

**International Institute of Los Angeles**

**Report on the Low Income Fare is Easy (LIFE) Program  
by International Institute of Los Angeles under  
its Memorandum of Understanding No. MOULIFEIILA2000  
and its Contract No. PS60564000B  
with the Los Angeles County Metropolitan Transportation Authority**

**As of and for the Years Ended June 30, 2020 and 2019  
with Independent Auditor's Report**



Simpson & Simpson, LLP  
Certified Public Accountants

**International Institute of Los Angeles**  
Low Income Fare is Easy (LIFE) Program  
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***FINANCIAL SECTION***

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

## 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 **Low Income Fare is Easy (LIFE) Program (the Program) prepared 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, 2020 and 2019, 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 Low Income Fare is Easy (LIFE) Program prepared by the International Institute of Los Angeles as of June 30, 2020 and 2019, 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 Low Income Fare is Easy (LIFE) Program, and do not purport to, and do not present fairly IILA's financial position as of June 30, 2020 and 2019, 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 5, 2021 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 5, 2021  
Los Angeles, California

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Statements of Financial Position**

		June 30	
		2020	2019
<b>ASSETS</b>			
Cash	\$	27,927	\$ 118,256
Accounts receivable		81,795	120,087
Other assets		347	65
<b>Total assets</b>	\$	110,069	\$ 238,408
 <b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$	17,558	\$ 65,023
Advances from IILA (Note 4)		127,894	180,669
Accrued payroll and vacation		8,001	12,688
<b>Total liabilities</b>		153,453	258,380
<b>Net assets</b>		(43,384)	(19,972)
<b>Total liabilities and net assets</b>	\$	110,069	\$ 238,408

The accompanying notes are an integral part of the financial statements

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Statements of Activities**

		Years Ended June 30	
		2020	2019
<b>REVENUE</b>			
Grant revenue	\$	646,394	\$ 1,405,084
<b>Total revenue</b>		646,394	1,405,084
 <b>EXPENSES</b>			
<b>Program expenses</b>			
Taxi vouchers		221,763	390,713
Token		129,280	714,014
Coupon printing		11,782	6,958
<b>Total program expenses</b>		362,825	1,111,685
 <b>Administrative expenses</b>			
Salaries and wages		168,299	179,358
Employee benefits		45,393	59,895
Management and general allocation		27,982	24,760
Telephone and utilities		7,186	11,786
Supplies		18,617	1,759
Insurance		1,378	1,661
Repairs and maintenance		1,325	1,672
Leased equipment		2,670	506
Staff mileage		1,620	678
Postage		91	45
Computer maintenance		19,737	10,704
Audit		2,121	901
Rent		10,562	1,488
<b>Total administrative expenses</b>		306,981	295,213
<b>Total expenses</b>		669,806	1,406,898
Change in net assets		(23,412)	(1,814)
Net assets at beginning of year		(19,972)	(18,158)
Net assets at end of year	\$	(43,384)	\$ (19,972)

The accompanying notes are an integral part of the financial statements

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Statements of Cash Flows**

	Years ended June 30	
	2020	2019
<b>Cash from operating activities</b>		
Change in net assets	\$ (23,412)	\$ (1,814)
Adjustment to reconcile change in net asset to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities		
Accounts receivable	38,292	80,749
Other assets	(282)	64
Accounts payable and accrued expenses	(47,465)	(57,934)
Accrued payroll and vacation	(4,687)	(3,802)
<b>Net cash (used in) provided by operating activities</b>	<b>(37,554)</b>	<b>17,263</b>
 <b>Cash from financing activities</b>		
Advances from IILA	(52,775)	(33,930)
<b>Net cash used in financing activities</b>	<b>(52,775)</b>	<b>(33,930)</b>
 <b>Change in cash</b>	<b>(90,329)</b>	<b>(16,667)</b>
 <b>Cash</b>		
Beginning of year	118,256	134,923
End of year	\$ 27,927	\$ 118,256

The accompanying notes are an integral part of the financial statements



**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Notes to Financial Statements  
For the Fiscal Years Ended June 30, 2020 and 2019**

**NOTE 1 – BACKGROUND**

The Low Income Fare is Easy (LIFE) Program was approved by LACMTA’s Board of Directors in May 2017 to provide transportation assistance to low-income and transit dependent riders of Los Angeles County. LIFE is the integration of the Rider Relief Transportation Program (RRTP) and the Immediate Needs Transportation Program (INTP). LACMTA oversees two agencies: the International Institute of Los Angeles (IILA) and FAME Assistance Corporation (FAC) to administer the LIFE program.

IILA and FAC make the service available throughout the Los Angeles County through a wide range of not-for-profit and government agencies in the LIFE network that distribute LIFE transportation subsidies, to their respective clients who meet certain eligibility requirements.

LIFE transportation subsidies are in the form of a discount towards the purchase of a pass and 20 regional rides that are loaded to the participant’s TAP card, 4-Ride paper, taxi coupons and variable value vouchers (VVs).

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

***Basis of Accounting***

IILA’s 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.

***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 Low Income Fare is Easy (LIFE) program, and do not purport to, and do not, present fairly IILA’s financial position as of June 30, 2020 and 2019, 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 LIFE program. Monthly, IILA sends an invoice to LACMTA to seek reimbursement for expenses paid by IILA for operating the LIFE program. At June 30, 2020 and 2019, the amounts due to IILA were \$127,894 and \$180,669.

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Notes to Financial Statements  
For the Fiscal Years Ended June 30, 2020 and 2019  
(Continued)**

**NOTE 5 – ALLOCATION FOR THE YEAR**

Per the Memorandum of Understanding (MOULIFEIILA2000) dated July 1, 2019, for the period July 1, 2019 to December 31, 2019 of Fiscal Year 2019-2020, LACMTA will reimburse IILA in an amount not to exceed five hundred seventy-five thousand dollars (\$575,000) for all costs incurred in the performance of the LIFE program. IILA shall allocate \$250,000 for the 4-Ride Tickets, and \$162,500 for Taxi coupons and Variable Value Vouchers and \$162,500 on administrative cost. Any expenses exceeding the total contract amount for the period July 1, 2019 to December 31, 2019 shall be the sole responsibility of IILA.

Per the Contract (PS60564000B) effective January 1, 2020, for the period January 1, 2020 to June 30, 2020 of Fiscal Year 2019-2020, LACMTA will reimburse IILA in an amount not to exceed one hundred seventy-five thousand dollars (\$175,000) for administrative cost in the performance of services in accordance with the contract. In addition, LACMTA will reimburse IILA for the cost of printing vouchers and appropriate/eligible payments that IILA makes to taxi companies as part of the Taxi Subsidy Program.

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

**NOTE 6 – LIFE COMPLIANCE REQUIREMENTS**

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

**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**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

**International Institute of Los Angeles**  
**Low Income Fare is Easy (LIFE) Program**  
**Notes to Financial Statements**  
**For the Fiscal Years Ended June 30, 2020 and 2019**  
**(Continued)**

**NOTE 8 – SUBSEQUENT EVENTS (Continued)**

IILA has evaluated events through February 5, 2021, 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 LIFE.

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Schedule of Taxi Companies with Payment Data  
Years ended June 30, 2020**

<b>Taxi Companies</b>	<b>Taxi Coupons</b>	<b>Variable Value Vouchers</b>	<b>Total</b>
Administrative Services Co-op.	\$ 9,070	\$ 45,338	\$ 54,408
Bell Cab Co-op	25,091	143	25,234
Best Taxi and Delivery Serv. Yellow	5,946	5,313	11,259
Blue and Yellow Taxi Group	11	81	92
California Cab Company	11,394	233	11,627
G&S Transit Management, Inc.	1,979	2,226	4,205
Green Valley Taxi, Inc.	15,917	18,288	34,205
Independent Taxi Owner's Assoc.	161	32,216	32,377
L.A. City Cab, LLC dba City Cab	63	6,167	6,230
People's Taxi	264	420	684
Tri-City Transportation Systems, Inc. EM	151	30	181
Tri-City Transportation Systems, Inc. SV	15,395	3,991	19,386
United Independent Taxi Drivers	434	14,057	14,491
United Taxi of South-West, Inc.	-	5,777	5,777
Yellow Cab Co. of Santa Clarita	1,607	-	1,607
<b>Total</b>	<b>\$ 87,483</b>	<b>\$ 134,280</b>	<b>\$ 221,763</b>

**Note:**

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

See accompanying independent auditor's report

**International Institute of Los Angeles  
 Low Income Fare is Easy (LIFE) Program  
 Schedule of Outstanding Payables to Taxi Companies  
 Years ended June 30, 2020**

<b>Taxi Companies</b>	<b>0-30 Days</b>	<b>Total</b>
Administrative Services Co-op.	\$ 7,882	\$ 7,882
California Cab Company	454	454
Green Valley Taxi, Inc.	4,621	4,621
Independent Taxi Owner's Assoc.	2,606	2,606
United Independent Taxi Drivers	1,920	1,920
<b>Total</b>	<b>\$ 17,483</b>	<b>\$ 17,483</b>

See accompanying independent auditor's report



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

## 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 **Low Income Fare is Easy (LIFE) Program (the Program) prepared 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, 2020, 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 5, 2021.

### 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 cursive script that reads "Simpson &amp; Simpson".

Los Angeles, CA  
February 5, 2021

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***COMPLIANCE SECTION***

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

## 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. MOULIFEIILA2000, Contract No. PS60564000B and LIFE Operating Guidelines (collectively, the Guidelines) for the year ended June 30, 2020.

### 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 LIFE 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, 2020.



## Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the Guidelines, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 2020-001. Our opinion is not modified with respect to these matters.

IILA's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. IILA's response was 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 black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
February 5, 2021

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Schedule of Findings and Recommendations  
Year ended June 30, 2020**

**Finding 2020-001 – Supporting documentation for invoiced costs were not maintained**

***Criteria or Specific Requirement***

Under Memorandum of Understanding No. MOULIFEIILA2000 dated July 1, 2019, section 4. e entitled Records and Reporting, “Consultant shall keep and maintain full and complete records of its costs and expenses relating to the performance of the service and relating to the Project in accordance with generally accepted accounting principles.”

Additionally, under Contract No. PS60564000B effective January 1, 2020, section GC-44 D entitled Records Retention, “The Contractor, Subcontractors and Suppliers shall maintain all Records required under this Contract for a period of not less than three years after the date of Termination, in whole or in part or Final Payment, whichever is later.”

***Condition***

During our review of the monthly invoices submitted to LACMTA, we noted the following issues:

1. Of the seven (7) employees’ payroll expenses allocated to the program, IILA did not maintain timecards for two (2) employees in the sampled months of October 2019 and June 2020 (pay periods ending 10/4/2019, 10/18/2019, 6/12/2020, and 6/26/2020) to support the actual hours worked on the Program as shown in the table below.

<b>Position</b>	<b>Pay Period Ending</b>	<b>Unsupported Amount</b>
Payroll Technician	10/4/2019	\$ 35
Payroll Technician	10/18/2019	35
Payroll Technician	6/12/2020	35
Payroll Technician	6/26/2020	35
Accounting Clerk	10/4/2019	51
Accounting Clerk	10/18/2019	57
Accounting Clerk	6/12/2020	61
Accounting Clerk	6/26/2020	62
Total		\$ <u>371</u>

2. Of the thirty (30) sampled non-payroll expenses allocated to the program, IILA did not maintain supporting documentation (i.e, invoices, check requisitions and cancelled checks) for three (3) non-payroll expenses in the sampled months of October 2019 and June 2020 as shown in the table below.

<b>Invoice Month</b>	<b>Invoice Line Item</b>	<b>Unsupported Amount</b>
October 2019	Staff Mileage	\$ 20
June 2020	Utilities	167
June 2020	Computer Maintenance	535
Total		\$ <u>722</u>

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Schedule of Findings and Recommendations  
Year ended June 30, 2020**

**Finding 2020-001 – Supporting documentation for invoiced costs were not maintained (continued)**

***Cause***

Timecards, invoices, check requisitions, and cancelled checks were not maintained due to significant staff turnover due to COVID-19.

***Effect***

Inadequate support for administrative costs billed to the Program would result in disallowed cost.

***Recommendation***

We recommend that IILA strengthen its controls to ensure that complete records of its costs and expenses relating to the administration of programmatic services are kept and maintained, in accordance with the Agreement and Contract with LACMTA. We also recommend that IILA repay the unsupported cost of \$1,093 (\$371+\$722) to LACMTA.

***View of Responsible Officials and Planned Corrective Action***

Due to COVID-19, the position of accounting clerk was reduced to part time, and the employee resigned in June 2020. In August 2020, an accountant left the employment of IILA. It has been an incredible burden to replace those two staff members, unfortunately leaving our records not in perfect order to be able to meet the requirements of the annual LACMTA audit. We are not contesting any of the findings.

As of February 8, 2021, a newly hired accounting clerk started working for the accounting department. This staff person's main tasks are to bring the accounting file room up to date and to keep it organized. This also includes maintaining the records for each payment that is charge to the program. It also includes the timesheets for each employee at IILA. We are also in the process of hiring a senior accountant and an accountant.

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Schedule of Prior Year Findings and Recommendations  
Year ended June 30, 2019**

**Finding 2019-001 – Missing signatures on taxi voucher for reimbursement of Fare Media**

***Criteria or Specific Requirement***

Under the Immediate Needs Transportation Program (INTP) Operating Guidelines, under section Criteria for Participating Cab Companies, Driver Procedures, the cab drivers verify the signature of the passenger. Additionally, cab drivers are not to accept vouchers from passengers whose second signature does not match the original.

***Condition***

During our review of the monthly invoices from taxicab companies submitted to IILA, we noted that one (1) taxi voucher submitted for reimbursement on the June 2019 invoice from United Independent Taxi Drivers did not have the verification signature. We also noted that three (3) coupons submitted on the November 2018 invoice from Best Taxi and Delivery Service did not have verification signatures. The total amount of non-reimbursable coupons/VVVs was \$96 (63+11+11+11).

***Cause***

IILA did not review the invoices received from taxicab companies due to oversight. It is IILA's responsibility to ensure coupons/vouchers have the verification signature signed by the passenger before reimbursing the taxicab company.

***Effect***

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

***Recommendation***

We recommend that IILA strengthen its controls to ensure that amounts billed to LACMTA are verified for accuracy. We also recommend that IILA send a reminder to the taxicab companies to enforce strict implementation of the requirement set forth in the INTP Operating Guideline. Finally, we recommend that IILA repay the overbilling of \$96 to LACMTA.

***View of Responsible Officials and Planned Corrective Action***

Billing procedures have been reinforced by adding one more staff level of review of all incoming invoices. Additionally, another staff member has been assigned to do random/spot review of past invoices as part of IILA's internal quality control efforts.

**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Schedule of Prior Year Findings and Recommendations  
Year ended June 30, 2019**

**Finding 2019-001 – Missing signatures on taxi voucher for reimbursement of Fare Media (Continued)**

***Status***

Implemented. IILA has made the necessary adjustment for the overbilled amounts. We obtained copies of the adjustments to LACMTA billing and taxicab billing. Additionally, the accounting department has issued a memo to all taxicab companies reminding them of the strict implementation of the requirement of verification signatures.

**Finding 2019-002 – A timesheet was not signed and dated by the employee.**

***Criteria or Specific Requirement***

According to IILA's accounting policies and procedures, each timesheet needs to be signed by the employee and approved by the appropriate supervisor before processing payroll.

***Condition***

During our review of the personnel expenses allocated to the INTP program, we noted that one (1) timesheet for the pay period 6/14/2019 was not signed and dated by the employee.

***Cause***

IILA represented that this was due to an oversight by the staff person.

***Effect***

The agency did not comply with its internal accounting policies and procedures.

***Recommendation***

We recommend that IILA strengthen internal control to ensure that timesheets are signed and dated by the employee before processing payroll and billing to LACMTA.

***View of Responsible Officials and Planned Corrective Action***

Accounting department will issue a memo, reminding all supervisors that timesheets that are missing the following:

- Employee Signature
- Employee date timesheet was signed
- Supervisor signature
- Supervisor date timesheet was signed

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**Finding 2019-002 – A timesheet was not signed and dated by the employee (continued)**

***View of Responsible Officials and Planned Corrective Action (continued)***

will be returned by the accounting department to the division director. Timesheet will be considered outstanding until the completed timesheet is submitted to accounting.

***Status***

Implemented. The accounting department has issued a memo to all divisions reminding them of the requirements to complete the timesheet.

**Finding 2019-003 – Invoice to LACMTA did not reconcile to accounting records**

***Criteria or Specific Requirement***

Under the Memorandum of Understanding MOU.P00IILA8 section 3B, Consultant shall submit monthly invoices to LACMTA for services described. Administrative costs for each fiscal year under this contract shall not exceed \$325,000. The administrative cost must be supported by timecards or biweekly payroll check listings, copies of which shall be available upon request by LACMTA. Other direct and indirect charges and expenses shall be billed with costs supported by receipts, invoices, etc., copies of which shall be attached to the invoice.

***Condition***

During our review of the total amount invoiced to LACMTA for fiscal year 2018-2019, we noted that certain categories invoiced to LACMTA did not reconcile to IILA’s trial balance as noted in the table below:

<b>Category</b>	<b>Per Trial Balance</b>	<b>Per YTD Billing to LACMTA</b>	<b>Over/(Under) billing</b>
Salary-Administration	\$ (2,933)	\$ (2,943)	\$ 10
FICA	(13,742)	(15,102)	1,360
Workers Comp	(6,457)	(5,646)	(811)
Office/Janitorial Supplies	(1,760)	(4,674)	2,914
Telephone-ADM	(8,212)	(9,350)	1,138
Repairs & Maintenance	(1,672)	(1,957)	285
Travel/Conference	(853)	(733)	(120)
ADP	(1,555)	(1,515)	(40)
Staff Mileage	(678)	(566)	(112)
Utilities	(3,574)	(3,512)	(62)
Consultant	-	(138)	138
Tokens & Scripts	(714,014)	(707,500)	(6,514)
<b>Total</b>	<b>\$ (755,450)</b>	<b>\$ (753,636)</b>	<b>\$ (1,814)</b>

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**Finding 2019-003 – Invoice to LACMTA did not reconcile to accounting records (continued)**

***Cause***

IILA represented that this was an oversight by the staff person in charge of preparing the invoices to LACMTA.

***Effect***

Inadequate support for administrative cost could result in over/(under) billing to LACMTA.

***Recommendation***

We recommend that IILA perform a reconciliation of monthly billing to the trial balance prior to submission to LACMTA to avoid over/(under) billing.

***View of Responsible Officials and Planned Corrective Action***

The accounting department will issue a memo re-stating the procedure of reconciling the LACMTA invoice and the trial balance, before presenting the invoice for the required IILA signature.

***Status***

Implemented. The accounting department has issued a memo re-stating the procedures of reconciling the LACMTA invoice and the trial balance.



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*EXIT CONFERENCE*

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**International Institute of Los Angeles  
Low Income Fare is Easy (LIFE) Program  
Exit Conference  
Year ended June 30, 2020**

An exit conference was held on January 22, 2021 with IILA representatives. Those in attendance were:

**Simpson & Simpson LLP representative:**

Mark Frishwasser, Audit Senior

**IILA representatives:**

Sandra Rosas, Vice President of Finance

Lilian Alba, Vice President of Immigrant & Refugee Services

**Matters discussed:**

Results of the audit disclosed one (1) issue 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:

Sandra Rosas, Vice President of Finance

Lilian Alba, Vice President of Immigrant & Refugee Services0