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Agenda - Final

Wednesday, September 15, 2021

1:30 PM

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Finance, Budget and Audit Committee

Kathryn Barger, Chair

Paul Krekorian, Vice Chair

Mike Bonin

Fernando Dutra

Holly Mitchell

Tony Tavares, non-voting member

Stephanie Wiggins, Chief Executive Officer

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(ALSO APPLIES TO BOARD COMMITTEES)

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Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

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- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

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The Committee Meeting begins at 1:30 PM Pacific Time on September 15, 2021; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter
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Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.

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Please include the Item # in your comment and your position of "FOR," "AGAINST," OR "GENERAL COMMENT."

Email: BoardClerk@metro.net

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Board Administration

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

CALL TO ORDER

ROLL CALL

APPROVE Consent Calendar Items: 15 and 16.

Consent Calendar items are approved by one vote unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR

15. **SUBJECT: PUBLIC LIABILITY/PROPERTY DAMAGE THIRD PARTY CLAIMS ADMINISTRATION SERVICES** [2021-0484](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award an eight-year, firm fixed price Contract No. PS75821000, to Carl Warren & Company, LLC to provide Public Liability/Property Damage (PL/PD) claims administration services, in the amount of \$12,148,152 for the four-year base term, \$6,666,674 for the first, 2-year option term, and \$7,111,894 for the second, 2-year option term, for a combined amount of \$25,926,720, effective November 1, 2021, subject to resolution of protest(s), if any.

Attachments: [Attachment A - Procurement Summary](#)
[Attachment B - DEOD Summary](#)

16. **SUBJECT: FIFTH AMENDMENT TO LEASE AGREEMENT WITH BALDWIN STOCKER, LLC, FOR THE MICROWAVE RADIO STATION LOCATED AT LA CIENEGA BOULEVARD AND STOCKER STREET IN LOS ANGELES** [2021-0383](#)

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) or their designee to execute a ten (10)-year, Fifth Amendment to the Lease ("Amendment") commencing January 1, 2022, with Baldwin Stocker, LLC, ("Lessor") for the microwave radio station located at the Baldwin Hills Oil Field at La Cienega Boulevard and Stocker Street in Los Angeles at a rate of approximately \$46,465 per year with CPI escalations annually for a total of \$508,780 over the ten-year term.

Attachments: [Attachment A - Lease Location](#)
[Attachment B - Deal Points](#)

NON-CONSENT

17. **SUBJECT: CONSOLIDATED AUDIT FOR FISCAL YEAR 2020** [2021-0542](#)

RECOMMENDATION

RECEIVE AND FILE the Consolidated Audit Financial and Compliance Reports completed by Vasquez and Company (Vasquez) and Simpson and Simpson (Simpson), certified public accountants, for the Fiscal Year ending June 30, 2020.

Attachments: [Attachment A – Vasquez Prop A and C Audit Report](#)
[Attachment B – Simpson and Simpson Prop A and C Audit Report](#)
[Attachment C – Vasquez Measure R Audit Report](#)
[Attachment D – Simpson and Simpson Measure R Audit Report](#)
[Attachment E – Vasquez Measure M Audit Report](#)
[Attachment F – Simpson and Simpson Measure M Audit Report](#)

18. **SUBJECT: MANAGEMENT AUDIT SERVICES FY 2021 FOURTH QUARTER STATUS REPORT AND CUMULATIVE YEAR-END REPORT** [2021-0528](#)

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services (MAS) FY 2021 fourth quarter status report and cumulative year-end report.

Attachments: [Attachment A - FY2021 Q4 Status Report & Cumulative Year-End Report](#)

- SUBJECT: GENERAL PUBLIC COMMENT** [2021-0568](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S SUBJECT MATTER JURISDICTION

Adjournment



Board Report

File #: 2021-0484, File Type: Contract

Agenda Number: 15.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 15, 2021

**SUBJECT: PUBLIC LIABILITY/PROPERTY DAMAGE THIRD PARTY CLAIMS
ADMINISTRATION SERVICES**

ACTION: APPROVE CONTRACT AWARD

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award an eight-year, firm fixed price Contract No. PS75821000, to Carl Warren & Company, LLC to provide Public Liability/Property Damage (PL/PD) claims administration services, in the amount of \$12,148,152 for the four-year base term, \$6,666,674 for the first, 2-year option term, and \$7,111,894 for the second, 2-year option term, for a combined amount of \$25,926,720, effective November 1, 2021, subject to resolution of protest(s), if any.

ISSUE

The current contract will expire on October 31, 2021. PL/PD claims administration services are necessary for the continuity of Metro's liability claims program.

BACKGROUND

Metro utilizes the services of a third party administrator (TPA) to investigate, evaluate, and resolve the majority of third party claims filed against Metro. Third party claims generally arise out of bus and rail operations.

DISCUSSION

Metro's Public Liability/Property Damage Claims Program is administered through a blend of in-house, contractor, and subcontractor staff. In-house Risk Management staff handles the more severe injury claims, while Contractor staff handles the more frequent, less severe injury claims. The subcontractor staff performs all field investigations and responds to an accident scene upon notification from Metro dispatch. Under this new contract, the Contractor shall handle all claims valued at \$100,000 or less while Risk Management will handle cases valued in excess of \$100,000.

Contractor's personnel shall be housed at Metro's Gateway building, similar to the arrangement with the current TPA. Co-locating TPA consultants with Metro's Risk Management's staff has proven to increase efficiencies in claims administration, better coordination and communication with Risk

Management, Operations, and other Metro Departments and reduces contract cost.

Subrogation of losses against a responsible third party is also a part of the services provided by the TPA. Over the last ten years, Metro has received total gross recoveries of \$11,942,917 from subrogation or cross complaints and the TPA recoveries are consistent with industry best practice since they encourage the TPA to recover as much as possible from third parties.

Metro receives an average of 2,500 new public liability/property damage claims a year. The open general liability claims inventory as of RFP issuance was 2,082 claims. Processing claims with an inventory of this size requires the issuance of approximately 150 plus payments monthly to claimants, attorneys, experts, and others. The expertise and infrastructure of a professional TPA in resolving these claims and litigation are essential for structuring a competitive and cost-effective program.

DETERMINATION OF SAFETY IMPACT

Approval of this recommendation will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The funding for eight months of \$2.1 million for this action for PL/PD third party claims administration services is included in the FY22 budget in cost center 0531, Risk Management, Project 300018, PRMA-PLPD, line item 50316, Professional Services. Since this is a multi-year contract, the Chief Risk, Safety and Asset Management Officer will be accountable for budgeting the cost in future years, including any options exercised. In FY21, \$2.6 million was expended on these services.

Impact to Budget

The fiscal year funding for this action will come from the Enterprise, General and Internal Service funds paralleling funding for the actual benefiting projects charged. No other sources of funds were considered because these are the activities that benefit from these services. This activity will increase operating costs from the current fiscal year.

EQUITY PLATFORM

The majority of Metro's claims arise from bus and rail operations which primarily include patrons from various equity focused communities, low-income riders, minorities, women, people of color, persons with physical disabilities, and persons with limited English proficiency.

Additionally, as we expand our mobility options with new transportation programs, such as the Crenshaw/LAX line, Regional Connector, Micro Transit, Express Lanes Expansion, NextGen Bus Plan implementation, and other future rail lines, the risks for incidents throughout the County expands, which leads to the potential increase in claims from the newly implemented service. Therefore, awarding this contract benefits the claimants from the various equity focused communities in which Metro provides services and ensures that existing and future claims will continue to be processed and managed without interruption or impact to individual claimants.

Non-English speaking, visually impaired, and deaf claimants will have the same access to claim adjusters as other claimants since the Contractor will utilize various vendors that provide language translation and interpreting services. Although we do not foresee any other potential negative impact on the equity focused communities through the administration of claim handling activities, Metro will partner with the Contractor to identify activities which might impact those communities and seek remedies when possible. The Contractor will further assist by providing new claim data monthly for certain recurring incidents (such as wheelchair incidents). With this data, Risk Management can inform and work with other Metro departments, such as Operations, to help mitigate the impact on the mobility impaired community.

A 20% Disadvantaged Business Enterprise (DBE) goal was established for this solicitation. Carl Warren & Company met the goal by making a 20% DBE commitment, see Attachment B for details.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal # 5 “Provide responsive, accountable and trustworthy governance within the LA Metro organization.” The responsible administration of Metro’s PL/PD claims includes the use of third-party claims administration services.

ALTERNATIVES CONSIDERED

The Board may choose to self-administer Metro’s third party claim inventory. This alternative is not recommended as Metro does not have sufficient resources available to perform the work. This would require hiring approximately 30 FTEs. Further, although not known with certainty, the costs for self-administration would be similar or potentially higher than the costs of contracting for this service.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS75821000 with Carl Warren & Company, LLC, effective November 1, 2021, to provide PL/PD third party claims administration services.

ATTACHMENTS

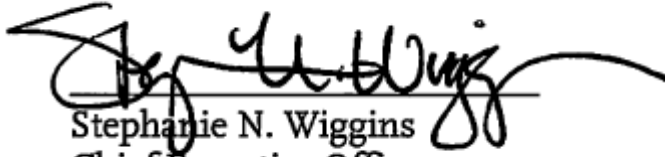
Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Juanita Welch, Director, Risk Management, (213) 922-4956

Reviewed by: Kenneth Hernandez, Chief Risk, Safety and Asset Management Officer, (213) 922-2990

Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

PUBLIC LIABILITY/PROPERTY DAMAGE THIRD PARTY CLAIMS
ADMINISTRATION SERVICES/PS75821000

1.	Contract Number: PS75821000	
2.	Recommended Vendor: Carl Warren & Company, LLC	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: May 14, 2021	
	B. Advertised/Publicized: May 17, 2021	
	C. Pre-Proposal Conference: May 27, 2021	
	D. Proposals Due: June 17, 2021	
	E. Pre-Qualification Completed: August 30, 2021	
	F. Conflict of Interest Form Submitted to Ethics: July 29, 2021	
	G. Protest Period End Date: September 20, 2021	
5.	Solicitations Picked up/Downloaded: 24	Bids/Proposals Received: 3
6.	Contract Administrator: Marc Margoni	Telephone Number: (213) 922-1304
7.	Project Manager: Juanita Welch	Telephone Number: (213) 922-4956

A. Procurement Background

This Board Action is to approve the award of Contract No. PS75821000 to Carl Warren & Company, LLC, to provide public liability/property damage third party claims administration services. Board approval of contract award is subject to resolution of all properly submitted protest(s).

Request for Proposals (RFP) No. PS75821 was issued as a competitively negotiated procurement in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price. DEOD recommended a Race Conscious Disadvantaged Business Enterprise (RC DBE) contract goal of 20%.

One amendment was issued during the solicitation phase of the RFP:

- Amendment No. 1, issued on May 27, 2021, updated Exhibit 5C – Payment Provisions.

A virtual pre-proposal conference was held on May 27, 2021. Thirty-one questions were received, and Metro provided responses prior to the proposal due date.

A total of 24 firms downloaded the RFP and were included on the plan holders list. A total of three (3) proposals were received by the due date of June 17, 2021 and are listed below in alphabetical order:

1. Carl Warren & Company, LLC

2. CorVel Enterprise Comp, Inc.
3. George Hills Company, Inc.

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Risk Management, Corporate Safety, and Transportation Operations were convened and conducted a comprehensive technical evaluation of the proposals received.

On June 17, 2021, the PET met to review the evaluation criteria package, process confidentiality and conflict of interest forms and take receipt of proposals to initiate the evaluation phase.

Proposals were evaluated based on the following evaluation criteria stated in the RFP:

Phase I Evaluation – Minimum Qualification Review: This is a pass/fail criteria. The criteria focused on the proposer’s experience in handling third party claims administration services and annual gross revenue; experience of on-site manager and supervisors; and submission by the proposer of evidence demonstrating that it has recently completed a Statement on Auditing Standards (SAS) 70 audit or Statement of Standards for Attestation Services (SSAE), and a statement confirming its agreement that it will only assign adjusters that have at least two years of California tort experience to the Metro contract, adjusters shall be physically located at Metro Headquarters and it will use any ancillary service as directed by Metro.

The PET reconvened and determined that all three (3) proposals received met all minimum qualification requirements and were further evaluated in accordance with the following Phase II- Technical Evaluation criteria and weights:

- | | |
|--|------------|
| • Qualification and Experience of the Firm/Team | 40 percent |
| • Qualifications and Experience of Key Personnel | 25 percent |
| • Management Plan/Approach | 20 Percent |
| • Price | 15 Percent |

The evaluation criteria are appropriate and consistent with criteria developed for similar third party administration services’ procurements. Several factors were considered in developing these weights, giving the greatest importance to qualification and experience of the firm/team.

Qualifications Summary of Firms

Carl Warren & Company, LLC

Since 1944, Carl Warren & Company, LLC (Carl Warren) has been providing third party administration services specializing in property and casualty claims management, subrogation recovery, and litigation management for the public and private sectors. It currently provides third party administration services to over 150 public sector clients, including Metro. Other municipal/transit clients include the Long

Beach Transit, San Bernardino County Transportation Authority, San Joaquin Regional Transit District and the San Mateo County Transit District/Peninsula Corridor Joint Powers Board (PCJPB).

CorVel Enterprise Comp Inc.

CorVel Enterprise Comp, Inc., incorporated in 2006, is located in Fort Worth, Texas. It is a provider of risk management solutions for the workers’ compensation, auto, health and disability management industries. Public entity transportation clients include the State of Illinois, Illinois Tollway, State of Tennessee, Salt Lake City Corporation, Access Services City of Fort Collins, Pioneer Railroad Services, Inc., Matheson Trucking and State of Vermont.

George Hills Company, Inc.

George Hills Company, Inc., founded in 1954, is headquartered in Wildomar, California. It provides liability and property claims administration and litigation management services to the public sector and private insurance carriers. Public transit clients include Metrolink, Bay Area Rapid Transit, Golden Gate Bridge Highway and Transportation District, Soltrans, SMART and fixed route bus systems of cities that the firm administers.

Evaluations were conducted from June 26, 2021 through July 19, 2021. At the conclusion of the evaluation process, Carl Warren was determined to be the top ranked firm.

The following is a summary of the PET scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Carl Warren & Company, LLC				1
3	Qualification and Experience of the Firm/Team	89.18	40.00%	35.67	
4	Qualifications and Experience of Key Personnel	89.80	25.00%	22.45	
5	Management Plan/Approach	82.65	20.00%	16.53	
6	Price	100.00	15.00%	15.00	
7	Total		100.00%	89.65	
8	George Hills Company, Inc.				2
9	Qualification and Experience of the Firm/Team	81.68	40.00%	32.67	
10	Qualifications and Experience of Key Personnel	73.32	25.00%	18.33	
11	Management Plan/Approach	74.65	20.00%	14.93	
12	Price	72.87	15.00%	10.93	
13	Total		100.00%	76.86	

14	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
15	CorVel Enterprise Comp, Inc.				3
16	Qualification and Experience of the Firm/Team	64.18	40.00%	25.67	
17	Qualifications and Experience of Key Personnel	52.88	25.00%	13.22	
18	Management Plan/Approach	70.65	20.00%	14.13	
19	Price	98.60	15.00%	14.79	
20	Total		100.00%	67.81	

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based on adequate price competition, independent cost estimate (ICE), price analysis, and technical analysis.

	Proposer Name	Proposal Amount	Metro ICE	Negotiated Amount
1.	Carl Warren & Company, LLC	\$25,926,720	\$26,365,000	\$25,926,720
2.	CorVel Enterprise Comp., Inc.	\$35,568,958		
3.	George Hills Company, Inc.	\$26,288,937		

D. Background on Recommended Contractor

The recommended firm, Carl Warren & Company, LLC, (Carl Warren) is headquartered in Anaheim, California. It has been handling and managing the claims process for California public entities for the past 47 years. It administers more than 150 public sector client's liability programs, providing claims & litigation management and adjusting services for all types of public entity claims. Public entity claims that Carl Warren currently handles range from employment practices liability, property damage, premises liability, sexual harassment and misconduct, inverse condemnation, jail/prison, professional, police, errors and omission to slip/trip falls, transit (rail, bus, ferry), and automobile throughout California. It also provides subrogation services to the public sector.

The Carl Warren team includes a DBE firm that has been providing field investigative services for California public entities for the past 27 years. The DBE firm shall assist in securing scene photographs, canvassing witnesses and surveillance cameras and conducting interviews. The firm has four (4) senior investigators that have a combined

average of 17 years' experience investigating public entity transportation accidents in Los Angeles County.

Carl Warren has been providing public liability/property damage (PL/PD) third party claims administration services to Metro since 2011 and performance has been satisfactory.

DEOD SUMMARY

**PUBLIC LIABILITY/PROPERTY DAMAGE THIRD PARTY CLAIMS
ADMINISTRATION SERVICES / PS75821000**

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 20% Disadvantaged Business Enterprise (DBE) goal for this solicitation. Carl Warren & Company met the goal by making a 20% DBE commitment.

Small Business Goal	20% DBE	Small Business Commitment	20% DBE
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	DBE Subcontractors	Ethnicity	% Committed
1.	Sam Hooper and Associates	African American	20%
Total Commitment			20%

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.



Board Report

File #: 2021-0383, File Type: Agreement

Agenda Number: 16.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 15, 2021

**SUBJECT: FIFTH AMENDMENT TO LEASE AGREEMENT WITH BALDWIN STOCKER, LLC,
FOR THE MICROWAVE RADIO STATION LOCATED AT LA CIENEGA BOULEVARD
AND STOCKER STREET IN LOS ANGELES**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) or their designee to execute a ten (10)-year, Fifth Amendment to the Lease ("Amendment") commencing January 1, 2022, with Baldwin Stocker, LLC, ("Lessor") for the microwave radio station located at the Baldwin Hills Oil Field at La Cienega Boulevard and Stocker Street in Los Angeles at a rate of approximately \$46,465 per year with CPI escalations annually for a total of \$508,780 over the ten-year term.

ISSUE

Metro must maintain its radio tower on property leased at the Baldwin Hills Oil Field in Los Angeles ("Tower") to maintain rail and bus communications throughout Metro's transportation systems.

BACKGROUND

In 1992, Metro constructed a microwave relay radio facility at the Baldwin Hills Oil Field for continuity of communications with rail and bus operators and has been leasing the property from Baldwin Stocker, LLC ("Lessor") continuously ever since. The lease has been amended four times to extend the term, which expires on December 31, 2021. Metro's Operations & Service Delivery staff has confirmed that Metro continues to need this location for the next ten years.

DISCUSSION

Findings

The annual rental rate of \$46,465 commencing January 1, 2022, with annual CPI rent increases, is below the average lease rate of what Metro pays for other cell tower leases on an annual basis. A Broker's Opinion of Value by John Potts, Executive Officer, Real Estate (licensed real estate broker #01787671), determined that this lease rate is based on the current condition of the property and comparable rental rates and is within market rate.

Considerations

Due to the Tower's location, it is a central hub for Metro's radio communications. Without the Tower, Metro would have to lease several other towers to maintain the same coverage this Tower provides, increasing operating costs substantially.

DETERMINATION OF SAFETY IMPACT

This Board item will not have an impact on safety standards for Metro.

FINANCIAL IMPACT

Approval of the Amendment with Baldwin Stocker, LLC is estimated to be a total of \$508,780 in rent over the ten-year term. The proposed lease obligations are included in the FY22 Budget. Future lease obligations will be included in annual budget preparation.

Impact to Budget

The funding for the proposed lease is the general fund, right-of-way. The funding source is eligible for bus & rail operations and capital projects.

EQUITY PLATFORM

Renewing this lease will maintain communications through this location and provide necessary rail and bus communications that have measurable improvements that bring, or aid in, more constant mobility options for disadvantaged communities. Continuing this lease will positively impact disadvantaged communities who are more reliant on Metro for transportation to get to places of employment or for medical services. Communication within the Metro system is key to delivering on-time, safe, and sanitary services.

As such, this radio tower is an essential link in Metro's bus and rail communication to ensure timely arrivals and stops and to facilitate repairs, maintenance, and janitorial services to keep the Metro system clean and dependable for all who rely on Metro for their transit options.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal # 2, to provide "outstanding trip experiences for all."

ALTERNATIVES CONSIDERED

If the board chooses not to extend the lease, the alternative is to lease several other towers to maintain the same coverage. This will increase operating costs substantially and is not recommended.

NEXT STEPS

Metro will execute the Amendment with Baldwin Stocker, LLC if the board approves, thereby securing the microwave radio station location through December 31, 2031.

ATTACHMENTS

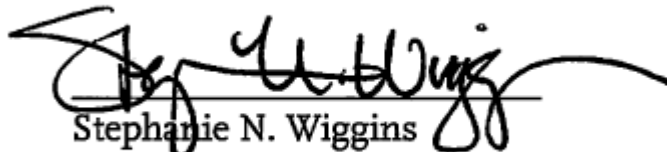
Attachment A - Lease Location

Attachment B - Deal Points

Prepared by: John Beck, Principal Real Estate Officer, Countywide Planning & Development, (213) 922-4435

John Potts, Executive Officer, Countywide Planning & Development, (213) 928-3397
Holly Rockwell, SEO - Real Estate, Transit Oriented Communities and Transportation Demand Management, (213) 922-5585

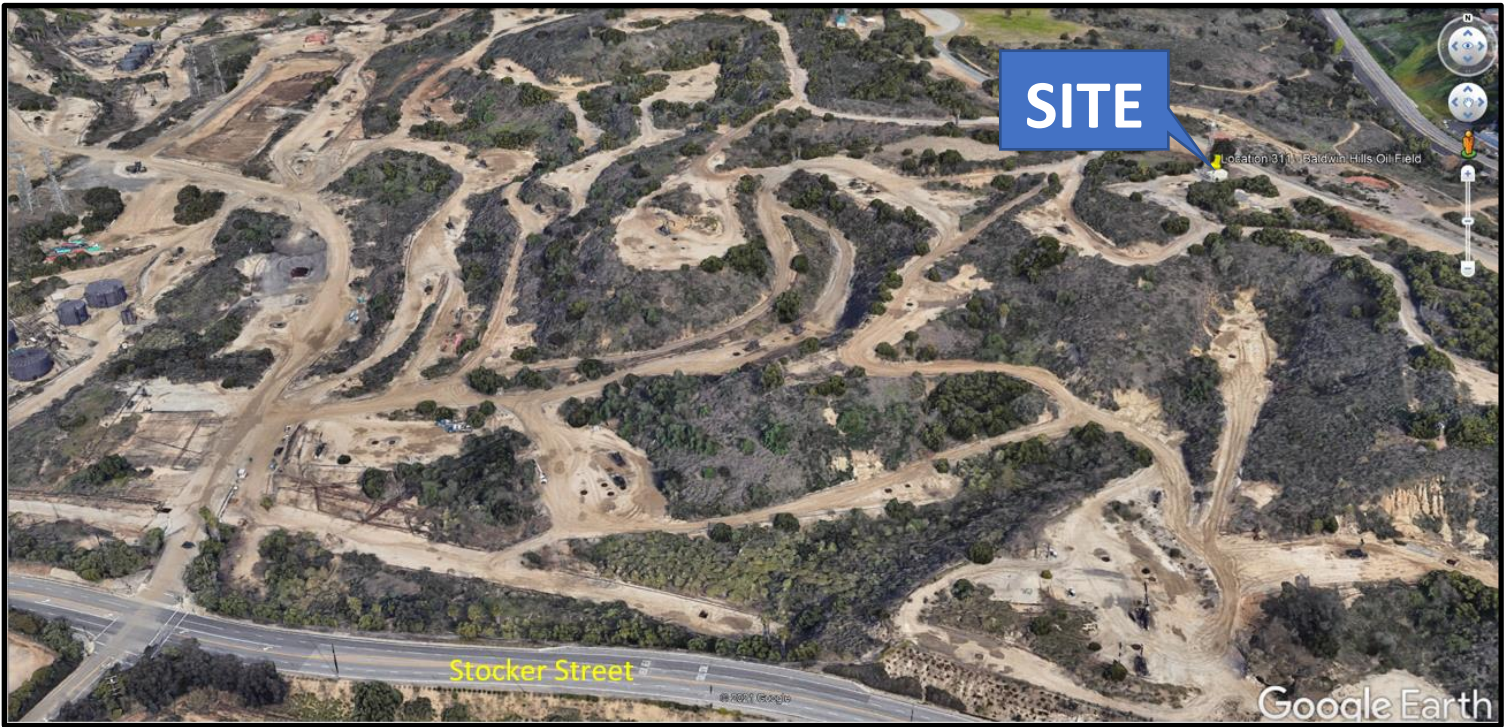
Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Stephanie N. Wiggins
Chief Executive Officer

Attachment A –Lease Location

Location Map



Baldwin Hills Oil Field , Los Angeles

Attachment B – Deal Points

New or renewal	Fifth Amendment to Lease
Landlord/Owner	Baldwin Stocker, LLC
Location	Baldwin Hills Oil Field, Los Angeles
Premises	Radio tower location
Purpose	Radio tower for rail and bus communications.
Commencement and Duration (note any extensions)	10-years commencing January 1, 2022.
Total Cost	The total lease value is approximately \$508,780 over the ten (10)-year term.
Early Termination Clauses	None.
Determination of Lease Value	Broker Opinion of Value.
Background with this Landlord	This will be the fifth transaction with the landlord at this location.
Special Provisions	None.



Board Report

File #: 2021-0542, **File Type:** Informational Report

Agenda Number: 17.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 15, 2021

SUBJECT: CONSOLIDATED AUDIT FOR FISCAL YEAR 2020

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Consolidated Audit Financial and Compliance Reports completed by Vasquez and Company (Vasquez) and Simpson and Simpson (Simpson), certified public accountants, for the Fiscal Year ending June 30, 2020.

ISSUE

As the Regional Transportation Planner for Los Angeles County, the Los Angeles County Metropolitan Transportation Authority (Metro) 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 provide assurance that recipients of funds included in the Consolidated Audit and Compliance Reports (Consolidated Audit) are adhering to the statutes, program guidelines, and/or agreements of each applicable funding source, and that operations data used to allocate funds is fair and in accordance with Federal Transit Administration (FTA) guidelines.

BACKGROUND

The consolidated audit process includes financial and compliance audits of the following programs:

- Local Funding Program to 88 cities and Unincorporated Los Angeles County
 - Proposition A Local Return
 - Proposition C Local Return
 - Measure R Local Return
 - Measure M Local Return
 - Transit Development Act (TDA) Article 3 and Article 8 Programs
 - Proposition A Discretionary Incentive Program
- Transit System Funds to Commerce, Redondo Beach, and Torrance
 - Transit Development Act (TDA) Article 4
 - State Transit Assistance (STA)
 - Proposition A 95% of 40% Discretionary

- Proposition C 5% Security
- Proposition C 40% Discretionary
- Proposition 1B Funds
- Measure R 20% Bus Operations and Clean Fuel Bus Funds
- Measure M 20% Bus Transit Operation Fund
- Proposition A 40% Discretionary - Growth Over Inflation (GOI) Fund to Burbank, Glendale, LADOT and Pasadena Transit System Operators
- Fare Subsidies Programs
 - Low Income Fare is Easy (LIFE)
 - Support for Homeless Re-Entry (SHORE) Program
- Metrolink Program
- EZ Transit Pass Program
- Access Services
- LADOT Operating Data (Proposition A Incentive Programs).

Metro allocates over \$650 million annually to the stated programs and distribution to the County of Los Angeles (County), the 88 cities in Los Angeles County (Cities), and other agencies. Annual audits of the programs ensure that the agencies comply with the applicable rules, regulations, policies, guidelines, and executed Memorandums of Understanding (MOU). The audits also serve as a program management tool for effectively managing and administering the programs.

Management Audit Services (MAS) contracted with the certified public accountant firms of Vasquez and Simpson to perform the financial and compliance audits and provide reasonable assurance to management whether recipients of subsidies included in the Consolidated Audit are adhering to the statutes of each applicable funding source. The audits were conducted in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the program guidelines.

The auditors concluded that the County, Cities, transit operators, and other agencies complied, in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return and other applicable programs for the Fiscal Year ending June 30, 2020.

DISCUSSION

The consolidated audit process includes financial and compliance audits of Local Return programs. Following is a summary of consolidated audit results:

Proposition A and C

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the year ended June 30, 2020.

The auditors found 50 instances of non-compliance for Proposition A and C, which consisted of 36 minor findings, including the untimely submittal of forms. Fourteen (14) findings were identified with questioned costs totaling approximately \$900 thousand for Proposition A and \$ 1.8 million for Proposition C, representing approximately 1% of each total fund reviewed. The Local Return program manager is working with the respective cities to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

Measure R

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the year ended June 30, 2020.

The auditors found 21 instances of non-compliance for Measure R, which consisted of 11 minor findings, including the untimely submittal of forms. Ten (10) findings were identified with questioned costs totaling \$2.1 million for Measure R represents approximately 1% of the total amount reviewed. The Local Return program manager is working with the respective cities to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

Measure M

Vasquez and Simpson found that the County and Cities complied, in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the year ended June 30, 2020.

The auditors found 21 instances of non-compliance for Measure M, consisting of 11 minor findings, including the untimely submittal of forms. Ten (10) findings were identified with questioned costs totaling \$1.5 million for Measure M represents approximately 1% of the total amount reviewed. The Local Return program manager is working with the respective cities to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

The consolidated audit process includes financial and compliance audits of Non- Local Return programs. Following is a summary of consolidated audit results:

The auditors found that schedules/financial statements for the various programs stated above present fairly, in all material respects. The auditors also found that the entities complied, in all material respects, with the compliance requirements of the respective guidelines. The auditors noted several compliance findings, including:

- 12 findings for the TDA Article 3 program;
- 2 findings for the Metrolink program;
- 1 for the EZ Pass Program; and
- 1 for the LIFE program.

Metro program managers are working with the respective funds' recipients to resolve the findings.

The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

Due to the considerable size of the documents, the Reports on Compliance with Requirements Applicable to Proposition A and C; including Measure R and M Ordinances; and Local Return Guidelines are provided as Attachment A through F. The additional Consolidated Audit reports are accessible online.

The comprehensive financial and compliance audit reports issued by Vasquez are accessible online at:

[<http://libraryarchives.metro.net/DB_Attachments/FY20%20Consolidated%20Audits/210804_Vasquez%20Package%20A/>](http://libraryarchives.metro.net/DB_Attachments/FY20%20Consolidated%20Audits/210804_Vasquez%20Package%20A/)

The comprehensive financial and compliance audit reports issued by Simpson are accessible online at :

[<http://libraryarchives.metro.net/DB_Attachments/FY20%20Consolidated%20Audits/210804_Simpson%20Package%20B/>](http://libraryarchives.metro.net/DB_Attachments/FY20%20Consolidated%20Audits/210804_Simpson%20Package%20B/)

FINANCIAL IMPACT

This is an informational report and does not have a direct financial impact on Metro as the auditors concluded that the County, Cities, transit operators, and other agencies complied, in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return and other applicable programs for the Fiscal Year ending June 30, 2020; and Metro program managers are working with the respective funds recipients to resolve the stated findings.

Impact to Budget

This is an informational report and does not impact the FY 2022 budget.

EQUITY PLATFORM

In applying an equity lens to the audit work performed in the FY 2020 Consolidated Audit Report staff performed an analysis of the 88 cities that were audited to determine if they contain Equity Focused Communities (EFCs). Utilizing Metro's ArcGIS Mapping Tool, it was noted that 50 percent of the cities audited have designated EFC's within the cities. Staff will continue to consider and identify any potential equity impacts in our future reports.

Metro defines areas with the greatest mobility needs as Equity Focused Communities (EFCs). EFCs are defined as areas in which at least 40 percent of residents are low-income (earning \$35,000 or less per year), and 80 percent of residents are people of color, or 10 percent of the households do not have a car.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

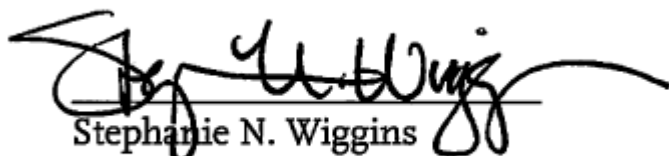
Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization. The projects/programs developed with these funds directly or indirectly support all five Vision 2028 goals identified in Metro's Strategic Plan.

ATTACHMENTS

- A. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Vasquez)
- B. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Simpson)
- C. Report on Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines (Vasquez)
- D. Report on Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines (Simpson)
- E. Report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines (Vasquez)
- F. Report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines (Simpson)

Prepared by: Lauren Choi, Sr. Director, Audit, (213) 922-3926
Monica Del Toro, Audit Support Manager, (213) 922-7494

Reviewed by: Shalonda Baldwin, Executive Officer, Administration, (213) 418-3926



Stephanie N. Wiggins
Chief Executive Officer



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO
PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO
PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds Consolidated Audit Report
Fiscal Year Ended June 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Proposition A and Proposition C Oversight Committee**

Report on Compliance

We have audited the compliance of the thirty-nine (39) Cities identified in Schedule 1, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter-approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by LACMTA and the respective Cities for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and the Requirements is the responsibility of the respective management of the Cities.

Auditor's Responsibility

Our responsibility is to express opinions on the Cities' compliance with the Guidelines and the Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs occurred. An audit includes examining, on a test basis, evidence about each City's compliance with the Guidelines and the Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's compliance with the Guidelines and the Requirements.



Opinion

In our opinion, the Cities complied, in all material respects, with the Guidelines and the Requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and the Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-021. Our opinion is not modified with respect to these matters.

The Cities' responses to the noncompliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

The management of each City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and the Requirements referred to above. In planning and performing our audits of compliance, we considered each City's internal control over compliance with the Guidelines and the Requirements that could have a direct and material effect on the Proposition A and Proposition C Local Return programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-003 and #2020-020 to be material weaknesses.



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-005, #2020-006 and #2020-007 to be significant deficiencies.

The Cities' responses to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and the Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 31, 2020**

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year ended June 30, 2020**

The audits of the 39 cities identified in Schedule 1 have resulted in 21 findings. The table below summarized those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved
			PALRF	PCLRF	During the Audit
Funds expended were approved and have not been substituted for property tax.	5	Baldwin Park (See Finding #2020-003)	\$ 187,766	\$ 302,945	\$ 490,711
		Bell Gardens (See Finding #2020-004)	14,743	-	14,743
		Compton (See Finding #2020-009)	20,000	-	20,000
		Lawndale (See Finding #2020-013)	-	88,280	88,280
		Montebello (See Finding #2020-015)	-	165,324	165,324
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	6	Bell Gardens (See Finding #2020-005)	None	-	None
		Carson (See Finding #2020-008)	-	None	None
		La Puente (See Finding #2020-011)	-	None	None
		Maywood (See Finding #2020-014)	None	None	None
		Pico Rivera (See Finding #2020-016)	None	-	None
South El Monte (See Finding #2020-019)	-	None	None		
Annual Project Summary Report (Form B) was submitted timely.	3	Azusa (See Finding #2020-001)	None	None	None
		Bell Gardens (See Finding #2020-006)	None	None	None
		Industry (See Finding #2020-010)	None	None	None
Accounting procedures, record keeping and documentation are adequate.	1	South El Monte (See Finding #2020-020)	82,602	20,729	-
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	1	Pomona (See Finding #2020-017)	-	None	None
Recreational Transit Form was submitted timely.	5	Azusa (See Finding #2020-002)	-	None	None
		Calabasas (See Finding #2020-007)	None	None	None
		La Puente (See Finding #2020-012)	None	-	None
		Pomona (See Finding #2020-018)	None	-	None
		South El Monte (See Finding #2020-021)	None	-	None
Total Findings and Questioned Costs	21		\$ 305,111	\$ 577,278	\$ 779,058

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Agoura Hills	Azusa	Baldwin Park
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	See Finding #2020-003
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	See Finding #2020-001	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	See Finding #2020-002	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Bell	Bell Gardens	Beverly Hills
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	See Finding #2020-004	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	See Finding #2020-005	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	See Finding #2020-006	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Calabasas	Carson	Commerce
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	See Finding #2020-008	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	See Finding #2020-007	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Compton	Cudahy	Culver City
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	See Finding #2020-009	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	El Monte	Gardena	Hawthorne
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested Proposition A and Proposition C Local Return Funds	Hidden Hills	Huntington Park	Industry
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	See Finding #2020-010
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Inglewood	Irwindale	La Puente
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	See Finding #2020-011
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Not Applicable	See Finding #2020-012

**Los Angeles County Metropolitan Transportation Authority
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Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Lawndale	Lynwood	Malibu
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	See Finding #2020-013	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
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Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Proposition A and Proposition C Local Return Funds	Maywood	Montebello	Monterey Park
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	See Finding #2020-015	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2020-014	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Not Applicable	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
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Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Pico Rivera	Pomona	Rosemead
Proposition A and Proposition C Local Return Funds			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2020-016	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	See Finding #2020-017	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	See Finding #2020-018	Compliant

**Los Angeles County Metropolitan Transportation Authority
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Summary of Audit Results
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(Continued)**

Compliance Area Tested Proposition A and Proposition C Local Return Funds	San Fernando	Santa Fe Springs	Santa Monica
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Compliant

Los Angeles County Metropolitan Transportation Authority
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(Continued)

Compliance Area Tested Proposition A and Proposition C Local Return Funds	South El Monte	South Gate	Vernon
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2020-019	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	See Finding #2020-020	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	See Finding #2020-021	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
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(Continued)**

Compliance Area Tested Proposition A and Proposition C Local Return Funds	Walnut	West Hollywood	Westlake Village
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Not Applicable

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Finding #2020-001: PALRF and PCLRF	City of Azusa
Compliance Reference	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines state that, "Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
Condition	The City submitted its Annual Project Update (Form B) on October 1, 2019, 60 days after the due date of August 1, 2019.
Cause	The City inadvertently missed the filing deadline.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the Annual Project Update (Form B) is submitted by August 1st as required by the Guidelines.
Management's Response	The City will ensure the Proposition A & C Form B is submitted in a timely manner by the August 1 for each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Annual Project Update (Form B). No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
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(Continued)**

Finding #2020-002: PCLRF	City of Azusa
Compliance Reference	Under Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year".
Condition	The Recreational Transit Service Form was submitted on October 19, 2020, 4 days beyond the due date of October 15, 2020.
Cause	The City inadvertently missed the filing deadline.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the Annual Recreational Transit Service Form is submitted by October 15 th as required by the Guidelines.
Management's Response	The City will ensure the Recreational Transit Form and Certification is submitted in a timely manner by the October 15 for each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Recreational Transit Service form. No follow up is required.

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(Continued)**

Finding #2020-003: PALRF and PCLRF	City of Baldwin Park
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <ul style="list-style-type: none"> a. PALRF Project code 170-01, Bus Shelter Maintenance, totaling \$6,826; b. PALRF Project code 180-01, CNG Station, totaling \$13,712; c. PALRF Project code 270-02, Commuter Express Trolley Program Planning, totaling \$10,595; d. PALRF Project code 430-03, Complete Streets - Maine Phase II, totaling \$72,100; e. PALRF Project code 430-05, Walnut Creek NP Restoration, totaling \$13,079; f. PALRF Project code 450-01, SB1 Street Improvements and Rehabilitation, totaling \$42,454; g. PALRF Project code 470-02, Pavement Management Updates, totaling \$29,000; h. PCLRF Project code 120-01, Dial A Ride Service, totaling \$28,554; i. PCLRF Project code 220-01, Graffiti Removal, totaling \$55,529 j. PCLRF Project code 230-02, Park/Ride Lot - Utilities, totaling \$2,135; k. PCLRF Project code 270-03, SGVCOG Dues, totaling \$12,292; l. PCLRF Project code 300-05, Transit Center/Pedestrian Bridge, totaling \$34,212; m. PCLRF Project code 440-08, Street Name/Roadway Signs, totaling \$75,566; and

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(Continued)**

Finding #2020-003: PALRF and PCLRF (continued)	City of Baldwin Park
Condition (continued)	<p>n. PCLRF Project code 450-10, Various Street Improvement Project, totaling \$94,657;</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p> <p>This is a repeat finding from prior years' audits.</p>
Cause	The City continued transitioning of various reporting requirements among several staff members and departments throughout this year. Although the coordination among the various departments has greatly improved, staff is still adjusting to the newly implemented procedures that resulted from the previous year's findings. A combination of new staff positions and new procedures led to an oversight on the timely completion of the forms. This has been addressed and discussed with staff and should not re-occur moving forward.
Effect	Proposition A and Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management's Response	Procedures implemented in the most recent audit year have addressed hurdles in the preparation and submittal of the appropriate information in order to meet compliance with Proposition A and Proposition C Local Return Guidelines. Further, staff has been trained in the use of LACMTA's new Local Return Management System (LRMS) portal "Smartsheet" system which is expected to greatly improve the City's reporting submittal requirements. In addition, the City implemented a two-step verification process that includes both Finance and Public Works department staff obtaining verification of approval by LACMTA before issuing any checks and expending any funds for the projects.
Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on October 22 and 29, 2020. No follow up is required.

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(Continued)**

Finding #2020-004: PALRF	City of Bell Gardens
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City claimed expenditures under the PALRF Project Code 260-01, Vehicles, totaling \$14,743 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
Cause	The finding was caused by an oversight by City staff.
Effect	Proposition A LR funds were expended towards project expenditures without prior approval by LACMTA.
Recommendation	We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects by submitting a Project Description Form (Form A).
Management's Response	<p>The City concurs with the finding that a Form A should have been submitted to LACMTA for approval for Project code 260-01, Vehicles.</p> <p>The City continues to reevaluate the processes that are in place to ensure that budgets for new projects are approved by LACMTA prior to expending the funds.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of project's budget on September 24, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
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(Continued)**

Finding #2020-005: PALRF	City of Bell Gardens
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PALRF's Project Code 120-01, General Public Transit project. Amount in excess of 25 percent of the approved budget was \$405,277.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on September 24, 2020.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	The City revised the direct cost reporting for the General Public transit project. In previous years, all (100%) direct cost was reported in General Public Transit project. In the last two years, the City allocated 20% of the direct cost to Fixed Route Transit project since the direct cost applies to both Fixed Route Transit and General Public Transit. The finding was caused by an oversight by City staff.
Effect	The City's PALRF project expenditures exceeded 25 percent of the project budget approved by LACMTA without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.

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 (Continued)**

Finding #2020-005: PALRF	City of Bell Gardens
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	The City concurs with the finding and will establish procedures to ensure that any projects exceeding the 25 percent threshold are identified and updated Project Description Form (Form A) is submitted to LACMTA for approval prior to the expenditure of funds.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on September 24, 2020. No additional follow up is required.

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(Continued)**

Finding #2020-006: PALRF and PCLRF	City of Bell Gardens
Compliance Reference	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 st of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
Condition	The City submitted its Form B on August 21, 2019, 20 days after the due date of August 1, 2019. This is a repeat finding from prior year's audit.
Cause	The Form B report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 st as required by the Guidelines.
Management's Response	The City continues to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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 (Continued)**

Finding #2020-007: PALRF and PCLRF	City of Calabasas
Compliance Reference	Under Section III(A) Reporting Requirement for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
Condition	The Recreational Transit report was submitted on November 18, 2020, 34 days beyond the due date of October 15, 2020. This is a repeat finding from prior year's audit.
Cause	LACMTA had moved all documents to Smartsheet system. Staff was under the impression that this form was no longer in use as it was not listed on the website.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend that the City establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 th as required by the Guidelines.
Management's Response	Staff will ensure this form is submitted to LACMTA prior to the due date.
Finding Corrected During the Audit	The City subsequently submitted the Recreational Transit Service form. No follow up is required.

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Finding #2020-008: PCLRF	City of Carson
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PCLRF's Project Code 240-03, Emergency Lyft Services project. Amount in excess of 25 percent of the approved budget was \$1,324.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a revised Project Description Form (Form A).</p>
Cause	This condition was caused by staff oversight.
Effect	The City's PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects.</p> <p>The City requested to increase the budget and was granted a retroactive approval on the amended budget for this project on October 14, 2020.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of said project on October 14, 2020. No additional follow up is required.

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Finding #2020-009: PALRF	City of Compton
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City claimed expenditures amounting to \$20,000 under PALRF Project code 280-30, Compton Station Transit Oriented Development (TOD) Specific Plan, with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from LACMTA.</p>
Cause	This condition was caused by insufficient communication between the Budget Office, Grants Department, and LACMTA.
Effect	Proposition A funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management's Response	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects. The City received a retroactive approval for this project on November 10, 2020.</p> <p>The City is also preparing a new grants policy by December 31, 2020, which will address the areas of communication, so this will not occur again.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on November 10, 2020. No follow up is required.

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Finding #2020-010: PALRF and PCLRF	City of Industry
Compliance Reference	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 st of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year".
Condition	The City submitted its Form B on August 15, 2019, 14 days after the due date of August 1, 2019.
Cause	The Form B report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 st as required by the Guidelines.
Management's Response	The City has since put in extra procedures to ensure timely reporting to comply with the requirements and the FY 2020 budget was filed on time.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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(Continued)**

Finding #2020-011: PCLRF	City of La Puente
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
Condition	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PCLRF's Project Code 480-02, Administration. Amount in excess of 25 percent of the approved budget was \$3,680.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on November 12, 2020.</p>
Cause	City staff became primarily engaged in disaster management and Emergency Operations Center (EOC) activities in March 2020 due to the COVID-19 Pandemic. As priorities in local government shifted towards protecting the community from this emergent threat, an oversight was made in monitoring expenditures in the Administration project.
Effect	The City's PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval, which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-011: PCLRF (continued)	City of La Puente
Management's Response	<p>City staff agrees with the finding and has put a procedure in place to verify that LACMTA approval has been obtained prior to the expenditure of funds. Under this procedure a designated staff member will review and complete all necessary documents for submission to LACMTA. Furthermore, staff has recently implemented a monthly budget monitoring and reporting process, which is reviewed at all levels of management.</p>
Finding Corrected During the Audit	<p>LACMTA Program Manager granted retroactive approval of the said project on November 12, 2020. No additional follow up is required.</p>

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-012: PALRF	City of La Puente
Compliance Reference	Under Section III (A) Reporting Requirements for Jurisdictions of the Proposition A and Proposition C Local Return Guidelines, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
Condition	The Recreational Transit report was submitted on October 16, 2020, 1 day beyond the due date of October 15, 2020.
Cause	City staff became primarily engaged in disaster management and Emergency Operations Center (EOC) activities in March 2020 due to the COVID-19 Pandemic. Based on social distancing guidelines from Public Health authorities, recreational transit activities were halted. Due to the lack of activity in this area of service, City staff made an oversight in tracking the deadline for submittal of the report.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 th as required by the Guidelines.
Management's Response	City staff agrees with the finding and has implemented new control procedures to ensure the timely submission of all LACMTA documents, including scheduling calendar events in MS Outlook on multiple user accounts within the Administrative Services Department.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-013: PCLRF	City of Lawndale
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
Condition	The City claimed expenditures amounting to \$88,280 under PCLRF Project code 440-01, Street Maintenance and Repairs Project, with no prior approval from LACMTA. Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from LACMTA.
Cause	The City had submitted its budget under project code 480-03 totaling to \$297,904 for FY 2019/20 including both administration costs and street maintenance and repairs costs.
Effect	Proposition C funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management's Response	The City will submit future proposals with the two costs, street maintenance and repairs and administration expenses, in separate project codes.
Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on November 2, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-014: PALRF and PCLRF	City of Maywood
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
Condition	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for the following projects:</p> <ul style="list-style-type: none"> a. PALRF's Project code 405-03, Fund Exchange-Manhattan Beach Project. Amount in excess of 25 percent of the approved budget was \$23,973; and b. PCLRF's Project code 120-01, Maywood Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$94,718. <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on October 21, 2020.</p>
Cause	<p>The City is under the impression that the total of the project budgets of \$550,000 for the PALRF fund exchanges with the City of West Hollywood and City of Manhattan Beach was not exceeded. However, the actual fund exchange with the City of West Hollywood was lower than the budget and the fund exchange with the City of Manhattan Beach was higher than the budget but total fund exchange is the same as the budget.</p> <p>The former Finance Director was planning to use other funding source for the City's Dial-A-Ride project but the City ended up just using PCLRF.</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-014: PCLRF (continued)	City of Maywood
Effect	The City's PALRF and PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	The City submitted a revised Form A and obtained an approval for the increase in the budget from LACMTA Program Manager.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of said project on October 24, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-015: PCLRF	City of Montebello
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
Condition	The City's issuance of the Proposition C Limited Tax Bonds and the use of the proceeds of the bonds for Paving the Way Project was approved by LACMTA before the issuance of the bonds in December 7019. Accordingly, the debt service payments were also approved as an eligible expense under PCLRF. However, to comply with LACMTA's annual budget approval process and reporting requirement, the City is required to submit Form A and include the annual budgets for both bond proceeds project expenditures and debt service payment for approval by LACMTA. Debt service payments of \$165,324 were not included in Form A.
Cause	The City had received approval for the bond issuance from LACMTA, but did not know that separate approvals were required for underlying annual project expenditures including debt service payments through Form B or Form A.
Effect	The City claimed debt service payments totaling \$165,324 without prior approval from LACMTA. Lack of prior approval results in noncompliance.
Recommendation	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Proposition C-funded projects.
Management's Response	The City submitted Form A to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 29, 2020.
Findings Resolved During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 29, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-016: PALRF	City of Pico Rivera
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, “Jurisdiction shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for : 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects”.
Condition	<p>The City exceeded LACMTA’s approved budget by more than 25% without obtaining approval through a revised Form A for the following projects.</p> <p>a. PALRF’s Project code 220-01, Transit Security Project. Amount in excess of 25 percent of the approved budget was \$10,399; and</p> <p>b. PALRF’s Project code 300-01, Transit Facility Enhancement. Amount in excess of 25 percent of the approved budget was \$16,322.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted amended Form A’s to the LACMTA Program Manager and obtained a retroactive approval of the projects on October 1, 2020.</p>
Cause	The staff that is actively working on the projects charge their time directly as they are working on them. Delays in project cost reviews were experienced due to the current work schedules caused by the mandated shutdown, and staff was unable to adjust costs greater than 25 percent to the employee’s home department.
Effect	The City’s PALRF project expenditures exceeded 25 percent of LACMTA’s approved project budget without LACMTA’s approval and the City did not comply with the Guidelines.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-016: PALRF (Continued)	City of Pico Rivera
Recommendation	We recommend the City submit amended Form A's to obtain LACMTA's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	Staff was of the understanding that the direction given by LACMTA staff per LACMTA Senior Transportation Planner, Chelsea Meister's email dated September 24th stated reports typically due on August 1 needed to be completed by October 1st.
Auditor Rejoinder	<p>Although the City has submitted amended Form A's and the increase in the project budgets were retroactively approved by LACMTA, the City is required to submit the revised Form A anytime during the fiscal year and not after the fiscal year. There was a misunderstanding on the deadline for submission of the amended budgets.</p> <p>Based on the Proposition A and C Local Return Guidelines, a Project Description Form (Form A) has to be submitted any time during the fiscal year for projects with a change of 25% or more from the approved project budget.</p>
Findings Resolved During the Audit	LACMTA Program Manager granted retroactive approval of said projects on October 1, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-017: PCLRF	City of Pomona
Compliance Reference	<p>Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects".</p> <p>"Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria."</p> <p>"A Pavement Management System (PMS) Certification Form should be prepared and submitted to LACMTA with project codes 430, 440, 450 and 470."</p>
Condition	<p>The City did not submit a signed Pavement Management System (PMS) certification in FY 2019/20, which is required to be conducted and maintained every 3 years. The City's latest certification submitted to LACMTA on April 13, 2017 has a December 13, 2016 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2020.</p> <p>A PMS Certification is required for the following PCLRF projects:</p> <ul style="list-style-type: none"> a) Project code 440-01, Bridge Rehabilitation Program; b) Project code 440-11, Street Preservation CW; c) Project code 450-04, Holt Ave West Reconstruction; d) Project code 450-10, ADA Compliance Program; and e) Project code 450-11, Highway Improvement – SR 71 Highway Conversion.
Cause	<p>The City completed an inventory updated on December 13, 2019, however the Certification was not submitted at that time.</p>
Effect	<p>The City was not in compliance with respect to the certification of PMS in conformance with the criteria stipulated in the Local Return Guidelines. As such, any local return funds spent maybe required to be returned to the Local Return Funds.</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-017: PCLRF (Continued)	City of Pomona
Recommendation	We recommend that the City submit to LACMTA a signed certification that it has a PMS for eligibility of its new or ongoing street maintenance or bikeway projects and keep it on file.
Management's Response	The City continues to be in compliance by renewing the PMS every three years and completing the inventory and assessment on December 13, 2019. The City will implement an internal deadline to submit PMS Certification as required by the Guidelines.
Findings Resolved During the Audit	The City subsequently submitted the PMS Certification on November 3, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-018: PALRF	City of Pomona
Compliance Reference	Section III (A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines states that, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
Condition	The Recreational Transit Services form was submitted on October 20, 2020, 5 days beyond the due date of October 15, 2020.
Cause	The finding was caused by an oversight by City staff.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend that the City establish procedures and internal controls to ensure that the Annual Recreational Transit Services form is submitted by October 15 th as required by the Guidelines.
Management's Response	The City will implement an internal deadline to submit the Recreational Transit Service report along with the Form C deadline to LACMTA. The City will develop a checklist to ensure all items are submitted prior to the audit.
Findings Resolved During the Audit	The City subsequently submitted the Recreational Transit Services form. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-019: PCLRF	City of South El Monte
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdiction shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
Condition	<p>The City exceeded LACMTA's approved budget by more than 25% without obtaining approval through a revised Form A for PCLRF's Project code 480-02, Administration. Amount in excess of 25 percent of the approved budget was \$1,979.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on November 19, 2020.</p>
Cause	Due to COVID-19, the deadline to submit the form was overlooked. However, the City has been working diligently to catch up on all its compliance filings.
Effect	The City's PCLRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal control to ensure compliance with this requirement at all times.
Management's Response	Going forward, the City intends to check the amounts recorded per GL throughout the year to make sure that the City does not exceed what has been already approved, or seek approval prior to going over, in order not to request approval in retrospect.
Findings Resolved During the Audit	LACMTA Program Manager granted retroactive approval of the said project on November 19, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>Finding #2020-020: PALRF and PCLRF</p>	<p>City of South El Monte</p>
<p>Compliance Reference</p>	<p>Proposition A and Proposition C Local Return Guidelines (Guidelines) Section II states that, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance”. Also, Section V states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guideline”.</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> 1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA Project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records. 2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-020: PALRF and PCLRF (Continued)	City of South El Monte
Condition	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <p><u>PALRF:</u> a) Project code 170-01, Bus Shelter Maintenance, total amount of \$62,823; and b) Project code 480-02, Administration, total amount of \$19,779</p> <p><u>PCLRF:</u> a) Project code 480-02, Administration, total amount of \$20,729</p> <p>The salaries and benefits claimed under PALRF and PCLRF of \$82,602 and \$20,729, respectively, are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	<p>In fiscal year 2020, the City made a switch from predetermined allocation per City adopted budget to timesheet. However, due to the year being a transition year, HR and Payroll setup had to be reevaluated numerous times, as the City encountered situations in which only salaries appeared in special revenue funds without benefits or overhead.</p>
Effect	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, the costs are considered unallowable and the Guidelines require the City return the money to the Local Return Funds.</p>
Recommendation	<p>We recommend that the City provide documentation to support the salaries and benefit charges to PALRF and PCLRF. If these documents are not provided, the City is required to reimburse its PALRF and PCLRF accounts the amount of \$82,602 and \$20,729, respectively.</p> <p>In addition, we recommend that the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.</p>

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-020: PALRF and PCLRF (Continued)	City of South El Monte
Management's Response	<p>In order to systematically irradicate any unnecessary complexity and confusion regarding reimbursable labor cost going forward, the City intends to accomplish the following:</p> <ol style="list-style-type: none"> 1. Complete the cost and fee study currently being conducted by NBS, who were selected through a formal RFP process. Once the study is complete, the fully burdened hourly rate of each employee will be known. 2. Default all City employee labor hours to the General Fund. 3. Require all City employee to track labor hours spent working on special revenue fund projects on timesheets. 4. Have the special revenue funds reimburse the General Fund based on employee's fully burdened hourly rate multiplied by the actual hours worked per timesheet.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-021: PALRF	City of South El Monte
Compliance Reference	Under Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year".
Condition	The Recreational Transit Service Form was submitted on October 19, 2020, 4 days beyond the due date of October 15, 2020.
Cause	Due to COVID-19, the deadline to submit the form was overlooked. However, the City has been working diligently to catch up on all its compliance filings.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend that the City establish procedures and controls to ensure that the Annual Recreational Transit Service Form is submitted by October 15 th as required by the Guidelines.
Management's Response	Going forward, the City will place this item on its Outlook Calendar to send automatic reminder notice(s) so that it will be submitted prior to the due date.
Findings Resolved During the Audit	The City subsequently submitted the Recreational Transit Service Form. No follow up is required.



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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO PROPOSITION A AND PROPOSITION
C ORDINANCES AND PROPOSITION A AND
PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2020**

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SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND
PROPOSTION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Proposition A and Proposition C Oversight Committee

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles (the County) identified in Schedule 1, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management’s Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective Cities' and the County's management.

Auditor’s Responsibility

Our responsibility is to express opinions on each City's and the County's compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs occurred. An audit includes examining, on a test basis, evidence about each City's and the County's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's and the County's compliance with the Guidelines and Requirements.





Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-029. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule 2 - Schedule of Findings and Questioned Costs. The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and the Requirements that could have a direct and material effect on the Proposition A and Proposition C Local Return programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's and the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Guidelines and Requirements on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines and Requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-009 and #2020-010 to be material weaknesses.



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines and Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-002, #2020-008, #2020-014, #2020-015, #2020-016, #2020-019 and #2020-029 that we consider to be significant deficiencies.

The responses by the Cities to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses by the Cities were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 31, 2020

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audits of the 49 cities and the County identified in Schedule 1 have resulted in 29 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Funds were expended without LACMTA's approval.	5	Artesia (#2020-002) Lancaster (#2020-015) Manhattan Beach (#2020-018) Palmdale (#2020-022) Temple City (#2020-028)	\$ 20,000 - - 21,375 750,000	- \$ 862 77,600 - -	\$ 20,000 862 77,600 21,375 750,000
Total annual expenditures exceeded more than 25% of the approved budget.	3	La Cañada Flintridge (#2020-014) Lancaster (#2020-016) Palmdale (#2020-023)	None None None	- - -	None None None
Annual Project Summary Report (Form B) was not submitted on time.	1	Alhambra (#2020-001)	None	None	None
Annual Expenditure Report (Form C) was not submitted on time	1	Artesia (#2020-003)	None	None	None
Accounting procedures, record keeping, and documentation are adequate.	6	Artesia (#2020-004) Downey (#2020-009) Downey (#2020-010) Glendora (#2020-012) Manhattan Beach (#2020-019) Whittier (#2020-029)	None 462,403 126,690 None None 152,636	- 73,844 - - - 98,380	None - - None None None

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Pavement Management System (PMS) is not in place or being used for Street Maintenance or Improvement Projects Expenditures.	4	Artesia (#2020-005) Claremont (#2020-007) Norwalk (#2020-021) Signal Hill (#2020-026)	- - - -	None None None None	None None None None
Recreational transit form was not submitted on time.	9	Artesia (#2020-006) Covina (#2020-008) El Segundo (#2020-011) Glendora (#2020-013) Los Angeles (#2020-017) Manhattan Beach (#2020-020) Pasadena (#2020-024) Redondo Beach (#2020-025) South Pasadena (#2020-027)	None None None None None None None None None	- - - - - - - - -	None None None None None None None None None
Total Findings and Questioned Cost	29		\$ 1,533,104	\$ 250,686	\$ 869,837

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Alhambra	Arcadia	Artesia
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	PA: #2020-002 PC: Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	PA & PC: #2020-001	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	PA & PC: #2020-003
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	PA: #2020-004 PC: Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	PA: Compliant PC: #2020-005
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	PA: #2020-006 PC: Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Avalon	Bellflower	Bradbury
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	PA: Compliant PC: #2020-007
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Covina	Diamond Bar	Downey
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	PA & PC: #2020-009 PA: #2020-010
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-008 PC: Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	PA: #2020-011 PC: Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	PA: #2020-012 PC: Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Not Applicable	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-013 PC: Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	PA: #2020-014 PC: Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Verne	Lakewood	Lancaster
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	PA: Compliant PC: #2020-015
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	PA: #2020-016 PC: Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	Compliant

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Compliant
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Compliant	PA: #2020-017 PC: Compliant

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: Compliant PC: #2020-018	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Not Applicable	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA: #2020-019 PC: Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	PA: #2020-020 PC: Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: #2020-022 PC: Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	PA: #2020-023 PC: Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	PA: Compliant PC: #2020-021	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	PA: #2020-024 PC: Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Not Applicable	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Not Applicable	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-025 PC: Compliant	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	PA: Compliant PC: #2020-026
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	South Pasadena	Temple City	Torrance
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: #2020-028 PC: Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-027 PC: Compliant	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	West Covina	Whittier
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant
Timely use of funds.	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA & PC: #2020-029
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
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PALRF Finding #2020-001	City of Alhambra
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, "Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects."
Condition	The City did not meet the August 1, 2019 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 14, 2019.
Cause	The submission of Form B was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director.
Effect	The City's Form B was not submitted timely as required by the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager.
Finding Corrected During the Audit	The City subsequently submitted the Form B on August 14, 2019. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-002	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
Condition	The City used Proposition A Local Return funds for Project Code 480-08 Gateway COG Study in the amount of \$20,000 prior to LACMTA's approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 23, 2020. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City's finance department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines of obtaining an approval from LACMTA prior to the expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City's Form A for Project Code 480-08 Gateway COG Study was submitted and retroactively approved by LACMTA on December 23, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF and PCLRF Finding #2020-003	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Annual Expenditure Report (Form C). Instead, the City submitted the Form C on December 23, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City's Form C was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form C is properly prepared and submitted before the due date of October 15th in accordance with the Proposition A and Proposition C Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City subsequently submitted the Form C on December 23, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PALRF Finding #2020-004</p>	<p>City of Artesia</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="text-align: center;">:</p> <p style="text-align: center;">(b) A Federal award and non-Federal award.</p> <p style="text-align: center;">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="text-align: center;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="text-align: center;">:</p> <p style="text-align: center;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:</p> <p style="text-align: center;">(i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF Finding #2020-004 (Continued)	City of Artesia
Condition	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged for one (1) employee (Management Analyst) under Project 480-07, Prop A. Vehicle - Personnel Salary for the four (4) pay periods (1/10/20, 1/24/20, 2/8/20, 2/21/20) totaling \$2,025, did not agree with the authorized pay rate per Personnel Action Form (PAF) and the corresponding timesheets provided.</p> <p>However, based on the timesheets which showed actual hours worked per program and the pay rate per PAF to reflect the current effective pay rate allocated to the PALRF, the salaries and benefits charged under the Project 480-07 was under-allocated by \$95. The City represented that it was due to human error when allocating salaries and benefits expenditures to PALRF's project.</p>
Cause	It was due to an oversight by the City's finance department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen its controls over the allocation of payroll costs to ensure that all project expenditures are adequately supported and reported.
Management's Response	The error in salary expenditure allocation was due to an oversight, the new management team will ensure accurate recording in City's accounting system going forward.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-005	City of Artesia
Compliance Reference	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for the following three projects: (1) 440-07 Pioneer, Artesia, & Norwalk Landscaped Median; (2) 440-08 Pioneer, Artesia, I Norwalk & South Street; and (3) 440-15 Traffic Stripping Maintenance. However, the City did not submit PMS Certification Form during the fiscal year 2020. The last PMS Certification Form was expired on November 15, 2019.</p>
Cause	<p>It was due to an oversight.</p>
Effect	<p>The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines.</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-005 (Continued)	City of Artesia
Recommendation	We recommend that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
Management’s Response	The City is aware that the current Pavement Management System Certification (PMS) on file should have been updated in FY20. The City is in the process of obtaining a quote from the City's contracted engineer to update the PMS Certification. The City endeavors to bring the PMS Certification into compliance as quickly as possible in 2021.
Finding Corrected During the Audit	The City has reached out to LACMTA for an extension to submit the PMS certification form in FY2021. LACMTA subsequently approved on January 6, 2021. Verification of the PMS Certification Form submission will be performed during FY2021 audit.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-006	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on December 28, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen its control procedures to ensure the timely submission of all required forms and documentations.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unable to complete all required tasks on time.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted to LACMTA on December 28, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-007	City of Claremont
Compliance Requirement	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for its Project Code 440-01, On-Call Asphalt Repair. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2017 which was provided to LACMTA on December 8, 2016.</p> <p>Subsequently, the City submitted the PMS Certification on December 10, 2020.</p>
Cause	This is due to the City staff’s oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2020
(Continued)**

PCLRF Finding #2020-007 (Continued)	City of Claremont
Recommendation	We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City's Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
Management's Response	The Management concurred with the finding.
Finding Corrected During the Audit	The City subsequently submitted the PMS Certification on December 10, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF Finding #2020-008	City of Covina
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 3, 2020. This is a repeat finding from prior fiscal year.
Cause	With rollout of the new LACMTA LRMS in October 2020, the submission of the Listing of Recreational Transit Services form was overlooked.
Effect	The City’s Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	Moving forward, the City will implement a new process to ensure that the submission of PALRF form deadline is met.
Finding Corrected During Audit	The City submitted the form to LACMTA on November 3, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
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 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PALRF & PCLRF Finding #2020-009</p>	<p>City of Downey</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p style="padding-left: 40px;">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**Los Angeles County Metropolitan Transportation Authority
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 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PALRF & PCLRF Finding #2020-009 (Continued)</p>	<p>City of Downey</p>
<p>Condition</p>	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged were based on estimated percentages on PALRF and PCLRF activities rather than the employee’s actual hours worked on the projects. Although the City provided a time study listing the employees charged to PALRF and PCLRF, the salaries and benefits on the time study were based on estimated percentages. Moreover, the hours were not adjusted to reflect the “true” hours worked on the projects at the end of the fiscal year 2019-20. The following is a list of the unsupported salaries and benefits allocations per project:</p> <p>(a) PALRF’s Fixed Route Program Project Code 110-13 in the amount of \$33,307.</p> <p>(b) PALRF’s Revised Senior/Handicapped Transit Program Project Code 130-02 in the amount of \$429,096.</p> <p>(c) PCLRF’s Ride Sharing Program Administration Project Code 480-02 in the amount of \$40,997.</p> <p>(d) PCLRF’s Local Return Fund Administration (Public Works) Project Code 480-28 in the amount of \$32,847.</p> <p>This is a repeat finding from the prior four fiscal years.</p>
<p>Cause</p>	<p>The City allocates the salaries and benefits charges based on a time study from fiscal year 2011-12. The same percentage allocations have been used in prior fiscal years. Additionally, the City believed the estimated percentages charged to the funds for salaries and benefit expenses are still less than the actual costs incurred for the programs.</p>
<p>Effect</p>	<p>The payroll costs claimed under the PALRF and PCLRF projects may include expenditures which may be disallowed Proposition A and Proposition C project expenditures. This resulted in questioned costs of \$462,403 and \$73,844 for PALRF and PCLRF, respectively.</p>
<p>Recommendation</p>	<p>We recommend that the City reimburse its PALRF and PCLRF accounts for \$462,403 and \$73,844, respectively. In addition, we recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the programs.</p>

**Los Angeles County Metropolitan Transportation Authority
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 Fiscal Year Ended June 30, 2020
 (Continued)**

<p>PALRF & PCLRF Finding #2020-009 (Continued)</p>	<p>City of Downey</p>
<p>Management's Response</p>	<p>The City's management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for salaries and benefits are less than the actual costs incurred for the programs. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the program was internally administered in which caused an increase in the salaries and benefits costs. In fiscal year 2019-20, the City implemented KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time spent on projects and to be able to track the time spent on each program. With the implementation of this system, the City will be able to charge salaries and benefits costs directly to the program. With the full implementation of KRONOS, the City expects this finding to be fully resolved in fiscal year 2020-21.</p>

Los Angeles County Metropolitan Transportation Authority
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Fiscal Year Ended June 30, 2020
(Continued)

PALRF Finding #2020-010	City of Downey
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, "A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance" and Section V: Audit Section, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation..."
Condition	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, payments for equipment rental in the amount of \$126,690 were charged to PALRF's Revised Senior/Handicapped Transit Program, Project Code 130-02, without appropriate supporting documentation, i.e., invoices, purchase orders, contracts, etc., to validate the disbursements.</p> <p>This is a repeat finding from the prior three fiscal years.</p>
Cause	The City allocates equipment rental charges based on a time study from fiscal year 2011-12. The same percentage allocation has been used in prior fiscal years. Additionally, the City believed the estimated percentage charged to the fund for equipment rental expenditures are still less than the actual costs incurred for the program.
Effect	The unsupported expenditures for the equipment rental resulted in questioned costs of \$126,690.
Recommendation	We recommend that the City reimburse its PALRF account for \$126,690. In addition, we recommend that the City strengthen its controls over the allocation of equipment rental costs by using an equitable and supported allocation basis to substantiate the costs charged to the program.
Management's Response	The City's management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for the allocation of equipment rental expenditures are less than the actual costs incurred to administer the program. For example, the maintenance costs are directly charged to the City's equipment fund and monthly charges are distributed to various departments for the repairs, maintenance, and general upkeep of the vehicles. In fiscal year 2019-20, legal costs in the amount of \$230,000 were incurred for charges in a Dial-A-Ride lawsuit. Both the maintenance and legal costs far exceed the amount allocated to the PALRF.

**Los Angeles County Metropolitan Transportation Authority
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(Continued)**

PALRF Finding #2020-011	City of El Segundo
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on November 18, 2020.
Cause	This was an oversight by the City for not submitting the Recreational Transit Form by the due date.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	City staff submitted the Recreational Transit Form on November 18, 2020 due to oversight. In the future the City will make sure to submit Recreational Transit Form by the October 15th deadline to ensure compliance with the requirements.
Findings Corrected During the Audit	The City's Recreational Transit Form was submitted on November 18, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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 (Continued)**

<p>PALRF Finding #2020-012</p>	<p>City of Glendora</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>The Measure R Local Return Guidelines, Section A.I: Program Summary, states, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.”</p> <p>Likewise, the Measure M Local Return Guidelines, Section XXV: Program Objective, states, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to cities and County of Los Angeles (Jurisdictions) may be used for purposes other than transportation purposes.” and Audit Requirements, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation...”</p>
<p>Condition</p>	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by both the employee and the employee’s supervisor. The Certification is prepared annually and provides the hours worked by the employee on PALRF, MRLRF, and MMLRF projects for all pay periods during the fiscal year 2019-20. The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) March 22, 2020 b) April 19, 2020 c) May 17, 2020 d) June 14, 2020 <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October, November, and December 2020, which were four to seven months after the fact.</p>
<p>Cause</p>	<p>The City was not aware that the Certification needs to be prepared and reviewed near the end of the period covered. As a result, the Certifications were untimely signed by both employees and supervisors.</p>

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

PALRF Finding #2020-012 (Continued)	City of Glendora
Effect	Without employees and supervisors signing the timecards/certifications, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Inadequate support for salaries could result in disallowed costs.
Recommendation	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds' projects.
Management's Response	The City will re-evaluate the preparation process of the Certifications to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

PALRF Finding #2020-013	City of Glendora
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on October 19, 2020.
Cause	Due to the change in the reporting database with the other Metro forms, the late submission of the form was due to an oversight.
Effect	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City will re-evaluate the process to ensure that the form will be submitted timely in the future.
Finding Corrected During the Audit	The City submitted the form to LACMTA on October 19, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF Finding #2020-014	City of La Cañada Flintridge
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A), “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 150.03, Bus Shelter Maintenance Program for City’s Bus Shelters, in the amount of \$328. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on October 5, 2020. This is a repeat finding from fiscal year ending June 30, 2018.
Cause	The work performed on this project was completed in late June. The invoice was received in July 2020 and determined that the actual cost of the project was higher than the amount budgeted. Since the invoice was received after June 2020, the City was not able to submit a request for a budget increase from LACMTA in a timely manner.
Effect	The City’s PALRF project expenditure exceeded 25 percent of LACMTA’s approved budget without LACMTA’s approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA’s approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating Local Return projects.
Management’s Response	The City will review the PALRF expenditures on a monthly basis to ensure that all expenditures incurred are within the budget. The City will obtain approvals from LACMTA when the City determines that more costs are necessary to complete a project or task.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval in the amount of \$3,140 for the said project on October 5, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-015	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project.”
Condition	The City used Proposition C Local Return funds for Project Code 470-13, 2021 Pavement Management Program (12ST041) in the amount of \$862 prior to LACMTA’s approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 21, 2020. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City’s program department.
Effect	The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
Management’s Response	The City will establish procedures to ensure that Project Description Form (Form A) will be submitted timely.
Finding Corrected During the Audit	The City’s Form A for Project Code 470-13, 2021 Pavement Management Program (12ST041) was submitted and retroactively approved by LACMTA on December 21, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-016	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A), "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
Condition	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 160-04, Bus Stop Improvements (as part of Project 16ST007) and Project Code 480-05, General Fund Overhead Allocation without prior approval from LACMTA. The amounts that exceeded the approved budget by more than 25 percent were \$3,999 and \$42,139, respectively. Subsequently, the City submitted amended Project Description forms (Form A) to obtain budget increases from LACMTA for Project Code 160-04 and Project Code 480-05 and received approvals on October 12, 2020 and December 21, 2020, respectively.</p> <p>This is a repeat finding from the prior fiscal year.</p>
Cause	It was due to an oversight by the City's program department.
Effect	The City's PALRF project expenditures exceeded 25 percent of Metro's approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should submit an amended Form A prior to the expenditure of funds.
Management's Response	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget.
Finding Corrected During the Audit	Amended Form A's were submitted to LACMTA and were approved on October 12, 2020 and December 21, 2020, respectively. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-017	City of Los Angeles
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on November 18, 2020.
Cause	This was an oversight by the City in submitting the Recreational Transit Form before the due date.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City in the future will endeavor to submit the Recreational Transit Form on or before the due date.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted on November 18, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-018	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section III. A: Reporting Requirements for Jurisdictions, Project Description Form (Form A), “A new project that meets the eligibility criteria...must be submitted to Metro on Project Description Form (Form A) prior to the expenditure of funds. Metro will review the project to determine if it meets the statutory eligibility requirement and notify Jurisdictions of the project’s LR funding eligibility. If a Jurisdiction expends Proposition A or Proposition C LR funds for a project prior to Metro approval, the Jurisdiction will be required to reimburse its LR Account. Additionally, approvals cannot be retroactive. A Project Description Form (Form A) may be submitted any time during the fiscal year”.
Condition	The City incurred expenditures in the amount of \$77,600 for the Street Resurfacing: Liberty Village project code 440-03 prior to receiving approval from LACMTA. However, the project was subsequently approved on September 24, 2020.
Cause	The City did not submit Form A to LACMTA prior to expenditure of funds on a new project due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines as expenditures for the PCLRF projects were incurred prior to LACMTA’s approval.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that Form A is submitted to LACMTA prior to expending funds on a new project.
Management’s Response	The City in the future will endeavor to submit the Form A on or before the due date.
Finding Corrected During the Audit	Updated Form A was submitted to LACMTA and was retroactively approved on September 24, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF Finding #2020-019	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	To support the propriety of expenditures charged to the Proposition A Local Return Fund (PALRF), all expenditures should be based on actual amounts incurred and supported by a properly executed invoice, purchase order, contract, or other official documentation evidencing in proper detail the nature of the charges. However, during our review of expenditures charged to PALRF for the Dial-A-Ride project code 130-01, it was noted that information system expenditures from the City’s Internal Service Fund were allocated to the PALRF based on the budgeted amount of \$86,640 and would not be “trued up” to the actual cost of \$89,620 at year end. The result was an undercharge of \$2,980 to the PALRF account. This is a repeat finding from the prior fiscal year.
Cause	The City was unaware that charging budgeted amounts to the PALRF is unallowable.
Effect	The City undercharged the PALRF for information system allocations by \$2,980.
Recommendation	We recommend that the City ensure all budgeted expenditures charged to the PALRF are “trued up” to actual amounts.
Management’s Response	The City in the future will allocate internal service funds on an actual basis.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-020	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for the submission of the Recreational Transit Form. Instead, the City submitted the Recreational Transit Form on November 19, 2020.
Cause	This was an oversight by the City in submitting the Recreational Transit Form before the due date.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen its internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet the Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City in the future will endeavor to submit the Recreational Transit Form on or before the due date.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted on November 19, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-021	City of Norwalk
Compliance Reference	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for the following four projects: (1) 440-01 Foster Road Rehabilitation from Studebaker Road to Pioneer Blvd (7904); (2) 440-44 Imperial Highway Rehabilitation - Phase I (7905); (3) 440-47 Alondra Boulevard Rehabilitation from Gridley Road to Studebaker Avenue (Design); and (4) 450-02 Firestone Bridge Guard Rails (7196). However, the City did not submit PMS Certification Form during the fiscal year 2020. The last PMS Certification Form was expired on September 28, 2019.</p>
Cause	<p>It was due to an oversight.</p>
Effect	<p>The City did not comply with the Proposition A and Proposition C Local Return Guidelines.</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-021 (Continued)	City of Norwalk
Recommendation	We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
Management’s Response	The City hired an independent engineering firm to complete the PMS Certification. The City’s PMP study is currently 90% complete. However, there have been delays in finalizing this study due to the COVID-19. The final report will be adopted by the City Council in early Spring 2021.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-022	City of Palmdale
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
Condition	The City used Proposition A Local Return funds for Project Code 500-01 VOIP Telephone System Improvements in the amount of \$21,375 prior to LACMTA's approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 15, 2020.
Cause	It was due to an oversight by the City's program department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
Management's Response	The City will establish procedures to ensure that Project Description Form (Form A) will be submitted timely.
Finding Corrected During the Audit	The City's Form A for Project Code 500-01 VOIP Telephone System Improvements was submitted and retroactively approved by LACMTA on December 15, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-023	City of Palmdale
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	The City exceeded more than 25 percent of LACMTA’s approved budget on PALRF Project Code 230-04 Park and Ride Security without prior approval from LACMTA. The amount that exceeded the approved budget by more than 25 percent is \$10,801. Subsequently, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received an approval on December 15, 2020.
Cause	It was due to an oversight by the City’s program department.
Effect	The City’s PALRF project expenditures exceeded 25 percent of LACMTA’s approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA’s approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should submit an amended Form A prior to the expenditure of funds.
Management’s Response	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA’s approved budget.
Finding Corrected During the Audit	An amended Form A for Project Code 230-04 Park and Ride Security was submitted to LACMTA and was approved on December 15, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PALRF Finding #2020-024	City of Pasadena
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 20, 2020.
Cause	It was due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
Management's Response	There was a staff turnover in Transportation Department and the new staff missed the deadline when submitting the required forms. A reminder has been added to the reporting task calendar to ensure future Recreation Transit reporting due dates are met.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted to LACMTA on October 20, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-025	City of Redondo Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 29, 2020.
Cause	It was due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
Management Response	The Recreational Transit form was submitted late due to staff oversight. The City will work on submitting documents on time in the future.
Finding Corrected During the Audit	The City's Recreational Transit Form was submitted to LACMTA on October 29, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-026	City of Signal Hill
Compliance Reference	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s) <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
Condition	<p>The City has incurred expenditures for PCLRF Project Code 440, Street Improvement and Maintenance. However, the City’s latest PMS Certification expired on June 17, 2020.</p> <p>Subsequently, the City submitted the PMS Certification on December 1, 2020.</p>
Cause	<p>It was due to an oversight.</p>
Effect	<p>The City did not comply with the Proposition A and Proposition C Local Return Guidelines.</p>
Recommendation	<p>We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentation to indicate the listing was submitted in a timely manner.</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

PCLRF Finding #2020-026 (Continued)	City of Signal Hill
Management's Response	There was staff turnover in Public Works Department and the new staff did not know the PMS Certification was to be submitted on time
Finding Corrected During the Audit	The City subsequently submitted the PMS Certification on December 1, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-027	City of South Pasadena
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 18, 2020.
Cause	The staff responsible for the submission of the form was out of the office for an extended period of time. As a result, the submission of the form was overlooked.
Effect	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City will provide proper training to handle the submission of form to several staff in case the staff who is primarily responsible for the submission of the form is unavailable.
Finding Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on November 18, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF Finding #2020-028	City of Temple City
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
Condition	The City incurred expenditures prior to receiving approval from LACMTA for PALRF's Project Code 410-00, Proposition A Fund Exchange with Foothill Transit, in the amount of \$750,000. However, the project was subsequently approved on September 29, 2020.
Cause	Due to miscommunication amongst the staff, the City mistakenly did not submit a request for budget approval from LACMTA for PALRF's Proposition A Fund Exchange with Foothill Transit.
Effect	The City did not comply with the Guidelines when expenditures for PALRF project are incurred prior to LACMTA's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects.
Management's Response	Moving forward, the City will ensure that the necessary forms are submitted and official approvals from LACMTA are acquired before expending PALRF on any projects.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on September 29, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

PALRF & PCLRF Finding #2020-029	City of Whittier
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, "A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance," and Section V: Audit Section, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation..."
Condition	To support the propriety of expenditures being charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, indirect costs charged to PALRF and PCLRF in the amounts of \$152,636 and \$98,380, respectively, were based on a Cost Allocation Plan (CAP) that was prepared in fiscal year 1991-92. This is a repeat finding from prior fiscal year.
Cause	The City was in the final stages of review of CAP but has decided to work with an outside consultant to implement the CAP.
Effect	The expenditures allocated may not reflect the appropriate share of costs charged to PALRF and PCLRF.
Recommendation	We recommend that the City update its CAP either by the City's own qualified personnel or by an independent external party to perform a study of the share of costs between departments, programs and funds throughout the City. The study ensures that the respective funds, including PALRF and PCLRF, are fairly and accurately paying for the services received. For a CAP to be reasonable, the City needs to establish an allocation system that is fair, equitable, and supported by current data.
Management Response	The City will implement a revised CAP.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS
APPLICABLE TO MEASURE R ORDINANCE
AND MEASURE R LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS
APPLICABLE TO MEASURE R ORDINANCE
AND MEASURE R LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund Consolidated Audit Report
Fiscal Year Ended June 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEASURE R ORDINANCE AND
MEASURE R LOCAL RETURN GUIDELINES**

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Measure R Oversight Committee**

Report on Compliance

We have audited the compliance of the thirty-nine (39) Cities identified in Schedule 1, with the types of compliance requirements described in the Measure R Ordinance enacted through a Los Angeles County voter-approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by LACMTA and the respective Cities for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above-noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective management of the Cities.

Auditor's Responsibility

Our responsibility is to express opinions on the Cities' compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Measure R Local Return program occurred. An audit includes examining, on a test basis, evidence about each City's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's compliance with the Guidelines and Requirements.



Opinion

In our opinion, the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-008. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

The management of each City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure R Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2020-004 to be a material weakness.



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2020-003 to be a significant deficiency.

The Cities' responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vaqueria & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 31, 2020**

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audits of the 39 cities identified in Schedule 1 have resulted in 8 findings. The table below summarizes those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes.	1	South El Monte (See Finding #2020-008)	\$ 7,889	\$ -
Funds were expended with LACMTA's approval.	3	Bell Gardens (See Finding #2020-002)	38,835	38,835
		Calabasas (See Finding #2020-004)	12,655	12,655
		Carson (See Finding #2020-005)	569,449	569,449
Expenditure Plan (Form One) was submitted timely.	4	Azusa (See Finding #2020-001)	None	None
		Bell Gardens (See Finding #2020-003)	None	None
		Industry (See Finding #2020-006)	None	None
		Maywood (See Finding #2020-007)	None	None
Total Findings and Questioned Costs	8		\$ 628,828	\$ 620,939

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Agoura Hills	Azusa	Baldwin Park
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	See Finding #2020-001	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Bell	Bell Gardens	Beverly Hills
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2020-002	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	See Finding #2020-003	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Calabasas	Carson	Commerce
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-004	See Finding #2020-005	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Compliant	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Compton	Cudahy	Culver City
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	EI Monte	Gardena	Hawthorne
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Hidden Hills	Huntington Park	Industry
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	See Finding #2020-006
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Inglewood	Irwindale	La Puente
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Lawndale	Lynwood	Malibu
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Maywood	Montebello	Monterey Park
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	See Finding #2020-007	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Compliant	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Pico Rivera	Pomona	Rosemead
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	San Fernando	Santa Fe Springs	Santa Monica
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	South El Monte	South Gate	Vernon
Funds were expended for transportation purposes.	See Finding #2020-008	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Walnut	West Hollywood	Westlake Village
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020

Finding #2020-001	City of Azusa
Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>"Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	The City submitted its Expenditure Plan (Form One) on August 15, 2019, 14 days after the due date of August 1, 2019.
Cause	The City engaged a consultant to complete the Measure R Expenditure Plan (Form One) after staff was out for an extended sick leave absence. The vendor did not file the documentation timely.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on Measure R-funded projects.
Management's Response	Management will ensure that the Expenditure Plan (Form One) is submitted in a timely manner by the due date of August 1.
Finding Corrected During the Audit	The City subsequently submitted the Expenditure Plan (Form One). No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002	City of Bell Gardens
Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City claimed expenditures for the following MRLRF projects with no prior approval from LACMTA:</p> <ul style="list-style-type: none"> a. Project code 1.05, Slurry Seal Zone 1 Project, totaling \$37,185; and b. Project Code 1.20, Garfield/Clara Intersection Widening, totaling \$1,650. <p>Although we found the expenditures to be eligible for Local Return funding, the project had no prior approval from LACMTA.</p>
Cause	The finding was caused by an oversight by City staff.
Effect	The City claimed expenditures totaling \$38,835 without prior approval from LACMTA. Lack of prior approvals results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
Recommendation	We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on any local return-funded projects.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002 (Continued)	City of Bell Gardens
Management's Response	<p>The City concurs with the finding that an updated Form One should have been submitted to LACMTA for approval.</p> <p>The City continues to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of said projects on September 24, 2020. No additional follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-003	City of Bell Gardens
Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	<p>The City submitted its Expenditure Plan (Form One) on August 21, 2019, 20 days after the due date of August 1, 2019.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	<p>The Form One report was submitted late due to an oversight by City staff assigned to complete the task.</p>
Effect	<p>The City was not in compliance with the reporting requirements of the Local Return Guidelines.</p>
Recommendation	<p>We recommend the City establish procedures and implement internal controls to ensure that the Expenditure Plan (Form One) is submitted by August 1st as required by the Guidelines.</p>
Management's Response	<p>The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.</p>
Finding Corrected During the Audit	<p>The City subsequently submitted the form. No follow up is required.</p>

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-004	City of Calabasas
Compliance Reference	<p>Section B(II)(1) Expenditure Plan (Form One) of the Measure R Local Return Program Guidelines state that “To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1st of each year.</p> <p>Form One provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year.”</p>
Condition	<p>The City claimed expenditures under MRLRF Project Code 1.05 Rondell Park & Ride project, totaling \$12,655 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, the project had no prior approval from LACMTA.</p> <p>This is a repeat finding from prior year’s audit.</p>
Cause	<p>There was a misunderstanding of the procedure among the staff. Staff was under the impression that because the funds were already in the City account, they could be expended as long as it was for an eligible project under the guidelines - as opposed to requesting a budget approval from LACMTA prior to incurring the expenditures.</p>
Effect	<p>The City claimed expenditures totaling \$12,655 without prior approval from LACMTA. Lack of prior approvals results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
Recommendation	<p>We recommend that the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on any local return-funded projects.</p>
Management’s Response	<p>Staff has received clear instructions that an expenditure plan must be submitted to LACMTA before claiming expenditure for each project. Expenditure may begin once LACMTA grants an approval.</p>
Finding Corrected During the Audit	<p>LACMTA Program Manager granted a retroactive approval of the said project on November 19, 2020.</p>

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-005	City of Carson
Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City claimed expenditures for Measure R's share in the Measure M and R Bond Debt Service Payment, totaling \$569,449 with no prior approval from LACMTA.</p> <p>The projects to be financed by the bond proceeds were approved when the bonds were issued in October 2019, however, the City is still required to include the annual budgeted amounts of debt service in Form One and have it approved by LACMTA.</p>
Cause	<p>The City was not aware that Bond Debt Service payments require annual approval from LACMTA as it is the City's first time issuing Measure M and R Bonds, which are payable from MRLRF and MMLRF funds. However, all future Bond Debt Service payments shall be reported and/or budgeted accordingly.</p>
Effect	<p>The City claimed expenditures totaling \$569,449 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
Recommendation	<p>We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure R-funded projects.</p>

**Los Angeles County Metropolitan Transportation Authority
 Measure R Local Return Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-005 (Continued)	City of Carson
Management's Response	<p>The City will obtain LACMTA approval prior to spending on LACMTA funded projects.</p> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 15, 2020.</p>
Findings Resolved During the Audit	<p>LACMTA Program Manager granted retroactive approval of said project on October 15, 2020. No additional follow up is required.</p>

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-006	City of Industry
Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	The City submitted its Expenditure Plan (Form One) on August 14, 2019, 13 days after the due date of August 1, 2019.
Cause	The Form One report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Expenditure Plan (Form One) is submitted by August 1st as required by the Guidelines.
Management's Response	The City has since put in extra procedures to ensure timely reporting to comply with the requirements and the FY 2021 budget was filed on time.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-007	City of Maywood
Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	The City submitted its Expenditure Plan (Form One) on August 20, 2019, 19 days after the due date of August 1, 2019.
Cause	The Form One report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (Form One) is submitted by August 1st as required by the Guidelines.
Management's Response	Management will ensure that the Expenditure Plan (Form One) is submitted in a timely manner by the due date of August 1.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
 Measure R Local Return Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-008	City of South El Monte
Compliance Reference	<p>Measure R Local Return Guidelines Section (A) (I) states that, "The Measure R ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes". Also, Section VII states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guideline".</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> 1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records. 2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-008 (Continued)	City of South El Monte
Condition	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <ul style="list-style-type: none"> a) Project code 1.05, Street and Sidewalk Improvement and Maintenance, total amount of \$6,977; and b) Project code 8.10, Administration, total amount of \$912. <p>The salaries and benefits claimed are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges.</p>
Cause	<p>In fiscal year 2020, the City made a switch from predetermined allocation per City adopted budget to timesheet. However, due to the year being a transition year, HR and Payroll setup had to be reevaluated numerous times, as the City encountered situations in which only salaries appeared in special revenue funds without benefits or overhead.</p>
Effect	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, the costs are considered unallowable and the Guidelines require the City to return the money to the Local Return Funds.</p>
Recommendation	<p>We recommend that the City provide documentation to support the salaries and benefit charges to MRLRF. If these documents are not provided, the City is required to reimburse its MRLRF account the amount of \$7,889.</p> <p>In addition, we recommend the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.</p>

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-008 (Continued)	City of South El Monte
Management's Response	<p>In order to systematically irradicate any unnecessary complexity and confusion regarding reimbursable labor cost going forward, the City intends to accomplish the following:</p> <ol style="list-style-type: none"> 1. Complete the cost and fee study currently being conducted by NBS, who were selected through a formal RFP process. Once the study is complete, the fully burdened hourly rate of each employee will be known. 2. Default all City employee labor hours to the General Fund. 3. Require all City employee to track labor hours spent working on special revenue fund projects on timesheets. 4. Have the special revenue funds reimburse the General Fund based on employee's fully burdened hourly rate multiplied by the actual hours worked per timesheet.



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEASURE R ORDINANCE AND
MEASURE R LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Consolidated Audit Report**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE AND MEASURE R LOCAL RETURN GUIDELINES

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Measure R Oversight Committee

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles identified in Schedule 1, with the types of compliance requirements described in the Measure R Ordinance enacted through a Los Angeles County (the County) voter approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective Cities' and the County's management.

Auditor's Responsibility

Our responsibility is to express opinions on the Cities' and the County's compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Measure R Local Return program occurred. An audit includes examining, on a test basis, evidence about each City's and the County's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's and the County's compliance with the Guidelines and Requirements.



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Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Measure R Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-013. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule 2 - Schedule of Findings and Questioned Costs. The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure R Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's and the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Guidelines and Requirements on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines and Requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-004 to be material weaknesses.



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines and Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2020-008 and #2020-013 to be significant deficiencies.

The responses by the Cities to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses by the Cities were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 31, 2020

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audit of the 49 cities and the County identified in Schedule 1 have resulted in 13 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes	2	Downey (#2020-004) Glendora (#2020-006)	\$ 26,278 None	\$ - None
Funds were expended with LACMTA's approval	5	Artesia (#2020-002) Downey (#2020-005) Lancaster (#2020-008) Lomita (#2020-009) South Pasadena (#2020-011)	13,730 45,205 1,081,868 13,392 270,116	13,730 45,205 1,081,868 13,392 270,116
Expenditure Plan (Form One) was submitted timely	5	Alhambra (#2020-001) Hermosa Beach (#2020-007) Signal Hill (#2020-010) South Pasadena (#2020-012) Temple City (#2020-013)	None None None None None	None None None None None
Expenditure Report (Form Two) was submitted timely	1	Artesia (#2020-003)	None	None
Total Findings and Questioned Costs	13		\$ 1,450,589	\$ 1,424,311

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Alhambra	Arcadia	Artesia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	See Finding #2020-002
Expenditure Plan (Form One) was submitted timely.	See Finding #2020-001	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	See Finding #2020-003
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Avalon	Bellflower	Bradbury
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Covina	Diamond Bar	Downey
Funds were expended for transportation purposes	Compliant	Compliant	See Finding #2020-004
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	See Finding #2020-005
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Complaint	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Funds were expended for transportation purposes	See Finding #2020-006	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	See Finding #2020-007
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Verne	Lakewood	Lancaster
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	See Finding #2020-008
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-009	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	See Finding #2020-010
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	South Pasadena	Temple City	Torrance
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-011	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	See Finding #2020-012	See Finding #2020-013	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	West Covina	Whittier
Funds were expended for transportation purposes	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant
Timely use of funds	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
 Measure R Local Return Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020**

Finding #2020-001	City of Alhambra
Compliance Reference	According to Measure R Local Return Guidelines, Section B.II.1, Expenditure Plan (Form One): "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan, annually, on or before August 1st of each fiscal year."
Condition	The City did not meet the August 1, 2019 deadline for submission of Form One. However, the City submitted the Form One on January 8, 2020.
Cause	The submission of Form One was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director.
Effect	The City's Form One was not submitted timely as required by the Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager.
Finding Corrected During the Audit	The City subsequently submitted the Form One on January 8, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002	City of Artesia
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro's approval."
Condition	The City used Measure R Local Return funds for Project Code 7.90, Historical District Recreational Trails Project in the amount of \$13,730 prior to LACMTA's approval as the project was not reported on the Expenditure Plan (Form One).
Cause	It was due to an oversight by the City's finance department.
Effect	The City was not in compliance with the Measure R Local Return Guidelines in obtaining an approval from LACMTA prior to the expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting a complete and accurate Form One to LACMTA.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City's Amended Form One, which included Project Code 7.90, Historical District Recreational Trails Project, was submitted and retroactively approved by LACMTA on December 23, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-003	City of Artesia
Compliance Reference	According to Measure R Local Return Guidelines, Section B.II.2, Expenditure Report (Form Two), "The submittal of an Expenditure Report (Form Two) is also required to maintain legal eligibility and meet Measure R LR program compliance requirements. Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2020 deadline for submission of Expenditure Report (Form Two) to LACMTA. The City subsequently submitted the Form Two on December 23, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City's Form Two was not submitted timely as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form Two is properly prepared and submitted before the due date of October 15th in accordance with Measure R Local Return Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City subsequently submitted the Form Two on December 23, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-004	City of Downey
Compliance Reference	<p>According to Measure R Local Return Guidelines, Section A.I: Program Summary, “The Measure R Ordinance specifies that LR (Local Return) funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section states, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.” In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state, “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p align="center">:</p> <p align="center">(b) A Federal award and non-Federal award.</p> <p align="center">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p align="center">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p align="center">:</p> <p align="center">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-004 (Continued)	City of Downey
Condition	<p>To support the propriety of expenditures charged to the Measure R Local Return Fund, the salaries and benefits expenditures should be supported by time records, activity reports, special funding certifications, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged to Public Works Executive Management Salary Project Code 8.10 in the amount of \$26,278 were based on estimated percentages on MRLRF activity rather than the employee’s actual hours worked on the project. Although the City provided a time study listing the employees charged to MRLRF, the salaries and benefits expenditures were based on estimated percentages. Moreover, the hours were not adjusted to reflect the “true” hours worked on the projects at the end of the fiscal year 2019-20.</p> <p>This is a repeat finding from the prior four fiscal years.</p>
Cause	<p>The City allocates the salaries and benefits charges based on a time study from fiscal year 2011-12. The same percentage allocation has been used in prior fiscal years. Additionally, the City believed that the estimated percentage charged to the fund for salaries and benefit expenses is still less than the actual payroll costs incurred for the program.</p>
Effect	<p>The payroll costs claimed under the Measure R Local Return Fund project may include expenditures which may be disallowed Measure R project expenditures.</p>
Recommendation	<p>We recommend that the City reimburse its MRLRF account for \$26,278. In addition, we recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the program.</p>
Management’s Response	<p>The City’s management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for salaries and benefits are less than the actual costs incurred for the program. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the program was internally administered in which caused an increase in the salaries and benefits costs. In fiscal year 2019-20, the City implemented KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time spent on projects and to be able to track the time spent on each program. With the implementation of this system, the City will be able to charge salaries and benefits costs directly to the program. With the full implementation of KRONOS, the City expects this finding to be fully resolved in fiscal year 2020-21.</p>

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-005	City of Downey
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro's approval."
Condition	The City incurred expenditures prior to receiving approval from LACMTA for the MRLRF's Project Code 5.10, Graffiti Truck, in the amount of \$45,205. However, the project was subsequently approved on October 13, 2020.
Cause	In fiscal year 2018-19, the Graffiti Truck project was approved by LACMTA and the truck was delivered to the City. However, add-on cabinets were installed in early July 2019 and the request for the budget approval from LACMTA for this project was overlooked in fiscal year 2019-20.
Effect	The City did not comply with the Guidelines as expenditures for the MRLRF project were incurred prior to LACMTA's approval, which could result in the City being required to reimburse the MRLR funds account.
Recommendation	We recommend that the City strengthen its controls to ensure that approvals are obtained from LACMTA prior to implementing any Measure R Local Return projects. Form One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st in accordance with Guidelines. The City should also include all approved ongoing and carryover Local Return projects in Form One.
Management's Response	The City's management agrees with the finding. In the future, the City will review all MRLRF projects prior to the fiscal year end and ensure that each project has the appropriate LACMTA-approved budget.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval of the said project on October 13, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-006	City of Glendora
Compliance Requirement	The Measure R Local Return Guidelines, Section A.I: Program Summary, states, "The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes." and Section B.VII: Audit Section, "It is the Jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines."
Condition	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by both the employee and the employee's supervisor. The Certification is prepared annually and provides the hours worked by the employee on MRLRF projects for all payroll periods during the fiscal year 2019-20.</p> <p>The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) March 22, 2020 b) April 19, 2020 c) May 17, 2020 d) June 14, 2020 <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October, November, and December 2020, which were four to seven months after the fact.</p>
Cause	The City was not aware that the Certification needs to be prepared and reviewed near the end of the period covered. As a result, the Certifications were untimely signed by both employees and supervisors.
Effect	Without employees and supervisors signing the timecards/certifications, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Inadequate support for salaries could result in disallowed costs.
Recommendation	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds' projects.
Management's Response	The City will re-evaluate the preparation process of the Certifications to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-007	City of Hermosa Beach
Compliance Requirement	According to Measure R Local Return Guidelines, Section B.II.1, Expenditure Plan (Form One): "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan, annually, on or before August 1st of each fiscal year."
Condition	The City did not meet the August 1, 2019 deadline for submission of the Form One. However, the City submitted the Form One on June 25, 2020.
Cause	It was due to employee turnover. The staff who was responsible for submission of budget forms was unexpectedly out on leave and as a result, the submission of the budget form was overlooked.
Effect	The City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure R Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The employee who was responsible for submission of the budget forms was suddenly out on leave for an extended period of time and the rest of the staff was unaware of that the budget forms had not been submitted. Going forward, the City will ensure approvals of expenditures are received from LACMTA prior to expending funds as well as the timely filing of all required forms.
Findings Corrected During the Audit	The City subsequently submitted the Form One on June 25, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-008	City of Lancaster
Compliance Requirement	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The City used Measure R Local Return funds for Project Code 1.05, Lancaster Financing Authority (Fund 701) Debt Service Bond Issued in the amount of \$1,081,868 prior to LACMTA’s approval as the project was not reported on the Expenditure Plan (Form One). This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City’s program department.
Effect	The City was not in compliance with the Measure R Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting a complete and accurate Form One to LACMTA.
Management’s Response	When the City submits Form One at the beginning of the fiscal year, a wrong project name was inputted. The City will submit the correct project information on Form One in the future.
Findings Corrected During the Audit	The City’s Form One was submitted and retroactively approved by LACMTA on November 4, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-009	City of Lomita
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	During FY 2019-20, the City used Measure R Local Return funds for Project Code 1.05, Street Maintenance in the amount of \$13,392; however, the funds for the Project were expended prior to LACMTA’s approval as the Project was not reported on the Form-One.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure R Local Return Funds before incurring expenditures. We also recommend that the City obtain LACMTA’s retroactive approval for any new projects that are not reported on the original Form One.
Management’s Response	The City was aware of the finding and had submitted retroactive approval on September 29, 2020.
Finding Corrected During the Audit	The City submitted an updated Form-One to LACMTA and received retroactive approval on the project on September 29, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-010	City of Signal Hill
Compliance Reference	According to Measure R Local Return Guidelines, Section B.II.1, Expenditure Plan (Form One): “To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of the Expenditure Plan (Form One). However, the City submitted the Form One 246 days late on April 3, 2020.
Cause	It was due to an oversight.
Effect	The City did not comply with Measure R Local Return Guidelines.
Recommendation	We recommend the City strengthen internal control procedures to ensure that the Form One is properly prepared and submitted prior to the August 1st deadline in accordance with Measure R Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	This was due to an oversight in the Public Works Department. As soon as the Finance Department became aware, the Form One was submitted to LACMTA.
Finding Corrected During the Audit	The City’s Form One was submitted and retroactively approved by LACMTA on April 3, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-011	City of South Pasadena
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The expenditures for MRLRF’s Hawthorne Street Improvements Project Code 1.05 in the amount of \$270,116 were incurred prior to LACMTA’s approval. However, the City subsequently received an approved budget amount of \$271,000 from LACMTA for the MRLRF project on October 13, 2020.
Cause	Due to miscommunication, the City’s Public Works Department incurred expenditures on the project assuming that the approval for the project was submitted and approved by LACMTA. However, the staff who was responsible for submitting and receiving the project’s budget approval from LACMTA was out of the office for an extended period of time. As a result, the approval for the project was not received by the City in a timely manner.
Effect	The City did not comply with the Guidelines and expenditures for the MRLRF projects were incurred prior to LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure R Local Return projects, and Form One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure R Local Return Funds are in accordance with LACMTA’s approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form One.
Management’s Response	The City will provide proper training and ensure better communication with various departments to prevent expenditures from occurring for any projects prior to receiving approval from LACMTA.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 13, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-012	City of South Pasadena
Compliance Reference	According to Measure R Local Return Guidelines, Section B.II.1, Expenditure Plan (Form One): “To maintain legal eligibility and meet Measure R LR Program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of the Expenditure Plan (Form One). However, the City submitted the Form One on October 13, 2020.
Cause	The staff responsible for the submission of the form was out of the office for an extended period of time. As a result, the submission of the form was overlooked.
Effect	The City’s Expenditure Plan (Form One) was not submitted to LACMTA by August 1st as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure R Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The City will provide proper training to handle the submission of form to several staff in case the staff who is primarily responsible for the submission of the form is unavailable.
Finding Corrected During the Audit	The City subsequently submitted the Form One on October 13, 2020. No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-013	City of Temple City
Compliance Reference	According to Measure R Local Return Guidelines Section B.II.1, Expenditure Plan (Form One): “To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of Form One. However, the City submitted the Form One on August 16, 2019. This is a repeat finding from the prior fiscal year.
Cause	The former Director of Parks and Recreation who was responsible for the submission of the reports has since retired from the City. As a result, the submission of the form was overlooked.
Effect	Because the City’s Form One was not submitted timely, the City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure R Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The new Director of Parks and Recreation has now taken charge to ensure the necessary forms are submitted by the reporting deadlines.
Finding Corrected During the Audit	The City subsequently submitted the Form One on August 16, 2019. No follow-up is required.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS
APPLICABLE TO MEASURE M ORDINANCE
AND MEASURE M LOCAL RETURN GUIDELINES
TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS
APPLICABLE TO MEASURE M ORDINANCE
AND MEASURE M LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund Consolidated Audit Report
Fiscal Year Ended June 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEASURE M ORDINANCE AND
MEASURE M LOCAL RETURN GUIDELINES**

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Measure M Independent Taxpayer Oversight Committee**

Report on Compliance

We have audited the compliance of the thirty-nine (39) Cities identified in Schedule 1, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County voter-approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on June 22, 2017 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds, executed by LACMTA and the respective Cities for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective management of the Cities.

Auditor's Responsibility

Our responsibility is to express opinions on the Cities' compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Measure M Local Return program occurred. An audit includes examining, on a test basis, evidence about each City's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's compliance with the Guidelines and Requirements.



Opinion

In our opinion, the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-011. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

The management of each City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure M Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-004 and #2020-009, that we consider to be significant deficiencies.



The Cities' responses to the findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

**Glendale, California
December 31, 2020**

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audits of the 39 cities identified in Schedule 1 have resulted in 11 findings. The table below summarizes those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes.	1	South El Monte (See Finding #2020-009)	\$ 507	\$ -
Funds were expended with LACMTA's approval.	5	Baldwin Park (See Finding #2020-002) Bell Gardens (See Finding #2020-003) Calabasas (See Finding #2020-005) Carson (See Finding #2020-006) West Hollywood (See Finding #2020-010)	52,500 14,300 50,801 569,449 281,596	52,500 14,300 50,801 569,449 281,596
Expenditure Plan (Form M-One) was submitted timely.	5	Azusa (See Finding #2020-001) Bell Gardens (See Finding #2020-004) Industry (See Finding #2020-007) Maywood (See Finding #2020-008) West Hollywood (See Finding #2020-011)	None None None None None	None None None None None
Total Findings and Questioned Costs	11		\$ 969,153	\$ 968,646

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Agoura Hills	Azusa	Baldwin Park
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	See Finding #2020-002
Expenditure Plan (Form M-One) was submitted timely.	Compliant	See Finding #2020-001	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Bell	Bell Gardens	Beverly Hills
Funds were expended for transportation purposes.	Compliant	Compliant	Not Applicable
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2020-003	Not Applicable
Expenditure Plan (Form M-One) was submitted timely.	Compliant	See Finding #2020-004	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Calabasas	Carson	Commerce
Funds were expended for transportation purposes.	Not Applicable	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-005	See Finding #2020-006	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Compton	Cudahy	Culver City
Funds were expended for transportation purposes.	Compliant	Not Applicable	Not Applicable
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Not Applicable
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Not Applicable	Not Applicable
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	El Monte	Gardena	Hawthorne
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Hidden Hills	Huntington Park	Industry
Funds were expended for transportation purposes.	Not Applicable	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	See Finding #2020-007
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Inglewood	Irwindale	La Puente
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Lawndale	Lynwood	Malibu
Funds were expended for transportation purposes.	Not Applicable	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Maywood	Montebello	Monterey Park
Funds were expended for transportation purposes.	Not Applicable	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	See Finding #2020-008	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Compliant	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Pico Rivera	Pomona	Rosemead
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	San Fernando	Santa Fe Springs	Santa Monica
Funds were expended for transportation purposes.	Compliant	Not Applicable	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Not Applicable	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	South El Monte	South Gate	Vernon
Funds were expended for transportation purposes.	See Finding #2020-009	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Walnut	West Hollywood	Westlake Village
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2020-010	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	See Finding #2020-011	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020

Finding #2020-001	City of Azusa
Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	The City submitted its Expenditure Plan (Form M-One) on August 15, 2019, 14 days after the due date of August 1, 2019.
Cause	The City engaged a consultant to complete the Measure M Expenditure Plan (Form M-One) after staff was out for an extended sick leave absence. The vendor did not file the documentation timely.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.
Management's Response	Management will ensure that the Expenditure Plan (Form M-One) is submitted in a timely manner by the due date of August 1.
Finding Corrected During the Audit	The City subsequently submitted the Expenditure Plan (Form M-One). No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002	City of Baldwin Park
Compliance Reference	<p>Section XXV Administrative, Expenditure Plan (Form M-One) of the Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
Condition	The City claimed expenditures under MMLRF Project code 01-006 Complete Streets - Maine Phase II, totaling \$52,500, with no prior approval from LACMTA.
Cause	The City continued transitioning of various reporting requirements among several staff members and departments throughout this year. Although the coordination among the various departments has greatly improved, staff is still adjusting to the newly implemented procedures that resulted from the previous year's findings. A combination of new staff positions and new procedures led to an oversight on the timely completion of the forms. This has been addressed and discussed with staff and should not re-occur moving forward.
Effect	The City claimed expenditures totaling \$52,500 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
Recommendation	We recommend that the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002 (Continued)	City of Baldwin Park
Management's Response	Procedures implemented in the most recent audit year have addressed hurdles in the preparation and submittal of the appropriate information in order to meet compliance with Measure M Local Return Program Guidelines. Further, staff has been trained in the use of LACMTA's new Local Return Management System (LRMS) portal "Smartsheet" system which is expected to greatly improve the City's reporting submittal requirements. In addition, the City implemented a two-step verification process that includes both Finance and Public Works department staff obtaining verification of approval by LACMTA before issuing any checks and expending any funds for the projects.
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on October 22, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-003	City of Bell Gardens
Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
Condition	<p>The City claimed expenditures for MMLRF project code 1.05, Measure M Slurry Seal Zone 1 Project, totaling \$14,300, with no prior approval from LACMTA:</p> <p>The City submitted a revised Expenditure Plan (Form M-One) to the LACMTA Program Manager and obtained a retroactive approval of said project on September 24, 2020.</p>
Cause	The finding was caused by an oversight by City staff.
Effect	The City claimed expenditures totaling \$14,300 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
Recommendation	We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.
Management's Response	The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of said project on September 24, 2020. No additional follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-004	City of Bell Gardens
Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	<p>The City submitted its Expenditure Plan (Form M-One) on August 21, 2019, 20 days after the due date of August 1, 2019.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	<p>The Form M-One report was submitted late due to an oversight by City staff assigned to complete the task.</p>
Effect	<p>The City was not in compliance with the reporting requirements of the Local Return Guidelines.</p>
Recommendation	<p>We recommend the City establish procedures and controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1st as required by the Guidelines.</p>
Management's Response	<p>The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.</p>
Finding Corrected During the Audit	<p>The City subsequently submitted the form. No follow up is required.</p>

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-005	City of Calabasas
Compliance Reference	<p>Section XXV Administrative, Expenditure Plan (Form M-One) of the Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
Condition	<p>The City claimed expenditures for the following MMLRF projects with no prior approval from LACMTA.</p> <ol style="list-style-type: none"> 1) Project code 1.05, Mulholland Gap Closure, totaling \$4,721; 2) Project code 1.05, Rondell Park & Ride, totaling \$12,655; and 3) Project code 1.05, SB743 Implementation, totaling \$33,425. <p>Although we found the expenditures to be eligible for Local Return funding, the projects had no prior approval from LACMTA.</p>
Cause	<p>There was a misunderstanding of the procedure among the staff. Staff was under the impression that because the funds were already in the City account, they could be expended as long as it was for an eligible project under the guidelines - as opposed to requesting a budget approval from LACMTA prior to incurring the expenditures.</p>
Effect	<p>The City claimed expenditures totaling \$50,801 without prior approval from LACMTA. Lack of prior approvals results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-005 (Continued)	City of Calabasas
Recommendation	We recommend the City establish procedures to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.
Management's Response	Staff has received clear instructions that an expenditure plan must be submitted to LACMTA before claiming expenditure for each project. Expenditure may begin once LACMTA grants an approval.
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of said project on November 19, 2020.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-006	City of Carson
Compliance Reference	<p>Section XXV Administrative, Expenditure Plan (Form M-One) of the Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
Condition	<p>The City claimed expenditures for Measure M's share in the Measure M and R Bond Debt Service Payment, totaling \$569,449 with no prior approval from LACMTA.</p> <p>The projects to be financed by the bond proceeds were approved when the bonds were issued in October 2019, however, the City is still required to include the annual budgeted amounts of debt service in Form M-One and have it approved by LACMTA.</p>
Cause	The City was not aware that Bond Debt Service payments require annual approval from LACMTA as it is the City's first time issuing Measure M and R Bonds, which are payable from MRLRF and MMLRF funds. However, all future Bond Debt Service payments shall be reported and/or budgeted accordingly.
Effect	The City claimed expenditures totaling \$569,449 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
Recommendation	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-006 (Continued)	City of Carson
Management's Response	<p>The City will obtain LACMTA approval prior to spending on LACMTA funded projects.</p> <p>The City submitted a revised Expenditure Plan (Form M-One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 15, 2020.</p>
Findings Resolved During the Audit	LACMTA Program Manager granted retroactive approval of said project on October 15, 2020. No additional follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-007	City of Industry
Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	The City submitted its Expenditure Plan (Form M-One) on August 14, 2019, 13 days after the due date of August 1, 2019.
Cause	The Form M-One report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1 st as required by the Guidelines.
Management's Response	The City has since put in extra procedures to ensure timely reporting to comply with the requirements and the FY 2021 budget was filed on time.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-008	City of Maywood
Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	The City submitted its Expenditure Plan (Form M-One) on August 20, 2019, 19 days after the due date of August 1, 2019.
Cause	The Form M-One report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1 st as required by the Guidelines.
Management's Response	Management will ensure that the Expenditure Plan (Form M-One) is submitted in a timely manner by the due date of August 1.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
 Measure M Local Return Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020
 (Continued)**

Finding #2020-009	City of South El Monte
Compliance Reference	<p>Measure M Local Return Guidelines Section XXV Program Objectives states that, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes”. Also, Section XXV, Administrative, Audit Requirements states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines”.</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> 1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records. 2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-009 (Continued)	City of South El Monte
Condition	<p>The City claimed salaries and benefits expenditures under project code 8.10, Administration, of \$507 which is based on budget and are not supported by actual time charges.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	<p>In fiscal year 2020, the City made a switch from predetermined allocation per City adopted budget to timesheet. However, due to the year being a transition year, HR and Payroll setup had to be reevaluated numerous times, as the City encountered situations in which only salaries appeared in special revenue funds without benefits or overhead.</p>
Effect	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, the costs are considered unallowable and the Guidelines require the City to return the money to the Local Return Funds.</p>
Recommendation	<p>We recommend that the City provide documentation to support the salaries and benefit charges to MMLRF. If these documents are not provided, the City is required to reimburse its MMLRF account the amount of \$507.</p> <p>In addition, we recommend the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.</p>
Management's Response	<p>In order to systematically irradicate any unnecessary complexity and confusion regarding reimbursable labor cost going forward, the City intends to accomplish the following:</p> <ol style="list-style-type: none"> 1. Complete the cost and fee study currently being conducted by NBS, who were selected through a formal RFP process. Once the study is complete, the fully burdened hourly rate of each employee will be known. 2. Default all City employee labor hours to the General Fund. 3. Require all City employee to track labor hours spent working on special revenue fund projects on timesheets. 4. Have the special revenue funds reimburse the General Fund based on employee's fully burdened hourly rate multiplied by the actual hours worked per timesheet.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-010	City of West Hollywood
Compliance Reference	<p>Section XXV Administrative, Expenditure Plan (Form M-One) of the Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
Condition	<p>The City claimed expenditures for MMLRF Project code 7.90 Early Project Delivery Strategy (Funding Studies) – Northern Extension Crenshaw, totaling \$281,596, with no prior approval from LACMTA.</p> <p>This project was previously approved in the prior year, however, the City is still required to submit Form M-One every year, carry over the budget, and have it approved by LACMTA.</p>
Cause	The finding was caused by staff turnover. The above project was not included as a carryover project in the Expenditure Plan (Form M-One) submitted to LACMTA for approval for the projects that will be funded with Measure M.
Effect	<p>The City claimed expenditures totaling \$281,596 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA; the \$281,596 does not need to be returned.</p> <p>This project was previously approved in prior year and the City submitted a revised Expenditure Plan (Form M-One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on September 22, 2020.</p>
Recommendation	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-010 (Continued)	City of West Hollywood
Management's Response	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects.</p> <p>The City submitted a revised Expenditure Plan (Form M-One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on September 22, 2020.</p>
Finding Corrected During the Audit	<p>LACMTA Program Manager granted retroactive approval of the said project on September 22, 2020. No additional follow up is required and the \$281,596 does not need to be returned.</p>

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-011	City of West Hollywood
Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
Condition	The City submitted its Expenditure Plan (Form M-One) on October 9, 2019, 69 days after the due date of August 1, 2019.
Cause	The Form M-One report was submitted late due to staff turnover.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1 st as required by the Guidelines.
Management's Response	City staff assigned to complete the Form M-One has been advised of the August 1 st deadline to submit the report. In addition, an outlook calendar reminder will be set up on the calendar of all program managers to ensure that all reports are completed and submitted to the LACMTA in a timely fashion.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEASURE M ORDINANCE
AND MEASURE M LOCAL RETURN
GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Consolidated Audit Report**

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SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Measure M Independent Taxpayer Oversight Committee

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles identified in Schedule 1, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County (the County) voter approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on June 22, 2018 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective Cities' and the County's management.

Auditor's Responsibility

Our responsibility is to express opinions on the Cities' and the County's compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Measure M Local Return program occurred. An audit includes examining, on a test basis, evidence about each City's and the County's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's and the County's compliance with the Guidelines and Requirements.





Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Measure M Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-010. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule 2 - Schedule of Findings and Questioned Costs. The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure M Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's and the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Cost (Schedule 2) as Finding #2020-010 to be a significant deficiency.



The responses by the Cities to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses by the Cities were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
December 31, 2020

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audit of the 49 cities and the County identified in Schedule 1 have resulted in 10 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes	1	Glendora (#2020-005)	None	None
Funds were expended with LACMTA's approval	4	Covina (#2020-003) Downey (#2020-004) Pasadena (#2020-007) South Pasadena (#2020-008)	\$ 347,440 45,205 45,000 86,000	\$ 347,440 45,205 45,000 86,000
Expenditure Plan (Form M-One) was submitted on time	4	Alhambra (#2020-001) Hermosa Beach (#2020-006) South Pasadena (#2020-009) Temple City (#2020-0010)	None None None None	None None None None
Expenditure Report (Form M-Two) was submitted on time	1	Artesia (#2020-002)	None	None
Total Findings and Questioned Costs	10		\$ 523,645	\$ 523,645

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Alhambra	Arcadia	Artesia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	See Finding #2020-001	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	See Finding #2020-002
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Avalon	Bellflower	Bradbury
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Covina	Diamond Bar	Downey
Funds were expended for transportation purposes	Compliant	Compliant	Complaint
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-003	Compliant	See Finding #2020-004
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Funds were expended for transportation purposes	See Finding #2020-005	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	See Finding #2020-006
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	La Verne	Lakewood	Lancaster
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2020-007	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	South Pasadena	Temple City	Torrance
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-008	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	See Finding #2020-009	See Finding # 2020-010	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	West Covina	Whittier
Funds were expended for transportation purposes	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant
Timely use of funds	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
 Measure M Local Return Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2020**

Finding #2020-001	City of Alhambra
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on June 30, 2020.
Cause	The submission of Form M-One was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director.
Effect	The City's Form M-One was not submitted timely as required by the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager.
Finding Corrected During the Audit	The City subsequently submitted the Form M-One on June 30, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002	City of Artesia
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2020 deadline for submission of Expenditure Report (Form M-Two) to LACMTA. The City subsequently submitted the Form M-Two on December 23, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City's Form M-Two was not submitted timely as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-Two is properly prepared and submitted before the due date of October 15th in accordance with Measure M Local Return Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City subsequently submitted the Form M-Two on December 23, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-003	City of Covina
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval. Jurisdiction will be required to reimburse its Local Return account.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for MMLRF’s Project Code 1.05 Total Road Improvement Program (TRIP) - Phase III Project in the amount of \$347,440. However, the project was subsequently approved on October 8, 2020 of a budget amount of \$510,000.
Cause	The TRIP project was approved by LACMTA in 2017. Phases I and II were completed and Phase III of the construction started in 2020. The MMLRF funds were used to fund a portion of the Phase III costs. The project was managed by a new City Engineer staff who was unfamiliar with the project funding of the expenditures. As a result, the City failed to receive LACMTA’s approval prior to the commencement of the project’s construction.
Effect	The City did not comply with the Guidelines and expenditures for the MMLRF project were incurred before LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure M Local Return Funds are in accordance with LACMTA’s approval and the Guidelines.
Management’s Response	The City’s department assigned to the submission of the form will implement internal checklist and will be reviewed by management in a timely fashion.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 8, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-004	City of Downey
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for the MMLRF’s Project Code 5.10, Graffiti Truck, in the amount of \$45,205. However, the project was subsequently approved on October 13, 2020.
Cause	In fiscal year 2018-19, the Graffiti Truck project was approved by LACMTA and the truck was delivered to the City. However, add-on cabinets were installed in early July 2019 and the request for the budget approval from LACMTA for this project was overlooked in fiscal year 2019-20.
Effect	The City did not comply with the Guidelines as expenditures for the MMLRF project were incurred prior to LACMTA’s approval.
Recommendation	We recommend that the City strengthen its controls to ensure that approvals are obtained from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st in accordance with Guidelines. The City should also include all approved ongoing and carryover Local Return projects in Form M-One.
Management’s Response	The City’s management agrees with the finding. In the future, the City will review all MMLRF projects prior to the fiscal year end and ensure that each project has the appropriate LACMTA-approved budget.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval of the said project on October 13, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-005	City of Glendora
Compliance Requirement	The Measure M Local Return Guidelines, Section XXV: Program Objective, states, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to cities and County of Los Angeles (Jurisdictions) may be used for purposes other than transportation purposes.” and Audit Requirements, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation...”
Condition	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by both the employee and the employee’s supervisor. The Certification is prepared annually and provides the hours worked by the employee on MMLRF projects for all payroll periods during the fiscal year 2019-20.</p> <p>The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) March 22, 2020 b) April 19, 2020 c) May 17, 2020 d) June 14, 2020 <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October, November, and December 2020, which were four to seven months after the fact.</p>
Cause	The City was not aware that the Certification needs to be prepared and reviewed near the end of the period covered. As a result, the Certifications were untimely signed by both employees and supervisors.
Effect	Without employees and supervisors signing the timecards/certifications, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Inadequate support for salaries could result in disallowed costs.
Recommendation	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds’ projects.
Management’s Response	The City will re-evaluate the preparation process of the Certifications to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-006	City of Hermosa Beach
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year."
Condition	The City did not meet the August 1, 2019 deadline for submission of the Form M-One. However, the City submitted the Form M-One on June 25, 2020.
Cause	It was due to employee turnover. The staff who was responsible for submission of budget forms was unexpectedly out on leave and as a result, the submission of the budget form was overlooked.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The employee who was responsible for submission of the budget forms was suddenly out on leave for an extended period of time and the rest of the staff was unaware of that the budget forms had not been submitted. Going forward, the City will ensure approvals of expenditures are received from LACMTA prior to expending funds as well as the timely filing of all required forms.
Findings Corrected During the Audit	The City subsequently submitted the Form M-One on June 25, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-007	City of Pasadena
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	During FY 2019-20, the City used Measure M Local Return funds for the Project 2.01- Rose Bowl Access Systems in the amount of \$45,000 prior to LACMTA’s approval as the project was not reported on the Expenditure Plan (Form M-One).
Cause	The City did not submit an accurate and complete Form M-One with a listing of projects to LACMTA due to an oversight.
Effect	The City was not in compliance with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City strengthen its internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure M Local Return Funds before incurring expenditures.
Management’s Response	The City did not submit the Form M-One to LACMTA on time with the updated information due to the staff turnover. The Department of Transportation will submit the Form M-One timely in the future.
Findings Corrected During the Audit	The City’s Form M-One was submitted and retroactively approved by LACMTA on October 15, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-008	City of South Pasadena
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for MMLRF’s Project Code 1.05 Diamond Avenue in the amount of \$86,000. However, the City subsequently received an approved budget amount of \$86,000 from LACMTA for the MMLRF project on October 13, 2020.
Cause	Due to miscommunication, the City’s Public Works Department incurred expenditures on the project assuming that the approval for the project was submitted and approved by LACMTA. However, the staff who was responsible for submitting and receiving the project’s budget approval from LACMTA was out of the office for an extended period of time. As a result, the approval for the project was not received by the City in a timely manner.
Effect	The City did not comply with the Guidelines and expenditures for the MMLRF project were incurred before LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure M Local Return Funds are in accordance with LACMTA’s approval and the Guidelines.
Management’s Response	The City will provide proper training and ensure better communication with various departments to prevent expenditures from occurring for any projects prior to receiving approval from LACMTA.
Findings Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 13, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-009	City of South Pasadena
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year."
Condition	The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on October 13, 2020.
Cause	The staff responsible for the submission of the form was out of the office for an extended period of time. As a result, the submission of the form was overlooked.
Effect	The City's Form M-One was not submitted timely as required by the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City will provide proper training to handle the submission of form to several staff in case the staff who is primarily responsible for the submission of the form is unavailable.
Findings Corrected During the Audit	The City subsequently submitted the Form M-One on October 13, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)**

Finding #2020-010	City of Temple City
Compliance Requirement	According to Measure M Local Return Guidelines, Reporting Requirements Section XXV, Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR Program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 16, 2019. This is a repeat finding from the prior fiscal year.
Cause	The former Director of Parks and Recreation who was responsible for the submission of the reports has since retired from the City. As a result, the submission of the form was overlooked.
Effect	Because the City’s Form M-One was not submitted timely, the City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure M Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The new Director of Parks and Recreation has now taken charge to ensure the necessary forms are submitted by the reporting deadlines.
Findings Corrected During the Audit	The City subsequently submitted the Form M-One on August 16, 2019. No follow-up is required.



Board Report

File #: 2021-0528, **File Type:** Informational Report

Agenda Number: 18.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 15, 2021

**SUBJECT: MANAGEMENT AUDIT SERVICES FY 2021 FOURTH QUARTER STATUS REPORT
AND CUMULATIVE YEAR-END REPORT**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Management Audit Services (MAS) FY 2021 fourth quarter status report and cumulative year-end report.

ISSUE

MAS is required to provide a quarterly activity report to Metro's Board of Directors (Board) that presents information on audits that have been completed or in progress, including information related to audit follow-up activities.

BACKGROUND

It is customary practice for MAS to deliver the quarterly audit report. The FY 2021 fourth quarter report covers the period of April 1, 2021, through June 30, 2021; and cumulative FY 2021 year-end for the period of July 1, 2020, through June 30, 2021.

DISCUSSION

MAS provides audit services in support of Metro's ability to provide responsive, accountable, and trustworthy governance. The department performs internal and external audits. Internal audits evaluate the processes and controls within the agency, while external audits analyze contractors, cities, and/or non-profit organizations that are recipients of Metro funds. The department delivers management audit services through functional groups: Performance Audit; Contract, Financial and Compliance Audit; and Administration and Policy, which includes audit support functions. Performance Audit is mainly responsible for internal audits related to Operations, Finance and Administration, Planning and Development, Program Management, Information Technology, Communications, Risk, Safety and Asset Management including the Chief Executive Office; and other internal areas. Contract, Financial and Compliance Audit is primarily responsible for external audits in Planning, Program Management and Vendor/Contract Management. MAS's functional units

provide assurance to the public that internal processes and programs are being managed efficiently, effectively, economically, ethically, and equitably; and that desired outcomes are being achieved. This assurance is provided by MAS' functional units conducting audits of program effectiveness, economy and efficiency, internal controls, and compliance. Administration and Policy is responsible for administration, financial management, including audit support, audit follow-up, and resolution tracking.

The following chart summarizes MAS activity for FY 2021 fourth quarter and the fiscal year ending June 30, 2021.

	FY 2021 Fourth Quarter	FY 2021 Year-End	In-Progress as of June 30, 2021
Performance Audits	1 audit projects completed	9 audit projects completed	11 audit projects
Contract, Financial and Compliance Audits	9 audit projects completed with a total value of \$32 million	21 audit projects completed with a total value of \$197 million	66 audit projects
Transitional Indirect Cost Rate (TICR) Determinations	11 approved	15 approved	
Financial Compliance Audits of Metro	1 audit project completed	151 audit projects completed	
Audit Follow-up and Resolution*	9 closed	36 closed	
	3 closed (OIG)	40 closed (OIG)	

*Note: MAS performs audit follow-up for the Office of Inspector General (OIG).

The FY 2021 Fourth Quarter Status Report and Cumulative Year-End Report is included as Attachment A.

EQUITY PLATFORM

There are no equity impacts or concerns from audit services conducted during this period. However, MAS recognizes that the department's opportunity to advance equity starts with conducting audits with equity themes that lead to the accountability and compliance of programs and policies aimed directly or indirectly at creating more equitable outcomes in equity focused communities throughout the Los Angeles region. In the future, MAS will consider and identify agency-wide policies and programs that have equity compliance aspects and support the monitoring and compliance reporting through audit engagements as appropriate.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Management Audit Services FY 2021 Fourth Quarter Status Report and Cumulative Year-End Report supports Metro's Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

NEXT STEPS

Management Audit Services will continue to report audit activity throughout the current fiscal year.

ATTACHMENT

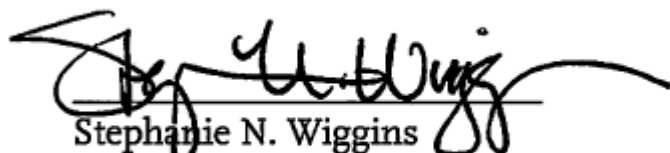
A. FY 2021 Fourth Quarter Status Report and Cumulative Year-End Report

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Fiscal Year 2021 Fourth Quarter Status Report and Cumulative Year-End Report



Metro

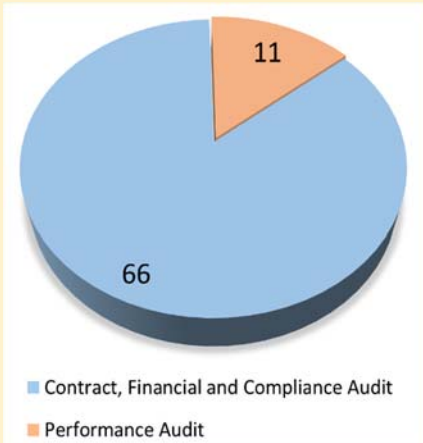
**MANAGEMENT
AUDIT SERVICES**

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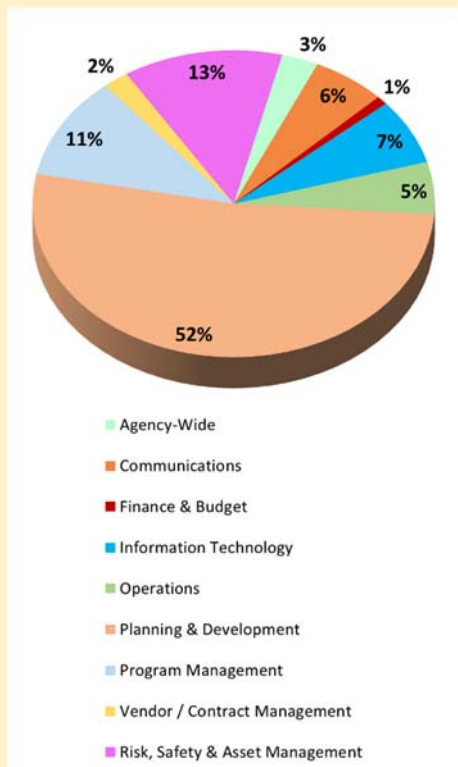
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Executive Summary

In Progress Audits
as of June 30, 2021



Summary of Audit Activity by Department
Reporting Period
April 1, 2021 – June 30, 2021



Summary of In Progress Audit Activity

Management Audit Services (MAS) has 77 in progress projects as of June 30, 2021, which include 11 performance audits and 66 contract, financial and compliance audits. The in-progress performance audits are listed in Appendix A.

As of the reporting period, there are 43 open MAS audit recommendations; and 35 open Office of Inspector General (OIG) audit recommendations.

Summary of Fourth Quarter Completed Audit Activity

MAS completed 11 audit projects and closed 12 open audit recommendations. The projects are comprised of 1 performance audit; 9 contract, financial and compliance audits; and 1 financial and compliance audit of Metro issued by an independent certified public accountant (CPA) firm.

MAS completed 11 Transitional Indirect Cost Rate (TICR) determinations.

The completed performance audits are highlighted on page 4. The completed contract, financial and compliance audits are highlighted on page 5. The financial and compliance audit of Metro issued by the external CPA firm is highlighted on page 6. A summary of closed and open audit recommendations is included on page 7.

Performance Audits

This section includes performance audits completed according to Generally Accepted Government Auditing Standards in addition to other types of projects performed by the Performance Audit team to support Metro. The other types of projects may include independent reviews, analysis or assessments of select areas. The goal of non-audit projects is to provide Metro with other services that help support decision making and promote organizational effectiveness.

Follow-up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services

The objective of this audit was to determine whether corrective actions were taken in response to the findings and recommendations included in the prior performance audit on efficiency and effectiveness of the oversight of contracted bus services performed by MAS in December 2015.

MAS found that Contract Services made progress in response to the prior audit's recommendations, as 10 out of 14 prior audit recommendations were implemented. Four of 14 recommendations were not fully implemented, which led to two repeat findings and one new finding as part of the follow-up audit. MAS identified opportunities to improve the monitoring practices; fare revenue control; and Simulated California Highway Patrol (SCHP) inspection follow-up process.

Management concurred with all recommendations and is implementing the corrective actions.

Contract, Financial & Compliance Audits

MAS staff completed 9 independent auditor's report on agreed-upon procedures of:

- Cornerstone Transportation Consulting, Inc.'s incurred indirect cost rate for the fiscal year ended December 31, 2018 for Purple Line Extension Section 3;
- Anil Verma Associates, Inc.'s indirect cost rate for FY 2018 for Division 20 Portal Widening Turnback Project;
- City of Long Beach's close-out incurred costs for the Daisy Corridor Bicycle Boulevard Project;
- City of Calabasas' close-out incurred cost for the Parkway Calabasas/US 101 Southbound Off-Ramp Improvements Project;
- County of Los Angeles Department of Public Works' close-out incurred costs for the South Bay Forum Traffic Signal Corridors Project;
- City of Los Angeles' close-out incurred costs for the Transit Oriented Development Planning for Stations on the Crenshaw and Exposition Phase II Light Rail Lines;
- City of Palmdale's close-out incurred costs for the Avenue S Widening Phase II Project;
- City of Pasadena's close-out incurred costs for the Pasadena ARTS Enhanced Passenger Information Project; and
- City of Paramount's close-out incurred costs of the Garfield Avenue Improvement Project.

MAS staff reviewed \$32 million of funds and identified \$3.5 million or 9% of funds that may be reprogrammed.

Details on contract, financial and compliance audits completed during FY 2021 fourth quarter are included in Appendix C.

Transitional Indirect Cost Rate (TICR) Determinations

In March 2020, MAS in concerted effort with Vendor / Contract Management, along with the guidance of County Counsel, updated the Transitional Indirect Cost Rate (TICR) Policy to expand the TICR pilot program to eligible firms for new firm-fixed price contract types. Under the revised TICR Policy eligible firms for new cost reimbursable and new firm fixed contract types may submit for eligibility to participate in the TICR program. The TICR provides firms with a transitional indirect cost rate of 115%.

During FY 2021 fourth quarter, 14 TICR determinations were reviewed of which 11 were approved and three were withdrew due to firms opting out.

A list of firms enrolled in the pilot program as of June 30, 2021 is included in Appendix D.

Financial and Compliance Audits of Metro

The following highlights the financial and compliance audit of Metro completed by the external CPA firm:

STIP/PPM Program Year 2016-2017 – Issued May 2021

In June 2013, Metro entered into a Fund Transfer Agreement (Agreement) with CalTrans to provide planning, programming and monitoring of projects for the development and preparation of the Regional Transportation Improvement Program.

Metro is required to comply with the Agreement and to ensure that State Transportation Improvement Program (STIP) Planning, Programming, and Monitoring (PPM) funds are used in conformance with Article XIX of the California State Constitution, and for PPM purposes as defined in the Agreement.

Vasquez & Company (Vasquez) was contracted to complete a financial and compliance audit of STIP and PPM program funds for the period January 19, 2017 through December 31, 2019. Vasquez found that the financial schedule presents fairly, in all material respects and that Metro complied, in all material respects, with the compliance requirements of the Agreement and Article XIX of the California State Constitution applicable to Metro's STIP and PPM Program.

Audit Support

Audit Follow-Up and Resolution

The tables below summarize the open and closed audit recommendations as of June 30, 2021.

MAS and External Audit Recommendations					
Executive Area	Closed	Late	Extended	Not Yet Due / Under Review	Total Open
Operations	8		21	5	26
Program Management			1		1
Risk, Safety & Asset Management			2	1	3
Systems Security and Law Enforcement			9		9
Vendor/Contract Management	1		4		4
Total	9		37	6	43

OIG Audit Recommendations					
Executive Area	Closed	Late	Extended	Not Yet Due / Under Review	Total Open
Congestion Reduction			1		1
Human Capital & Development	3			28	28
Information Technology Services					
Operations				6	6
Total	3		1	34	35

Details of open audit recommendations for MAS and OIG are included in Appendix E and F.

FY 2021 Year-End Activity

Cumulative FY 2021 Completed Audit Activity

As of the FY 2021 year-end, MAS completed 181 audit projects and closed 76 audit recommendations. Additionally, MAS completed 15 TICR determinations.

*Of note: MAS cancelled one (1) audit project.

Summary of Completed Projects

The completed audit projects comprise of:

- 9 performance audits which also include independent reviews, analysis or assessments of select areas;
- 21 contract, financial and compliance audits with an audit value amount of \$197 million; of which \$13.9 million or 7% of identified unused funds that may be reprogrammed; and
- 151 financial and compliance audits comprised mainly of legally mandated audits such as Prop A & C, Measure R, Measure M, State Transit Assistance (STA), Transportation Development Act (TDA), National Transit Database (NTD), and other funds distributed to the cities and County of Los Angeles.

Refer to Appendix B – Performance Audits Completed; and Appendix C – Contract, Financial and Compliance Audits Completed.

In addition, 18 TICR determinations were reviewed of which 15 were approved and three were withdrew due to firms opting out. A list of firms enrolled in the pilot program as of June 30, 2021 is included in Appendix D.

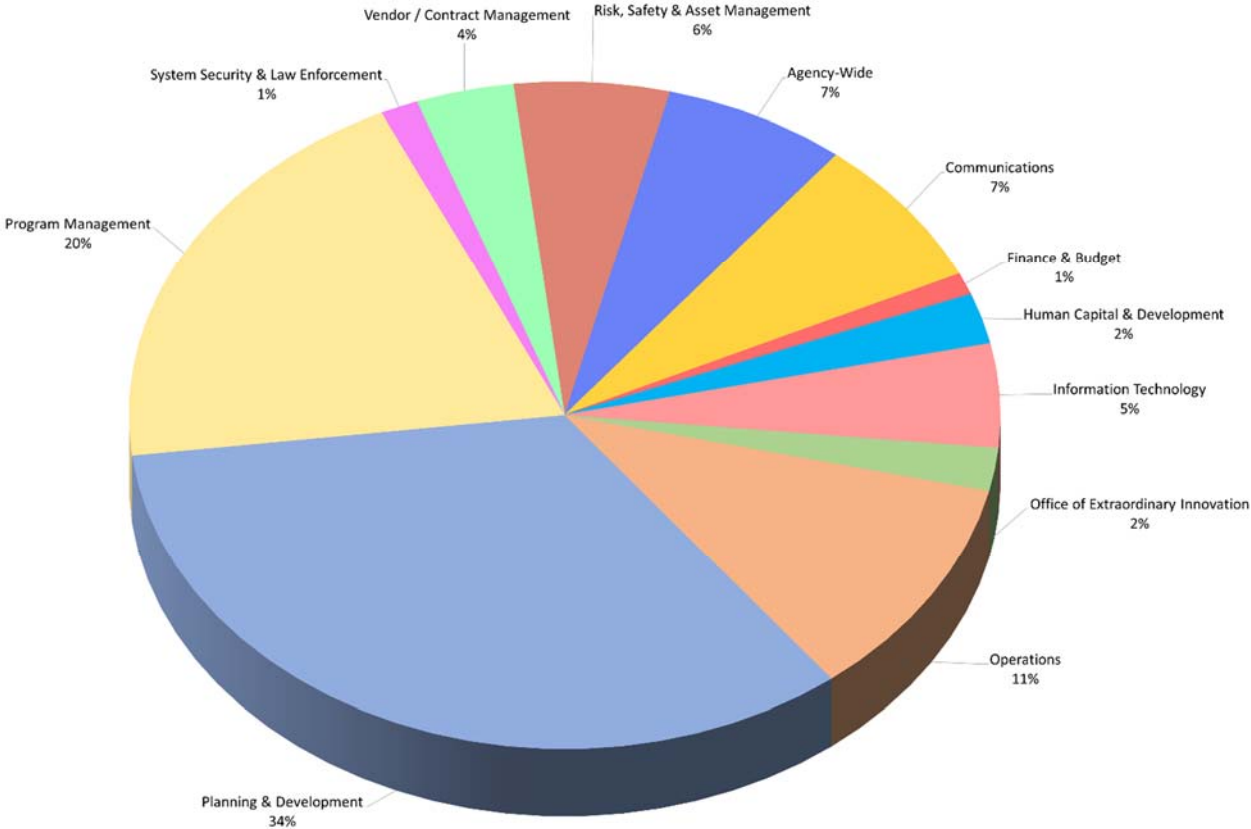
Cancelled Project

MAS cancelled the performance audit for the Position Reconciliation Process as there were not any material findings or recommendations that warranted the issuance of a formal audit report to Office of Management & Budget (OMB). MAS presented the suggested business process improvements through a management letter.

Audit Follow-up

MAS closed 36 open recommendations during the fiscal year, and provided administrative support for the closure of 40 open OIG recommendations.

Cumulative FY 2021 Audit Activity by Department



Department Highlights

Performance Audits

- **Special Review of the CRRC MA Corporation (CRRC) Supply Chain.** Completed a special review that evaluated CRRC MA Corporation (CRRC) Supply Chain's practices. CRRC is a key vendor providing major train equipment components to Metro. The special review specifically evaluated the completeness and accuracy of CRRC's statements provided to Metro concerning the non-use of limited use of the mineral mica in the carbody section and major systems of Metro's train equipment. Also assessed was compliance with California Transparency in Supply Chains Act of 2010. The Special Review provided recommendations describing ways in which CRRC's supply chain management could be improved.
- **Performance Audit and Independent Assessment of Wayside Systems Engineering and Maintenance.** Conducted an audit and an independent assessment to determine whether employees of Wayside Systems Engineering & Maintenance completed required technical, safety and mandated training, including required refresher courses. The audit also examined if required certifications for positions were current and whether employees had the adequate certification for the tasks assigned. The independent assessment reviewed the adequacy of rail engineering & maintenance technical, safety, and mandated training provided within the Wayside Track, Signal and the Traction Power units. The audit identified internal monitoring and training compliance improvements and specific recommendations for improved training effectiveness.
- **Consulting Engagement for Telecommute Research Project.** Performed a research project that compiled information on best practices related to telecommuting to support the Human Capital and Development Department and Metro's path forward plan in response to COVID-19.

Contract, Financial and Compliance Audits

- **Bikeshare.** Completed an Agreed-Upon Procedures attestation report for Metro Bikeshare program to evaluate the contractor's accounting system controls and verify compliance with the billing and insurance provisions of the contract. The audit engagement identified key findings, recommendations and improvements for the continued operations of Metro's Bikeshare Program.
- **Annual Comprehensive Financial and Compliance Audit by Crowe.** Managed the FY2020 Annual Financial and Compliance Audits of Metro and its component units conducted by an independent Certified Public Accounting (CPA) firm, Crowe, LLP (Crowe). Crowe issued unmodified (clean) opinions on all of its reports including Annual Comprehensive Financial Report, Single Audit Report for Federal funds and State Transit Assistant (STA) Funds Report.

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- **Consolidated Audit.** Managed the FY2020 Consolidated audits performed by independent Certified Public Accounting (CPA) firms, Vasquez and Company and Simpson and Simpson CPAs. The Consolidated audits included the County of Los Angeles and 88 cities audits, Munis, Tier II Transit Operators, Access Services, Metrolink and Low Income Fare is Easy (LIFE) administrators for their use of Propositions A&C, Measures R&M Local Return Funds, Transportation Development Articles (TDA) 3, 4, and 8 funds and other funds that Metro programmed.

Administration and Policy

- **Multidisciplinary Development Program (MDD).** In September 2020, MAS launched the MDD program to promote professional development; create a culture of continuous learning; cross-train staff in various areas of the audit practice and discipline; and build internal capacity in support of delivering value-added audit services. Audit staff participated in industry specific and specialized training such as: ethics; diversity and inclusion; data analytics; standards for internal control; combined assurance; and construction auditing.

Appendix A

Performance Audit - In Progress Audits as of June 30, 2021				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
1	Communications / Finance & Budget	20-COM-P01 Performance Audit of Expanded Discount Programs	Determine the adequacy and effectiveness of internal controls over the expanded discount (special fares for patrons) programs.	8/2021
2	Operations	18-AGW-P01 Performance Audit of Internal Controls over Overtime Payments for AFSCME	Evaluate adequacy of the internal controls over overtime payments for AFSCME union employees within Operations for selected positions.	8/2021
3	Systems Security and Law Enforcement / Risk, Safety & Asset Management	21-RSK-P02 Performance Audit of COVID Compliance	Determine Metro's compliance with the COVID-19 planned document as well as with applicable state transit industry guidelines.	8/2021
4	Operations	21-SEC-P01 Rail Operations Continuity Of Operations Plan	Evaluate the adequacy of Rail Operations COOP and Standard Operating Procedures (SOPs) to support Rail Operations mission essential functions during emergencies.	9/2021
5	Agency-Wide	20-ITS-P01 Performance Audit of IT Security Awareness	Evaluate the extent of information technology security awareness for selected business units within the Agency.	10/2021
6	Planning & Development	21-PLN-P01 Micro Mobility Vehicles Program	Assess the progress made in achieving program goals and objectives, including assessing the consideration given to the Metro rapid equity assessment tool.	10/2021
7	Environmental Compliance and Sustainability	21-CON-P02 Agreed Upon Procedures for Metro-Owned RINs	Verify that Metro's EPA reporting of RINs (renewable identification numbers) for renewable energy credits are complete and accurate for calendar year 2020.	10/2021
8	Risk, Safety & Asset Management	21-RSK-P03 Transit Asset Inventory Records	Evaluate the adequacy of the records for this area, with a focus on accuracy, completeness and proper controls over asset records.	10/2021

Appendix A

Performance Audit - In Progress Audits as of June 30, 2021				
No.	Area	Audit Number & Title	Description	Estimated Date of Completion
9	Planning & Development	21-PLN-P02 Real Estate Management System	Determine if prior audit findings and recommendations have been considered as part of the upcoming implementation of the new Real Estate Management System.	11/2021
10	Operations / Risk, Safety / Environmental Compliance	20-OPS-P01 Performance Audit of Personal Protective Equipment for Maintenance	Determine the adequacy of training and utilization of personal protective equipment by Metro workers performing clean-ups of Metro facilities impacted by activities of homeless individuals.	Project is on Hold
11	Operations	21-OPS-P02 Performance Audit of the Angel's Flight MOU	Evaluate the compliance of the third party operator with the MOA between Metro and the City of Los Angeles concerning the operation of the Angel's Flight railway in downtown Los Angeles.	Project is on Hold

Appendix B

Performance Audit - Audits Completed as of June 30, 2021				
No.	Area	Audit Number & Title	Description	Date of Completion
1	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	Determine whether existing and newly hired employees of Wayside Systems Engineering & Maintenance completed the required training (technical, safety, and mandated) including required refresher courses; required certification per position is current; and employees have the right certification for the tasks assigned.	7/2020
2	Operations	20-OPS-P03 Assessment of Wayside Systems Engineering Maintenance Training	Review and evaluate the adequacy of the rail engineering & maintenance technical, safety, and mandated training provided to Wayside Track, Signal and the Traction Power units.	7/2020
3	Vendor / Contract Management	20-CEO-P01 Special Review of the CRRC MA Corporation (CRRC) Supply Chain	Evaluate the completeness and accuracy of CRRC's statements provided to Metro on the non-use or limited use of mica in the carbody section and major systems of Metro's train equipment.	7/2020
4	Operations	20-OPS-P04 Performance Audit of Contract Compliance for Parkwood Rights-of-Way Maintenance Contracts	Determine Parkwood's compliance and required performance with contractual terms and conditions for select areas for the period from November 15, 2015 (contract inception) to October 30, 2019.	10/2020
5	Operations	Performance Audit of Internal Controls over Overtime Payments – AFSCME (Transit Security)	Evaluate adequacy of the internal controls over overtime payments for AFSCME union employees within Operations for selected positions.	11/2020
6	Human Capital & Development	21-HCD-P01 Telecommuting Consulting Project	Compile information on best practices for this area, and verify selected information already collected by Metro that will inform policy decisions.	11/2020
7	Environmental Compliance and Sustainability	21-CON-P01 Agreed Upon Procedures for Metro-Owned RINs	Verify that Metro's EPA reporting of RINs (renewable identification numbers) for renewable energy credits are complete and accurate for calendar years 2018 and 2019.	12/2020
8	Vendor / Contract Management	21-VCM-P01 Business Interruption Fund (BIF) Pilot Program	Validate compliance with administrative guidelines and fund disbursement procedures.	3/2021
9	Operations	20-OPS-P02 Follow up Audit of Contracted Bus Services Project Management	Evaluate if prior Contracted Bus Service Project Management corrective actions were implemented.	4/2021

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2021				
No.	Area	Audit Number & Type	Auditee	Date Completed
1	Program Management	18-CON-A14 - Agreed-Upon Procedures	HDR Engineering, Inc.	8/2020
2	Operations	20-OPS-A01 - Agreed-Upon Procedures	CRRRC MA Corporation	9/2020
3	Program Management	20-CON-A01 - Agreed-Upon Procedures	Skanska Traylor Shea	9/2020
4	Program Management	20-CON-A11- Agreed-Upon Procedures	PMCS Group Inc.	10/2020
5	Planning & Development	20-PLN-A07 - Closeout	City of Commerce	10/2020
6	Planning & Development	19-PLN-A19 - Closeout	City of Santa Clarita	10/2020
7	Program Management	20-CON-A12- Agreed-Upon Procedures	Paleo Solutions, Inc.	11/2020
8	Program Management	20-CON-A13- Agreed-Upon Procedures	Zephyr UAS, Inc.	12/2020
9	Planning & Development	20-PLN-A53 - Agreed-Upon Procedures	Bicycle Transit Systems, Inc.	12/2020
10	Program Management	19-HWY-A01 - Closeout	I-5 Consortium Cities Joint Powers Authority	3/2021
11	Program Management	18-CON-A22 - Agreed-Upon Procedures	HNTB Corporation	3/2021
12	Planning & Development	18-HCD-A01 - Agreed-Upon Procedures	iNet Inc. (dba iParq)	3/2021

Appendix C

Contract, Financial and Compliance Audit - Audits Completed as of June 30, 2021				
No.	Area	Audit Number & Type	Auditee	Date Completed
13	Program Management	20-CON-A10 - Agreed-Upon Procedures	Cornerstone Transportation Consulting, Inc.	4/2021
14	Planning & Development	20-PLN-A10 - Closeout	City of Long Beach	4/2021
15	Program Management	18-HWY-A06 - Closeout	City of Calabasas	4/2021
16	Planning & Development	19-PLN-A12 - Closeout	County of Los Angeles Department of Public Works	5/2021
17	Planning & Development	19-PLN-A16 - Closeout	City of Los Angeles	5/2021
18	Program Management	20-CON-A14 - Agreed-Upon Procedures	Anil Verma Associates, Inc.	5/2021
19	Planning & Development	20-PLN-A02 - Closeout	City of Palmdale	5/2021
20	Planning & Development	20-PLN-A19 - Closeout	City of Pasadena	6/2021
21	Program Management	21-HWY-A02 - Closeout	City of Paramount	6/2021

Appendix D

Transitional Indirect Cost Rate – Approved Firms as of June 30, 2021		
No.	Firm	Approval Date
1	Summit Consulting & Engineering, Inc.	7/30/2019
2	Conaway	8/18/2020
3	OhanaVet	8/18/2020
4	Sunenram	8/18/2020
5	Vicus	8/18/2020
6	EcoTeal, Inc.	4/22/2021
7	Redwood Resources	4/22/2021
8	3P Premier Program Partners	4/22/2021
9	Akima Consulting, LLC	4/22/2021
10	Loop Environmental	4/22/2021
11	Schweitzer	4/22/2021
12	Polytechnique	4/22/2021
13	Tim Reeve Consulting, Inc.	4/22/2021
14	Impact Sciences	4/22/2021
15	All About Waste	4/22/2021
16	Letini Design & Marketing	4/22/2021

Appendix E

Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Systems Security and Law Enforcement	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1a	We recommend that the Emergency Management Unit collaborate with the business units, starting with V/CM, to ensure that the business unit COOPs, and all related documents (e.g., Standard Operating Procedures [SOPs]), include the essential content necessary to support the agency-wide program. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.	6/30/2020	12/31/2021
2	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	1b	We further recommend that over the next 12 to 18 months, V/CM should consider focusing its efforts on completing and including the following content with Emergency Management's support and guidance: criteria for COOP activation and relocation decisions; flow charts and decision trees; step-by-step instructions applicable to Gateway or agency-wide emergencies; names, titles and contact details such as phone numbers and emails for all continuity personnel (e.g., Advance Team, Continuity Management Group [CMG], and successors); distribution and logistics dependencies, such as MEFs, mission essential systems, records, databases, supplies and equipment; mission essential records and database storage locations. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.	10/30/2020	10/31/2021
3	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	2	We recommend that V/CM management review and reassess the COOP and SOPs periodically to verify that any resulting updates are implemented, including updating V/CM's COOP contact details in the event of key personnel changes. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.	4/30/2020	9/30/2021
4	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	3	We recommend that V/CM management work with Emergency Management to arrange for COOP execution training by an emergency management expert concurrently with each annual update. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.	7/31/2020	9/30/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix E

Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
5	Program Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	4	We recommend that the Chief Program Management Officer take the lead role in collaborating with all responsible parties, such as V/CM, Project Delivery Third Party Coordination, County Counsel, etc., to establish agreements with utility companies to guarantee service continuity and restoration in emergency situations. Update: Metro is negotiating Essential Use designation with SCE, DWP & CPUC as a basis for utility emergency service agreements.	3/31/2020	12/31/2021
6	Vendor/Contract Management	18-RSK-P01 Performance Audit of Vendor / Contract Management's (V/CM's) Continuity of Operations Plan (COOP)	5	We recommend that V/CM management consider referencing all the existing COOP-related SOPs to the COOP and/or attaching them as appendices to the COOP, doing the same to the SOPs under development as they are completed. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist V/CM.	10/30/2020	12/31/2021
7	Operations	18-ITS-P01 Performance Audit of the HASTUS System – Implementation of Collective Bargaining Agreement Changes	5	We recommend Operations management immediately perform all the needed corrections for underpayments and overpayments for all Line Instructor Premium (LIP) eligible hours from July 1, 2017 to date. Update: Operations' staff prepared two LIP retroactive pay calculations which have been verified; decision on minor 2017 pay correction is pending with Operations.	12/31/2019	8/31/2021
8	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	1	We recommend that Emergency Management should coordinate with Payroll to facilitate training and add the additional details to Finance (Payroll)'s COOP and SOPs, including criteria for COOP activation and relocation decisions, flow charts, decision trees and step-by-step instructions. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.	2/28/2021	1/31/2022
9	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	2	We recommend that Emergency Management should coordinate with Payroll to create an SOP template to include names, titles and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions and successors. Advance team references should state "provided by ITS". Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.	7/31/2020	1/31/2022

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix E

Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
10	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	3	We recommend that Emergency Management should coordinate with Payroll to review and assess the COOP and SOPs annually and verify that any resulting updates are implemented. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.	7/31/2020	1/31/2022
11	Systems Security and Law Enforcement	18-RSK-P02 Performance Audit of Finance (Payroll)'s Continuity of Operations Plan	4	We recommend that Emergency Management should coordinate with Payroll to schedule COOP execution training by an emergency management expert concurrently with each annual COOP update. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist Finance.	7/31/2020	1/31/2022
12	Operations	19-OPS-P02 Performance Audit of the Rail Communications Systems	8 Total	The recommendations included in this report address findings in Metro's Operational System. Update: As of December 2020, 4 of 12 recommendations were closed.	On-going	
13	Operations	19-OPS-P03 Performance Audit of the SCADA Security Controls	8 Total	The recommendations included in this report address findings in Metro's Operational System. Update: As of June 2021, 5 of 13 recommendations were closed.	On-going	
14	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	2	We recommend that the Chief Risk, Safety & Asset Management Officer raise awareness of the Field Observation and Feedback (FOF) program. Update: A new mandatory FOF online training program has been set to release in November 2020 to train all supervisory personnel, including the proper fashion for completing a FOF, discussion items while conducting a FOF and requirements of the FOF Policy. FOFs are regularly discussed at LSC meetings and a FOF awareness campaign is currently being discussed with Operations.	3/31/2020	12/31/2021
15	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	3	We recommend that the Chief Risk, Safety & Asset Management Officer develop additional input controls in the Transit Safe System, by designating required FOF form fields as mandatory, including Supervisors sign-off to review for accuracy of information, to prevent the close out of FOF records without completion of all required fields and to ensure quality of information is maintained. Update: TransitSafe's replacement software is in the process of being configured and implemented and will include FOF reporting functionality. Due to the pandemic, vendor staffing changes and historical data transition issues, the implementation has been delayed.	7/31/2020	11/30/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix E

Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
16	Risk, Safety & Asset Management	16-OPS-P03 Performance Audit of Accident Prevention Practices in the Operations Department	4	We recommend that the Chief Risk, Safety & Asset Management Officer incorporate recommendation #3, above, in the upcoming replacement system of Transit Safe.	12/31/2021	
17	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	1	We recommend that Emergency Management collaborate with SS&LE to establish at least three new locations to accommodate emergency back-up SS&LE command centers. As a suggestion, not more than one facility should be close to Gateway Plaza. The other two should be far enough away from Gateway and from each other that there is little risk that a wide area emergency could affect all three locations. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&LE.	7/30/2020	1/31/2022
18	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	3	We recommend that Emergency Management should coordinate with SS&LE to facilitate training and add the additional details to the SS&LE COOP and SOPs, including criteria for COOP activation and relocation decisions, flow charts, decision trees and step-by-step instructions. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&LE.	7/30/2021	1/31/2022
19	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	4	We recommend that Emergency Management should coordinate with SS&LE to create a Standard Operating Procedures template to include names, titles and contact details (phone numbers and emails) for all continuity personnel, such as the CMG, key continuity positions and successors; and reference and attach all COOP-related SOPs as Appendices to the COOP. Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&LE.	7/30/2020	1/31/2022
20	Systems Security and Law Enforcement	19-RSK-P01 Performance Audit of System Security & Law Enforcement's Continuity of Operations Plan	7	We recommend that Emergency Management should coordinate with SS&LE to schedule COOP execution training by an emergency management expert concurrently with each annual COOP update (See COOP Appendix M). Update: Emergency Management resources have been fully committed to COVID-19 related emergency operations since March 2020, and are unavailable to assist SS&LE.	7/31/2021	1/31/2022

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix E

Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
21	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	1a	We recommend that the Chief Operations Officer require Wayside Systems Engineering and Maintenance management to perform a training needs assessment to accurately determine the number of Instructors required to ensure that formal refresher training is provided regularly within the Signal, Track, and Traction Power departments.	7/31/2021	
22	Operations	19-OPS-P01 Performance Audit of Wayside Systems Engineering and Maintenance Training	1b	We recommend that the Chief Operations Officer require Wayside Systems Engineering and Maintenance management to develop a Formal Refresher Training that supports the technical competence of maintenance personnel and supports the improvement of system reliability of assets. Refresher Training should be focused on areas where the increasing number of failures or repeat write-ups are occurring within the Signal, Track, and Traction Power departments. Update: Completed but pending supporting documentation.	2/28/2021	6/30/2021
23	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	1	MAS recommends that Contract Services management establish a timeline and finalize the Contract Monitoring Plan.	7/30/2022	
24	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	2	MAS recommends that Contract Services management develop formal written policies and procedures that include a) a requirement that decisions requiring executive approval be documented and b) a requirement that all modifications of contractual terms be documented and executed by the Contract Administrator.	12/31/2021	
25	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	3	MAS recommends that Contract Services management formulate and establish a formal training program to support skills development in the monitoring of contractor's performance.	12/31/2021	
26	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	4	MAS recommends that Contract Services management continue to work with appropriate stakeholders to resolve the fareboxes issue and establish a timeline by when this will be completed. Once fareboxes are operational, the reconciliation process should be fully restored to include the triggering of a revenue compliance inspection for variances exceeding the threshold by above or below 2%. Update: The Fareless System Initiative has delayed the resolution of the fareboxes issue.	4/30/2021	9/30/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix E

Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
27	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	5	MAS recommends that Contract Services management implement a review process where deposit amounts on the Monthly Farebox Analysis are compared to the supporting bank statement. Update: The Fareless System Initiative has delayed the resolution of the fareboxes issue.	5/31/2021	9/30/2021
28	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	6	MAS recommends that Contract Services management ensure that follow-up procedures are performed for all findings cited in the Simulated California Highway Patrol (SCHP) inspection reports, especially for safety related exceptions, and document the follow-up reviews performed.	5/31/2021	6/30/2021
29	Operations	20-OPS-P02 Follow -up Performance Audit on Efficiency and Effectiveness of the Oversight of Contracted Bus Services	7	MAS recommends that Contract Services management work with the Quality Assurance (QA) team to determine the frequency of SCHP (QA) inspections needed to help ensure the level of safety and customer experience acceptable for bus operations.	5/31/2021	6/30/2021

Any findings that have not been corrected 90 days after the due date are reported as late.

Appendix F

OIG Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
1	Operations	17-AUD-04 Review of Metro Safety Culture and Rail Operational Safety	6 Total	The 117 recommendations included in this report address findings in Safety Culture, Red Signal Violations, Safety Assessment of Infrastructure Elements, Technology, Operations and Maintenance, Human Resources, and etc. Update: As of December 2020, 111 of 117 recommendations were closed.	Pending	
2	Congestion Reduction	20-AUD-06 Review of LA Metro's Freeway Service Patrol Program	6	LA Metro FSP should set a target for its Benefit-to-Cost ratio, either in comparison to the statewide average or develop its own annual target. This is especially important as costs are expected to rise over the next several years as insurance and vehicle costs continue to escalate. If such the annual target is not met, it would trigger LA Metro FSP to conduct a deeper evaluation of its program and identify potential strategies to improve the following year's performance.	10/1/2020	7/1/2022
3	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	1	Employ Oracle Talent Acquisition Cloud (OTAC), Metro's new Applicant Tracking System, to obtain and utilize talent analytics	7/30/2021	
4	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	2	Hold hiring process stakeholders accountable for faster decision making	7/30/2021	
5	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	3	Decrease post-testing communication time for the candidates	7/30/2021	
6	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	4	Select interview dates and interviewers prior to the Hiring Plan Meeting	7/30/2021	
7	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	5	Implement a digital workflow to autoroute forms and utilize electronic signatures and assign a back-up signatory	7/30/2021	
8	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	6	Implement digital interview note-taking, scoring, and uploading of candidate results	7/30/2021	
9	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	7	Improve communication between Talent Acquisition (TA) and Hiring Managers regarding changes in the hiring process	7/30/2021	
10	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	8	Encourage greater use of department interviews	7/30/2021	
11	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	9	Allow Qualified Candidate Pools (QCPs) with similar Minimum Qualifications (MQs) to be shared	7/30/2021	
12	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	10	Clarify decision-making roles and responsibilities throughout the entire hiring process	7/30/2021	

Appendix F

OIG Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
13	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	11	Grant Hiring Managers greater decision-making authority in screening	7/30/2021	
14	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	12	Ensure full adoption of the OTAC system coupled with adoption of an effective change management process	7/30/2021	
15	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	13	Expand Hiring Managers' influence by allowing additional Minimum Qualifications to a position	7/30/2021	
16	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	14	Reevaluate the use of blind screening in 12 months	7/30/2021	
17	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	15	Transition Equal Employment Opportunity (EEO) role from active participant to advisor, auditor, and trainer	7/30/2021	
18	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	16	Utilize self-service portal for candidates to provide evidence of education and references	7/30/2021	
19	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	17	Provide stakeholders with the ability to receive live application status updates	7/30/2021	
20	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	18	Communicate to Metro employees why it lacks a promotion process	7/30/2021	
21	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	19	Ensure OTAC's application portal meets candidates' needs	7/30/2021	
22	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	20	Update auto-generated communications to applicants after application submission to improve hiring process expectations	7/30/2021	
23	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	21	Institute a combination of standardized and non-standardized interview questions	7/30/2021	
24	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	22	Update initial communication to candidates placed on QCP	7/30/2021	
25	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	23	Send periodic automated emails to candidates in QCP to keep them engaged and aware of opportunities for which they may be considered	7/30/2021	
26	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	24	Request complete employment history earlier in the process	7/30/2021	
27	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	25	Consider characteristics other than years of direct work experience when determining salary offers and when screening applications	7/30/2021	

Appendix F

OIG Open Audit Recommendations as of June 30, 2021						
No.	Area	Audit Number & Title	Rec. No.	Recommendation	Original Completion Date	Extended Completion Date
28	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	26	Reduce required memos and forms and expedite their completion	7/30/2021	
29	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	27	Consider increasing the 15% cap on raises for internal candidates	7/30/2021	
30	Human Capital & Development	20-AUD-09 Personnel Hiring Process Study	28	Decrease the job posting salary ranges	7/30/2021	

Management Audit Services

Fourth Quarter Status Report and Cumulative Year-End Report

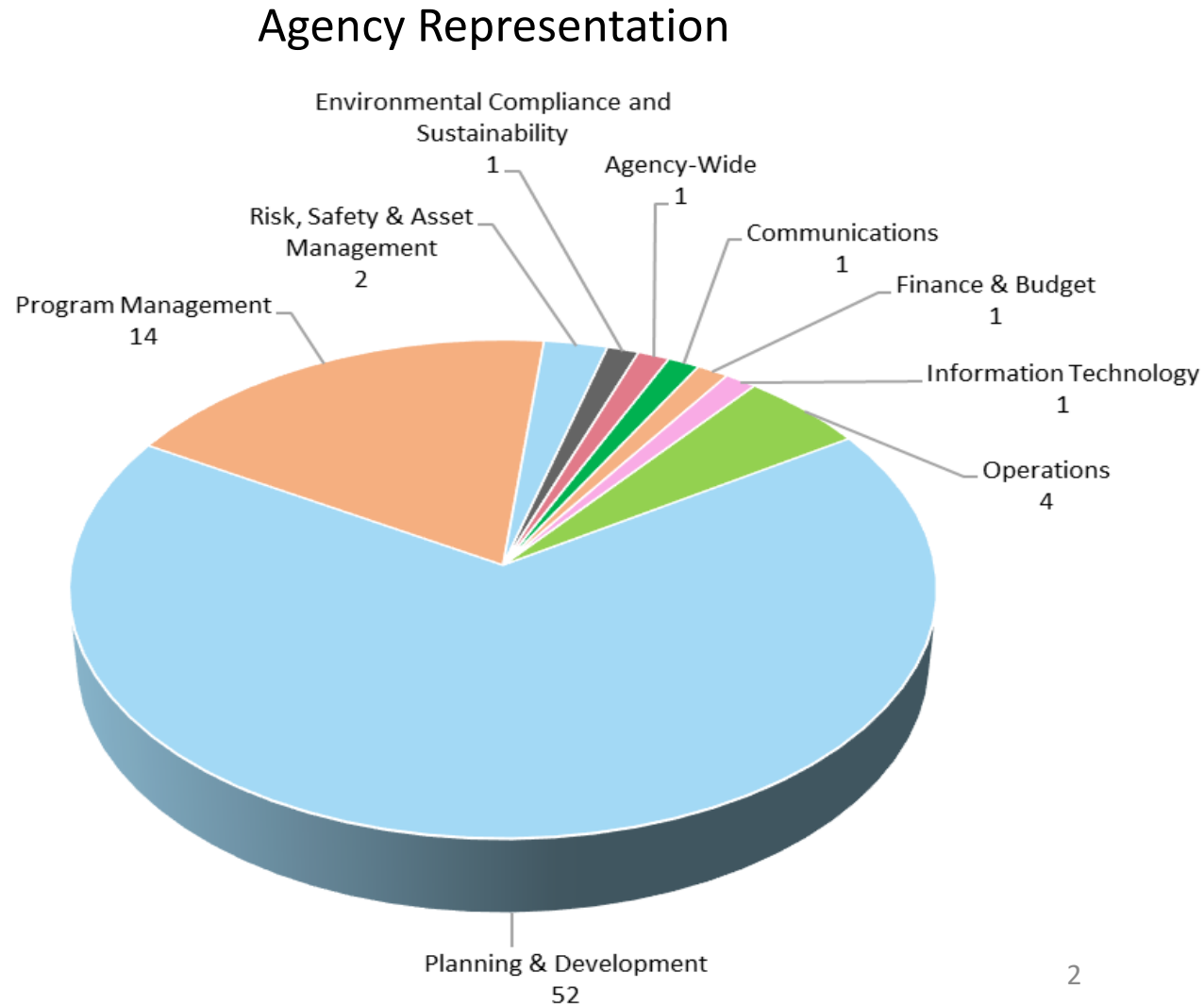
Finance, Budget & Audit Committee
September 15, 2021



MANAGEMENT
AUDIT SERVICES

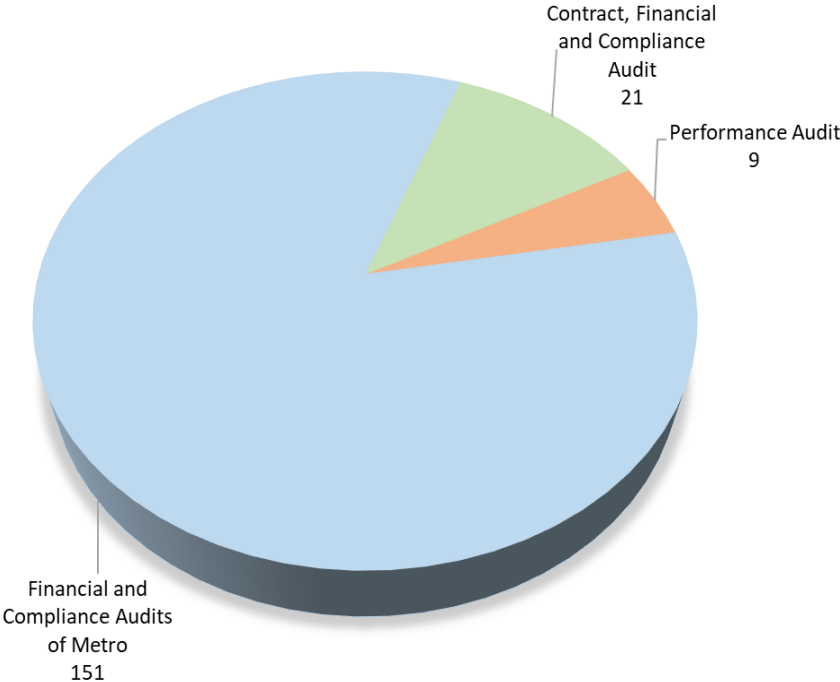
In Progress Audit Activity – Q4

- 11 Performance Audits
- 66 Contract, Financial and Compliance Audits

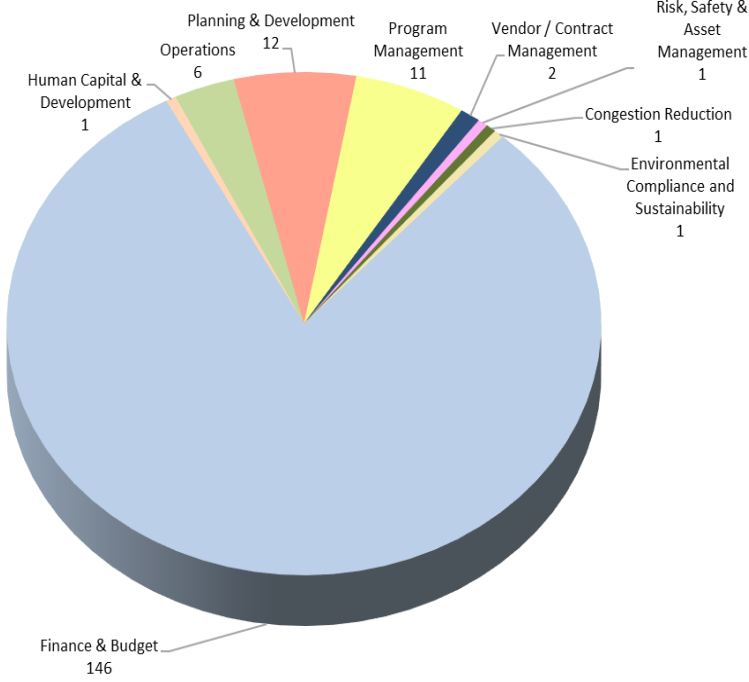


Summary Audit Activity – FYE21

Audit Activity: Functional Area



Audit Activity: Agency Area



Audit Services Highlights – FYE21

- Delivered financial audits that reviewed \$197 million of funding; and identified \$13.9 million (7%) for reprogramming
- Expanded Transitional Indirect Cost Rate Pilot Policy and Program
- Advanced initiatives for enhanced value-added audit services

Next Steps

- Delivery of Consolidated Audit Reports and Annual Comprehensive Financial Reports (FY 20)
- Focused efforts on MAS quality improvement and value-added audit services
- Ongoing implementation of performance and financial audits and reporting

Thank you