

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, 2018 and 2017
with Independent Auditor's Report**



Simpson & Simpson, LLP
Certified Public Accountants

International Institute of Los Angeles
Immediate Needs Transportation Program
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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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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, 2019 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, 2019
Los Angeles, California

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

		June 30	
		2018	2017
ASSETS			
Cash	\$	134,923	\$ 50,356
Accounts receivable		200,836	142,814
Office equipment, net		-	82
Other assets		129	119
Total assets	\$	335,888	\$ 193,371
 LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	\$	122,957	\$ 95,246
Advances from IILA (Note 4)		214,599	87,669
Accrued payroll and vacation		16,490	10,854
Total liabilities		354,046	193,769
Net assets		(18,158)	(398)
Total liabilities and net assets	\$	335,888	\$ 193,371

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	
	2018	2017
Grant revenue	\$ 2,230,121	\$ 2,311,603
Total revenues	2,230,121	2,311,603
EXPENSES		
Program expenses		
Taxi vouchers	501,058	581,954
Token	1,412,750	1,412,750
Coupon printing	14,958	16,638
Total program expenses	1,928,766	2,011,342
Administrative expenses		
Salaries and wages	187,610	185,481
Employee benefits	67,278	57,137
Management and general allocation	26,983	27,542
Depreciation – equipment	82	75
Telephone and utilities	13,678	6,533
Supplies	2,479	1,625
Insurance	2,492	1,086
Repairs and maintenance	1,244	466
Leased equipment	1,329	1,208
Staff mileage	598	347
Postage	110	813
Computer maintenance	14,493	17,391
Audit	739	525
Total administrative expenses	319,115	300,229
Total expenses	2,247,881	2,311,571
Change in net assets	(17,760)	32
Net assets at beginning of year	(398)	(430)
Net assets at end of year	\$ (18,158)	\$ (398)

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	
Cash from operating activities	2018	2017
Change in net assets	\$ (17,760)	\$ 32
Adjustment to reconcile change in net asset to net cash provided by (used in) operating activities:		
Depreciation	82	75
Change in operating assets and liabilities		
Accounts receivable	(58,023)	265,081
Other assets	(10)	(93)
Accounts payable and accrued expenses	27,711	(182,191)
Accrued payroll and vacation	5,636	(3,332)
Net cash (used in) provided by operating activities	(42,364)	79,572
 Cash from financing activities		
Advances from IILA	126,931	(52,578)
Net cash provided by (used in) financing activities	126,931	(52,578)
 Change in cash	 84,567	 26,994
 Cash		
Beginning of year	50,356	23,362
End of year	\$ 134,923	\$ 50,356

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, 2018 and 2017**

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 expenses 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, 2018 and 2017**

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, 2018 and 2017, 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, 2018 and 2017, the amounts due to IILA were \$214,599 and \$87,669.

NOTE 5 – ALLOCATION FOR THE YEAR

Per the Amendment No. 3 to Memorandum of Understanding dated July 1, 2017, for Fiscal Year 2017-2018, 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 expenses 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, 2018 and 2017**

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 23, 2019, 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, 2018**

Taxi Company	TAXI COUPONS	Variable Value Vouchers	Total
Administrative Services Co-op.	\$ 21,053	\$ 48,734	\$ 69,787
Angeles Taxi Cab	-	12,393	12,393
Bell Cab Co-op	62,000	427	62,427
Best Taxi and Delivery Serv. Yellow	33,888	21,513	55,401
Blue and Yellow Taxi Group	32	43	75
California Cab Company	25,258	26	25,284
G&S Transit Management, Inc.	9,964	2,754	12,718
Green Valley Taxi, Inc.	55,543	15,792	71,335
Independent Taxi Owner's Assoc.	915	57,310	58,225
Limo Cab Co.	4,422	-	4,422
L.A. City Cab, LLC dba City Cab	4,150	933	5,083
Mid Valley Yellow Cab Transportation	8,216	-	8,216
People's Taxi	8,387	292	8,679
Tri-City Transportation Systems, Inc. EM	1,589	279	1,868
Tri-City Transportation Systems, Inc. SV	48,394	4,088	52,482
United Independent Taxi Drivers	13,945	36,118	50,063
United Taxi of South-West, Inc.	866	111	977
Yellow Cab Co. of Santa Clarita	1,623	-	1,623
Total	\$ 300,245	\$ 200,813	\$ 501,058

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, 2018**

<u>Taxi Company</u>	<u>0-30 DAYS</u>	<u>31-60 DAYS</u>	<u>TOTAL</u>
Administrative Services Co-op.	\$ 11,518	\$ 5,857	\$ 17,375
Angeles Taxi Cab	2,258	1,375	3,633
Bell Cab Co-op	9,917	4,399	14,316
Best Taxi and Delivery Serv. Yellow	9,013	3,475	12,488
California Cab Company	4,919	2,410	7,329
G&S Transit Management, Inc.	2,194	847	3,041
Green Valley Taxi, Inc.	12,594	6,228	18,822
Independent Taxi Owner's Assoc.	10,710	4,269	14,979
L.A. City Cab, LLC dba City Cab	676	181	857
Mid Valley Yellow Cab Transportation	1,971	959	2,930
People's Taxi	958	528	1,486
Tri-City Transportation Systems, Inc. EM	381	181	562
Tri-City Transportation Systems, Inc. SV	10,009	4,269	14,278
United Independent Taxi Drivers	6,992	3,759	10,751
United Taxi of South-West, Inc.	88	-	88
Total	\$ <u>84,198</u>	\$ <u>38,737</u>	\$ <u>122,935</u>

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, 2018, 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, 2019.

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, 2019

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, 2018.

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, 2018.



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. 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005. 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, 2019

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2018**

Finding 2018-001 – 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 \$100.00 per Variable Value Vouchers (VVVs).

Condition

During our review of the monthly invoices taxi cab companies submitted to IILA, we noted that one (1) VVV taxi voucher submitted for the reimbursement for the month of February 2018 invoice from United Independent Taxi Drivers exceeded the total amount shown on the smart meter receipt of the trip by \$3.55. We also noted that one (1) VVV submitted for the month of June 2018 invoice from Best Taxi and Delivery Service exceeded the smart meter receipt of the trip by \$4.65. In addition, during the review of the month of February invoice submitted from United Independent Taxi Drivers, we noted that one (1) VVV was billed for \$127.65 which exceeded the maximum amount not to exceed \$100.00 per voucher which resulted in over-billed amount of \$27.65. The total amount over-billed amounted to \$35.85 (4.65+3.55+27.65).

Cause

IILA did not perform a thorough additional review on invoices received from taxi cab companies to ensure vouchers are billed for the smart meter amount of the trip, with the maximum amount not to exceed \$100.00 per voucher

Effect

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

Recommendation

We recommend that IILA strengthen its controls that amounts billed to LACMTA are verified for accuracy and send a reminder to the taxi companies regarding strict implementation of the above requirement to be in compliance with INTP Operating Guideline. We also recommend that IILA repay the overbilling of \$35.85 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
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2018**

Finding 2018-002 – Distribution of Transportation Subsidies

Criteria or Specific Requirement

Under the Immediate Needs Transportation Program (INTP) Operating Guidelines, distributing agencies must ensure that the “agency name”, “name of recipient” and “signature of recipient” sections of the coupons/vouchers are completed before giving them to the recipients. No coupons/vouchers are to leave an agency without these three sections completed.

Condition

During our review of the monthly invoices taxi cab companies submitted to IILA, we noted that five (5) out of three hundred ninety-two (392) taxi coupons submitted for the month of December 2017 from Tri-City Transportation System, Inc., the “agency name” were not filled out by the distributing agency.

Cause

IILA did not perform a thorough additional review on invoices received from taxi cab companies to ensure that required sections such as “agency name” in the coupons/vouchers are completed.

Effect

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

Recommendation

We recommend that IILA send a reminder to the distributing agencies regarding strict implementation of the above requirement to be in compliance with INTP Operating Guideline.

View of Responsible Officials and Planned Corrective Action

Reminder was sent to all distributing agencies regarding strict implementation of INTP Operating Guidelines and ensure that coupons/vouchers are completed in full before giving them to the recipients.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2018**

Finding 2018-003 – A timesheet was not signed and dated by the supervisor.

Criteria or Specific Requirement

According to IILA's accounting policies and procedures, each timesheet needs to be 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 12/4/2017 was not signed and dated by the appropriate supervisor.

Cause

IILA represented that this was due to an oversight by the staff person, that timesheets were not properly approved by the appropriate supervisor.

Effect

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

Recommendation

We recommend that IILA establish sufficient internal control procedures to ensure that the timesheets are approved and dated by the appropriate supervisor 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

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

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2018**

Finding 2018-004 – Distributing Transportation Subsidies (Tokens)

Criteria or Specific Requirement

Under the Immediate Needs Transportation Program (INTP) Operating Guidelines, distributing agencies are required to record token disbursements in the User Log, to control and track usage. The distributing agency is responsible for recording the date, client name, address, phone, trip purpose, trip origin and destination. The client must sign the log and the staff must initial.

Condition

During our distributing agency site visits, we noted that one (1) agency, AIDS/HIV Health Alternatives, had an incomplete User Log:

- Out of the seven (7) recipients reviewed who received tokens in the User Log, we noted that one (1) recipient was missing the client signature and three (3) were missing the trip purpose.

Cause

AIDS/HIV Health Alternatives represented that this was due to an oversight by the staff person.

Effect

The distributing agency did not comply with INTP Operating Guidelines.

Recommendation

We recommend that IILA send a reminder to agencies distributing tokens to ensure that all information on the User Log is completed as required by the INTP Operating Guidelines.

View of Responsible Officials and Planned Corrective Action

Reminder was sent to all distributing agencies regarding strict implementation of INTP Operating Guidelines and ensure that all information on the User Log is completed.

**International Institute of Los Angeles
 Immediate Needs Transportation Program
 Schedule of Findings and Recommendations
 Year ended June 30, 2018**

Finding 2018-005 – Billing to LACMTA

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 time cards 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 monthly billings, we noted that LACMTA disclosed that the administrative cost did not reconcile to IILA’s trial balance on the following categories:

Category	Per Trial Balance	Per YTD Billing to LACMTA	Over/(Under) billing
Salary-Administration	(84,221)	(79,654)	(4,567)
SUI	(13,218)	(4,122)	(9,096)
Workers Comp	(2,197)	(2,313)	116
Office/Janitorial Supplies	(2,479)	(2,165)	(314)
Telephone-ADM	(8,473)	(8,826)	353
Printing	(14,958)	(18,523)	3,565
Insurance	(2,492)	(2,192)	(300)
Audit & Accounting	(739)	(528)	(211)
Indirect Cost	(25,226)	(26,698)	1,472
Total	\$ (154,003)	\$ (145,021)	\$ (8,982)

Cause

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

Effect

Inadequate support for the administrative cost would 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.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Findings and Recommendations
Year ended June 30, 2018**

Finding 2018-005 – Billing to LACMTA (continued)

View of Responsible Officials and Planned Corrective Action

Accounting Department staff 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.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Prior Year Findings and Recommendations
Year ended June 30, 2018**

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).

View of Responsible Officials and Planned Corrective Action

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.

Status

Implemented. IILA has made the necessary adjustments for the overbilled amounts. We obtained copies of the adjustments to LACMTA billing and taxi cab billing.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Prior Year Findings and Recommendations
Year ended June 30, 2018**

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 2016-2017 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.

View of Responsible Officials and Planned Corrective Action

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.

Status

Implemented. IILA has reimbursed LACMTA for the overbilled amount. We obtained a copy of the cancelled check issued to LACMTA.

**International Institute of Los Angeles
Immediate Needs Transportation Program
Schedule of Prior Year Findings and Recommendations
Year ended June 30, 2018**

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.

View of Responsible Officials and Planned Corrective Action

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.

Status

Implemented. We confirmed with VP of Finance that a meeting occurred reminding accounting staff about check requisition procedures. We noted during our non-payroll testing for fiscal year 2017-2018, that check requisitions have the proper counter signatures.

EXIT CONFERENCE

**International Institute of Los Angeles
Immediate Needs Transportation Program
Exit Conference
Year ended June 30, 2018**

An exit conference was held on February 23, 2019 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.