



Board Report

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**MEASURE R INDEPENDENT TAXPAYERS
OVERSIGHT COMMITTEE
NOVEMBER 4, 2020**

**SUBJECT: FY 2018-19 AUDIT - MEASURE R LOCAL RETURN COMPLIANCE STATUS
SUMMARY**

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the attached FY 2018-19 Audit Measure R Compliance Status Summary table, for the Cities of Los Angeles County and Los Angeles County Unincorporated. If there is no finding for FY19 Measure R Local Return funds, the city is not listed in this table.

ISSUE

The Measure R Local Return audits for all Local Jurisdictions were finalized on December 31, 2019, with the exception of South El Monte which was completed August 27, 2020. Out of the 88 Cities and Los Angeles County Unincorporated, there were a total of 20 Local Jurisdictions with audit compliance issues. Some cities had multiple issues (no more than two) for a total of 22 findings. All findings have been addressed and are resolved, or in the process of being resolved.

Regarding audit issues and resolutions to the issues, LACMTA sent emails to each jurisdiction with an audit finding in February 2020. Attachment A is a summary table listing of the non-compliant Local Jurisdiction with the auditor's FY2018-19 compliance area finding, questioned costs, and current status.

LACMTA will continue to assist Local Jurisdictions in achieving current and future compliance with the Measure R Local Return Guidelines by monitoring the issues presented by the auditors.

DISCUSSION

Audit findings have been broken down to four basic categories as follows:

- A. Findings of not having submitted their form on time total 13. The form, either a Form One, Form Two, or Recreational Transit Form, is required to be submitted to LACMTA by a certain date.
- B. Cities that had issues with salaries, record keeping and unsupported documentation related to such charges equal 3. Most of these issues had to do with timesheet charges based on adopted budget percentages or authorization signatures.
- C. Cities that failed to obtain approval before incurring expenditures, list at 6. Cities are required to obtain project approval prior to expending funds by submitting a Form One which lists the project name, amount of Measure R Local Return funds to be budgeted for the project, project description and justification. This is necessary so that the project can be reviewed by LACMTA for Measure R Local Return eligibility per the Local Return Guidelines.

NEXT STEPS

LACMTA will continue to monitor each city's progress and note any finding that is repetitive or of a more serious nature.

ATTACHMENT

- A. FY 2018-19 AUDIT - MEASURE R COMPLIANCE STATUS SUMMARY

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Local Jurisdiction	FY17 Compliance Area (auditor)	Questioned Costs	Status
Avalon	Form One was not submitted on time	\$0	The late submission was due to an oversight.
Azusa	The City expended funds prior to LACMTA's approval.	\$0	LACMTA granted retroactive approval of the project on October 3, 2019.
Baldwin Park	Funds were not supported adequately for salaries and benefits	\$485,001	The City changed its payroll system during FY19. The City will implement a new internal control procedure. This procedure will be reviewed in the FY20 audit.
Bell Gardens	Form One was not submitted on time	\$0	The City is going to reevaluate the process that are in place to ensure forms are submitted to LACMTA timely.
Calabasas	Recreational Transit Form was not submitted on time	\$0	Staff will ensure all documents are submitted to LACMTA in a timely manner
Calabasas	Funds were expended without LACMTA's approval	\$0	LACMTA granted retroactive approval of the project on November 15, 2019.
Claremont	Funds were expended without LACMTA's approval	\$0	LACMTA granted retroactive approval of the project on December 5, 2019.
Downey	Funds were not supported adequately for salaries and benefits	\$24,802	The salary allocations to all City funds were estimates. The City has recently implemented KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time.
El Segundo	Form Two was not submitted on time	\$0	The City's fiscal year ends on Sept 30, 2019. In the future the City will make sure to submit the form on time.
Glendora	Funds were not supported adequately for salaries and benefits	\$6,145	The City agreed to reimburse the questioned costs, and provided the supporting documentation of the transfers that were made in fiscal year ended FY2019-20.
La Habra Heights	Form Two was not submitted on time	\$0	The City will establish procedures to ensure the timely filing of all required listings.
Lancaster	Funds were expended without LACMTA's approval	\$0	LACMTA granted retroactive approval of the project on December 10, 2019.
Malibu	Form Two was not submitted on time	\$0	A calendar of reporting deadlines has been created.
Manhattan Beach	Expenditures were not approved before being incurred	\$0	LACMTA granted retroactive approval of the project on November 7, 2019.
Manhattan Beach	Form Two was not submitted on time	\$0	The City will endeavor to submit on or before the deadline in the future.
Pomona	Form Two was not submitted on time	\$0	Internal procedures are in place to ensure timely submission of the report to MTA.

Local Jurisdiction	FY17 Compliance Area (auditor)	Questioned Costs	Status
San Gabriel	Form One was not submitted on time	\$0	To ensure that all future filings will be submitted timely, the reporting responsibility has been reassigned and calendared.
Signal Hill	Form Two was not submitted on time	\$0	This was due to turnover.
South Gate	Form One was not submitted on time	\$0	A reminder has been set up on the calendar of the Direction to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
Temple City	Form One was not submitted on time	\$0	City will ensure timely submittal in the future.
Torrance	Form Funds were expended without LACMTA's approval	\$0	LACMTA granted retroactive approval of the project on December 13, 2019.
Whittier	Form Two was not submitted on time	\$0	In the future, the City management will ensure timely submission of forms.