

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Board Member Compensation, Mileage Reimbursements, and Training Requirements

Internal Audit Report No. 26-507

February 10, 2026



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Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) 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 notification and tracking of mandatory training requirements, and documentation and implementation of practices for determining Board Member eligibility to receive mileage reimbursements.

Background

Regulations, Policy, and Procedures

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”, 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.

Compensation, Mileage Reimbursements, and Sick Leave

Board Members may receive compensation in the amount of \$100 per day, not to exceed \$500 per month, for attending OCTA-related business activities. Board Members also receive mileage reimbursements for travel to/from OCTA business activities. Starting in 2024, members of the Board are eligible for up to five sick days per year.

Required Training

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 within the first year of taking office and every two years thereafter, and all Board Members are

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required to obtain at least two hours of sexual harassment prevention training and education within the first six months of taking office and every two years thereafter.

Policy and regulations require OCTA to provide information on ethics training available to Board Members at least once annually and provide information on sexual harassment prevention training available to Board Members at least once, in writing, prior to assuming office and every two years thereafter. Per Policy, if out of compliance, compensation will be withheld until the Board Member provides evidence that training has been obtained as required.

Objectives, Scope, and Methodology

The objectives were to evaluate and test controls in place to ensure compliance with regulations and policies related to Board Member compensation, mileage reimbursement, and training.

The methodology consisted of testing policies for compliance/consistency with regulations, testing a judgmental sample of Board Member payments for compliance with policy and regulations, and assessing and testing the process in place for notification, tracking, and timely compliance with regulatorily-required training and policy. The judgmental sample was selected to provide coverage throughout the scope period. Since the sample was non-statistical, any conclusions are limited to the sample items tested.

The scope was limited to the Policy dated July 3, 2024, and the Personnel and Salary Resolution for fiscal year 2024-25. The scope included Board Member compensation and mileage reimbursements during calendar years 2024 and 2025. Lastly, the scope included all training notifications and certificates on file for Board Members for calendar years 2024 and 2025.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Audit Comments, Recommendations, and Management Responses

Monitoring of Ethics and Sexual Harassment Training Requirements

Procedures for tracking and timely notification to Board Members of regulatorily-required training should be improved and the Policy requiring payments be withheld, pending verification that training requirements have been met, should be enforced.

Per Policy and regulations, Board Members are required to receive at least two hours of training in general ethics principles and ethics laws relevant to public service within the first year of taking office, and every two years thereafter, and at least two hours of sexual harassment prevention training and education within the first six months of taking office and every two years thereafter. Policy states that Board Member compensation will be withheld until evidence of compliance with these training requirements is verified.

Testing found that not all Board Members are timely notified of training requirements, and procedures do not include tracking of former Board Members representing OCTA on outside agency boards or the ex-officio Board Member from California Department of Transportation. More than half of the Board Members reflected periods whereby training was not obtained until months after the due date, and the COB does not withhold compensation until compliance is verified, as required by Policy.

Recommendation 1:

Management should implement procedures for timely notification and regular follow-up with all applicable Board Members of expiring training. In addition, management should comply with the Policy requiring compensation be withheld until evidence of training has been obtained.

Management Response:

Management agrees and is in process of updating the Policy and procedures to provide timely notification of required training as well as any expiring training. Staff will return to the Board with an updated Policy to address compensation withholding.

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Mileage Reimbursement Exclusions

In practice, 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.

Recommendation 2:

Internal Audit recommends management obtain Board Member input and approval of the Policy relating to eligibility to receive mileage reimbursements. Consideration should be given to ensuring the Policy is consistently applied.

Management Response:

Management agrees and will return to the Board with an updated Board Compensation Policy to address mileage reimbursement.