



Revised

AGENDA

Finance and Administration Committee Meeting

Committee Members

Andrew Do, Chairman
Richard Murphy, Vice Chairman
Lori Donchak
Michael Hennessey
Steve Jones
Todd Spitzer
Michelle Steel

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

Wednesday, January 24, 2018 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 11)

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 of January 10, 2018.

3. Fiscal Year 2016-17 Auditor's Communication to Those Charged with Governance

Janet Sutter

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on its Comprehensive Annual Financial Report and various fund financial statements. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, conducted the annual audit of the Orange County Transportation Authority's financial statements for fiscal year 2016-17, and, as required by United States Generally Accepted Auditing Standards and Office of Management and Budget Circular A-133, has herewith issued its Auditor's Communication to Those Charged with Governance.

Recommendation

Receive and file as an information item.

4. Fiscal Year 2016-17 Annual Financial and Agreed-Upon Procedures Reports

Janet Sutter

Overview

The Orange County Transportation Authority is required to obtain an independent auditor's opinion on various financial statements. Vavrinek, Trine, Day & Company, LLP, an independent accounting firm, has completed its annual audits of the Orange County Transportation Authority and related entities for the fiscal year 2016-17. Additionally, reports have been issued on the results of agreed-upon procedures applied to determine compliance with certain state, federal, and local requirements. All reports are included herewith.



4. (Continued)

Recommendations

- A. Receive and file the fiscal year 2016-17 annual financial statement audits and agreed-upon procedures reports as information items.
- B. Direct staff to implement two auditor recommendations related to procurement and subrecipient monitoring.

5. Fiscal Year 2016-17 Management Letter

Janet Sutter

Overview

In connection with the annual audit of the Orange County Transportation Authority's financial statements for fiscal year 2016-17, Vavrinek, Trine, Day & Company, LLP, has issued a management letter with five recommendations for improvement to internal controls.

Recommendations

- A. Receive and file the Orange County Transportation Authority Management Letter June 30, 2017, as an information item.
- B. Direct staff to implement auditor recommendations related to the information technology environment and procurement.

6. Fiscal Year 2017-18 Internal Audit Plan, Second Quarter Update

Janet Sutter

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2017-18 Internal Audit Plan on August 14, 2017. This update is for the second quarter of the fiscal year.

Recommendation

Receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2017-18 Internal Audit Plan as an information item.



7. Purchasing Cards, Internal Audit Report No. 18-503
Gerald Dunning/Janet Sutter

Overview

The Internal Audit Department has completed an audit of purchasing cards. Based on the audit, controls to ensure transactions are valid, authorized, and in compliance with policies and procedures are generally adequate; however, three recommendations were made to improve compliance with the policies and procedures.

Recommendation

Direct staff to implement the three recommendations provided in Purchasing Cards, Internal Audit Report No. 18-503.

8. Local Agency Investment Fund - December 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 December 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.



- 9. Orange County Transportation Authority Investment and Debt Programs Report - December 2017**
Rodney Johnson/Andrew Oftelie

Overview

The Orange County Transportation Authority has a comprehensive investment and debt program to fund its immediate and long-term cash flow demands. Each month, the Treasurer submits a report detailing investment allocation, performance, compliance, outstanding debt balances, and credit ratings for the Orange County Transportation Authority's debt program. This report is for the month ending December 31, 2017. The report has been reviewed and is consistent with the investment practices contained in the Investment Policy.

Recommendation

Receive and file as an information item.

- 10. Second Quarter Fiscal Year 2017-18 Procurement Status Report**
Virginia Abadessa/Andrew Oftelie

Overview

The second quarter procurement status report summarizes the procurement activities for information purposes to the Orange County Transportation Authority Board of Directors. This report focuses on procurement activity from October 1 through December 31, 2017, that was approved by the Board of Directors during this period. The second quarter procurement status report also projects future procurement activity for the third quarter as identified in the fiscal year 2017-18 budget.

Recommendation

Receive and file as an information item.



11. 91 Express Lanes Property Insurance Renewal
Al Gorski/Maggie McJilton

Overview

The Orange County Transportation Authority currently has a primary property and flood insurance policy for the 91 Express Lanes with Zurich American Insurance Company, and six earthquake insurance policies with Empire Indemnity Insurance Company, General Security Indemnity Company of Arizona, Everest Indemnity Insurance Company, QBE Specialty Insurance Company, Endurance American Insurance Company, and Princeton Excess and Surplus Lines Insurance Company which will expire on March 1, 2018.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A38806, in the amount of \$500,000, to Marsh USA, Inc., to purchase the 91 Express Lanes' property, flood, and earthquake insurance on behalf of the Orange County Transportation Authority for the policy period of March 1, 2018 to March 1, 2019.

Regular Calendar

12. Investigation and Limited Scope Review of the Senior Mobility Program Operated by the Korean American Senior Association
Serena Ng/Janet Sutter

Overview

The Internal Audit Department has completed an investigation of a report received from Orange County Transportation Authority's Transit Division related to the Korean American Senior Association of Orange County's Senior Mobility Program. Specifically, the Transit Division raised concerns about compliance with program requirements for wheelchair accessibility and with the service plan. The Internal Audit Department confirmed that the Korean American Senior Association of Orange County had not made trips available to those requiring wheelchair accessibility and that some trips provided were not outlined in the current service plan agreement. The Internal Audit Department also identified unsupported costs charged to the program and non-compliance with the program's minimum age requirement.



12. (Continued)

Recommendation

Direct staff to implement proposed corrective action to terminate the funding agreement with the Korean American Senior Association of Orange County.

Discussion Items

13. Orange County Transportation Authority Cyber-Security Update

William Mao/Andrew Oftelie

Finance and Administration Committee Chairman Do has requested periodic updates on the progress staff is making on Orange County Transportation Authority's Cyber-Security Roadmap. This presentation reviews progress to date, as well as the status of ongoing cyber-security projects.

14. Chief Executive Officer's Report

15. Committee Members' Reports

16. Closed Session

There are no Closed Session items scheduled.

17. Adjournment

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, February 14, 2018**, at the Orange County Transportation Authority Headquarters, 550 South Main Street, Board Room - Conference Room 07, Orange, California.