



Board Report

File #: 2025-1058, **File Type:** Informational Report

Agenda Number: 14.

FINANCE, BUDGET & AUDIT COMMITTEE MARCH 19, 2026

**SUBJECT: AUDIT OF MISCELLANEOUS EXPENSES FOR THE PERIOD OF JANUARY 1, 2025
TO MARCH 31, 2025**

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE Office of the Inspector General (OIG) Final Report on the Statutorily Mandated Audit of Miscellaneous Expenses for the Period of January 1, 2025, to March 31, 2025.

ISSUE

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from January 1, 2025, to March 31, 2025. This audit was performed pursuant to Public Utilities Code section 130051.28(b), which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own policies, procedures, or guidelines.

The Accounting Department's Accounts Payable Section is responsible for the accurate and timely processing of payments for miscellaneous expenses.

This audit covered a review of Metro miscellaneous expenses for the period of January 1, 2025, to March 31, 2025. For this period, miscellaneous expenses totaled \$1,673,007 with 574 transactions. We selected 51 expense transactions totaling \$611,140 for testing.

DISCUSSION

Findings

The miscellaneous expenses we reviewed for the quarter of January 1, 2025, to March 31, 2025 generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we noted the following issues:

1. Requiring a contractor to comply with Metro Business Travel Guidelines (GEN 65) for the travel expenses was not specified in the Statement of Work (SOW);
2. Late submission of Travel and Business Expense (TBE) Report; and
3. Issue involving the timeliness of a justification memo requesting additional days of business travel.

OBSERVATION

During our review of miscellaneous expenses for the period of January to March 2025, we identified five employees/consultants/board members who traveled internationally at a cost of \$32,472. Two of the five traveled to Paris, France, to prepare for the 2028 Olympics and Paralympic Observer Program. One employee traveled to Toronto, Canada, for the Fall Annual Conference of the Canadian Urban Transit Association (CUTA), another attended the InnoTrans Conference in Berlin, Germany, and another traveled to Barcelona, Spain, for the International Association of Public Transport (UITP) Global Public Transport Summit. Of these internationally traveling employees whose TBE Report was reviewed as part of our sample selection, we found a non-compliance as mentioned above.

RECOMMENDATIONS

We recommend the following:

Office of Management & Budget

- Statements of Work or Statements of Service should be strengthened to include language requiring contractor compliance with Metro Business Travel Guidelines (GEN 65).

Maintenance Operations

- Ensure that all employees submit TBEs in a timely manner in accordance with Metro Business Travel Guidelines (GEN 65).
- Direct travelers to read, review, and comply with all the provisions of Metro Business Travel Guidelines (GEN 65).

Office of Strategic Innovation

- The Office of Strategic Innovation should require and ensure that justification memos are

submitted in a timely manner whenever previously approved business travel dates are extended. Doing so will help ensure compliance with Metro Business Travel Guidelines (GEN 65) and maintain proper documentation supporting travel approvals.

- Employees should be reminded to review and comply with Metro Business Travel Guidelines (GEN 65), including the requirements to obtain prior authorization before traveling and to submit memos of justification in a timely manner when travel plans change. Reinforcing employee awareness of these provisions will help ensure proper approval, accountability, and compliance with Metro's travel policies.

EQUITY PLATFORM

It is OIG's opinion that there is no equity considerations or impacts resulting from this audit.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of Metro operations, as it contributes to fiscal responsibility and reports on miscellaneous expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro). The Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency and is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendations support strategic plan goal no. 5.2: Metro will exercise good public policy judgment and sound fiscal stewardship.

NEXT STEPS

Metro management will implement corrective action plans.

ATTACHMENT

Attachment A - Final Report on Statutorily Mandated Audit of Miscellaneous Expenses for the Period January 1, 2025, to March 31, 2025 (Report No. 26-AUD-03)

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Reviewed by: Karen Gorman, Inspector General, (213) 922-2975


Karen Gorman
Inspector General

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

**Statutorily Mandated Audit of
Miscellaneous Expenses
January 1, 2025 to March 31, 2025**

Report No. 26-AUD-03

February 19, 2026



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DATE: February 19, 2026

TO: Metro Board of Directors
Metro Chief Executive Officer

FROM: Yvonne Zheng, Senior Manager, Audit Office of the Inspector General **E-SIGNED** by Yvonne Zheng
on 2026-02-19 11:24:03 PST

SUBJECT: Final Report: Statutorily Mandated Audit of Metro Miscellaneous Expenses
January 1, 2025 to March 31, 2025 (Report No. 26-AUD-03)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expense transactions processed from January 1 to March 31, 2025. This audit was performed pursuant to Public Utilities Code section 130051.28(b) which requires the OIG to report quarterly to the Board of Directors on the expenditures of the Los Angeles County Metropolitan Transportation Authority (Metro) for miscellaneous expenses such as travel, meals, refreshments, and membership fees.

We found that the transactions reviewed generally complied with Metro policies, were reasonable, and were adequately supported by required documents. However, we noted the following issues with three of the sampled expenses reviewed:

1. Requiring a contractor to comply with Metro Business Travel Guidelines (GEN 65) for the travel expenses was not specified in the Statement of Work (SOW)
2. Late submission of Travel and Business Expense (TBE) Report; and
3. Issue involving the timeliness of a justification memo requesting additional days of business travel.

OBJECTIVES, METHODOLOGY, AND SCOPE OF AUDIT

The objectives of the audit were to determine whether:

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

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

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel including staff in Accounting, Program Management, Office of Strategic Innovation, Office of Management & Budget, and Operations; and
- Reviewed invoices, receipts, justification memos, and other supporting documents.

This audit covered a review of Metro's miscellaneous expenses for the period of January 1 to March 31, 2025. For this period, miscellaneous expenses totaled \$1,673,007¹ with 574 transactions. We selected 51 expense transactions totaling \$611,140 for detail testing. Thirty (30) of the expense transactions were randomly selected, five (5) were selected due to their large dollar amounts, and sixteen (16) were selected to add more samples for account number 50917 (MISC - BUSINESS TRAVEL) and a few other accounts. See Attachment A for details.

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

BACKGROUND

All Metro expenditures are categorized into various expense accounts and recorded in Metro's Financial Information System (FIS). Metro employees have several options for seeking payment for miscellaneous expenses incurred, such as check requests, purchase cards, purchase orders, and travel & business expense reports. Each option has its own respective policies, procedures, or guidelines.

¹ This total does not include transactions that were less than \$200, offsetting debits/credits, and transactions from the OIG and Transit Court Departments.

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The Accounting Department's Accounts Payable section is responsible for the accurate and timely processing of payments for miscellaneous expenses.

RESULTS OF AUDIT

Our audit found that the transactions reviewed generally complied with Metro policies, were reasonable, and were adequately supported by required documents. However, we noted issues with the following transactions:

1. Requiring a contractor to comply with Metro Business Travel Guidelines (GEN 65) for the travel expenses was not specified in the Statement of Work (SOW)

We examined a Check Request and supporting documentation submitted in December 2024 by Vendor Contract Management (V/CM) for a Statement of Work (SOW) contract that was made in November 2024. The Check Request was submitted with a justification memo dated December 20, 2024, to reimburse the contractor for actual travel costs of \$10,553.75. Our review found the documentation for the contractor's expenses contained several items that would not have been allowed or approved for a Metro traveling employee.

The supporting documentation submitted with the Check Request was incomplete, lacked several original receipts, included airline tickets with upgraded class of seating, lodging receipts that exceeded the allowable rates established in IRS Publication 1542 and the use of luxury shuttle services for transportation between contractors' residences and airports, and between overnight lodging and business locations.

Metro Business Travel Guidelines (GEN 65), "applies to all LACMTA employees, Board members, Board Deputies, and others as specifically authorized through a contract with, or invitation by, LACMTA". GEN65 includes the following:

- *Business travel is booked based on the most economically responsible means to carry out LACMTA business.*
- *Traveler must attach scanned copies of all original receipts for expenses for which receipts are customarily, regularly and reasonably obtained...*
- *LACMTA will only reimburse a traveler for lodging and meals for domestic travel up to the amounts outlined in IRS Publication 1542.*
- *Luxury services (e.g., limousines, UberSelect/Black/SUV, etc.) are not reimbursable.*

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We recognize that the SOW included a statement that *“All expenses to be reimbursed must be pre-approved by the company”*. The SOW for this sampled transaction did not include language requiring that the contractor comply with Metro Business Travel Guidelines (GEN 65).

To more effectively manage and control travel expenses incurred by a Metro contractor, language should be added to a Request For Proposal or similar procurement document and a Statement of Work (SOW) or Statement of Services (SOS) addressing travel expenses. As an example, language could include:

“Any travel costs and expenses are subject to Metro’s prior approval, follow Metro’s policies and restrictions for allowable expenses and are in accordance with GSAs Per Diem mileage rates and other restrictions or requirements that apply to Metro personnel when they travel. Metro’s travel coordinator can assist in obtaining discounted rates on lodging in the Los Angeles area as necessary.”

Including such language will hold contractors authorized to receive travel expense reimbursement through a Metro contract accountable to the same travel expense standards as Metro employees and meet Metro’s goal to “Provide responsive, accountable, and trustworthy governance within the Metro organization”.

In response to the OIG’s inquiry regarding the contractor’s travel expenses submitted under this SOW, the Department acknowledged and agreed that future SOWs should include additional language to strengthen compliance requirements. We understand that terms of a contract are negotiated, and there may be times that alternative agreements are made, but Metro should endeavor whenever possible to use the same travel frugality requirements for contractors as employees.

Recommendation:

Strategic Financial Management

- Statements of Work or Statement of Service should be strengthened to include language requiring contractor compliance with Metro Business Travel Guidelines (GEN 65).

2. Late submission of Travel and Business Expense (TBE) Report

We examined a Travel and Business Expense (TBE) Report and supporting documentation submitted in January 2025 by a mechanic and labor representative for business travel that was made in September 2024. The mechanic and labor representative traveled to InnoTrans 2024, an international trade fair in Berlin Germany for transport technology from September 21 to 28, 2024. The traveler submitted the TBE Report with a reimbursable amount of \$6,023.18 on January 29, 2025, four months later and not within 30 days of travel.

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We noted that the TBE Report was approved by the Department Head and Chief on February 26, 2025, and by the Chief Executive Officer on March 5, 2025.

Metro Business Travel Guidelines (GEN 65) states the following:

- *A TBE Report must be completed and submitted within 30 calendar days of the date of returning from travel*

The attached support documentation included a memo with *“Explanation of submittal 30 days [past] due”* that included the following statement:

“I did not communicate in a timely manner to the Operation Liaison on submitting personal expenses to claim for reimbursement. Thus, my Operation Liaison reached out to obtain my receipts by sending multiple emails, I was just unresponsive.”

It is important that TBE reports are submitted in a timely manner for the expense to be recorded in the proper accounting period and for their department’s budget balances to be updated. Moreover, submitting the expense report on time will avoid the probability of losing receipts or documents, which may otherwise occur if there is a long gap between the travel date and submission date. It is important that TBE reports are submitted in a timely manner for the expense to be recorded in the proper accounting period and for their department’s budget balances to be updated.

Recommendations:

Maintenance Operations

- Ensure that all employees submit TBE’s in a timely manner in accordance with Metro Business Travel Guidelines (GEN 65).
- Direct travelers to read, review, and comply with all the provisions of Metro Business Travel Guidelines (GEN 65).

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3. Issue involving the timeliness of a justification memo requesting additional days of business travel

We examined a Travel and Business Expense (TBE) Report submitted on September 25, 2024, by a Senior Director for international business travel to Paris France that began in late August and ended in early September 2024. The TBE support packet was submitted with memos of justification dated June 25 and September 17, 2024, which were submitted requesting approval for the business travel trip. The memo dated June 25, 2024, was submitted with the subject, *“Pre-Travel Authorization Request for travel from August 25 through September 5, 2024”*. However, the memo dated September 17, 2024, was submitted post-travel to extend the earlier approval to begin on August 23 and end on September 9, 2024. No further justification for the travel extension was provided.

Metro Business Travel Guidelines (GEN 65) states the following:

“Traveler must be familiar with this policy; make travel arrangements as far in advance as possible; obtain prior authorization for travel; and submit timely Travel Authorization Request and Travel and Business Expense Reports...”

However, the memo of justification dated September 17, 2024, was submitted post-travel and not timely.

In response to the OIG’s inquiry regarding the timeliness of the justification memo, the employee acknowledged that proper documentation was not in place at the time of travel.

Recommendations:

Office of Strategic Innovation

- The Office of Strategic Innovation should require and ensure that memos of justification are submitted in a timely manner whenever previously approved business travel dates are extended. Doing so will help ensure compliance with Metro Business Travel Guidelines (GEN 65) and maintain proper documentation supporting travel approvals.
- Employees should be reminded to review and comply with Metro Business Travel Guidelines (GEN 65), including the requirements to obtain prior authorization before traveling and to submit a justification memo in a timely manner when travel plans change. Reinforcing employee awareness of these provisions will help ensure proper approval, accountability, and compliance with Metro’s travel policies.

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OBSERVATION

During our review of miscellaneous expenses for the period of January to March 2025, we identified five employees/consultants/board members who traveled internationally at a cost of \$32,472. Two of the five traveled to Paris, France, to prepare for the 2028 Olympics and Paralympic Observer Program. One employee traveled to Toronto, Canada, for the Fall Annual Conference of the Canadian Urban Transit Association (CUTA), another attended the InnoTrans Conference in Berlin, Germany, and another traveled to Barcelona, Spain, for the International Association of Public Transport (UITP) Global Public Transport Summit. Of these internationally traveling employees whose TBE Report was reviewed as part of our sample selection, we found a non-compliance as mentioned above.

COMPARISONS WITH PRIOR PERIODS

In the course of our audit, we noted the following when comparing the miscellaneous expenses for prior quarters and fiscal years. Note: All amounts were based on the audit population.

1. Reviewed Quarter (FY25 Q3) versus Prior Quarter (FY25 Q2) Miscellaneous Expenses

Miscellaneous expenses in the reviewed quarter totaled \$1,673,007, a 47% decrease in expenses compared to the second quarter of FY 2025. This was mainly due to a decrease in advertising and business travel. Account 50918 (MISC – ADVERTISING) for the second quarter of this fiscal year totaled \$1,361,798, and \$487,753 for this current quarter, resulting in a \$874,075 (64%) decrease in spending. See Table 1 below.

Table 1: Reviewed Quarter versus Prior Quarter

Account	Jan-Mar 2025	Oct-Dec 2024	Increase (Decrease)
Advertising	\$ 487,753	\$ 1,361,798	\$ (874,045)
Business Meals	165,775	356,515	(190,740)
Business Travel	102,391	397,784	(295,393)
Corporate Membership	94,677	328,695	(234,018)
Employee Relocation	14,246	0	14,246
Employee Activities and Recreation	58,402	0	58,402
Professional Membership	25,607	10,724	14,883
Seminar and Conference Fee	125,636	101,712	23,923
Miscellaneous (50999) *	583,663	608,789	(25,126)
Others (Mileage and Parking, etc.)	14,857	3,895	10,962
Total	\$ 1,673,007	\$ 3,169,913	\$ (1,496,906)
Decrease			-47%

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** Miscellaneous (account number 50999) is used for miscellaneous expenses incurred that cannot be classified under accounts 50901 to 50940, including payments made to cover the expenditures for fines and penalties incurred by Metro, books, and periodicals used in the normal operation of Metro's business, recruitment expenses, community outreach, postage, and others. (Source: Metro's Descriptive Chart of Accounts)*

The dollar amounts for January – March 2025 have been rounded to the nearest whole dollar.

2. Reviewed Quarter (FY25 Q3) versus Same Quarter of Prior Year (FY24 Q3) Miscellaneous Expenses

Miscellaneous expenses for the reviewed quarter decreased by \$303,716 or 15% as compared to the same quarter of FY24. This was mainly due to a decrease in Account 50905 (MISC – CORPORATE MEMBERSHIP). Corporate Membership expenses dropped 66% from the third quarter in the prior fiscal year. See Table 2 below.

Table 2: Reviewed Quarter versus Same Quarter of Prior Year

Account	Jan-Mar 2025	Jan-Mar 2024	Increase (Decrease)
Advertising	\$ 487,753	\$ 313,294	\$ 174,459
Business Meals	165,775	108,614	57,161
Business Travel	102,391	154,358	(51,967)
Corporate Membership	94,677	278,224	(183,547)
Employee Relocation	14,246	81,099	(66,853)
Employee Activities and Recreation	58,402	71,795	(13,393)
Professional Membership	25,607	20,835	4,772
Seminar and Conference Fee	125,636	194,607	(68,971)
Miscellaneous (50999) *	583,663	740,492	(156,829)
Others (Mileage and Parking, etc.)	14,857	13,405	1,452
Total	\$ 1,673,007	\$ 1,976,723	\$ (303,716)
Decrease from Same Quarter of Prior Year			-15%

3. April 2024 to March 2025 versus April 2023 to March 2024

Miscellaneous expenses for the period April 2024 to March 2025 totaled \$11,746,846, a 23% increase from the period April 2023 to March 2024, where expenses totaled \$9,539,318. In the fourth quarter of each fiscal year, April to June, Metro's expenses are always the highest. In the fourth quarters of Fiscal Years 2024 and 2025, miscellaneous expenses totaled approximately \$3.1 million and \$4.2 million, respectively. (See Figure 1).

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**Figure 1: Miscellaneous Expenses per Quarter
April 2024 to March 2025 versus April 2023 to March 2024**

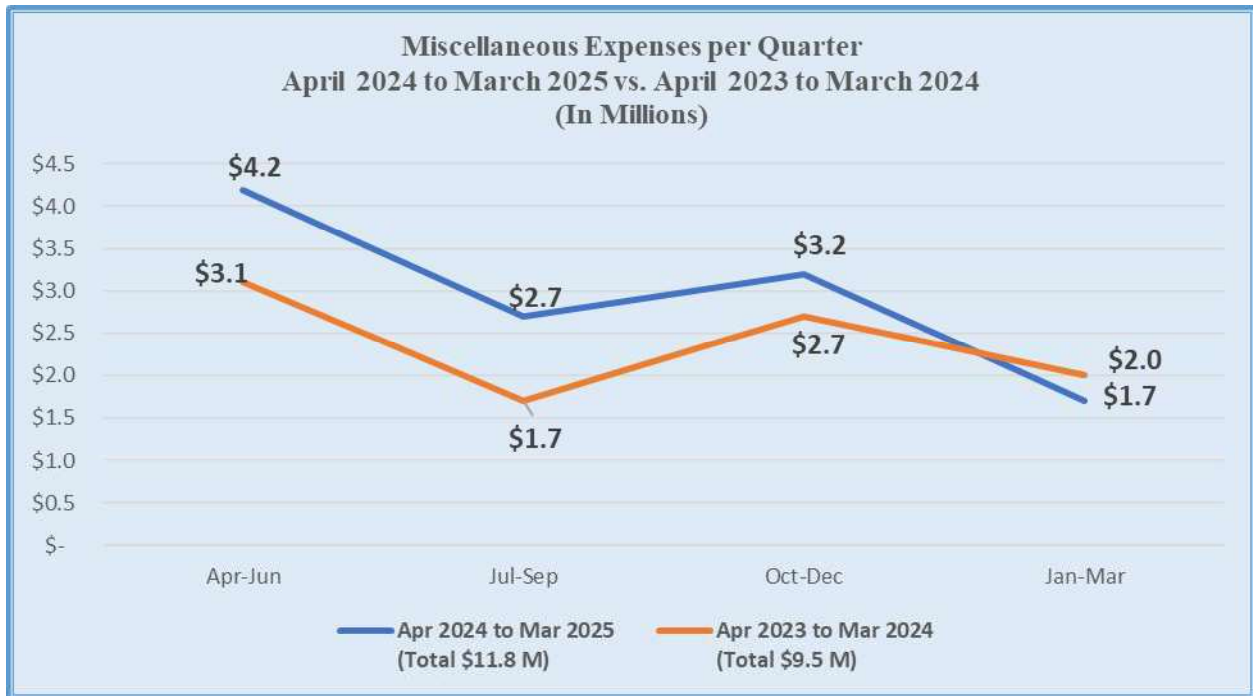
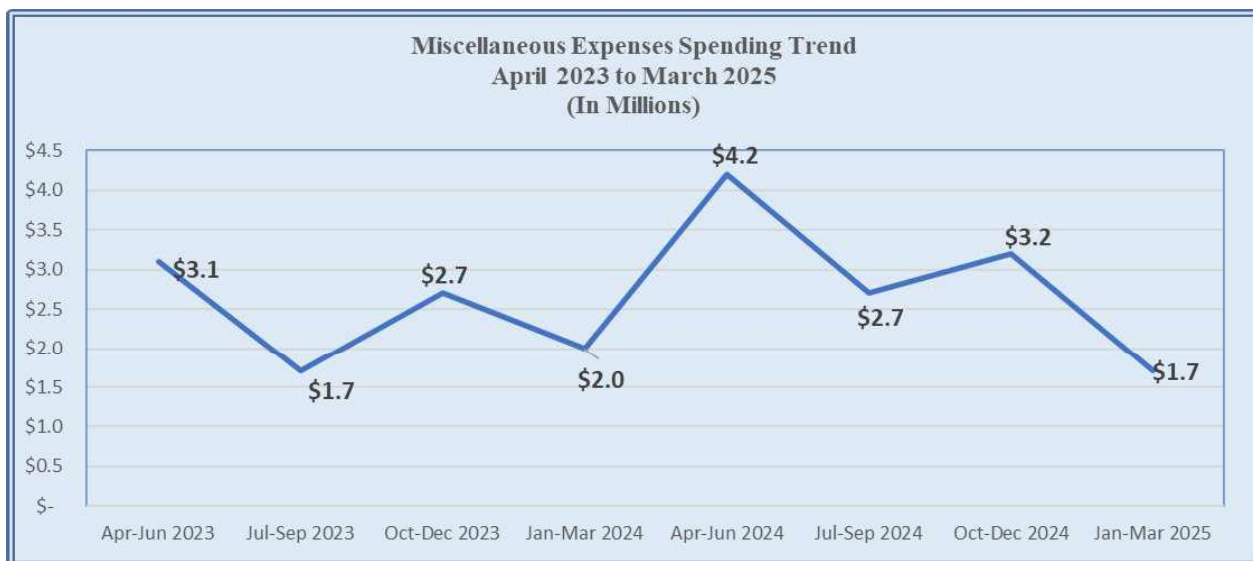


Figure 2 shows the spending trend for miscellaneous expenses for the last two years.

**Figure 2: Miscellaneous Expenses Spending Trend
April 2023 to March 2025**



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As noted earlier, miscellaneous expenses were highest during the last quarter of each fiscal year. Part of this increase can be attributed to the accrual of expenses in June of each fiscal year that are charged to the respective year's budget. It is a common practice to exhaust budgeted funds in the fourth quarter of a fiscal year to avoid trailing expenses to the following fiscal period.

CONCLUSION

The miscellaneous expenses we reviewed for the quarter of January 1 to March 31, 2025, generally complied with Metro policies and procedures, were reasonable, and were adequately supported by required documents. However, we found exceptions related to Metro's Vendor & Contract Management practices, and Metro Business Travel Guidelines (GEN 65).

RECOMMENDATIONS

We recommend the following:

Strategic Financial Management

1. Statements of Work or Statements of Service should be strengthened to include language requiring contractor compliance with Metro Business Travel Guidelines (GEN 65).

Maintenance Operations

2. Ensure that all employees submit TBEs in a timely manner in accordance with Metro Business Travel Guidelines (GEN 65).
3. Direct travelers to read, review, and comply with all the provisions of Metro Business Travel Guidelines (GEN 65).

Office of Strategic Innovation

4. The Office of Strategic Innovation should require and ensure that justification memos are submitted in a timely manner whenever previously approved business travel dates are extended. Doing so will help ensure compliance with Metro Business Travel Guidelines (GEN 65) and maintain proper documentation supporting travel approvals.
5. Employees should be reminded to review and comply with Metro Business Travel Guidelines (GEN 65), including the requirements to obtain prior authorization before traveling and to submit memos of justification in a timely manner when travel plans change. Reinforcing

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January 1, 2025 to March 31, 2025

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employee awareness of these provisions will help ensure proper approval, accountability, and compliance with Metro's travel policies.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On January 16, 2026, we provided Metro Management with our draft report. By February 18, 2026, Metro Management submitted their responses summarizing their corrective actions. See Attachment B.

OIG EVALUATION OF MANAGEMENT RESPONSES

Metro Management corrective actions, if implemented would be responsive to the recommendations in this report. We will follow up on the implementation of these recommendations through Management Audit Services (MAS) Audit Report Follow-up and Resolution Tracking System.

Summary of Sampled Transactions

Account	Account Description	Audit Population	Sample Amount
50213	Training Program	\$ 9,082	\$7,933
50903	Business Meals	165,775	11,658
50905	Corporate Membership	94,677	36,000
50908	Employee Relocation	14,246	14,246
50910	Mileage and Parking	5,775	9,675
50912	Professional Membership	25,607	4,939
50914	Schedule Checkers Travel <a>	0	0
50915	Seminar and Conference Fee	125,636	9,474
50917	Business Travel	102,391	45,182
50918	Advertising	487,753	185,505
50930	Employee Activities & Recreation	58,402	12,961
50999	Other Miscellaneous Expenses	<u>583,663</u>	<u>273,567</u>
	Total	<u>\$1,673,007</u> <a>	<u>\$611,140</u>

<a> This total does not include transactions that were less than \$200, offsetting debits and credits, and transactions from the OIG and Transit Court Departments.

The dollar amounts for Audit Population have been rounded to the nearest whole dollar.

Management Comments to Draft Report

Office of Strategic Innovation



Metro

Metropolitan Transportation Authority

Interoffice Memo

Date:	January 28, 2026
To:	Sr. Manager, Audit Office of Inspector General
From:	Seleta Reynolds  Chief of Innovation and Games Mobility Planning
Subject:	Response(s) to Audit Recommendations in Report No. 26-AUD-03

Thank you for the opportunity to respond to the finding(s) and recommendation(s) in the draft report (Audit Report No. 26-AUD-03, Report on Metro Misc. Expenses Jan-Mar 2025) prior to the release of the final report. We have reviewed the draft report and provide our response(s) to the recommendation(s) below.

RECOMMENDATION(S):

1. The Office of Strategic Innovation should require and ensure that justification memos are submitted in a timely manner whenever previously approved business travel dates are extended. Doing so will help ensure compliance with Metro Business Travel Guidelines (GEN 65) and maintain proper documentation supporting travel approvals.
2. Employees should be reminded to review and comply with Metro Business Travel Guidelines (GEN 65), including the requirements to obtain prior authorization before traveling and to submit memos of justification in a timely manner when travel plans change. Reinforcing employee awareness of these provisions will help ensure proper approval, accountability, and compliance with Metro's travel policies.

MANAGEMENT RESPONSE:

1. AGREE - The Office of Strategic Innovation requires compliance with all Metro policies related to travel and works closely with Metro's travel office to ensure alignment. Despite the unusual circumstances around the request for extended travel, all employees must submit justification memos in a timely manner.
2. AGREE – Corrective Action: OSI reviewed the findings and discussed with individual employees affected as well as sharing a general reminder at staff meeting. Completed January 27, 2026.

Management Comments to Draft Report

Strategic Financial Management



Metropolitan Transportation Authority

Metro

Interoffice Memo

Date:	February 2, 2026
To:	Yvonne Zheng Sr. Manager, Audit Office of Inspector General
From:	Michelle Navarro Chief Financial Officer (Interim)
Subject:	Response(s) to Audit Recommendations in Report No. 26-AUD-03

Thank you for the opportunity to respond to the finding(s) and recommendation(s) in the draft report Audit Report No. 26-AUD-03, Statutorily Mandated Audit of Miscellaneous Expenses January 1, 2025 to March 31, 2025 prior to the release of the final report. We have reviewed the draft report and provide our response(s) to the recommendation(s) below.

RECOMMENDATION(S):

Strategic Financial Management

- Statements of Work or Statement of Service should be strengthened to include language requiring contractor compliance with Metro Business Travel Guidelines (GEN 65).

MANAGEMENT RESPONSE:

V/CM leadership agrees with the recommendation and will implement the following:

1. The agency facing website 'We Are V/CM' will be revised to reflect the required reference in Statements of Work/Services as applicable.
2. Communication will be distributed to the agency requisition preparers informing them to confirm this requirement with a notation in the requisition checklist to serve as a reminder.
3. Contract administrators will be informed of this requirement via CA/Buyer Alert.

The above steps will be implemented no later than February 20, 2026.

cc: Debra Avila, Deputy Chief V/CM Officer

Management Comments to Draft Report

Maintenance Operations


Metro

Interoffice Memo

Date	February 6, 2025
To	Karen Gorman Inspector General
From	Conan Cheung <i>On behalf of Conan</i> Chief Operations Officer <i>Matthew Dake</i>
Subject	26-AUD-03 Metro Misc. Expenses (January 2025 – March 2025)

The Office of the Inspector General (OIG) performed an audit of Metro miscellaneous expenses that were processed from January 2025 – March 2025. Although OIG found that the sampled transactions generally complied with Metro policies, two issues were identified. Therefore, the actions below will be taken by Operations Bus Maintenance to comply with the recommendation from the audit:

Recommendation #2: Ensure that all employees submit TBEs in a timely manner in accordance with Metro Business Travel Guidelines (GEN 65).

Management Response: Operations Management concurs with this recommendation. Operations added language to the traveler's pre-travel authorization signature block to acknowledge that employees confirm they have read and understand the Business Travel Guidelines (GEN 65).

Completion Date: Completed

Recommendation #3: Direct Travelers to read, review, and comply with all of the provisions of Metro Business Travel Guidelines (GEN 65).

Management Response: Operations Management concurs with this recommendation. Operations added language to the traveler's pre-travel authorization signature block to acknowledge that employees confirm they have read and understand the Business Travel Guidelines (GEN 65).

Completion Date: Completed

CC: Conan Cheung
Diane Corral-Lopez
Matt Dake

Management Comments to Draft Report

Chief of Staff


Metro

Interoffice Memo

Date	February 18, 2026
To	Yvonne Zheng Senior Manager, Audit
From	Nicole Englund <i>NE</i> Chief of Staff
Subject	Response to OIG Statutorily Mandated Audit of Miscellaneous Expenses, Management Context – International Travel (Report No. 26-AUD-03)

Staff appreciates the opportunity to comment on the Office of the Inspector General's inclusion of international travel activity in its Statutorily Mandated Audit of Miscellaneous Expenses for the period January 1 through March 31, 2025. During the reviewed period, employees traveled internationally at a total cost of \$32,472 to support Metro's operational, capital delivery, and 2028 Olympic and Paralympic Games readiness. These trips were targeted, limited in number, and aligned with the agency's specific strategic objectives.

As the largest transit agency in California and one of the largest and most complex multimodal transportation systems in North America, Metro operates at a scale that places it among a small cohort of global transit providers. With an \$8+ billion annual budget, an expanding rail network, one of the largest zero-emission bus fleets in the United States, and responsibility for delivering mobility for the 2028 Olympic and Paralympic Games, Metro is viewed not only as a regional operator but as a national and international leader in public transportation.

Peer agencies, manufacturers, policymakers, and international mobility leaders expect Metro to engage on the world stage. Participation in global forums is not symbolic; it reflects Metro's role as both a contributor to and beneficiary of shared best practices in safety, innovation, decarbonization, capital delivery, and large-scale event mobility management. Engagement at this level ensures that Metro remains at the forefront of industry advancement rather than reacting to it.

Paris – 2028 Olympic & Paralympic Observer Program Preparation

Two employees traveled to Paris to observe Games mobility operations and coordinate directly with international partners responsible for delivering large-scale, multimodal event transportation. Paris provides the most relevant live case study available prior to the 2028 Games. Lessons learned include crowd management, security coordination, interagency command structures, fare integration, first- and last-mile planning, and

Management Comments to Draft Report

communications protocols. This direct engagement allowed Metro to shorten its learning curve, mitigate risk, and avoid costly operational missteps during the 2028 Games.

Berlin – InnoTrans 2024

InnoTrans is the world's largest rail and transport technology exhibition. Participation enabled Metro to evaluate emerging rolling stock technologies, signaling systems, zero-emission propulsion advancements, and infrastructure innovations in one consolidated forum. The benefit is not simply product exposure, but also comparative analysis across global agencies facing similar procurement, supply chain, ZEB conversion, and safety challenges. These insights directly inform Metro's fleet modernization and operational strategies.

Barcelona – UITP Global Public Transport Summit

The UITP Summit convenes global transit leaders to address system resilience, decarbonization, ridership recovery, funding models, and customer experience transformation. For Metro, this forum supports cross-pollination of policy approaches, fare-strategy innovation, bus-electrification scaling, and service-integration practices. Exposure to peer agencies accelerates the adoption of proven practices and reduces the risk associated with piloting untested approaches independently.

Toronto – Canadian Urban Transit Association (CUTA) Conference

The CUTA Conference provides insight into North American operating environments that more closely mirror Metro's operational, governance, and funding structures. Discussions focused on workforce development, maintenance best practices, climate adaptation, and state-of-good-repair investment models. These topics are directly relevant to Metro's ongoing operational transformation and asset management efforts.

Collectively, these international engagements provide three tangible benefits:

1. **Risk Reduction** – Learning from live operational environments reduces uncertainty as Metro prepares for the 2028 Games and major capital expansions.
2. **Cost Avoidance** – Observing tested technologies and procurement outcomes helps avoid premature investment in unproven systems.
3. **Acceleration of Innovation** – Direct peer exchange shortens implementation timelines by leveraging global lessons rather than recreating solutions locally.

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Metro remains committed to ensuring that international travel is purposeful, limited, cost-effective, and aligned with measurable agency priorities. In an era of global mobility challenges, including decarbonization, cybersecurity, megaproject delivery, and mega-event operations, thoughtful international engagement strengthens Metro's ability to deliver safe, reliable, and world-class service to Los Angeles County residents.

Thank you.

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Audit of Miscellaneous Expenses January 1 to March 31, 2025

**Finance, Budget and Audit Committee
OIG Report No. 26-AUD-03
Karen Gorman, Inspector General**

March 19, 2026



Objectives

The objectives of the audit were to determine whether:

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

Results of Audit

- Staff generally complied with Metro policies and procedures, but OIG found the following issues:
 - Statement of Work Missing Business Travel Guidelines
 - Late submission of Travel and Business Expense Report
 - Timeliness of Justification Memo Requesting Additional Travel Days

- ❖ OIG provided **5** recommendations.