



AGENDA

Finance and Administration Committee Meeting

Committee Members

Andrew Do, Chairman
Steve Jones, Vice Chairman
Michael Hennessey
Richard Murphy
Miguel Pulido
Todd Spitzer
Michelle Steel

Orange County Transportation Authority
Headquarters
550 South Main Street
Board Room – Conf. Room 07
Orange, California

Wednesday, September 13, 2017 at 10:30 a.m.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

All documents relative to the items referenced in this agenda are available for public inspection at www.octa.net or through the Clerk of the Board's office at the OCTA Headquarters, 600 South Main Street, Orange, California.

Call to Order

Pledge of Allegiance

Director R. Murphy

1. Public Comments

Special Calendar

There are no Special Calendar matters.



Consent Calendar (Items 2 through 10)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

2. Approval of Minutes

Approval of the minutes of the Finance and Administration Committee for August 23, 2017.

3. Audit of State Transportation Improvement Program Planning, Programming and Monitoring Program, Program Fiscal Year 2014-2015 Serena Ng/Janet Sutter

Overview

As required by agreement with the California Department of Transportation, an independent audit of the State Transportation Improvement Program Planning, Programming and Monitoring Program project has been completed by the professional accounting firm of BCA Watson Rice LLP. The audit found that project funds were used in conformance with Article XIX of the California State Constitution.

Recommendation

Receive and file as an information item.

4. Transit Police Services, Internal Audit Report No. 17-512 Gabriel Tang/Janet Sutter

Overview

The Internal Audit Department has completed an audit of oversight controls and contract compliance related to the agreement with the Orange County Sheriff's Department for Transit Police Services. Based on the audit, controls are adequate, and management has worked to improve incident reporting for better oversight and more informed scheduling.

Recommendation

Receive and file Transit Police Services, Internal Audit Report No. 17-512, as an information item.

5. Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2017
Gabriel Tang/Janet Sutter

Overview

The Internal Audit Department has completed an audit of investments for the period January 1 through June 30, 2017. Based on the audit, the Orange County Transportation Authority complied with its debt, investment, and reporting policies and procedures; however, two minor reporting errors were identified in the first and second quarterly investment and debt reports. Internal Audit recommends management enhance review procedures to ensure line items are validated and schedules are reconciled before finalizing the report.

Recommendation

Direct staff to implement one recommendation provided in Investments: Compliance, Controls, and Reporting, January 1 through June 30, 2017, Internal Audit Report No. 18-501.

6. Communications by Independent Financial Statement Auditor
Janet Sutter

Overview

Vavrinek, Trine, Day & Company, LLP, the independent financial statement auditor of the Orange County Transportation Authority, is in the process of conducting the fiscal year 2016-17 audit. In connection with the audit, Vavrinek, Trine, Day & Company, LLP, is communicating the planned scope and timing of the audit, as well as soliciting input on any matters of which the Board of Directors or the Finance and Administration Committee has knowledge that may have a material bearing on the Orange County Transportation Authority's financial statements for the year ended June 30, 2017.

Recommendation

Receive and file as an information item.



7. Local Agency Investment Fund - July 2017

Rodney Johnson/Andrew Oftelie

Overview

The Orange County Transportation Authority invests a portion of its liquid portfolio in the State of California Local Agency Investment Fund. Each month, the State Treasurer's office publishes a report detailing the composition of the pool. The attached summary statements from the report are for the month ending July 31, 2017. The report has been reviewed and is consistent with the investment practices of the State Treasurer's Office.

Recommendation

Receive and file as an information item.

8. Orange County Treasurer's Management Report - July 2017

Rodney Johnson/Andrew Oftelie

Overview

The Orange County Transportation Authority invests a portion of its liquid portfolio in the Orange County Investment Pool. Each month the Orange County Treasurer publishes a comprehensive report detailing the composition of the pool and the prevailing economic and market conditions. The attached Treasurer's Management Report for the Orange County Investment Pool is for the month ending July 31, 2017. The report has been reviewed and is consistent with the investment practices of the Orange County Treasurer.

Recommendation

Receive and file as an information item.

9. Excess Liability Insurance Renewal

Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority currently has excess liability insurance policies with Insurance Company of the State of Pennsylvania, Great American Insurance Company, and Allied World Assurance Company. These policies will expire on November 1, 2017.

9. (Continued)

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A38039, not to exceed \$700,000, to Marsh Risk and Insurance Services, Inc., to purchase excess liability insurance on behalf of the Orange County Transportation Authority for the policy period of November 1, 2017 to November 1, 2018.

10. Excess Workers' Compensation Insurance Policy
Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority currently has an excess workers' compensation insurance policy with Arch Insurance Company. This policy will expire on October 1, 2017.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A38038, not to exceed \$500,000, to Marsh Risk and Insurance Services Inc., to purchase excess workers' compensation insurance on behalf of the Orange County Transportation Authority for the policy period of October 1, 2017 to October 1, 2018.

Regular Calendar

11. Contracted Fixed Route Operations, Internal Audit Report No. 17-508
Serena Ng/Janet Sutter

Overview

The Internal Audit Department has completed an audit of contracted fixed-route operations provided by First Transit, Inc. The audit found that, in April 2016, Transit Division management changed the threshold used to measure on time performance for both contracted and directly-operated fixed-route bus service. This change, which resulted in more favorable performance results, was not disclosed to the Board of Directors. In addition, penalties for failure to meet preventative maintenance standards and missed trips have been waived without adequate justification and documentation. Calculation errors in contract amendments and weaknesses in monitoring and enforcement of other contract requirements were also observed.



11. (Continued)

Recommendation

Direct staff to implement six recommendations provided in Contracted Fixed-Route Operations, Internal Audit Report No. 17-508.

Discussion Items

12. Chief Executive Officer's Report

13. Committee Members' Reports

14. Closed Session

There are no Closed Session items scheduled.

15. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, September 27, 2017**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.