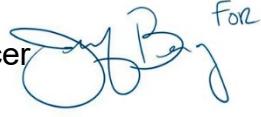




February 19, 2026

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer  For  Janet Sutter, Executive Director
Internal Audit Department

Subject: Board Member Compensation, Mileage Reimbursements, and Training Requirements, Internal Audit Report No. 26-507

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of Board Member compensation, mileage reimbursements, and training requirements. Based on the audit, controls over processing compensation and mileage reimbursements are adequate and functioning; however, weaknesses were identified in the notification and tracking of mandatory training requirements, and documentation and implementation of practices for determining Board Member eligibility to receive mileage reimbursements.

Recommendation

Direct staff to implement two recommendations provided in Board Member Compensation, Mileage Reimbursements, and Training Requirements, Internal Audit Report No. 26-507.

Background

To ensure compliance with Public Utilities Code Section 130108.5, Government Code Sections 53232 and 53234 through 53237.5, and SB 616 (Chapter 309, Statutes of 2023), collectively referred to as "regulations", the Orange County Transportation Authority (OCTA) has developed written policies for compensation, reimbursement of expenses, and mandatory training for members of the Board of Directors (Board) and former Board Members who represent OCTA on outside agency boards, collectively referred to as "Board Members". Policies and procedures are outlined in the annual Personnel and Salary Resolution and the Policy for Compensation, Benefits, Reimbursement of

Expenses, and Mandatory Training for Members of the Board of Directors (Policy), collectively referred to as “policies”. The Clerk of the Board (COB) Department is responsible for developing and implementing procedures to ensure compliance with regulatory requirements and policies.

Board Members may receive compensation in the amount of \$100 per day, not to exceed \$500 per month, and mileage reimbursements for attending OCTA-related business activities. Each Board Member that receives compensation is required to obtain at least two hours of training in general ethics principles and ethics laws relevant to public service and all Board Members are required to obtain sexual harassment prevention training and education. Per Policy, compensation will be withheld until the Board Member provides evidence that required training has been obtained as required.

Discussion

Procedures for tracking and timely notification to Board Members of regulatorily-required training should be improved and Policy requiring compensation be withheld, pending verification that training requirements have been met, should be enforced. The Internal Audit Department (Internal Audit) recommends management implement procedures for timely notification and regular follow-up with all applicable Board Members of expiring training. In addition, management should comply with Policy requiring compensation be withheld until evidence of training has been obtained. Management agreed and will update the Policy and procedures accordingly.

Currently, OCTA Board Members that receive a car allowance from the County of Orange are excluded from receiving mileage reimbursements for travel to/from OCTA business activities; however, this exclusion is not outlined in policies and other Board Members that receive car allowance from their respective agencies are not excluded from receiving mileage reimbursements from OCTA. Internal Audit recommends management obtain Board Member input and approval of Policy relating to eligibility to receive mileage reimbursements. Consideration should be given to ensuring the Policy is consistently applied. Management agreed and will update the Policy accordingly.

Summary

Internal Audit has completed an audit of Board Member compensation, mileage reimbursements, and training requirements and has offered two recommendations for improvement.

Attachment

A. Board Member Compensation, Mileage Reimbursements, and Training Requirements, Internal Audit Report No. 26-507

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Approved by:



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