



EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
May 18, 2006

**SUBJECT: FINAL AUDIT REPORT ON THE IMMEDIATE NEEDS
TRANSPORTATION PROGRAM**

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file the Final Audit Report on the Immediate Needs Transportation Program (INTP).

ISSUE

The Chief Executive Officer (CEO) requested that Management Audit Services (MAS) outsource an audit of the INTP in response to a Board motion in 2004.

DISCUSSION

The INTP provides transportation to essential services such as medical clinics, job interviews, and access to shelter and food through taxi vouchers and/or bus tokens. The program is funded through LACMTA and brokered by First African Methodist Episcopal Church (FAME) and the International Institute of Los Angeles (IILA). Since 1993, the LACMTA has allocated \$2.5 million annually to each broker. In June 2001, Nelson/Nygaard Consulting Associates prepared a report for LACMTA with specific recommendations to improve operations of the program. The Nelson/Nygaard report was one of several reports issued since 2000.


Staff outsourced an audit to Thompson, Cobb, Bazilio & Associates, PC (TCBA) in November 2005. This was based on the June 2004 Board motion concerning implementing recommendations from the 2001 Nelson/Nygaard report, as well as the October 2005 Board report regarding funding agreements with service providers administering three regional programs. The October 2005 Board report outlined actions taken so far in response to the June 2004 Board motion and identified areas that needed additional review by staff.

TCBA reviewed several of these areas. The auditors were asked to examine and report on the administrative fee paid to FAME and IILA, the efforts to coordinate and consolidate overlapping functions with other agencies previously cited in the Nelson/Nygaard report, and ways to increase usage of day passes in lieu of taxi vouchers. They were also asked to analyze the monitoring of taxi providers, how distribution of the benefits is done, changing the taxi program by implementing a new type of coupon for emergency travel, and review the SMART card and other taxi-oriented automation for their applications to INTP.

TCBA identified 14 audit findings and made recommendations to management for improvement to the existing program. The details of the 14 areas recommended for improvements are in the Audit Results section of the report previously provided to the Board. Of the 14 recommendations, four were considered significant and were discussed in the Executive Summary section of the report. They are: (1) The INTP program does not have a clear mission statement as to whom the program is intended to serve; (2) LACMTA should consider significantly reducing or eliminating the seven dollar taxi voucher program, but maintaining the variable taxi voucher program for emergency transportation needs only; (3) LACMTA should implement penalties and sanctions against taxicab companies found to be abusing the taxi voucher program; and, (4) Administrative fees paid to brokers should be reassessed after changes to the program are made. Management has addressed or is addressing all of the findings identified during the audit.

NEXT STEPS

MAS will follow-up with Management on the action plan and progress towards implementation. MAS will report to the Board on the status of open recommendations as required by the FY06 Financial Standards.



Ruthe Holden
Managing Director, Management Audit Services



Roger Snoble
Chief Executive Officer