

**International Institute of Los Angeles**

**Report on the Immediate Needs Transportation Program (INTP)  
by International Institute of Los Angeles under  
its Memorandum of Understanding No. MOU. P00IILA8  
with the Los Angeles County Metropolitan Transportation Authority**

**As of and for the Years Ended June 30, 2016 and 2015  
with Independent Auditor's Report**



Simpson & Simpson, LLP  
Certified Public Accountants

**International Institute of Los Angeles**  
**TABLE OF CONTENTS**

<b>FINANCIAL SECTION</b>	<b><u>PAGE</u></b>
Independent Auditor's Report	1
Basic Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information:	
Schedule of Taxi Companies with Payment Data	9
Schedule of Outstanding Payables to Taxi Companies	10
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	11
<b>COMPLIANCE SECTION</b>	
Independent Auditor's Report on Compliance	13
Schedule of Findings and Recommendations	15
<b>EXIT CONFERENCE</b>	17

---

## ***FINANCIAL SECTION***

---



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRANARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## Independent Auditor's Report

To International Institute of Los Angeles and the  
Los Angeles County Metropolitan Transportation Authority

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the **Immediate Needs Transportation Program (the Program) by International Institute of Los Angeles (IILA)**, a not-for-profit organization, funded by the Los Angeles County Metropolitan Transportation Authority (LACMTA), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immediate Needs Transportation Program by the International Institute of Los Angeles as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

The financial statements of the Immediate Needs Transportation Program as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated March 31, 2016, expressed an unmodified opinion on those statements.

### ***Emphasis of Matter***

As discussed in Note 3, the financial statements present only the Immediate Needs Transportation Program, and do not purport to, and do not present fairly IILA's financial position as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of taxi companies with payment data and the schedule of outstanding payables to taxi companies (Schedules) is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017 on our consideration of IILA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IILA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Simpson &amp; Simpson'.

February 28, 2017  
Los Angeles, California

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Statements of Financial Position**

		June 30	
		2016	2015
<b>ASSETS</b>			
Cash	\$	23,362	\$ 47,591
Accounts receivable		407,896	327,055
Office equipment, net		157	1,086
Other assets		26	47
<b>Total assets</b>	<b>\$</b>	<b>431,441</b>	<b>\$ 375,779</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$	277,437	\$ 164,667
Advances from IILA		140,248	198,161
Accrued payroll and vacation		14,186	11,865
<b>Total liabilities</b>		<b>431,871</b>	<b>374,693</b>
Net assets		(430)	1,086
<b>Total liabilities and net assets</b>	<b>\$</b>	<b>431,441</b>	<b>\$ 375,779</b>

The accompanying notes are an integral part of the financial statements

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Statements of Activities**

		Years ended June 30	
		2016	2015
<b>Revenues</b>			
Grant revenue	\$	2,354,362	\$ 2,306,184
<b>Total revenues</b>		<u>2,354,362</u>	<u>2,306,184</u>
<b>Expenses</b>			
<b>Program expenses</b>			
Taxi vouchers		648,348	656,668
Token		1,412,750	1,355,000
Coupon printing		12,605	17,658
Total program expenses		<u>2,073,703</u>	<u>2,029,326</u>
<b>Administrative expenses</b>			
Salaries and wages		172,268	178,319
Employee benefits		48,606	53,017
Management and general allocation		31,070	32,097
Depreciation - equipment		929	4,563
Telephone and utilities		6,329	4,734
Consultants and purchased services		-	3,600
Supplies		2,625	1,794
Insurance		788	574
Repairs and maintenance		692	731
Leased equipment		640	644
Staff mileage		501	629
Postage		471	410
Travel and miscellaneous		-	309
Computer Maintenance		15,179	-
Audit		525	-
Taxes & Licenses		33	-
Equipment Purchase		1,519	-
Total administrative expenses		<u>282,175</u>	<u>281,421</u>
<b>Total Expenses</b>		<u>2,355,878</u>	<u>2,310,747</u>
<b>Change in net assets</b>		(1,516)	(4,563)
<b>Net assets at beginning of year</b>		1,086	5,649
<b>Net assets at end of year</b>	\$	<u>(430)</u>	<u>\$ 1,086</u>

The accompanying notes are an integral part of the financial statements

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Statements of Cash Flows**

	Years ended June 30	
	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,516)	\$ (4,563)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	929	4,563
Changes in operating assets and liabilities		
Accounts receivable	(80,841)	(43,244)
Other assets	21	43
Accounts payable and accrued expenses	112,770	104,792
Accrued payroll and vacation	2,321	(3,176)
<b>Net cash provided by (used in) operating activities</b>	<b>33,684</b>	<b>58,415</b>
<b>Cash flows provided by (used in) financing activity</b>		
Advances from IILA	(57,913)	(240,476)
<b>Change in cash</b>	<b>(24,229)</b>	<b>(182,061)</b>
<b>Cash</b>		
Beginning of year	47,591	229,652
End of year	\$ <u>23,362</u>	\$ <u>47,591</u>

The accompanying notes are an integral part of the financial statements



**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Notes to Financial Statements  
For the Fiscal Years Ended June 30, 2016 and 2015**

**NOTE 1 – BACKGROUND**

The Immediate Needs Transportation Program (INTP) was built in 1992 upon a cooperative partnership between the International Institute of Los Angeles (IILA) and another agency, the First African Methodist Episcopal Church (FAME). The Los Angeles County Metropolitan Transportation Authority (LACMTA) provides funding for this program under separate MOUs by IILA and FAME Assistance Corporation (FAC) with LACMTA. The purpose of the INTP is to provide supplemental transportation assistance to meet the basic needs of individuals in Los Angeles County with limited resources. FAC is an affiliate of FAME that administers the INTP.

IILA and FAME make the service available throughout the Los Angeles County through a wide range of not-for-profit and government agencies that distribute taxi coupons and tokens/scrips to their respective clients who meet certain eligibility requirements.

INTP provides three types of transportation subsidies: transit tokens/scrips, taxi coupons and variable value vouchers (VVV).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

IILA accounts are maintained using the accrual basis of accounting for financial reporting purposes, which recognize income in the period earned and expenses when incurred, regardless of the timing of payments.

**Capitalization and Depreciation**

Property and equipment are recorded at cost or, if donated, at estimated fair value at the date of donation. The costs of additions and betterments are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. IILA generally capitalizes an asset if the estimated useful life of the asset exceeds one year.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of activities.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives. Fully depreciated assets are retained in the accounts until their retirement.

	<u>Estimated Useful Life</u>	<u>Depreciation Method</u>
Office Equipment	5 years	Straight-line

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Notes to Financial Statements  
For the Fiscal Years Ended June 30, 2016 and 2015**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Revenue is recognized on an accrual basis as earned according to the provisions of its contract with LACMTA. Under the contract, LACMTA will reimburse IILA for all costs incurred by IILA in the performance of the program up to a certain amount annually approved by LACMTA (see Note 5).

**NOTE 3 – REPORTING ENTITY**

The financial statements present only the Immediate Needs Transportation Program, and do not purport to, and do not, present fairly IILA's financial position as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**NOTE 4 – ADVANCES FROM IILA**

IILA advances money to for the operating expenses of the INTP. Monthly, IILA sends an invoice to LACMTA to seek reimbursement for expenses paid by IILA for operating the INTP. At June 30, 2016 and 2015, the amounts due to IILA were \$140,248 and \$198,161.

**NOTE 5 – ALLOCATION FOR THE YEAR**

Per the Amendment No. 1 to Memorandum of Understanding dated July 1, 2015, for Fiscal Year 2015-2016, LACMTA will reimburse IILA in an amount not to exceed two million one hundred seventy five thousand dollars (\$2,175,000) for transportation fare media for distribution under INTP.

In addition, LACMTA approved a three hundred twenty five thousand dollars (\$325,000) budget for the administrative expenses of INTP. Any expenditures exceeding the total contract amount for any fiscal year shall be the sole responsibility of IILA.

Expenses presented in the Statement of Activities represent expenses billed for reimbursements to LACMTA of costs incurred by IILA on the INTP.

**NOTE 6 – INTP COMPLIANCE REQUIREMENTS**

INTP is governed by the provisions of the MOU between LACMTA and IILA, and the INTP Operating Guidelines (collectively, the Guidelines). The Guidelines provide, among other requirements, that transportation subsidies be distributed to Los Angeles County residents living below poverty level and who will use the subsidy for trips pertaining to job search, medical needs and other purposes deemed appropriate under the Guidelines.

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Notes to Financial Statements  
For the Fiscal Years Ended June 30, 2016 and 2015**

**NOTE 7 – MANAGEMENT AND GENERAL ALLOCATION**

Management and general costs are allocated to programs based on direct costs for the programs excluding subcontractor costs and other pass-through cost.

**NOTE 8 – SUBSEQUENT EVENTS**

IILA has evaluated events through February 28, 2017, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustment to the financial statements of INTP.

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Schedule of Taxi Companies with Payment Data  
Years ended June 30, 2016**

<b>Taxi Company</b>	<b>Coupons</b>	<b>VVV</b>	<b>Total</b>
AAA Yellow Cab	\$ 22	\$ -	\$ 22
Administrative Services Co-op	28,389	54,513	82,902
Angeles Taxi Cab	-	17,769	17,769
Bell Cab Co-op	56,924	629	57,553
Best Taxi and Delivery Serv. Yellow	48,725	32,005	80,730
California Cab Company	38,533	-	38,533
G & S Transit Management, Inc.	14,439	2,140	16,579
Green Valley Taxi Inc.	74,745	20,723	95,468
Independent Taxi Owner's Assoc.	1,402	86,570	87,972
Limo Cab Co.	13,756	-	13,756
L.A. Checker Cab Co-op	409	637	1,046
L.A. City Cab, LLC dba City Cab	6,943	1,459	8,402
Mid Valley Yellow Cab Transportation	16,858	-	16,858
People's Taxi	17,854	1,460	19,314
Tri-City Transportation Systems, Inc. EM	2,210	814	3,024
Tri-City Transportation Systems, Inc. SV	44,816	5,625	50,441
United Independent Taxi Drivers	17,736	32,501	50,237
United Taxi of South-West, Inc.	3,320	71	3,391
Yellow Cab Co. of Santa Clarita	4,329	-	4,329
Yellow Cab Co. of San Gabriel Valley	22	-	22
<b>Total \$</b>	<b><u>391,432</u> \$</b>	<b><u>256,916</u> \$</b>	<b><u>648,348</u></b>

**Note:**

This schedule presents the amount of redeemed vouchers billed by taxi companies to IILA based on the actual vouchers redeemed by INTP participants.

See accompanying independent auditor's report

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Schedule of Outstanding Payables to Taxi Companies  
Years ended June 30, 2016**

<b>Taxi Company</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>&gt;90 Days</b>	<b>Total</b>
Administrative Co-op	\$ 13,056	\$ 7,118	\$ 6,604	\$ 7,785	\$ 34,563
Angeles Taxi Cab	3,061	1,535	1,504	2,881	8,981
Bell Cab	10,449	4,618	5,265	5,109	25,441
Best Taxi Cab	18,047	5,156	6,096	6,560	35,859
California Cab Company	6,745	2,970	3,794	3,640	17,149
G & S Transit Management	2,908	1,138	1,464	1,224	6,734
Green Valley Taxi, Inc.	16,424	7,318	8,236	8,641	40,619
Independent Taxi	12,893	6,021	5,939	8,072	32,925
L.A. Checker Cab	88	27	43	64	222
LA City Cab, LLC	1,343	457	907	761	3,468
Limo Cab Co.	2,068	2,024	-	921	5,013
Mid Valley Yellow Cab	2,276	1,298	1,474	1,430	6,478
People's Taxi	3,065	1,442	1,597	1,740	7,844
Tri-City - El Monte	317	311	273	242	1,143
Tri-City - Sun Valley	8,862	4,757	4,665	3,651	21,935
United Independent Taxi	9,743	4,896	4,814	4,571	24,024
United Taxi of the Southwest	591	367	316	396	1,670
Yellow Cab - S. Clarita Valley	2,710	-	-	-	2,710
<b>Total \$</b>	<b><u>114,646</u></b>	<b><u>\$ 51,453</u></b>	<b><u>\$ 52,991</u></b>	<b><u>\$ 57,688</u></b>	<b><u>\$ 276,778</u></b>

See accompanying independent auditor's report



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRANARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To International Institute of Los Angeles and the  
Los Angeles County Metropolitan Transportation Authority

We have audited, 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, the financial statements of **Immediate Needs Transportation Program (the Program) by the International Institute of Los Angeles (IILA)**, a not-for-profit organization, funded by the Los Angeles County Metropolitan Transportation Authority (LACMTA) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered IILA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IILA's internal control. Accordingly, we do not express an opinion on the effectiveness of IILA's internal control.

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

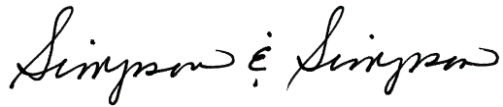
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Simpson & Simpson'.

Los Angeles, CA  
February 28, 2017

---

## *COMPLIANCE SECTION*

---





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRANARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## Independent Auditor's Report on Compliance

To International Institute of Los Angeles and the  
Los Angeles County Metropolitan Transportation Authority

### Report on Compliance

We have audited the compliance of the **International Institute of Los Angeles (IILA)** with the Memorandum of Understanding No. MOU. P00IILA8 and INTP Operating Guidelines (collectively, the Guidelines) for the year ended June 30, 2016.

### Management's Responsibility

Management is responsible for IILA's compliance with the Guidelines.

### Auditor's Responsibility

Our responsibility is to express an opinion on IILA's compliance based on our audit. We conducted our audit of compliance 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 Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the INTP occurred. An audit includes examining, on a test basis, evidence about IILA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination on IILA's compliance with the Guidelines.

### Opinion

In our opinion, the International Institute of Los Angeles complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2016.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the Guidelines, which are required to be reported in accordance with the Guidelines and which are described as Findings Nos. 2016-001 and 2016-002 in the accompanying Schedule of Findings and Recommendations. Our opinion is not modified with respect to these matters.

IILA's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. IILA's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

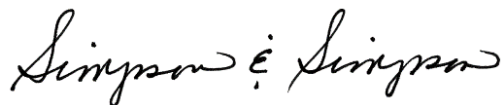
### **Report on Internal Control over Compliance**

Management of IILA is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered IILA's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 IILA's internal control over compliance.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Los Angeles, California  
February 28, 2017

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Schedule of Findings and Recommendations  
Year ended June 30, 2016**

**Finding 2016-001 – Distribution of Fare Media**

***Criteria or Specific Requirement***

Under the Immediate Needs Transportation Program (INTP) Operating Guidelines, drivers are required to fill out all required information on the taxi coupon/voucher completely, accurately and legibly to claim to IILA for reimbursement.

***Condition***

During our review of the monthly invoices submitted to IILA, we noted that for the taxi vouchers submitted for May 2016 from Best Taxi and Deliver Service two (2) out of eighty (80) variable value vouchers tested did not have a verification of signature by the passengers.

***Effect***

The taxi companies may not be reimbursed for the taxi fare due to non-compliance of the above requirements. Also, passengers may not be authorized to use the variable value vouchers.

***Recommendation***

We recommended that IILA send a reminder to the taxi companies regarding strict implementation of the aforementioned requirement to be in compliance with INTP Operating Guideline.

***Management Response***

We agree with the audit finding. IILA will immediately send a reminder to the taxi companies regarding the strict implementation of the requirement for a verification signature on all variable value vouchers. In addition, IILA will investigate and review the practices of the particular agencies in question, and verify that they are continuing to follow procedures for authorized use of variable value vouchers.

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Schedule of Findings and Recommendations  
Year ended June 30, 2016**

**Finding 2016-002 – Transportation Media Security**

***Criteria or Specific Requirement***

Under the Immediate Needs Transportation Program (INTP) Operating Guidelines, distributing agencies are required to keep coupons/vouchers and transit tokens/SCRIP in a safe place and protect them as cash.

***Condition***

During the physical count of transit tokens at our agency site visits, one (1) agency, Alondra, had 40 fewer transit tokens on hand at the time of the monitoring visit on February 9, 2017.

***Effect***

The agency did not comply with INTP Operating Guidelines.

***Recommendation***

We recommend that IILA send a reminder to the agencies distributing coupons/vouchers and transit tokens/SCRIP to keep the coupons, vouchers and transit tokens/SCRIP in a safe place and protect them as cash and remind the agencies that lost or stolen coupons and vouchers will be replaced, but transit tokens/SCRIP will be the responsibility of the agency.

***Management Response***

We agree with the audit finding. IILA will issue a reminder to agencies distributing coupons/vouchers and transit tokens/SCRIP to keep the coupons/vouchers and transit tokens/SCRIP in a safe place and protect them. IILA will also issue a reminder about the replacement of lost or stolen coupons and vouchers, as well as the agency's own responsibility for replacing lost or stolen tokens/SCRIP. IILA will also physically inspect the security arrangements of the agency in question. IILA will retain all of the agencies regarding correct procedure for security of media and the policies regarding accounting for media. While IILA considered a suspension of the agency in question, IILA has decided to issue a formal reprimand, since they have promptly responded to our investigation of the incident and will be replacing the missing tokens, retraining staff, and keeping their logs in a more secure location. In addition, IILA will be conducting physical inspections and reconciliations of this agency on a monthly basis over the next 2 quarters.

---

---

***EXIT CONFERENCE***

---

---

**International Institute of Los Angeles  
Immediate Needs Transportation Program  
Exit Conference  
Year ended June 30, 2016**

An exit conference was held on February 28, 2017 with IILA representatives. Those in attendance were:

**Simpson & Simpson CPAs representatives:**

Mark Frishwasser, Auditor.

**IILA representatives:**

Sandra Rosas, VP for Finance.

**Matters discussed:**

Results of the audit disclosed issues of noncompliance with the Guidelines.

A copy of this report was forwarded to the following IILA representatives for their comments prior to the issuance of the final report:

IILA representatives: Sandra Rosas, VP for Finance.