ATTACHMENT A

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

MEASURE M2 SENIOR NON EMERGENCY MEDICAL TRANSPORTATION PROGRAM AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2016

ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY

MEASURE M2 SENIOR NON EMERGENCY MEDICAL TRANSPORTATION PROGRAM AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2016

The County of Orange was selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2016.

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES — COUNTY OF ORANGE

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the County of Orange's (County) level of compliance with certain provisions of the Measure M2 Senior Non-Emergency Medical Transportation Program (SNEMT Program) as of, and for the fiscal year ended, June 30, 2016. The County's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement between OCLTA and the County of Orange and determined that the agreement was properly approved and executed.

   Results: No exceptions were noted as a result of our procedures.

2. We documented which funds the County used to track expenditures relating to Senior Non Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on the County's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

   Results: The County's expenditures are tracked in the general ledger by fund, department, unit and job number. The County records its Senior Non-Emergency Medical Transportation Program expenditures in its General Fund (100), within the Orange County Community Resources Department (012), Office of Aging Unit (2700), within M2 Administrative (Job# CA802) and M2 Contract (Job# CA812). Total program expenditures totaled $3,353,995, for the fiscal year ended June 30, 2016. The County reported total expenditures of $3,120,323 on the Expenditure Report (Schedule 2, lines 13 and 14 for Project U), resulting in a difference of $233,672. The County excluded $233,672 of M2 Administrative expenditures from the Expenditure Report. No other differences were noted as a result of our procedures.

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3. We obtained a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculated the amount the County has received for the past three fiscal years. We obtained the fund balance of the County's SNEMT funds as of June 30, 2016, agreed to the balance as listed on the County's Expenditure Report (Schedule 1, lines 16 and 17) and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed the amount listed as received on the County's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

   Results: The County received $8,183,944 for the past three fiscal years, all for Measure M2 Senior Non-Emergency Medical Transportation Program for fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance was as follows:

Allocation Year	Funding Source	Remaining Fund Balance
2015/2016	Senior Non-Emergency Medical Transportation Program(M2)	$ 1,366,662

   We compared the fund balance or $1,366,662 to the County's Expenditure Report (Schedule 1, lines 16 and 17), noting the County reported $1,600,334, a difference of $233,672. The County excluded $233,672 of M2 Administrative expenditures from the Expenditure Report, which is the same difference noted in Procedure #2.

   The County received $2,825,885 during the fiscal year ended June 30, 2016 which agreed to the County's Expenditure Report (Schedule 2, Line 5 for Project U). No other differences were noted as a result of our procedures.

4. We reviewed the County's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund. We agreed the amount reflected to the amount of interest listed on the County's Expenditure Report (Schedule 2, line 6 for Project U), explaining any differences.

   Results: We reviewed the County's interest allocation methodology and noted the County did not separately track interest for the Senior Non-Emergency Medical Transportation Program for the year ended June 30, 2016. All interest earned during the fiscal year was allocated to the County's General Fund (100), and $0 interest was reported on the County's Expenditure Report (Schedule 2, line 6 for Project U).

5. We determined the amount of Tobacco Settlement funds required to be expended by the County for the fiscal year ending June 30, 2016 (e.g. obtained from OCLTA the percentage requirement and applied to the annual state allocation of Tobacco Settlement funds for the year under review).

   Results: Through review of the Cooperative Agreement it was noted that the percentage of Tobacco Settlement Funds required to be expended by the County is equal to 5.27 percent of the total received. The total state allocation of Tobacco Settlement funding received by the County was $25,945,738 for fiscal year ending June 30, 2016 of which $1,367,340 (5.27%) was to be expended by the County.

6. We determined that the County spent the required annual amount of Tobacco Settlement funds on the SNEMT program and selected a sample from the general ledger to verify the expenditures related to the SNEMT program.

   Results: Through review of the general ledger detail, it was determined that the County allocated and transferred the minimum 5.27% of Tobacco Settlement Funds to the SNEMT Program expenditures. The County recorded expenditures of $1,398,251 (or 5.39% of total Tobacco Settlement funding) within job numbers CA800 and CA810 for the SNEMT Program, which was in excess of the minimum requirement. Measure M2 SNEMT program expenditures tested totaled $1,131,695 or 81% of total Tobacco Settlement expenditures. No exceptions were noted, as a result of our procedures.

7. We selected a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. For each item selected we performed the following:

   a. Agreed the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
   b. Verified that the expenditures selected in (a) above are exclusively for the SNEMT program and complied with the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.

   Results: Measure M2 Senior Non-Emergency Medical Transportation Program expenditures tested totaled $2,372,621 representing approximately 71% of total Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2016. No exceptions were noted as a result of our procedures.

8. We inquired as to the procedures used by the County to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

   Results: We inquired of the County's program personnel as to the procedures used to ensure services are provided only to eligible participants. We noted that the County has monitoring procedures to review participant data, such as date of birth, to ensure only eligible residents are enrolled in the Senior Non-Emergency Medical Transportation Program. No exceptions were noted as a result of our procedures.

9. We identified whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, we compared indirect costs identified to the amount reported on the County's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and supporting documentation for reasonableness and appropriate methodology.

   Results: Based on our review of the Expenditure Report (Schedule 3, Line 1), the County reported $0 in indirect costs. Per discussions with the County's accounting personnel and review of the general ledger expenditure detail, we identified indirect expenditures. We noted that these costs were supported by an approved cost allocation plan; costs were specifically allocated to the SNEMT Program based on labor hours. We tested a total of $102,393 in indirect costs, representing 3% of total Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2016. No other exceptions were noted as a result of our procedures.

10. We determined if the County contracts with a third party service provider to provide senior transportation service, and performed the following:

    a. Verified that the Contractor was selected using a competitive procurement process.
    b. Reviewed the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

    Results: Based on our review of the general ledger expenditure detail and discussion with County accounting personnel, the County contracted with two third party service providers, Abrazar Inc. and Age Well Senior Services Inc. to provide transportation services for the Senior Non-Emergency Medical Transportation Program. We verified that both vendors were selected using a competitive procurement process through review of the County's Request for Proposal, bidding documents, and the executed agreements. Per review of the contract agreements we verified that wheelchair accessible vehicles are available and used as needed. No exceptions were noted as a result of our procedures.

11. We obtained the proof of insurance coverage for the County's Contractor and performed the following:

    a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
    b. Verified that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

    Results: Based on our review of the general ledger expenditure detail and discussion with County accounting personnel, the County contracts with two third party service providers, Abrazar Inc. and Age Well Senior Services Inc., to provide transportation services for the Senior Non-Emergency Medical Transportation Program. We obtained and reviewed the insurance coverage for both contractors, and noted the requirements established in the Cooperative Agreement were met. As required in the Cooperative Agreement, we noted the current year proof of insurance for the County was submitted and on file with OCLTA, while the County's contractors' insurance was on file with the County. No exceptions were noted as a result of our procedures.

12. We obtained the quarterly summary reports and determined the reports were properly prepared and submitted within forty-five (45) days.

    Results: Through review of the County's quarterly summary reports, it was noted that the fourth quarter report expenditures did not agree to the County's general ledger. Total expenditures were under-reported by $898,245, or 19% of the actual general ledger balances. The County asserted the differences were related to the timing of processing payments, which were recorded in the general ledger subsequent to the monthly report submission. In addition, we noted all reports were submitted to OCLTA within forty-five (45) days of month end. No other exceptions were noted as a result of our procedures.

13. We inquired of the County whether they prioritized trips provided under the SNEMT program. If so, we determined whether actual expenditures exceeded available program funding and whether OCLTA was notified as required.

    Results: Through inquiry of management, it was determined that the prioritized trip program was not implemented during the fiscal year ending June 30, 2016. As such, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the SNEMT Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

At the request of OCLTA, the County's responses to certain findings are included in Exhibit 1. The responses are included for the purpose of additional information and were not subjected to the procedures described above. Accordingly, we did not perform any procedures on the County's responses and express no assurance or opinion on them.

This report is intended solely for the information and use of the Board of Directors of the OCLTA and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Laguna Hills, California
March 8, 2017

EXHIBIT 1

ORANGE COUNTY
OC Community Resources
Our Community. Our Commitment.

DYLAN WRIGHT
DIRECTOR
OC COMMUNITY RESOURCES

CYMANTHA ATKINSON
DEPUTY DIRECTOR
OC COMMUNITY RESOURCES

JENNIFER HAWKINS, DVM
DIRECTOR
OC ANIMAL CARE

RENEE RAMIREZ
DIRECTOR
OC COMMUNITY SERVICES

JULIA BIDWELL
DIRECTOR
HOUSING & COMMUNITY
DEVELOPMENT &
HOMELESS PREVENTION

STACY BLACKWOOD
DIRECTOR
OC PARKS

HELEN FRIED
COUNTY LIBRARIAN
OC PUBLIC LIBRARIES

March 8, 2017

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

Subject: County Response Letter

The following response is being submitted to address results from the agreed upon procedures performed for the Measure M2 Senior Non-Emergency Medical Transportation Program for the County of Orange as of and for the fiscal year ended June 30, 2016.

Procedure #2

We documented which funds the County used to track expenditures relating to Senior Non-Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2016. We agreed the amount listed as expended on the County's Expenditure Report (Schedule 2, lines 13 and 14 for Project U), explaining any differences.

Results:

The County's expenditures are tracked in the general ledger by fund, department, unit and job number. The County records its Senior Non-Emergency Medical Transportation Program expenditures in its General Fund (100), within the Orange County Community Resources Department (012), Office of Aging Unit (2700), within M2 Admin (Job# CA802) and M2 Contract (Job# CA812). Total program expenditures totaled $3,353,995, for the fiscal year ended June 30, 2016. The County reported total expenditures of $3,120,323 on the Expenditure Report (Schedule 2, lines 13 and 14 for Project U), resulting in a difference of $233,672. The County excluded $233,672 of M2 Admin expenditures from the Expenditure Report. No other differences were noted as a result of our procedures.

County's Response:

The difference of $233,672 is the County's administration portion of Senior Non-Emergency Medical Transportation Program expenditures. The County will report administration expenditures of $233,672 on County's Expenditure Report for June 30, 2017 with an explanation. In addition, the County will revise procedures to include County's administration costs on County's Expenditure Report.

Procedure #3

We obtained a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculated the amount the County has received

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for the past three fiscal years. We obtained the fund balance of the County's SNEMT funds as of June 30, 2016, agreed to the balance as listed on the County's Expenditure Report (Schedule 1, lines 16 and 17) and determined whether funds were expended within three years of receipt, explaining any differences. For payments received during the fiscal year ended June 30, 2016, we agreed the amount listed as received on the County's Expenditure Report (Schedule 2, line 5 for Project U), explaining any differences.

Results:

The County received $8,183,944 for the past three fiscal years, all for Measure M2 Senior Non-Emergency Medical Transportation Program for fiscal years ended June 30, 2014, 2015 and 2016. The remaining fund balance was as follows:

Allocation Year	Funding Source	Remaining Fund Balance
2015/2016	Senior Non-Emergency Medical Transportation Program (M2)	$ 1,366,662

We compared the fund balance or $1,366,662 to the County's Expenditure Report (Schedule 1, lines 16 and 17), noting the County reported $1,600,334, a difference of $233,672. The County excluded $233,672 of M2 Admin expenditures from the Expenditure Report, which is the same difference noted in Procedure #2.

The County received $2,825,885 during the fiscal year ended June 30, 2016 which agrees to the County's Expenditure Report (Schedule 2, Line 5 for Project U). No other differences were noted as a result of our procedures.

County's Response:

Same as procedure #2.

Procedure #4

We reviewed the County's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund. We agreed the amount reflected to the amount of interest listed on the County's Expenditure Report (Schedule 2, line 6 for Project U), explaining any differences.

Results:

We reviewed the County's interest allocation methodology and noted the County did not separately track interest for the Senior Non-Emergency Medical Transportation Program for the year ended June 30, 2016. All interest earned during the fiscal year was allocated to the County's General Fund (100), and $0 interest was reported on the County's Expenditure Report (Schedule 2, line 6 for Project U).

County's Response:

The County will create a spreadsheet to calculate interest revenue and cost attributable to Senior Non-Emergency Medical Transportation Program funding and report the annual interest amount on County's Expenditure Report for June 30, 2017. In addition, the County will revise procedures to calculate and include interest revenue and costs associated with Senior Non-Emergency Medical Transportation Program on County's Expenditure Report.

Procedure #9

We identified whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, we compared indirect costs identified to the amount reported on the County's Expenditure Report (Schedule 3, line 1), explaining any differences. If applicable, we selected a sample of charges. We reviewed the amounts charged and supporting documentation for reasonableness and appropriate methodology.

Results:

Based on our review of the Expenditure Report (Schedule 3, Line 1), the County reported $0 in indirect costs. Per discussions with the County's accounting personnel and review of the general ledger expenditure detail, we identified indirect expenditures. We noted that these costs were supported by an approved cost allocation plan; costs were specifically allocated to the SNEMT Program based on labor hours. We tested a total of $102,393 in indirect costs, representing 3% of total Measure M2 Senior Non-Emergency Medical Transportation Program expenditures for the fiscal year ended June 30, 2016. No other exceptions were noted as a result of our procedures.

County's Response:

The County will report indirect costs of $102,393 on County's Expenditure Report for June 30, 2017 with an explanation. In addition, the County will revise procedures to include indirect costs associated with Senior Non-Emergency Medical Transportation Program on County's Expenditure Report.

Procedure #12

We obtained the quarterly summary reports and determined the reports were properly prepared and submitted within forty-five (45) days.

Results:

Through review of the County's quarterly summary reports, it was noted that the fourth quarter report expenditures did not agree to the County's general ledger. Total expenditures were under-reported by $898,245, or 19% of the actual general ledger balances. The County asserted the differences were related to

the timing of processing payments, which were recorded in the general ledger subsequent to the monthly report submission. In addition, we noted all reports were submitted to OCLTA within forty-five (45) days of month end. No other exceptions were noted as a result of our procedures.

County's Response:

The County will revise procedures to include accrual amounts at the time of submission of the fourth quarter summary report. Due to timing of processing actual invoices, there will be some differences between accrual and actual amounts.

Respectfully yours,

Signature

3/8/17

Date

OC Community Resources Director