

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, 2017 and 2016
with Independent Auditor's Report**



Simpson & Simpson, LLP
Certified Public Accountants

International Institute of Los Angeles
Immediate Needs Transportation Program
TABLE OF CONTENTS

FINANCIAL SECTION	<u>PAGE</u>
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
COMPLIANCE SECTION	
Independent Auditor's Report on Compliance	13
Schedule of Findings and Recommendations	15
Schedule of Prior Year Findings and Recommendations	18
EXIT CONFERENCE	20

FINANCIAL SECTION



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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 (INTP) (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, 2017 and 2016, and the related statements of activities, and cash flows for the years 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 the 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2017 and 2016, 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 audit was 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 23, 2018 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 & Simpson". The signature is written in black ink and is positioned above the date and location.

February 23, 2018
Los Angeles, California

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

		June 30	
		2017	2016
ASSETS			
Cash	\$	50,356	\$ 23,362
Accounts receivable		142,814	407,896
Office equipment, net		82	157
Other assets		119	26
Total assets	\$	193,371	\$ 431,441
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	\$	95,246	\$ 277,437
Advances from IILA (Note 4)		87,669	140,248
Accrued payroll and vacation		10,854	14,186
Total liabilities		193,769	431,871
Net assets		(398)	(430)
Total liabilities and net assets	\$	193,371	\$ 431,441

The accompanying notes are an integral part of the financial statements

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

REVENUES	Years Ended June 30	
	2017	2016
Grant revenue	\$ 2,311,603	\$ 2,354,362
Total revenues	2,311,603	2,354,362
EXPENDITURES		
Program expenses		
Taxi vouchers	581,954	648,348
Token	1,412,750	1,412,750
Coupon printing	16,638	12,605
Total program expenses	2,011,342	2,073,703
Administrative expenses		
Salaries and wages	185,481	172,268
Employee benefits	57,137	48,606
Management and general allocation	27,542	31,070
Depreciation – equipment	75	929
Telephone and utilities	6,533	6,329
Supplies	1,625	2,625
Insurance	1,086	788
Repairs and maintenance	466	692
Leased equipment	1,208	640
Staff mileage	347	501
Postage	813	471
Computer maintenance	17,391	15,179
Audit	525	525
Taxes & licenses	-	33
Equipment purchase	-	1,519
Total administrative expenses	300,229	282,175
Total expenses	2,311,571	2,355,878
Change in net assets	32	(1,516)
Net assets at beginning of year	(430)	1,086
Net assets at end of year	\$ (398)	\$ (430)

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	
	2017	2016
Cash from operating activities		
Change in net assets	\$ 32	\$ (1,516)
Adjustment to reconcile change in net asset to net cash provided by (used in) operating activities:		
Depreciation	75	929
Change in operating assets and liabilities		
Accounts receivable	265,081	(80,841)
Other assets	(93)	21
Accounts payable and accrued expenses	(182,191)	112,770
Accrued payroll and vacation	(3,332)	2,321
Net cash provided by operating activities	79,572	33,684
 Cash from financing activities		
Advances from IILA	(52,578)	(57,913)
Net cash used in financing activities	(52,578)	(57,913)
 Change in cash	 26,994	 (24,229)
 Cash		
Beginning of year	23,362	47,591
End of year	\$ 50,356	\$ 23,362

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, 2017 and 2016**

NOTE 1 – BACKGROUND

The Immediate Needs Transportation Program (INTP) was created 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.

	Estimated Useful Life	Depreciation Method
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, 2017 and 2016**

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, 2017 and 2016, 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 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, 2017 and 2016, the amounts due to IILA were \$87,669 and \$140,248.

NOTE 5 – ALLOCATION FOR THE YEAR

Per the Amendment No. 2 to Memorandum of Understanding dated May 27, 2016, for Fiscal Year 2016-2017, 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-dollar (\$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, 2017 and 2016**

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

IIA has evaluated events through February 23, 2018, 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, 2017**

Taxi Company	TAXI COUPONS	Variable Value Vouchers	Total
Administrative Services Co-op.	\$ 21,191	\$ 45,330	\$ 66,521
Angeles Taxi Cab	-	11,787	11,787
Bell Cab Co-op	60,122	379	60,501
Best Taxi and Delivery Serv. Yellow	43,183	36,655	79,838
California Cab Company	28,824	-	28,824
G&S Transit Management, Inc.	12,278	2,844	15,122
Green Valley Taxi, Inc.	65,903	19,475	85,378
Independent Taxi Owner's Assoc.	1,132	72,316	73,448
Limo Cab Co.	10,093	-	10,093
Blue & Yellow Taxi Group	86	86	172
L.A. City Cab, LLC dba City Cab	5,489	1,632	7,121
Mid Valley Yellow Cab Transportation	15,378	-	15,378
People's Taxi	14,186	1,293	15,279
Tri-City Transportation Systems, Inc. EM	1,792	851	2,643
Tri-City Transportation Systems, Inc. SV	46,147	3,638	49,785
United Independent Taxi Drivers	13,667	37,484	51,151
United Taxi of South-West, Inc.	2,651	22	2,673
Yellow Cab Co. of Santa Clarita	6,040	-	6,040
Total	\$ 348,162	\$ 233,792	\$ 581,954

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, 2017**

<u>Taxi Company</u>	<u>0-30 DAYS</u>	<u>TOTAL</u>
Administrative Services Co-op.	\$ 10,082	\$ 10,082
Angeles Taxi Cab	1,718	1,718
Bell Cab Co-op	11,168	11,168
Best Taxi and Delivery Serv. Yellow	13,830	13,830
California Cab Company	30	30
G&S Transit Management, Inc.	4,175	4,175
Green Valley Taxi, Inc.	2,519	2,519
Independent Taxi Owner's Assoc.	13,532	13,532
Limo Cab Co.	10,602	10,602
Blue & Yellow Taxi Group	1,065	1,065
L.A. City Cab, LLC dba City Cab	1,903	1,903
Mid Valley Yellow Cab Transportation	2,634	2,634
People's Taxi	2,412	2,412
Tri-City Transportation Systems, Inc. EM	459	459
Tri-City Transportation Systems, Inc. SV	8,583	8,583
United Independent Taxi Drivers	8,286	8,286
United Taxi of South-West, Inc.	330	330
Yellow Cab Co. of Santa Clarita	1,707	1,707
Total	\$ 95,035	\$ 95,035

See accompanying independent auditor's report



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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, 2017, 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 23, 2018.

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". The signature is written in a cursive, flowing style.

Los Angeles, CA
February 23, 2018

COMPLIANCE SECTION



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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, 2017.

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, 2017.



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 in the accompanying Schedule of Findings and Recommendations as Finding Nos. 2017-001, 2017-002, and 2017-003. Our opinion is not modified with respect to these matters.

IILA's responses to the noncompliance 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.

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

Los Angeles, California
February 23, 2018

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2017**

Finding 2017-001 – Reimbursement of Fare Media

Criteria or Specific Requirement

Under the Immediate Needs Transportation Program (INTP) Operating Guidelines, taxi cab companies are to invoice IILA for no more than the smart meter amount of the trip, with the maximum amount invoiced shall not exceed \$11.00 per coupon.

Condition

During our review of the agency site visits, we noted the following conditions:

- Out of two hundred seventy-four (274) taxi coupons submitted to IILA for the month of April 2017 from Best Taxi and Delivery Service, five (5) taxi coupons were overbilled by \$37.80
- Out of four hundred sixty-five (465) taxi coupons submitted to IILA for the month of February 2017 from Green Valley Cab, Inc., one (1) taxi coupon was overbilled by \$10.95.

Cause

IILA didn't perform additional review on invoices received from taxi cab companies to ensure coupons are billed for the smart meter amount of the trip, with the maximum amount not to exceed \$11.00 per coupon.

Effect

The agency may not be in compliance with INTP Operating Guidelines.

Recommendation

We recommend that IILA strengthen its control to ensure that amounts billed to LACMTA are verified for accuracy. IILA should repay LACMTA for the overbilled amounts of \$48.75 (\$37.80+\$10.95).

Management Response

IILA INTP Program Coordinator will make necessary adjustments and subtract the overbilled amount from the following payment to the cab companies identified. The total amount of \$48.75 will be reimbursed to LACMTA. In addition, IILA's management team will strengthen its control by implementing internal audits and selecting random invoices for additional review.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2017**

Finding 2017-002 – Unallowable Cost

Criteria or Specific Requirement

According to the Uniform Guidance, depreciation is the method for allocating the cost of fixed assets to periods benefitting the program from asset use. The non-Federal entity may be compensated for the use of its buildings if they are used, needed in the non-Federal entity's activities, and properly allocated to Federal awards. Such compensation must be made by computing depreciation.

Condition

During our review of the non-personnel expenses charged to the INTP program, it was noted that IILA allocated facility rent for both SELIG and BOYLE offices for the use of its office spaces on each building. However, IILA also charged its depreciation expense of \$827 in fiscal year 2016/17 to the INTP program. This is a duplication of expenses that was charged to the program. The total amount of overbilling for facility rent charged to the INTP program for the fiscal year is \$8,176.

Cause

IILA represented that this was an oversight by the management.

Effect

Over-billing may result in a disallowed claim.

Recommendation

We recommend that IILA strengthen controls already in place to ensure that amounts billed to LACMTA are verified for accuracy. IILA should repay LACMTA for the overbilled amounts of \$8,176.

Management Response

The correction on the unallowable rent expense was corrected for fiscal year 2017-2018, no rent will be charged to the program for the space used by the program at the IILA Boyle Building. We are aware that IILA will have to repay LACMTA \$8,176 for the unallowable rent charge to the program for the fiscal year 2016-2017.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2017**

Finding 2017-003 – Unsigned Check Requisition Form

Criteria or Specific Requirement

According to IILA's accounting policies and procedures, each check requisition form needs to be approved and signed by the division director and the VP of Finance before processing the payment.

Condition

During the non-payroll testing, we noticed that two check requisition forms were not signed as required:

- One (1) check requisition was missing the signatures from the division director and the VP of Finance.
- One (1) check requisition was missing the signature from the VP of Finance.

Cause

IILA represented that this was an oversight by the staff person in charge, that check requisition forms were properly counter signed before being filed.

Effect

The agency did not comply with its internal accounting policies and procedures to ensure that payments are properly reviewed and approved prior to processing any payments.

Recommendation

We recommend that IILA establish sufficient internal control procedures to ensure that the expenses are approved by the corresponding personnel before processing payments and billing to LACMTA. To the extent possible, duties should be segregated to serve as checks and balances on the employees' integrity and maintain the best internal control system possible. Adequate approval procedures help prevent preparing a payment for the misuse of funds.

Management Response

The VP of Finance had a meeting with the accounting staff. The check requisition procedures were re-distributed. The staff person in charge of the filing was reminded that no check requisition is to be filed if the counter signatures are missing. A senior accountant has been assigned to spot check the check requisitions before they are filed.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Prior Year Findings and Recommendations
Year ended June 30, 2017**

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

Management Response and Planned Corrective Action

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.

Status

Implemented. IILA has sent a reminder to all participating taxi companies about the Operating Guidelines and requirements for taxi coupon/vouchers reimbursement to IILA. We obtained and reviewed a copy of the reminder sent to all participating taxi companies.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Prior Year Findings and Recommendations
Year ended June 30, 2017**

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 forty (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 and Planned Corrective Action

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 two (2) quarters.

Status

Implemented. IILA has sent a reminder to all participating agencies about the Operating Guidelines and requirements for transportation subsidy security. The agency, Alondra, has reimbursed IILA for the 40 missing tokens and implemented new procedures for more effective control of INTP Monthly Token, Daily Record Logs and the media fare. We obtained and reviewed a copy of the reminder sent to all participating agencies. Also, we received the receipt of the reimbursed forty (40) missing tokens and reviewed the new procedures implemented by the agency, Alondra, during our agency site visit.

EXIT CONFERENCE

**International Institute of Los Angeles
Immediate Needs Transportation Program
Exit Conference
Year ended June 30, 2017**

An exit conference was held on February 23, 2018 with IILA representatives. Those in attendance were:

Simpson & Simpson CPAs representatives:

Mark Frishwasser, Senior Auditor.

IILA representatives:

Sandra Rosas, VP for Finance.

Matters discussed:

Results of the audit disclosed issues of noncompliance with the Guidelines and overbilling to MTA.

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.