



Metro

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Metropolitan Transportation Authority

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EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
November 19, 2009

SUBJECT: OFFICE OF INSPECTOR GENERAL (OIG) ACTIVITIES REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file this OIG Activities Report.

ISSUE

The OIG reports periodically on its activities. This report covers the 1st quarter of FY 2010.

DISCUSSION

1. During the period, the OIG Audit Unit issued five final audit reports and started five audit projects. The final audit reports issued are:
 - Review of Hazardous Substances Training. The review found that Metro employees were provided with information and training on hazardous substances. Corporate Safety has developed a Hazard Communication Program to comply with requirements in Federal and state regulations. In addition, Corporate Safety conducts training on the hazardous substances program to managers, supervisors, and new hires. However, the review found three areas where improvements were needed:
 - a. 57 percent (123 out of 214) of managers and supervisors who supervise employees that potentially would encounter hazardous substances in their work did not complete the mandatory Hazard Communication training for managers and supervisors,
 - b. supervisors at three bus divisions did not provide the same training information to all shifts, and
 - c. five bus and 1 rail division managers stated divisions were not always aware of new products when they are introduced.

Metro management agreed with all three recommendations in the report and initiated corrective actions.

- Review of Community Outreach Payments. We found that the Community Outreach Expense reviewed was generally in compliance with the Metro's informal general guideline. However, we found that 8 of the 63 payments reviewed lacked documentation or evidence that showed the payments had a public transportation purpose and Metro received some benefit. The Chart of Accounts Descriptions only provided a brief definition for the Community Outreach Account.

Metro management generally concurred with the findings, and provided an action plan that implemented the two recommendations in the report.

- Follow-up on Overtime Payments. The follow-up review found that Metro management has implemented corrective actions that are responsive to the five recommendations in the prior audit report. A task force formed to address the inconsistencies in overtime payments to union employees obtained clarifications between the agency and the unions on overtime provisions; and controls were implemented to ensure the overtime payments accurately and consistently complied with provisions in union agreements. However, refinement to the overtime exception reports would facilitate oversight reviews.

Metro management agreed with the recommendation in the report and initiated corrective action.

- Audit of MTA Miscellaneous Expenses for the Period January 1, 2009 to March 31, 2009. This audit is mandated by statutory requirement. The audit found no reportable conditions.
- Audit of MTA Miscellaneous Expenses for the Period October 1, 2008 to December 31, 2008. This audit is mandated by statutory requirement. The audit found no reportable conditions.

2. During the 1st quarter of FY 2010, the Investigations Unit opened 34 matters, and completed 40 matters. The 34 matters opened consisted of: 14 investigations, 6 multi-site reviews in 1 area (purchase card reviews), and 14 inquiries that were referred to Metro departments or did not warrant further investigation work. In addition, the following 14 confidential investigative reports were completed during the period.

- Alleged Conflict of Interest, July 1, 2009
- Alleged Attempt to Improperly Obtain a Metro Replacement Check, July 1, 2009
- Alleged Unfair Awarding of Bus Cleaning Contracts, July 9, 2009
- Alleged Outside Business Activity, July 14, 2009
- Unauthorized Outside Employment, July 29, 2009

- Alleged Employee/Contractor Misconduct, August 6, 2009
 - Alleged Unsafe Contract Buses, August 14, 2009
 - Security and Accounting for Scrap Metal, August, 20, 2009
 - Missing Petty Cash Funds, August 24, 2009
 - Alleged Abuse by Metro Transit Security Officers, August 26, 2009
 - Misappropriation and Misuse of Petty Cash Fund, September 17, 2009
 - Wasteful Use of Paint Equipment, September 17, 2009
 - Petty Cash Funds, September 18, 2009
 - Fraudulent Checks Drawn on Metro Bank Accounts, September 25, 2009
3. During first quarter, we completed the development of an undercover “ride along” program to supplement any program that Operations might carry on to monitor and confirm agency compliance with safety and customer service policies, such as the prohibition on use of cell phones while driving, calling out stops if the automated system is not in use, and various ADA compliance matters. In October, we began making observations on bus lines that had the highest number of ADA and overall complaints.
 4. The OIG participated on the Sharp Credit Practices Project Team to explore ways to eliminate or curtail loan sharking activities that target Metro employees. This task force was formed as a result of an OIG report issued in May 2009 that identified such activity. The team has initiated an expulsion of the loan sharks from Metro properties, assisted employees in small claims cases to obtain dismissals with no payment requirements or reduced settlements, and is developing an educational flyer that is anticipated to be inserted in pay checks going to all employees in December 2009. The Team is continuing to meet to work on solutions to this activity
 5. Department Administration. During the first quarter, the OIG:
 - Completed a survey to determine policies followed by other inspector general offices. The survey questions were put into a survey software program and distributed nationwide.
 - Hired an Information Technology (IT) Administrator/Forensic Investigator who completed training for certification in forensic investigations, which will qualify the IT investigator to testify in court proceedings to establish the integrity of computer related evidence. This is the first time the agency will have a certified computer forensic professional.

- Began development of a training program for investigators to enhance identifying investigative leads and critical areas vulnerable to fraud, waste, and abuse.

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for Jack Shigetomi
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