

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**

**FEBRUARY 2, 2010**

Audit of MTA's Litigation Cost Management Practices

All five members of the Board of Supervisors serve on the Board of Directors of the Metropolitan Transportation Authority (MTA), which was created by California State legislation, effective April 1993 under Public Utilities Code, Section 130051.

For some time, the Board of Supervisors has been proactively working to minimize and reduce the County's litigation cost, including establishing policies requiring settlements to be recommended by the County Claims Board and approved by the Board of Supervisors. Additionally, the Board of Supervisors has required departments to provide corrective action plans to reduce future losses. The Board has also previously instructed the Auditor-Controller to review County Counsel's litigation cost management practices, including evaluating the usefulness and quality of management reports, reviewing individual cases to ensure they were handled, settled and documented appropriately.

This week concerns have arisen regarding the cost of litigation for the MTA. For example, recent reports concerning a major MTA case revealed that over \$30 million in legal costs were incurred. Remarkably, the status of the litigation and a third of the

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MOTION

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YAROSLAVSKY \_\_\_\_\_

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costs incurred were not made known to the Board of Directors of the MTA. Members of the Board of Supervisors and the MTA Board of Directors have expressed concerns about controls over MTA's litigation cases and settlements, and whether appropriate controls, reviews and approvals took place in recent cases. All of the above gives rise to the urgent need for an independent review and audit of MTA litigation cost management.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

Introduce a motion at the next MTA Board meeting to authorize an audit to be performed or supervised by the Los Angeles County Auditor-Controller, to conduct a preliminary review of MTA's litigation cost management process and report back, to the MTA Board, within 30 days of the MTA action with the following information:

- a) An inventory of MTA litigation cases within the last three years;
- b) A cost estimate for performing an in-depth litigation cost management review of a sample of cases; and
- c) A proposed audit scope for the in-depth review, which would include evaluating MTA's case management practices, compliance with procedures and risk management best practices, controls over litigation cases, reviews and approvals, case supervision and disposition, internal and external attorney involvement, attorney cost, etc.

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