

**Audit Recommendations Closed During  
First Quarter, Fiscal Year 2023-24**

<b>Audit Issue Date</b>	<b>Report Number</b>	<b>Division/ Department/ Agency</b>	<b>Audit Name</b>	<b>Recommendation</b>	<b>Internal Audit Status Comments</b>
1/26/22	21-511	Executive Office	Physical Access Security	Internal Audit recommends management define and document responsibilities, policies, and procedures related to physical access security and incorporate appropriate language in the Contracted Transportation Service (CTS) provider contracts. Written procedures for coordination with OCTA should be provided to CTS. Management should consider permitting CTS providers with access to Lenel system reports and/or notifications of access breaches and events.	Management incorporated appropriate language into CTS provider contracts and CTS providers now have access to the system and receive notifications of access breaches and events. In addition, management developed and issued an Access Control System Policy and has developed an online portal for requests for identification badge issuance, deletion and/or modification.
7/13/22	22-505	Contracts Administration and Materials Management (CAMM) and Capital Programs	Oversight Controls and Contract Compliance related to the OC Streetcar Design and Construction Management	Management should reconsider use of a schedule of values (SOV) in firm-fixed priced contracts and initiate amendments in a timely manner. Management should also recover identified overbillings and unallowable charges and disallow payments for services not allowed by the SOVs.	Management removed the Schedule of Values in Amendment 12 to Agreement No. C-5-3337 with HNTB Corporation. Management also withheld \$160,712 in identified overbillings from a retention release. Internal Audit made an additional recommendation that management recover overbillings that occurred from January to April 2022, after the audit period. As of September 2023, management deducted overbillings from January to April 2022, as recommended.
7/13/22	22-505	CAMM and Capital Programs	Oversight Controls and Contract Compliance related to the OC Streetcar Design and Construction	Management should enhance controls over escalation when adding new staff, and ensure that the pricing of amendment values is based on the original contract or proposal rates.	Management has developed procedures for adding named staff via offer letters and has implemented controls to ensure accurate pricing of amendment values.
7/13/22	22-505	Capital Programs	Oversight Controls and Contract Compliance related to the OC Streetcar Design and Construction Management	Management should recover overbillings and require all subconsultants to submit timesheets, and enforce advance approval requirements.	Management deducted \$987.63 in identified overbillings and is now obtaining time logs from the subconsultant. The timeliness of management's approval of overtime requests has also improved.
10/25/22	22-513	CAMM	Independent Cost Estimates (ICE)	CAMM should ensure ICEs include adequate detail support and are submitted in accordance with policies. CAMM should provide training to advise project managers that pricing should not be solicited directly from vendors and provide information on how and where to obtain pricing data for proper development of estimates.	Management revised policies and procedures to specify that ICEs be provided prior to the start of the solicitation process. CAMM also conducted two training sessions on how to complete an ICE and another on procurement policies and procedures.
10/25/22	22-513	F&A	ICE	Management should develop tools to ensure proper oversight and management of the identified consulting services contract. This should include regular monitoring of contract burn rate and development of reasonable estimates to ensure funding is sufficient to achieve objectives.	Management has created a series of dashboards to enhance the monitoring of contract balances and forecasted burn rate.

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1/10/23	23-503	People and Community Engagement (PACE)	Administrative Employee Mandatory Training and Employee Educational Reimbursements	Management should improve controls to avoid duplicate reimbursements and to ensure all required documentation is on file. The system should be updated to accurately reflect payments and carryover amounts, and management should improve organization of supporting documentation. Management should obtain reimbursement from employees that received duplicate payments and should address payments made to employees over the allowable educational reimbursement limit. Going forward, management should implement effective controls for monitoring employee educational reimbursement activities for compliance with policy.	Management has improved controls and uses a payment tracker to track all educational reimbursement payments submitted. The application was enhanced to ensure employees and not paid over the Internal Revenue Service limit. Management recovered amounts due from the two employees that were overpaid.
2/28/23	23-501	PACE	Workers' Compensation Program	Management should add Intercare service providers to the contract as subconsultants and identify their rates and fees. Once rates are identified in the contract, management should implement controls to ensure rates invoiced by the subcontractors agree to the contract rates.	Management has amended the agreement to add a subcontractor list with rates and fees.
2/28/23	23-501	PACE	Workers' Compensation Program	Management should implement a process to ensure adequate review and monitoring of monthly bank account details and reconciliations.	The Orange County Transportation Authority's (OCTA) Accounting Manager now receives and documents review of the Intercare bank account reconciliation.
2/28/23	23-501	PACE	Workers' Compensation Program	Management should request that Intercare standardize the calculation of temporary disability benefits. Intercare should instruct adjustors to use the first day of the beginning payroll period, instead of the pay period end date, in tallying the number of days of pay. Adjustors should also be instructed to consistently check for payment of light-duty and holidays before calculating temporary disability benefits. Finally, management should request Intercare recover the \$1,553.60 overpayment.	Intercare has standardized its temporary disability benefit calculations, including fields for the pay period start and end dates, and credited its check replenishment by the \$1,553.60 overpayment. Since injured workers on light duty are working full-time, there is no need to calculate temporary partial disability which would require checking for payment of light duty and holiday pay.
3/20/23	23-510	Operations and CAMM	OC ACCESS Service Eligibility	Management should implement controls to ensure Medical Transportation Management, Incorporated (MTM) is providing key staff and qualified staff, as outlined in the contract. The process for notification, review, and update to MTM contract staffing should be improved to ensure that required staff is being provided, contract amendments to reflect staffing changes are processed timely, and access to OCTA's Trapeze system is terminated promptly upon termination of contract staff.	Management has implemented controls to ensure timely notification and contract amendments for key personnel, and has also amended the contract to remove requirements for specific employee qualifications and/or certifications. Management also implemented procedures to ensure timely notification and removal of system access upon employee termination.
3/28/23	23-507	F&A	Investments: Compliance, Controls, and Reporting July 1 through December 31, 2022	Management should consistently obtain secondary review of the monthly Investment and Debt Programs report and enhance review to include increased oversight over the presentation of individual securities.	During the subsequent audit for the period of January 1 through June 30, 2023, we noted that the investment security descriptions included in the Investment and Debt Programs Reports were accurate and review checklists were signed by a secondary reviewer.

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3/29/23	23-507	F&A	Investments: Compliance, Controls, and Reporting July 1 through December 31, 2022	Management should add notes to Clearwater holdings reports to address potential violations and ensure all notes are prepared in a timely manner.	Testing during the subsequent audit for the period of January 1 through June 30, 2023, there were no issues with comprehensive documentation related to the six tested Clearwater weekly holdings reports. The notes addressing the flagged violations in the Clearwater compliance module appeared to have been recorded on a timely basis.
3/30/23	23-507	F&A	Investments: Compliance, Controls, and Reporting July 1 through December 31, 2024	Management should reconcile all accounts, including zero-balance accounts and ensure timely approval of reconciliations.	Management has developed controls to ensure timely approval and reconciliation of all accounts, including zero-balance accounts.
3/31/23	23-507	F&A	Investments: Compliance, Controls, and Reporting July 1 through December 31, 2025	Management should obtain detailed support for invoiced charges by the financial advisor and ensure that when a key personnel's classification is changed, and such change is acceptable to management, the contract is amended accordingly.	Testing during the subsequent audit for the period of January 1 through June 30, 2023, noted no invoice discrepancies.