



Transmitted via e-mail

February 29, 2016

Mr. Robert Nelson, Assistant Director of Administration
Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Dear Mr. Nelson:

Final Report—Los Angeles County Metropolitan Transportation Authority, Traffic Safety Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Los Angeles County Metropolitan Transportation Authority's (LA Metro) grant PS1301, issued by the California Office of Traffic Safety.

The enclosed report is for your information and use. LA Metro's response to the report observations are incorporated into this final report. LA Metro agreed with our observations and we appreciate its willingness to implement corrective actions. This report will be placed on our website.

We appreciate the assistance and cooperation of LA Metro staff. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Fabiola Torres, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Assistant Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Karen Coyle, Assistant Director of Operations, Office of Traffic Safety
Ms. Trina Nguyen, Associate Accounting Analyst, Office of Traffic Safety
Ms. Laura Cornejo, Deputy Executive Officer, Los Angeles Metropolitan
Transportation Authority
Ms. Julia Salinas, Transportation Planning Manager, Los Angeles Metropolitan
Transportation Authority

Los Angeles County
Metropolitan Transportation Authority
California Traffic Safety Program
Grant Agreement PS1301



Source: metro.net

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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Office of State Audits and Evaluations
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(916) 322-2985

BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

The Office of Traffic Safety's (OTS) mission is to effectively and efficiently administer traffic safety grant funds to reduce traffic deaths, injuries, and economic loss. OTS implements its mission by awarding grants to local and state public agencies from several federal funding sources. The ten priority areas of concentration for grant funding include the following: Alcohol-Impaired Driving, Distracted Driving, Drug-Impaired Driving, Occupant Protection, Pedestrian and Bicycle Safety, Traffic Records, Emergency Medical Services, Roadway Safety, Police Traffic Services, and Motorcycle Safety.¹

The Los Angeles County Metropolitan Transportation Authority (LA Metro) received a grant from OTS for \$203,100 to provide innovative and comprehensive bicycle safety education courses that reduce death and injuries. The proposed public/private partnership between key stakeholders and non-profits was to provide 120 bicycle traffic skills courses of different skill levels reaching approximately 2,880 students at no cost. Each of the courses would be taught by League-Certified Cycling Instructors (LCIs), incorporating elements of the Cycling or Traffic Skills curriculum established by the League of American Bicyclists, and would provide helmets, lights, and manuals for each participant.²

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, audited grant agreement PS1301 for the period March 1, 2013 through September 30, 2013.

The audit objectives were to determine whether LA Metro's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant objectives were completed as required. We did not assess the efficiency or effectiveness of program operations.

LA Metro's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. OTS is responsible for the state-level administration of the grant program.

¹ Excerpts from www.OTS.ca.gov

² Excerpts from grant agreement PS1301

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant objectives were completed, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the vendor invoices, contracts, workshop announcements, and subcontractor documents.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.
- Determined whether the grant objectives were completed in accordance with the grant agreement.
- Evaluated whether a sample of grant objectives were met by reviewing subcontractor invoices, workshop announcements, quarterly progress reports, photographs, and sign-in sheets for workshops.

In conducting our audit, we obtained an understanding of LA Metro's internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.

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

Except as noted below, the grant expenditures claimed complied with the grant agreement requirements. Additionally, three grant objectives were not completed as specified in the grant agreement. The Schedule of Claimed and Questioned Amounts is presented below.

Schedule of Claimed and Questioned Amounts

Grant Agreement PS1301		
Category	Claimed¹	Questioned
Contractual Services	\$ 153,118	\$ 2,629
Total Expenditures	\$ 153,118	\$ 2,629

Finding 1: Unallowable Contractual Services Costs

The Los Angeles County Metropolitan Transportation Authority (LA Metro) claimed expenditures totaling \$2,629 in excess of allowable contractual services costs. LA Metro claimed costs in excess of the allowed \$1,420 cost per class specific to the “Need to Know” bicycle safety workshops. Per the grant agreement, “Cost per class includes trainers, class coordination, helmets, lights, educational materials (training materials), and venue rental”. Helmet expenditures claimed for some of the "Need to Know" workshops caused the total cost per workshop to exceed the allowed rate per the grant agreement.

The Office of Traffic Safety (OTS) Grant Program Manual, Subrecipient Responsibilities and Procedures states: “The grant director (i.e., traffic engineer, police chief, police sergeant) is responsible for establishing operating procedures and controls that ensure adequate administration of the grant in accordance with the terms of the agreement as well as all applicable statutes and regulations. He/she is responsible for meeting work schedules, maintaining costs within the approved budget(s).”

Recommendations:

- A. Ensure contractual services costs charged to the grant are consistent with the amounts allowed in the grant agreement or a written amendment is approved if needed to revise the grant requirements.
- B. Remit \$2,629 to OTS.

¹ OTS awarded \$203,100 and LA Metro claimed \$153,118.

Finding 2: Grant Objectives Not Fully Met

LA Metro did not fully meet three of the ten grant objectives. Specifically, LA Metro conducted 62 of the 90 “Need to Know” (Objective 8) and 26 of the 30 “Traffic Skills 101” (Objective 9) bicycle safety workshops required by the grant agreement. The required workshops would have impacted approximately 1,440 people. Consequently, LA Metro did not distribute and properly fit the 1,440 safety helmets required per the grant (Objective 10). The grant agreement outlines the objectives required to be accomplished by LA Metro. As a result, the reduction of bicycle involved death and injuries may not have been maximized. Further, failure to meet the goals and objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.

Recommendation:

- A. Effectively plan and monitor the grant activities to ensure objectives are fully met.



Metro

Metropolitan Transportation Authority

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metro.net

February 23, 2016

Ms. Cheryl L. McCormick, CPA
Assistance Chief, Office of State Audits and Evaluations
California Department of Finance
915 L Street
Sacramento, CA 95814-3706

**RESPONSE TO FINDING FROM DRAFT AUDIT REPORT ON
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
TRAFFIC SAFETY GRANT AUDIT**

Dear Ms. McCormick:

The Los Angeles County Metropolitan Transportation Authority (LACMTA) has reviewed the draft audit report for our California Traffic Safety Program Grant Agreement PS1301, which we received on February 12, 2016. This letter serves as our formal response to “Finding 1: Unallowable Contractual Service Costs” and “Finding 2: Grant Objectives Not Fully Met” from the draft audit report.

Finding 1 indicates that we claimed expenditures totaling \$2,629 in excess of allowable contractual services costs. As stated in the draft audit report, approximately \$1,420 of these excess costs were attributed to helmets purchased for the “Need to Know” class category. The draft audit report recommends that we ensure contractual services costs charged to the grant are consistent with the amounts allowed in the grant agreement unless we secure an approved amendment and recommends that we remit the excess charges of \$2,629 to the Office of Traffic Safety.

We concur with Finding 1 and have taken steps to ensure excess costs are not charged to the grant in following years. Specifically, for the 2015 grant year, Metro took on the task of procuring helmets and secured a flat rate for all helmets such that the cost would be within the allowed grant amount. Additionally, we are ensuring that claims do not exceed allowable grant amounts by including oversight by our grants department in our invoicing process. Finally, we agree to remit the excess claim of \$2,629 to the Office of Traffic Safety at their request.

Finding 2 indicates that we did not meet three of the ten grant objectives. Specifically, we conducted only 62 of the 90 “Need to Know” and 26 of the 30 “Traffic Skills 101” classes as outlined in the grant agreement. Consequently, we also did not distribute the 1,440 helmets that would have been associated with attendees of those classes. The draft audit report recommends that we effectively plan and monitor the grant activities to ensure objectives are fully met.

We concur with Finding 2, however, these shortcomings in grant performance were known to the Office of Traffic Safety during the grant period. The grant year audited (2013) was the first year LACMTA received this grant and the final grant agreement was not executed until well into the performance period. It was with the knowledge and assistance of the Office of Traffic Safety that LACMTA staff conducted as many classes as possible in the contracted performance period. In following years, we have worked with the Office of Traffic Safety to execute grant agreements as quickly as possible and to plan for the most effective grant performance.

Should you or your staff have any questions, please contact Julia Salinas at (213) 922-7413. Thank you.

Sincerely,

Original signed by:

LAURA CORNEJO
Deputy Executive Officer
Active Transportation
Countywide Planning & Development