks if a team member misses a day which shows that making up the hours at a later date is not necessary. Having more workers than needed on a given day is inefficient and is a waste of Metro funds. We asked the Controller why they went through this process of making up hours. The Controller stated that for graffiti abatement and trash/vegetation services (which are both charged for by the hour), the Contractor PM wanted as many “boots on the ground” as possible. In other words, if someone was absent, he wanted to make up the hours by having someone else do “substitute” hours so that the Contractor could still charge Metro for the hours.

Metro Paid Twice For Landscaping/Irrigation Team Members’ Services. The Blue Line landscape/irrigation crew member worked trash/vegetation make-up hours for two days (16 hours that cost \$1,606.4). The Gold Line landscape/irrigation team member worked graffiti

² The Gold Line Contractor also has a separate contract with Metro to handle the graffiti/landscaping/trash for the Blue Line.

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abatement and trash/vegetation make-up hours for six days (48 hours that cost \$4,854.08). Metro paid for these two landscaping/irrigation members' wages in the fixed landscaping/irrigation monthly rates. Because Metro paid a flat monthly rate for landscaping/irrigation services and was also charged when these landscape/irrigation members did trash/vegetation or graffiti abatement work, Metro was essentially paying twice for these two landscape/irrigation members' services: once through the fixed monthly rate and again through the graffiti abatement and trash/vegetation hourly rate.

Reduction in Landscaping/Irrigation Services. According to the Controller, there were eight staff assigned to the landscaping/irrigation team for the Gold Line, and nine people were assigned to the landscaping/irrigation team for the Blue Line in November, December, and January. Removing staff from their Blue or Gold Line landscaping/irrigation duties to do make-up hours elsewhere meant a reduction in available resources for the Blue and Gold Line landscaping/irrigation services.

The current and former Metro PMs were not aware that the Gold Line Contractor was substituting hours and felt the practice was not appropriate. The current Metro PM is considering requiring the Gold Line Contractor to cease substituting hours.

Orange Line. We did not find any issues with the Orange Line Contractor's procedures for substituting hours for the Orange Line. They used staff assigned as floaters to substitute hours when necessary.

Issue 5: Graffiti Tracking Software Was Not Updated by Gold Line Contractor

Contract Terms. Tracking and Automated Graffiti Reporting System (TAGRS) is an online system that is used to store and track graffiti incidents. It is designed to be a shared database among all Law Enforcement agencies to help investigators identify and prosecute graffiti suspects. Metro's Gold and Orange Line contracts require the Contractors to be equipped with a Smartphone with camera and GPS capabilities that can work with TAGRS. Before removing a graffiti tag, the Contractors must photograph the tags and upload it into TAGRS.

Photos Not Uploaded to TAGRS. We obtained access to TAGRS and ran some reports to determine if the Contractors for the Gold and Orange lines were uploading photos of graffiti as required by the contract. We verified that the Orange Line Contractor regularly uploaded photos and information into TAGRS. However, the Gold Line Contractor did not use TAGRS. Before our audit, the last time photos were uploaded to TAGRS for the Gold Line was December 2016.

We spoke with the Gold Line graffiti abatement team members and asked why they stopped uploading photos to TAGRS. They explained that the application started having issues, and they were unable to use it. They stated they reported the issue to the Contractor PM. As a

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result of our review, the former Metro PM facilitated TAGRS support staff to help the Contractor load the TAGRS application to their phones. We verified that starting the last week of March 2019 graffiti photos were being uploaded to TAGRS for the Gold Line.

Metro PM Was Not Monitoring TAGRS Use. It is important for law enforcement to have access to information of graffiti tags on the Metro lines so they can analyze the criminal vandalism activity. The Metro PM was not aware that the Gold Line Contractor had not been uploading photos to TAGRS until our audit because he did not check to verify. The Metro PM should periodically run reports in TAGRS to verify the Contractor is uploading photos.

Orange Line: We verified that the Orange Line Contractor regularly uploaded photos and information into TAGRS.

Issue 6: Frequency of Gold Line Graffiti Abatement and Trash/Vegetation Removal Services Were Not Consistent With Contract Terms

Contract Terms. According to the Gold Line contract, the Contractor is supposed to provide all labor, supervision, equipment, chemicals, supplies, and other items needed to provide complete removal of graffiti from Metro owned properties including the ROWs. The inspection and removal is to be done on a daily basis along the ROWs. Trash/vegetation removal services are required to be done weekly.

Graffiti Abatement Services Were Not Performed Daily. Facilities Maintenance and the Gold Line Contractor had different expectations on the frequency of graffiti abatement services. As mentioned previously, we met with the Gold Line graffiti abatement team. Although the contract requires the Contractor to do graffiti abatement inspections daily along the ROWs, the team explained they only performed these inspections a couple of times a week by riding the trains and visually looking, and the removal times vary, depending on when they can get access to the ROWs. The former Metro PM expected the Contractor to do graffiti abatement along the ROWs on a weekly basis. The Facilities Maintenance Senior Manager stated that he expects the Gold Line graffiti abatement team to inspect the ROWs weekly for offensive graffiti that need to be removed immediately and to remove non-offensive tags once a quarter because it is difficult for the Contractor to get permission from Metro's Rail Operations Control to get access to the active ROWs to perform the service. All parties had different expectations on the frequency of service for the ROWs, and none of them met the contract requirement of daily service. However, the Contractor and the Facilities Maintenance Senior Manager both agreed that daily service would be too difficult to accomplish. The Facilities Maintenance Senior Manager could not remember the circumstances of how or when the frequency of service changed from daily service or why it was not documented in a contract modification.

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Trash/Vegetation Services Not Performed Weekly. Although the contract states that the trash/vegetation services must be done weekly on the ROW, the Metro PM and Facilities Maintenance Senior Manager expected the trash/vegetation services to be performed quarterly. The Facilities Maintenance Senior Manager stated that the contract requirements should have said quarterly – not weekly. He explained that it was an oversight that this error in the contract had not been caught earlier.

No Contract Modification. Only a Contracting Administrator is authorized to execute a contract modification on behalf of Metro. Changes in the terms of service discussed in a contract must be documented formally in an amendment to the contract. It is the responsibility of the Metro PM to initiate contract modifications and work with the Contract Administrator to execute it. The Gold Line contract had three formal contract modifications, but none of them were for changes to the frequency of service for the graffiti abatement services. There was also no contract modification to change the trash/vegetation services on the ROWs from weekly to quarterly.

The Contract Administrator was unaware of these reductions in the frequency in service. He stated that if he had been aware, he would have reviewed whether there should have been a reduction in the contract price. It is important that changes to contract terms be documented formally in a contract modification to ensure it is in writing and that both parties are in agreement with the terms. It also gives the Contract Administrator an opportunity to determine if the changes affect the contract price. Metro should determine the frequency of graffiti abatement services needed and then submit a contract modification to the Contract Administrator, if necessary. They should also consider doing a contract modification to change the frequency of service for the trash/vegetation services to quarterly. We did not find any issues with the frequency of graffiti abatement or trash/vegetation services for the Orange Line.

Orange Line: The Orange Line contract requires daily graffiti abatement services and quarterly vegetation removal services. Their frequencies of service were consistent with the contract.

Issue 7: Payment Certifications Were Not Provided

Contract Terms: The Gold and Orange Line contracts require the Contractors to sign and submit a Payment Certification with each monthly invoice. The Payment Certification is an important document because it certifies:

- the contractor’s invoice reflects actual work performed,
- the work completed was in accordance with the terms of the contract,
- subcontractors were paid, and
- the Contractor understands the penalties for submitting false claims for payment.

Payment Certifications Were Not Submitted By Gold Line Contractor. We reviewed the Gold and Orange line invoices for November, December, and January. The Orange Line Contractor

**Audit of the Graffiti/Landscaping/Trash Maintenance on the
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submitted the payment certifications. However, the Gold Line did not provide the certifications. The Metro PM acknowledged that the Gold Line Contractor had never provided payment certifications since the contract began, and they had not followed up with requesting them. The former Metro PM stated it was an oversight. As a result of not obtaining the payment certifications, Metro had no assurance that the Contractor was aware of the repercussions of submitting false payments requests. With the billing issues we found during our audit, it is especially important that the Gold Line Contractor understands the ramifications if they knowingly bill Metro for work not performed or not in accordance with the terms of the contract. The Metro PM plans to require the Gold Line Contractor to provide them in the future.

Orange Line: We verified that the Orange Line Contractor submitted the payment certifications.

Issue 8: Weekly/Monthly Reports Were Not Detailed And Some Data Was Not Reliable

Contract Terms. According to both the Orange and Gold Line contracts, the contractors must submit a required weekly report that summarizes the activity during the week per station/location including total number of graffiti tags abated per station/location and tons of trash removed. A monthly report must also be submitted that provides date, time, location serviced, and total man-hours expended.

Locations/Dates/Times Not Broken Out. The Gold Line Contractor provided summary totals of graffiti tags and tons of trash/vegetation removed by the week. However, they did not provide the number of tags or tons of trash/vegetation removed per station/locations nor the dates, times, and hours as required by the contract. The contract states that Metro's PM must approve the report formats before implementation and the first scheduled submittal. The Facilities Maintenance Senior Manager stated that the Metro PM at the time the contract was first executed did not want a lot of details. He preferred to have just the summary of information. As a result, the Gold Line Contractor did not provide all the information the contract specified because a former Metro PM did not require it. Regardless, we believe the Contractor should follow the contract requirements.

Summary Numbers Were Based on Memory. The Gold Line's weekly/monthly report shows only a summary total by week of the number of graffiti tags removed on the Gold Line. The Contractor PM who provides the numbers for the weekly/monthly reports stated that graffiti abatement teams give him a total number of tags they removed, and they do not provide the number of tags per location. One graffiti team told us they do not write down the number of tags by station as they remove them. Instead, they rely on memory when they report their numbers to the Contractor PM. This is not an accurate method to track information and may have resulted in reported weekly/monthly numbers being overstated.

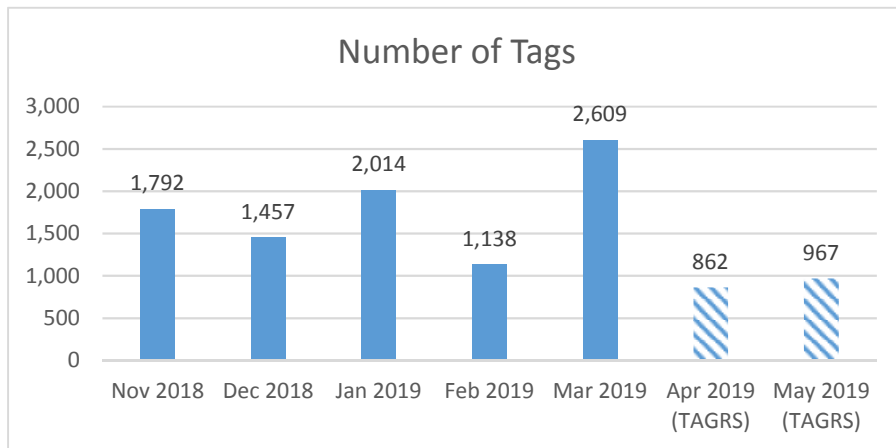
**Audit of the Graffiti/Landscaping/Trash Maintenance on the
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As mentioned previously, TAGRS requires the uploading of photographs of graffiti tags. Using the reports from TAGRS is a more reliable source for the tag numbers because there is photographic support. Figure 1 below shows the number of graffiti tags the Gold Line Contractor reported on their weekly/monthly reports from November 2018 to March 2019. It also shows that significantly less tags were reported in April and May 2019 after the Gold Line graffiti abatement team began using TAGRS regularly. The number of tags went from a high of 2,609 tags in March to 967 tags in May (63 percent difference) which indicates that the number of tags reported prior to April may have been overstated.

Figure 1. Number of Tags Reported by the Gold Line Contractor in November 2018 to May 2019.



Although the graffiti abatement services are paid for on an hourly basis, not by the number of tags, the Metro PM agreed it is important that the tag numbers are detailed and reliable because this information can affect staffing size decisions and future contract requirements. It also provides Metro information that could be analyzed, such as historical trends regarding where the graffiti activity is getting worse or better. Now that the Gold Line Contractor is uploading in TAGRS information and photographs of graffiti tags abated, it would be easy to provide this information to meet the contract requirements. The Gold Line contractor said they would be willing to provide this report if they could get some support in learning how to run reports in TAGRS.

Orange Line: The Orange Line Contractor provided TAGRS-based reports that gave details such as the date, station, location of the tags (such as on a bench or fence), method used to clean the graffiti, and the number of tags. They also provided a summary sheet that showed the tons of trash removed by location and the hours and time of day. Their weekly/monthly reports were adequate.

Issue 9: Contractors Did Not Submit Monthly Evaluations

Contract Terms: The Gold Line and Orange Line contracts state: “Contractor will be responsible for conducting monthly unannounced Efficiency and Compliance evaluations (E&C) of the work crews to determine the level of compliance with safety rules and procedures. These evaluations shall be documented on the E&C forms used by Metro and submitted to Metro within one (1) week after the last day of each month.”

The E&C Forms Were Not Submitted: Neither the Gold Line or Orange Line Contractors submitted these forms to Metro although this was a contract requirement. The Metro PMs were not aware of this requirement and believe it had not been done since the contracts began in 2015. These forms are important because they show that the Contractor is monitoring their crews at least once a month to ensure safety rules and other Metro procedures are being complied with. The Gold Line Contract PM did not recognize the name of a graffiti abatement team employee who had been on the team for 3 years. Two graffiti abatement team members said they did not see the Gold Line Contract PM very often. This illustrates why it is important for the Contractor PM to visit the work teams at least once a month and to complete the E&C evaluation forms.

As soon as we brought this issue to their attention, the Metro PMs for both the Gold and Orange lines stated that they plan to require their Contractors to submit these forms with their monthly invoices in the future.

Issue 10: Bulky Items Were Not Removed And Paint-Out Graffiti Was Not Reported

Contract Terms: According to the Gold Line contract, bulky items pickup shall be performed on an as needed basis as observed by contractor’s crews. Although it is not discussed in the contract, according to the Gold Line Contractor, the graffiti abatement teams ride the trains to every station and are instructed to look out the windows for graffiti paint-out jobs, as well as bulky items.

“Paint-Out” jobs are graffiti tags that are located on nonporous surfaces (like metal or painted surfaces) and must be abated by being painted over to prevent damage from graffiti abatement methods of chemical treatment or pressure washing. There is a different contract that deals with paint-out graffiti jobs.³ The Gold Line Contractor is only required to do graffiti abatement using chemicals. The Contractor’s graffiti abatement team is supposed to inform their supervisors if they see graffiti on the ROWs that are paint-out jobs. Those supervisors are supposed to inform the Metro PMs who arrange for the appropriate company under a different contract to handle this type of job.

³ The Contractor for paint-out jobs works on an as-needed basis and is able to paint-out most graffiti within 24 hours. If the graffiti is located on an active ROW, it could take 7 to 10 days to get track allocation approval.

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Bulky Items Were Not Picked Up on the Gold Line. According to the Contractor PM, if the teams see bulky items near the tracks, they must handle those immediately and not wait until the quarterly trash pick-up. The danger of bulky items being near the tracks is that they could fall onto the tracks. It is important that the Contractor removes these items promptly because they present a safety concern. We inspected sections of the Gold Line on January 23, 24, 25, and 29, 2019. We noticed a car window and a damaged child's swimming pool near the tracks during the January 23rd inspection and these items were still there 6 days later during our January 29th inspection. The Contractor stated the graffiti abatement team inspects the ROWs daily, but as discussed previously, the graffiti abatement team told us they ride the trains and inspect the ROWs only a couple of times a week. He could not explain why his team had not spotted and removed these items after 6 days.

Paint-Out Graffiti Tags Were Not Reported. Paint-out type graffiti tags found on sections of the Gold Line on Wednesday, January 23rd had not been removed by Monday, January 29th. (See Figure 2 below for examples.) We confirmed with the Metro PM that the Contractor had not reported any paint-out tags to him during that week. Two members of the graffiti abatement team told us that they do not report paint-out graffiti tags to their supervisors because they believed it was not their responsibility to do so.

Figure 2. Paint-Out Graffiti Tags On the Gold Line for 6 Days



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Metro should advise the Gold Line Contractor to require graffiti abatement team members to be diligent in looking for bulky items and graffiti paint-out jobs and should consider formalizing the paint-out reporting duty in a contract modification or consider adding this to future contracts. A Facilities Maintenance Senior Manager is considering requiring the Gold Line Contractor's graffiti crews to fill out a log, documenting their train inspections, and submit it with their weekly reports.

Orange Line: The Orange Line contract also requires bulky items be picked up on an as needed basis. We inspected the Orange Line and did not find any issues with the graffiti or bulky items.

CONCLUSION

Overall the Gold Line and Orange Line ROWs were adequately maintained by the Contractors except for two issues on the Gold Line concerning a few bulky items not being picked up and paint-out graffiti not being reported to Metro. We also found a significant number of instances of noncompliance with the Gold Line contract and minor issues with the Orange Line contract that resulted in Metro being overcharged \$91,175.92 and paying \$32,809.28 in unauthorized charges, totaling \$123,985.20 for November 2018, December 2018, and January 2019 services.

The Orange Line contract overall was adequately monitored. However, we found there was significant room for improvement in contract compliance by the Gold Line Contractor and in the monitoring of the Gold Line Contractor. It is important that Metro PMs who oversee contracts understand the importance of properly monitoring the contractor's performance and invoices to ensure Metro is paying for services actually received before certifying the invoices. Because the Gold Line Contractor also has a contract with Metro for the Blue Line, the Metro PM should see if the issues discussed in this report are also issues on the Blue Line and correct them as well as recover any overcharges found.

We believe the Gold Line Contractor should be given written notice that their inaccurate billing procedures and noncompliance with contract terms are unacceptable. This should be a consideration concerning any future proposals submitted by this Contractor to Metro. Our review covered a three-month period and found \$91,175.92 in overcharges. If the issues we found had been going on since the contract began nearly four years ago, the amount of overcharges could be over a million dollars. Facilities Maintenance should consider determining if refunds are owed for the time before and after the three-month period covered by this audit from the Gold Line Contractor.

RECOMMENDATIONS

We recommend that Operations:

1. Ensure the Gold Line Contractor only bills Metro for actual hours worked and require them to provide support for their invoiced hours for trash/vegetation and graffiti abatement services with their monthly invoices.
2. Require the Gold Line Metro PM to do periodic spot checks to verify the staff providing trash/vegetation and graffiti abatement services.
3. Instruct the Gold Line Metro PM to compare all invoices to the contract's price schedule and seek an explanation when there are significant differences.
4. Remind the Gold Line and Orange Line Contractors to request authorization from the Metro PMs before allowing crews to work holidays, as required by the contract, and instruct Metro PMs to only authorize payment for holidays if they had given pre-approval.
5. Consider working with the Procurement Department to modify the Gold and Orange Line contracts to include the Day After Thanksgiving as a Metro-observed holiday to the requirements and ensuring any future contracts address this issue.
6. Require the Gold Line Contractor to cease the practice of using landscaping/irrigation staff assigned to Metro contracts to make up missed hours for the trash/vegetation and graffiti abatement staff at later dates.
7. Request a refund from the Gold Line Contractor for overpayments made for the extra position that did not provide services, for the days/hours that staff did not work, and for the make-up hours paid, totaling \$91,175.92.
8. Consider determining for the time before and after the three-month period covered by this audit if refunds are owed from the Gold Line Contractor for the extra position that did not provide services, for days/hours that staff did not work, and for graffiti and trash/vegetation make-up hours performed by landscaping/irrigation staff.
9. Instruct the Metro PM to periodically verify that the Gold Line Contractor is using TAGRS.
10. Consider working with the Procurement Department to modify the Gold Line contract to change the frequency of service for Gold Line's graffiti abatement services and trash/vegetation services.

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11. Ensure that the Gold Line Contractor submits a Payment Certification with their monthly invoice as required by the contract.
12. Require the Gold Line Contractor's weekly/monthly reports to include the level of detail required by the contract.
13. Require the Gold Line and Orange Line Contractors to submit monthly Efficiency and Compliance evaluations for the work crews as required by the contract.
14. Request the Gold Line Contractor to remind their graffiti abatement team members to be diligent in looking for bulky items and graffiti paint-out jobs.
15. Consider working with the appropriate department in charge of making decisions about signage on Metro properties and post a hotline number at the stations that the public can use to report graffiti or bulky items.
16. Provide instructions to the current and former Gold Line Metro PMs on effective monitoring procedures of Contractors' performance.
17. Consider working with the Procurement Department to determine any appropriate action that should be initiated against the Gold Line Contractor due to their inaccurate billing procedures and lack of compliance with contract terms.

**Audit of the Graffiti/Landscaping/Trash Maintenance on the
Gold and Orange Lines Right-of-Ways**

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Report No. 20-AUD-02

METRO MANAGEMENT COMMENTS

Operations plans to coordinate with Vendor/Contract Management and Management Audit Services Departments to start the process of reviewing and implementing recommendations to more effectively provide accountable controls and oversight of Facilities Maintenance contracts. Their staff plans to provide regular updates to the OIG as recommendations are considered, addressed, or closed out.

EVALUATION OF METRO MANAGEMENT COMMENTS

The OIG will monitor the planned actions and follow up on implementation of the recommendations until all proposed actions are completed.

Summary of Overcharges and Unauthorized Charges

The table below shows a summary of the overcharges and unauthorized charges found during the audit.

<u>Description</u>	<u>Amount</u>
<i>Gold Line Overcharges</i>	
Extra Trash/Veg Person	\$50,601.60
Absent Days	\$33,210.24
Partial Days	\$903.60
Make-Up Hours	<u>\$6,460.48</u>
Subtotal	\$91,175.92
<i>Unauthorized Charges</i>	
Holidays – Gold Line	\$30,905.28
Holidays – Orange Line	<u>\$1,904.00</u>
Subtotal	32,809.28
Total	<u>\$123,985.20</u>

Management Comments to Draft Report



Metro

Interoffice Memo

Date	August 12, 2019
To	Karen Gorman Inspector General
From	James T. Gallagher <i>JTG</i> Chief Operations Officer
Subject	Management Response to the Audit of Graffiti, Landscape, Trash & Vegetation Maintenance of the Gold and Orange Lines ROW Contracts (Report # 20-AUD-02)

Operations Management has received and reviewed the Audit of the Graffiti, Landscape, Trash & Vegetation Maintenance of the Gold and Orange Lines Rights-of-Way contracts issued by the Office of Inspector General. The report includes a total of 17 recommendations for the period of November 2018 through January 2019 mostly relative to the Gold Line Graffiti, Landscape, Trash & Vegetation Maintenance contract in terms of compliance, insufficient payment review/verification, incorrect/unauthorized charges, and reliability of weekly/monthly contractor performance reports.

Operations, in coordination with the Vendor/Contract Management and Management Audit Services Departments, will begin the process to review and implement change recommendations to more effectively provide accountable controls and oversight of Facilities Maintenance contracts. Staff will provide regular updates to the OIG as recommendations are considered, addressed and/or closed out.

CC: Nadine Lee, Chief of Staff
 Debra Avila, Chief Vendor/Contract Management Officer
 Diana Estrada, Chief Auditor
 Nalini Ahuja, Chief Financial Officer
 Diane Corral-Lopez, EO, Operations Administration
 Errol Taylor, Sr. EO, Rail Maintenance & Engineering
 Brady Branstetter, DEO, Facilities Maintenance
 Lena Babayan, Sr. Director, Facilities Maintenance
 Carlos Martinez, Sr. Mgr, Facilities Maintenance
 Nancy Alberto-Saravia, Sr. Mgr, Transportation Planning

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Chief Auditor
Audit Support Manager
Manager, Records & Information Management

**Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General**

**Statutorily Mandated Audit of
Miscellaneous Expenses for the Period
October 1, 2018 to December 31, 2018**

Report No. 20-AUD-01

July 26, 2019



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Metro

**Los Angeles County
Metropolitan Transportation Authority**

Office of the Inspector General
818 West 7th Street, Suite 500
Los Angeles, CA 90017

213.244.7300 Tel
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DATE: July 26, 2019

TO: Metro Board of Directors
Metro Chief Executive Officer

FROM: Yvonne Zheng, Senior Manager, Audit, Office of the Inspector General

SUBJECT: Final Report on Statutorily Mandated Audit of Metro Miscellaneous Expenses
From October 1, 2018 to December 31, 2018 (Report No. 20-AUD-01)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from October 1, 2018 to December 31, 2018. This audit was performed pursuant to Public Utilities Code section 130051.28(b), which requires the OIG to report quarterly on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) including its Board of Directors for miscellaneous expenses, such as travel, meals, training, refreshments, and membership fees.

We found that the transactions reviewed generally complied with Metro policies, were reasonable and adequately supported by required documents. However, we found an instance that a purchase card holder was mistakenly listed as a business unit coordinator.

OBJECTIVES, METHODOLOGY, AND SCOPE OF AUDIT

The objectives of the audit were to determine whether:

- Expenses charged were proper, reasonable, and in accordance with Metro policies and procedures.
- Expenses had proper approvals, receipts, and other supporting documentation.
- Policies and procedures are adequate to ensure that expenses are documented and properly accounted for.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
October 1, 2018 to December 31, 2018**

Office of the Inspector General

Report No. 20-AUD-01

To achieve the audit objectives, we performed the following procedures:

- Obtained and reviewed applicable policies and procedures,
- Reviewed Metro’s Purchase Card Rules and Guidelines,
- Interviewed appropriate staff in Accounting and other departments, and
- Reviewed a sample of expenses for the period of October 1, 2018 to December 31, 2018 to determine if they were reasonable, properly approved, and supported by required documentation (i.e. invoices, receipts, and justification memos).

This audit covered a review of Metro miscellaneous expenses for the period of October 1, 2018 to December 31, 2018. For this period, miscellaneous expenses totaled \$1,997,667.02.¹ We selected 36 expense transactions totaling \$485,664.87 for detail testing. Thirty one of the expense transactions were randomly selected, and the remaining 5 were judgmentally selected due to their large dollar amount. See Attachment A for details.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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 payments for miscellaneous expenses.

RESULT OF AUDIT

The audit found that the transactions reviewed generally complied with policies, were reasonable and adequately supported by required documents. However, we found that a purchase card holder was mistakenly listed as a business unit coordinator.

¹ This total does not include transactions that were \$200 or less, offsetting credits, and transactions from the OIG and Ethics Departments.

**Statutorily Mandated Audit of Miscellaneous Expenses for the Period
October 1, 2018 to December 31, 2018**

Office of the Inspector General

Report No. 20-AUD-01

P-Card Holder Was Mistakenly Listed As Business Unit Coordinator

We found that a P-Card holder from Real Estate Administration Department was mistakenly listed as a Business Unit Coordinator (BUC) in August 2018 purchase card log. According to Metro's Purchase Card Rules and Guidelines, "a Business Unit Coordinator may not be assigned as a P-Card Holder." The department's card holder and approving official stated that the card holder is not the Business Unit Coordinator of the department. Administration Policy Department checked and confirmed that the card holder is not the Business Unit Coordinator for the department. The Senior Manager from Administration Policy Department stated that he addressed the separation of duties and responsibilities during the mandatory purchase card training. He also specifically mentioned that card holders, approving officials and business unit coordinators should not list themselves in roles what they are not performing. The cost center reported that they will update the Business Unit Coordinator in future P-Card logs.

CONCLUSION

We found that Metro miscellaneous expenses reviewed for the period of October 1, 2018 to December 31, 2018 generally complied with policies, and were reasonable and adequately supported with required documents. However, a purchase card holder was mistakenly listed as a business unit coordinator of the department.

RECOMMENDATIONS

We recommend:

1. The Administration and Policy group in the Procurement Department should continue their efforts in addressing the separation of the duties and the responsibilities of P-Card holders, Approving Officials and Business Unit Coordinators during training.
2. The Real Estate Administration Department should ensure their future P-Card logs are submitted according to P-Card Rules and Guidelines; specifically, ensure that the name of the Business Unit Coordinator is accurately reported on the P-Card logs.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On July 11, 2019, we provided Metro Management a draft report. On July 12 and July 19, Procurement Department and Real Estate management completed responses that agreed with the recommendations in the report (see Attachment B).

OIG EVALUATION OF MANAGEMENT RESPONSE

Management's corrective actions taken are responsive to the findings and recommendations in the report. Therefore, we consider all issues related to the recommendations resolved and closed based on the corrective actions taken.

**Summary of Sampled Expenses Audited
For the Period from October 1, 2018 to December 31, 2018**

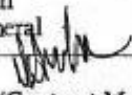
<i>Account</i>	<i>Account Description</i>	<i>Total Amount</i>	<i>Sample Amount</i>
50213	Training Program	\$ 152,745.56	\$ 115,000.00
50903	Business Meals	73,970.17	2,485.48
50905	Corporate Membership	228,913.50	84,188.00
50908	Employee Relocation	18,904.52	0
50910	ER Mileage / Parking	3,864.86	363.14
50912	Professional Membership	16,525.00	840.00
50914	Schedule Checkers	2,945.14	0
50915	Seminar and Conference Fee	109,802.12	1,066.89
50917	Business Travel	210,461.54	8,128.95
50918	Advertising	767,520.18	154,445.77
50999	Other Miscellaneous Expenses	<u>\$ 412,014.43</u>	<u>\$ 119,146.64</u>
	<i>Totals</i>	<u>\$ 1,997,667.02</u>	<u>\$ 485,664.87</u>

Management Comments to Draft Report



Metro

Interoffice Memo

Date	July 12, 2019
To	Karen Gorman Inspector General
From	Debra Avila  Chief Vendor/Contract Management Officer
Subject	Response to OIG Draft Report, July 11, 2019 (Report No. 20-AUD-01)

OVERVIEW

I have reviewed the results of the subject draft report and concur with the findings and recommendations for V/CM in the report.

OBSERVATION

Corrective measures have been taken to correct the observation that: "P-Card Holder Was Mistakenly Listed As Business Unit Coordinator."

RECOMMENDATION

In addition, the draft report recommends: "The Administration and Policy group in the Procurement Department should continue their efforts in addressing the separation of the duties and the responsibilities of P-Card holders, Approving Officials and Business Unit Coordinators during training."

PROPOSED ACTIONS

Vendor/Contract Management concurs with this recommendation and the department will continue to address the separation of duties and responsibilities during training, as well as remind program participants of the purchase card intranet site which details policy, procedure, and responsibilities.

Monthly, all P-Card Program participants (cardholders and approvers) reaching the two-year anniversary are contacted for the appropriate re-fresher training where separation of duties is addressed.

Twice a year, the cardholder list is reviewed with all Business Unit Coordinators to ensure account accuracy, including roles.

Additionally, in 2019 the department has instituted a Metro Purchase Card Program Quarterly Newsletter which is sent to all program participants in which policy reminders, such as separation of roles, and other policy topics are addressed.

Should you have any questions, please feel free to call me.

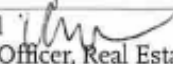
Thank you.

Management Comments to Draft Report



Metro

Interoffice Memo

Date	July 19, 2019
To	Karen Gorman Acting Inspector General
Through	John Potts Executive Officer, Real Estate
From	Velma C. Marshall  Deputy Executive Officer, Real Estate
Subject	Response to OIG Draft Report on July 11, 2019 (Report No. 20-AUD-01)

OVERVIEW

I have reviewed the findings of the OIG Draft Report (Report No. 20-AUD-01) and I concur that corrective actions are/were required.

OBSERVATION

The Report identifies that from October 1, 2018 to December 1, 2018 the Purchase Card Holder was also the Business Unit Coordinator. It's understood that the Purchase Card Rules and Guidelines prohibit the Purchase Card Holder from serving as the Business Unit Coordinator.

RECOMMENDATION

The Real Estate Administration Department will follow the Purchase Card Rules and Guidelines by ensuring the Purchase Card Holder and Business Unit Coordinator are separate personnel and listed correctly on the Purchase Card logs.

CORRECTIVE ACTIONS TAKEN

In response to the report findings and the above recommendation, as of March 2019 the Real Estate Administration Department assigned Craig Justesen as the Business Unit Coordinator. The corrective action resolves any compliance issues.

Should you have any questions, please feel free to call me.

Thank you.

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**Audit of the Graffiti/Landscaping/Trash Maintenance
on the
Gold and Orange Line Right-of-Ways**

**Presented by
Karen Gorman, Inspector General**

Operations, Safety, and Customer Experience
Committee

September 19, 2019



Key Findings

Attachment C
Legistar File # 2019-0631

- Gold Line Contractor charged Metro for 15 crew members when only 14 were provided
- Gold Line Contractor did not charge Metro for actual hours, resulting in overpayments
- Gold and Orange Line Contractors charged Metro for holiday work without authorization
- Gold Line Contractor's use of "make-up" hours resulted in Metro paying for staff twice
- Gold Line, bulky items were not removed in a timely manner, and paint-over graffiti was not reported



Key Recommendations

Attachment C
Legistar File # 2019-0631

- Ensure the Gold Line Contractor only bills Metro for actual hours worked
- Require support for invoiced hours
- Do periodic spot checks
- Remind Contractors to request authorization before working holidays
- Require a refund from Contractor for overbillings