

**Audit Recommendations Closed During  
Third Quarter, Fiscal Year 2017-18**

<b>Audit Issue Date</b>	<b>Report Number</b>	<b>Division/ Department/ Agency</b>	<b>Audit Name</b>	<b>Recommendation</b>	<b>Management Response</b>
2/15/17	16-509	Finance and Administration (F&A)	Budget Development, Monitoring, and Reporting	Procedures should be developed and documented for the budget development and transfer processes. Management should also ensure project variances exceeding the threshold are investigated in accordance with the budget to actual reporting procedures, or alternatively clarify the investigation requirements in such procedures.	Management agrees with the recommendation and will re-evaluate and document all salary and benefit budget assumptions at a lower level of detail. Also, management will ensure project variances exceeding the threshold continue to be investigated in accordance with the budget to actual reporting procedures, and will clarify investigation requirements in such procedures. <u>Update October 2017:</u> Management has addressed the recommendations related to budget development and transfers. However, since changes to the budget to actual reporting procedures will be fully implemented in the first quarter, the Internal Audit Department (Internal Audit) will follow up on this part of the recommendation by the end of the fiscal year. <b><u>Update January 2018:</u> Management has revised the guidelines to eliminate the requirement to explain +/- 10% and +/- \$100k variances. Currently, the lead analyst selects high priority projects that account for approximately 85% of the overall program variance, and the analysts then explain approximately 90% of high priority projects.</b>
3/9/17	17-507	F&A	OCTA Policies & Procedures	Management should update procedures to include a communications plan to ensure that employees expected to comply with policies are properly notified. Communication should occur, as appropriate, for both new and revised policies.	Management agrees with the recommendation and has taken steps to ensure communication is made to all employees when new policies are created or existing policies are updated. <u>Update October 2017:</u> Policy and procedure updates are being communicated to administrative employees via e-blasts; however, updates applicable to base personnel are not being properly communicated. Management indicated that there are future plans to communicate these policies via digital signage at the bus bases. <b><u>Update March 2018:</u> All policy and procedure updates are now announced to base personnel via digital signage at the bases.</b>
3/9/17	17-507	F&A	OCTA Policies & Procedures	Management should implement controls to help ensure the accuracy and completeness of the master list of policies and procedures.	Management agrees with the recommendation and will implement procedures to ensure that the master list of policies and procedures is maintained with accuracy and completeness. <u>Update October 2017:</u> Management indicated that an automated system will be implemented to assist in the approval, distribution, and management of policies and procedures. <b><u>Update March 2018:</u> Management has implemented software to automate the process of tracking and update of all policies and procedures.</b>

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8/1/17	17-505	Human Resources and Organizational Development (HROD)	Storm Water Pollution Prevention Plan (SWPPP)	Continue efforts to eliminate the unauthorized non-storm water discharges related to the bus washes.	Bus wash water track-out capturing systems are expected to be finished and operable by August 2017. <b><u>Update March 2018:</u> Bus wash water track-out capturing systems have been completed and are fully operational.</b>
8/1/17	17-505	HROD	SWPPP	Continue efforts to expand the use of the Ellipse system to include additional storm water-related tasks.	Current Ellipse work orders related to storm water pollution prevention have been updated and modified. New expanded work orders will be established within Ellipse by August 2017. <b><u>Update March 2018:</u> Expanded work orders have been established in Ellipse for SW-related tasks.</b>
8/1/17	17-505	Capital Programs	SWPPP	Enhance oversight of contractors and personnel carrying out SWPPP related monitoring activities, particularly related to site inspections, sampling, reporting, etc.  OCTA should also ensure that agreements with contractors tasked with SWPPP activities include retention requirements.	Enhanced oversight of contractors and construction management teams will be implemented and monitored. OCTA will ensure current and future agreements with contractors include retention requirements. <b><u>Update March 2018:</u> Management has updated the Construction Management Manual to include the following language..."The Contractor shall retain all records on-site while construction is ongoing. Once construction has completed, the Contractor is to submit a copy of the SWPPP with all pertinent records and reports from the entire project to the CM for record retention. The CM will review this file for completeness." Per staff, this language will also be added to future contract agreements.</b>
8/1/17	17-505	HROD	SWPPP	Ensure that a copy of the SWPPP is maintained at each bus base facility.	Hard copies of the SWPPP will be maintained at each bus base facility in addition to electronic copies. Each hard copy will be singularly identifiable and OCTA SWPPP members will be notified/trained of their locations. <b><u>Update March 2018:</u> Hard copies of SWPPP are maintained at each bus base facility in addition to electronic copies. Each hard copy is singularly identifiable and OCTA SWPPP team members have been trained on their locations.</b>

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8/1/17	17-505	HROD	SWPPP	Increase the Health, Safety, and Environmental Compliance (HSEC) group's participation with construction projects and activities to help ensure compliance with the Construction General Permit (CGP).	HSEC will continue to participate in CGP compliance efforts and will identify/allocate necessary resources to ensure compliance with the CGP in partnership with OCTA's Capital Programs group via project planning efforts. <b>Update March 2018: Project kick-off meeting agendas now reflect SWPPP related discussion items on the agenda. Additionally, HSEC staff can now view all OCTA CGP permits in the SMARTS system, and they're alerted via email when a new CGP gets submitted into SMARTS.</b>
8/1/17	17-505	Capital Programs	SWPPP	Ensure cooperative agreements specifically clarify the roles and responsibilities of all individuals and entities associated with compliance with the CGP.	Management doesn't agree that the roles and responsibilities of all individuals and entities should be included in the cooperative agreements. However, management will implement a procedure to document these roles and responsibilities in a project memo. <b>Update March 2018: The Construction Management manual has been updated to designate the roles and responsibilities of all parties with respect to SWPPP compliance.</b>
8/1/17	17-505	HROD	SWPPP	Establish a formal process in which technicians maintain documentation supporting why samples could not be collected during a sampling period.	Monitoring forms used by technicians will be revised to provide supporting documentation/verbiage on why samples could not be collected during a qualified sampling event. <b>Update March 2018: Updated monitoring forms now reflect evidence as to why a sample was not obtained during a qualified storm event. For each qualified storm event that doesn't result in sampling of rainwater discharge, the form is filled out and the reason why a sample was not collected is documented. Each form is reviewed and signed off by a supervisor and maintained in a booklet.</b>
8/1/17	17-505	Capital Programs	SWPPP	Ensure contractors adhere to training required by the CGP by periodically requesting to review training records.	Periodic reviews of training records will be implemented. <b>Update March 2018: Management will require the construction management consultant to perform monthly reviews of training records. In the updated Construction Management manual, the following language was added..."The CM is to review these reports and any Contractor training records on a monthly basis to ensure completeness and compliance with the State's Construction General Permit."</b>
8/1/17	17-505	HROD	SWPPP	Document in the SWPPPs the time periods when the bus bases conduct any function related to industrial activity.	SWPPPs will be revised to describe time periods when bus bases conduct industrial activity. Maintenance staff will be included as SWPPP team members. <b>Update March 2018: The updated SWPPP's now indicate that industrial activity occurs 24 hours a day, 365 days a year.</b>

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8/1/17	17-505	HROD	SWPPP	Document the date that each SWPPP was initially prepared.	SWPPPs will be revised to include the date that each SWPPP was initially prepared. <b><u>Update March 2018:</u> Updated SWPPP's reflect the date of preparation.</b>
8/30/17	18-501	F&A	Investments: Compliance, Controls, and Reporting	Internal Audit identified a discrepancy between the detailed investment portfolio listing and the investment summary report in the 2017 First Quarter Debt and Investment Report. Also, the Orange County Investment Pool balance reflected in the Second Quarter 2017 Debt and Investment Report was misstated by a minor amount. Internal Audit recommended management enhance review procedures to ensure line items are validated and schedules are reconciled before finalizing the report.	Management agreed and indicated that reconciliation procedures would be developed. <b><u>Update March 2018:</u> An 18-step verification checklist has been created and implemented as part of the review process for the Quarterly Debt and Investment Reports.</b>