

**Audit Recommendations Closed During
First Quarter, Fiscal Year 2018-19**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Management Response
1/15/18	18-503	Finance and Administration (F&A)	Purchasing Cards	Management should implement controls to ensure compliance with procedures or consider revising procedures to allow certain employees, who purchase food items on a regular basis, to do so without executive approval on each receipt.	Management agrees to revise the Business Expenses Policy to include modifications to the current procedure. The modifications will be as follows: Require executive approval on each receipt for food item purchases, except for food purchased by the Clerk of the Board (COB) for Board of Directors and Committee meetings and new employee orientation conducted by Human Resources and Organizational Deveopment. Modifications to the Business Expenses Policy will be completed by March 31, 2018. Update August 2018: The Business Expenses Policy was revised to modify when authorization of an executive is needed or not needed to purchase food.
1/15/18	18-503	F&A	Purchasing Cards	Four of the 24 designated approving officials are not department managers or directors, as required by procedures. Internal Audit recommends management replace these approving officials with either a department manager or a director, or revise procedures to reflect intended practices.	Management has reviewed the recommendation and agrees to update the Purchasing Card User Guide Policies and Procedures to include section managers as approving officials. The Purchasing Card User Guide Policies and Procedures will be updated and posted on OCTA Today no later than January 31, 2018. Update August 2018: The Purchasing Card User Guide Policies and Procedures has been revised to include section managers as approving officials.
1/15/18	18-503	F&A	Purchasing Cards	The purchasing card administrator should enhance oversight procedures to include analysis of transaction activity and review of any transactions exceeding \$2,500.	The purchasing card administrator will enhance oversight procedures to include analysis of all cardholder's monthly transaction activity exceeding \$2,500. Update August 2018: The recommendation was closed; however, an additional recommendation was made during the follow-up, as detailed below.
8/15/18	18-503 Follow-up	F&A	Purchasing Cards Follow-up	Internal Audit made three additional observations regarding the review of purchasing card transactions that exceed the \$2,500 single transaction limit: (1) A written first strike warning was not issued to a cardholder identified as having violated the transaction limit. (2) Transactions to purchase webinars, online, or local training were not identified as violations because the transactions were deemed to be "travel-related". (3) The purchasing card administrator does not document the date that the review of transaction exceeding \$2,500 is performed.	Update October 2018: The supplemental recommendations have been implemented.

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3/6/18	18-504	Capital Programs	Cooperative Agreement with Metrolink for the Control Point Fourth Project	Internal Audit recommends management review with Metrolink staff the process for procuring contractors for Orange County Transportation Authority (OCTA) projects to ensure compliance with regulatory guidelines and best practices.	Management agrees. Metrolink should follow its internal policies and procedures to solicit requests for proposals to issue a Contract Task Order (CTO) from their on-call bench of consultants or contractors to obtain competitive proposals. Additionally, Metrolink should document how a CTO is determined to be the most appropriate procurement method and include records of negotiation. Metrolink also needs to verify the proposed work is allowable in the scope of work for the contract. OCTA will follow-up with Metrolink on OCTA projects to inquire how services will be procured prior to procurement activities. Update September 2018: Management has implemented procedures to be actively involved in the CTO selection process. Management has also updated the language on future cooperative agreements with Southern California Regional Rail Authority.
4/16/18	18-506	Transit	Fleetwatch Fluid Management System	To enhance controls over access to Fleetwatch, Internal Audit recommended management reduce the number of administrators and power users in the system and implement procedures for periodic review of user access rights	Management agreed to develop procedures and will re-evaluate the current number of administrators and power users in the system. Update October 2018: The number of administrators has been reduced to four, and there are no longer any power users. In addition, the policy now includes a procedure to perform an annual review of the administrative access rights and an annual review of the master list of users authorized to fuel.
5/3/18	18-508 Brown Act	COB	Brown Act Compliance	Management should provide additional training to staff and/or enhance procedures to ensure agendas are posted in a timely manner.	Management has implemented enhanced checklist procedures and provided staff training to ensure compliance. Update September 2018: COB has implemented an enhanced checklist and provided training at a staff meeting.
8/30/17	17-508	F&A	Contracted Fixed-Route Operations	Internal Audit recommends that Contracts Administration and Materials Management (CAMP) develop procedures for monitoring of performance bond requirements and certificates of insurance to ensure that performance bonds are appropriately adjusted with amendments and insurance requirements are met.	CAMP concurs with this recommendation and has taken steps proactively to review and track bond and insurance documentation for compliance to ensure contract requirements are met. OCTA's Risk Management Department recently procured insurance brokerage services and the scope of work includes a requirement for insurance review and certificate tracking system for all contracts. OCTA will seek to include an additional feature related to monitoring bond value adjustments as an enhancement to this service. Update April 2018: Management has been working with the provider to set up the new system to review and track bond and insurance documentation for compliance; however, not all documents have been loaded into the system. Update September 2018: The recommendation was closed; however, an additional recommendation was made during the follow-up, as detailed in Attachment B.
3/12/18	N/A	Planning & Transit	Measure M City Audits: Local Fair Share and Senior Mobility Program, Year Ended 2017	Observations were made relating to the classification of maintenance of effort expenditures, indirect charges not properly supported, errors in reporting of amounts on required activity reports and annual expenditure reports, and service contractor procurement. Internal Audit recommends management follow-up with the cities to ensure corrective action has been taken.	Management will follow-up with the cities to ensure appropriate actions have been taken to address observations. Update July 2018: Staff has followed up with the cities and obtained letters addressing the observations.