

## **Funds Properly Spent:**

### **Committee Supports Audit of MTA's Handling of Prop A and C Revenues, Expenditures**

By ED SCANNELL

(Feb. 15) The Independent Citizens Advisory and Oversight Committee issued a report, Wednesday, that supports the findings of an extensive audit of the MTA's revenues and expenditures generated by two LA County half-cent transit sales taxes.

"I believe we can state with a high degree of certainty that the results of the audit fairly report the compliance of the MTA with the Proposition A and C funds," said committee chairman Russ Lesser in a report to the MTA Board.

#### **Deserves high marks**

Lesser also said the audit shows the MTA deserves high marks for its level of compliance with the purpose of the two sales taxes.

"We believe it can be stated with a very high degree of certainty that Proposition A and C funds are being spent in the areas the voters intended," added Lesser. "If people had doubts about this they should be put to rest."

In their review of more than \$5.7 billion in local transit taxes collected in the seven-year period, the auditors concluded that MTA's financial statements "present fairly, in all material respects, the revenues and expenditures of Proposition A and Proposition C sales tax revenue for the fiscal years ended June 30, 1992, to June 30, 1998...."

#### **No 'material weaknesses'**

Auditors concluded that "several weaknesses were found in the internal control over fiscal reporting," but Lesser noted that these were "reportable conditions," not the more serious "material weaknesses" which can result in a lower than acceptable level of confidence in financial reporting.

"Management has concurred with the findings and is taking action to correct any weaknesses that were found," he said.

Auditors found only one error during the seven years under audit, which the committee deemed "immaterial." In fact, Lesser pointed out, the opinion of the auditors was "the highest level opinion that can be expressed on a financial statement."

#### **Larger than typical audit**

The audit examined 845 transactions which firm partner Ralph Bazilio said was three times as large as the typical audit sample. The firm was unable to audit the receipt and expenditures of sales tax monies prior to fiscal year 1992 as a result of the MTA's Board-approved records retention policy, but Lesser said the committee found that the policy was "very reasonable and in some cases exceeded the normal guidelines for keeping records."

The Independent Citizens Advisory and Oversight Committee was created in accordance with a measure (Proposition A) passed by LA County voters in November, 1998. The measure prohibits the use of revenues from the two sales taxes for any new subway projects.

A public hearing on the audit findings has been scheduled for 10 a.m., April 4, in the Board room.

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