

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Internal Audit Status Comments
2/9/22	21-507	Operations Division (Operations)	Facilities Maintenance (FM) Operations	The Internal Audit Department (Internal Audit) recommends management implement a perpetual inventory system to track purchasing activity and maintain inventory of all parts and supplies. Purchasing, storage, issuance, and disposal activities should be centralized and include controls to ensure proper authorization for purchases, physical security of inventory items, and proper assignment of costs to work orders.	<u>Update September 2022</u> : Management has completed transferring contracts to the Contracts Administration and Materials Management (CAMM) Department and a process to bring FM parts inventory into CAMM for proper storage and issuance has been established and is on track to be completed by February 2023. As stated in the original response, the current asset management system is not capable of assigning all costs to work orders. A new system will be implemented. <u>Update March 2023</u> : Management is still in the process of implementing a centralized inventory system and expects that physical transfer of all inventory may take up to two years. <u>Update August 2023</u> : Management is still in the process of transferring parts inventory to centralized CAMM control. <u>Update March 2024</u> : FM inventory from three of the five bases has been transferred to the centralized inventory system. <u>Update September 2024</u> : FM inventory for four bases has been transferred. Inventory from the last base should be transferred within six months. <u>Update March 2025</u> : Management has completed the transfer of all parts inventory to the centralized inventories at the bases.
3/11/24	24-506	Operations	College Pass Program	Agreements should be amended to accurately reflect all responsibilities and requirements for program operation, and management should enforce agreement requirements. Management should also develop, document, and implement procedures for administration of the program, including procedures for verifying the reasonableness of enrollment data provided by colleges for invoicing purposes and timely preparation of invoices. Management should implement procedures developed in December 2023, to monitor and collect outstanding receivables.	<u>Update September 2024</u> : Management has updated agreements with some colleges; however, the agreement with Golden West College has not been tailored to address its annual fee structure. Agreements with the remaining colleges are in the process of update. Procedures for administration and oversight of the program are also underway. <u>Update March 2025</u> : Agreements have been amended to accurately reflect responsibilities and requirements of program operations and management has implemented procedures for program administration and monitoring of outstanding receivables.
3/11/24	24-506	Operations	College Pass Program	Internal Audit recommends management update agreements to include requirements for security, inventory, distribution, and reporting of paper passes and implement monitoring controls to ensure colleges are complying with the requirements. Management should also strengthen controls to ensure all college bus passes are properly coded in the system.	<u>Update September 2024</u> : Management has developed paper pass procedures and incorporated these into four out of seven agreements. The remaining three agreements are in the process of being updated. Management has also strengthened controls to ensure passes are properly coded, and to monitor usage. <u>Update March 2025</u> : Management has incorporated paper pass procedures into all agreements. A new rider validation system will replace paper passes with re-loadable smart cards in late summer 2025.
8/1/24	24-512	Operations	OC ACCESS Service	Management should revise the performance standards exhibit in the contract to reflect the correct 5,000-mile Preventative Maintenance Interval (PMI) and adjust the miles in the penalty column accordingly. Management should also enforce prior approval requirements for repair or replacement of major mechanical components.	<u>Update April 2025</u> : Management has amended the contract to reflect the correct 5,000-mile PMI interval and has adjusted the miles in the penalty column accordingly. Management has also reminded the contractor that authorization must be received before ordering parts or performing replacement or repairs of major mechanical components.
8/1/24	24-512	Operations	OC ACCESS Service	Management should implement a secondary review of the accident log to ensure all accidents are correctly classified.	<u>Update April 2025</u> : Management has implemented a monthly accident and incident review report that is distributed for secondary review and included as part of the invoice package.
8/1/24	24-512	Finance and Administration (F&A)	OC ACCESS Service	Management should perform inspections in accordance with the established frequency schedule.	<u>Update April 2025</u> : Management has developed a review checklist schedule that logs the dates of inspections and reviews to ensure performance with the established frequency schedule.

**Audit Recommendations Closed During
Fourth Quarter, Fiscal Year 2024-25**

8/1/24	24-512	F&A	OC ACCESS Service	Management should enforce the requirement to include "Approval to Pay Invoice" in the email subject line when forwarding an invoice for payment, or should revise the policy to remove this requirement.	<u>Update April 2025</u> : Management has revised the Invoice Review Policy to remove the requirement to include "Approval to Pay Invoice" in the subject line of emails.
10/10/24	25-501	Capital Programs	Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway	Management should enforce pre-approval requirement for Other Direct Costs (ODC) not included in the contract schedule.	<u>Update April 2025</u> : Management will implement a process to remind consultants that ODCs not listed in the contract schedule require approval from the project manager prior to costs being incurred. No additional instances of this have been observed under the referenced contract.
10/11/24	25-504	F&A	Investment Manager Contracts	Management should improve the timeliness of invoice review, approval, and processing.	<u>Update April 2025</u> : Management has implemented an invoice tracking system to improve timeliness of invoice review, approval, and processing. All six invoices after implementation of the new process were paid timely.
11/22/24	25-505	F&A	Purchasing Cards	Management should update procedures to prohibit cardholders from using personal PayPal accounts for business purchases and require all purchased items to be delivered to an Orange County Transportation Authority address. Management should also follow up with cardholders who purchased items in violation of procedures and remind Accounts Payable (AP) staff to verify approvals reflected on purchasing card packages.	<u>Update June 2025</u> : Management has updated procedures as recommended and sent communication to cardholders identified as having purchased items in violation of procedures. AP staff have implemented procedures to document verification of proper approvals on purchasing card packages.