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**TO:** BOARD OF DIRECTORS

**FROM:** WILLIAM <sup>WB</sup>BERNSDORF  
MANAGING DIRECTOR  
MANAGEMENT AUDIT SERVICES DEPARTMENT

**SUBJECT:** CPA AUDIT POOL

**ISSUE**

This is in response to Director Zev Yaroslavsky's request for the source of funding of the CPA Audit Pool contract, which was Agenda item #53 at the Executive Management Committee meeting on November 18, 1999.

**BACKGROUND OR DISCUSSION**

In general, the funds used for the CPA audit pool services come from the same source as the program being audited. This is summarized in the table below.

In the next fiscal year, we anticipate that contract audits of capital projects and their close-out will require the most resources, which will be charged to the specific projects audited. Auditing the Call-for-Projects is another big user and these audits are funded by Proposition C, 25%, funds. The audit pool is also used to supplement internal audits, which can be charged to specific projects or to overhead, depending on the nature of the audit.

Types of Audit	Funding Sources	Contract Amount
Call for projects close out audits	Proposition C 25%	\$ 1,245,000
Audits of internal operations, activities, and programs of MTA	Proposition A&C administration and Proposition C40% discretionary	600,000
Audits of Metro Red Line construction contracts, Green Line and Pasadena Blue Line projects, and general overhead	Federal, State matching funds, and Proposition A&C	1,500,000
Total Contract Amount		\$ 3,345,000