



November 13, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Board Member Compensation, Mileage Reimbursements, and Training, Internal Audit Report No. 19-513

Overview

The Internal Audit Department has completed an audit of compliance with regulations, policies, and procedures governing compensation and mileage reimbursements to members of the Board of Directors. Based on the audit, controls to ensure compliance with regulations, policies, and procedures are adequate; however, one recommendation was made to enhance policy and procedures to address all payments and payees, and to be consistent with regulations.

Recommendation

Direct staff to implement one recommendation provided in Board Member Compensation, Mileage Reimbursements, and Training, Internal Audit Report No. 19-513.

Background

To ensure compliance with Public Utilities Code Section 130108.5 and Government Code Sections 53232 and 53234 through 53237.5, the Orange County Transportation Authority (OCTA) has developed written policy and procedures for compensation, mileage reimbursements, and required training for members of the Board of Directors (Board). Policies and procedures are outlined in the Personnel and Salary Resolution (P&SR), the Policy for Compensation, Reimbursement of Expenses, and Mandatory Training for Members of the Board of Directors (Policy), and desk procedures developed by the Clerk of the Board (COB) for processing payments and tracking training.

Board members, and former Board members representing OCTA on outside agency boards, may receive compensation in the amount of \$100 per day, not to exceed \$500 per month, for attending OCTA-related business activities. Board members, except County of Orange Supervisors, also receive mileage reimbursement for travel to/from OCTA business activities.

Each Board member is required to receive at least two hours of training in general ethics principles and ethics laws relevant to public service within the first year of taking office and every two years thereafter, and at least two hours of sexual harassment prevention training and education within the first six months of taking office and every two years thereafter. OCTA provides information on training available to members of the Board at least once, in writing, prior to assuming office and every two years thereafter. The COB maintains copies of training certificates.

Discussion

The P&SR, Policy, and desk procedures should be enhanced to address all payments and payees, and to be consistent with regulations. Internal Audit recommends that management update policies and procedures to address all applicable payments and payees and to require training of all compensated persons representing OCTA on boards and/or committees. Further, Internal Audit recommends that the Policy be provided to Board members, and former Board members representing OCTA, upon update and on a periodic basis. Management agreed and indicated that procedures will be updated and distributed, and the P&SR will be updated and presented for Board approval with the fiscal year 2020-21 budget.

Summary

Internal Audit has completed an audit of Board member compensation, mileage reimbursements, and training, and offered one recommendation for improvement to policy and procedures.

Attachment

- A. Board Member Compensation, Mileage Reimbursements, and Training,
Internal Audit Report No. 19-513

Prepared by:



Gabriel Tang
Principal Internal Auditor
(714) 560-5384

Approved by:



Janet Sutter
Executive Director, Internal Audit
(714) 560-5591