

**Audit Recommendations Closed During
Second Quarter, Fiscal Year 2019-20**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Management Response
10/10/18	18-514	Operations Division (Operations) and Finance and Administration (F&A)	ACCESS Service	The Internal Audit Department (Internal Audit) recommends that management enhance procedures for monitoring of ACCESS fare revenue. Procedures should include monitoring of coupons collected by both MV Transportation, Inc. (MV) and Yellow Cab, reconciliation of MV's daily coupon count sheets to the farebox reconciliation document, and investigation of variances exceeding a stated threshold.	Management agrees to enhance procedures for monitoring of ACCESS fare revenue and coupons collected by both MV and Yellow Cab. In addition, management will continue to reconcile count sheets to the farebox reconciliation report and will establish a threshold for researching variances. Update December 2019: Management has implemented a procedure whereby variances greater than one percent are deducted from MV invoices. In addition, management has implemented a procedure for monitoring coupons collected by Yellow Cab.
4/5/19	19-504	F&A	Mobile Ticketing Operations	Controls should be implemented to ensure timely removal of system access upon employee termination.	Management agrees to develop and implement policies and procedures to ensure timely removal of system access upon employee termination or reassignment. Update October 2019: Management has updated policies to include periodic review of system access.
4/5/19	19-504	F&A	Mobile Ticketing Operations	Written policies and procedures should be developed for mobile ticketing operations and activities.	Management agrees to develop policies and procedures to ensure proper identification and assignment of responsibilities, and continuity of operations in the absence of key staff. Update October 2019: Management has developed policies and procedures outlining the roles and responsibilities of staff related to Mobile Ticketing operations.
4/9/19	19-503	Human Resources and Organizational Development (HROD)	Recruitment and Employment	Internal Audit recommends management develop and implement detailed procedures that address all recruitment steps and reconsider whether to hire applicants with pending license suspensions or implement monitoring controls.	Management is in the process of revamping its procedures to address all recruitment steps, including procedures specific to coach operator and maintenance employee recruitments. Procedures will be developed to address the screening, hiring, and monitoring of applicants with pending license suspensions, pending criminal cases, and unfavorable or missing references, consistent with California law. Update November 2019: Management has updated procedures to address Coach Operator and Maintenance employee recruitments and monitoring of applicants with pending criminal charges and unfavorable or missing references. Per the new procedures, applicants with pending license suspensions may not proceed in the process until the license issue is resolved.
4/9/19	19-503	HROD	Recruitment and Employment	Internal Audit recommended management enhance procedures to ensure offers of relocation are properly approved and adequately documented. Management should also implement monitoring controls to enhance compliance with recruitment policies and procedures.	Management has provided the policy to staff and has developed template language to be included in applicant offer letters when relocation expenses are to be reimbursed. The offer letter requires the candidate's signature and agreement with the policy. Management will develop controls to ensure compliance with the policy. Update November 2019: Management has updated procedures and offer letter template language, as indicated, and has implemented a closeout review of the recruitment to ensure compliance with policies and procedures.

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4/9/19	19-503	HROD	Recruitment and Employment	Since service workers are required to operate buses, even on a limited basis, Internal Audit recommends that management reconsider the removal of the commercial driver license requirement. Alternatively, management should issue a formal directive to base management that service workers should never be asked or allowed to drive buses outside base property.	Management will update the policy to address licensing requirements by position. For positions that do not require a commercial license, the policy will state that the individuals should not operate buses outside of the base property. Update November 2019: The policy has been updated as indicated.
4/30/19	19-507	F&A	Investments: Compliance, Controls and Reporting July 1 - December 31, 2018	Internal Audit recommends that additional training be provided on the preparation of investment worksheets and reports. Also, Internal Audit recommends that Treasury use custodial statements as the basis for preparing the reports or, if Clearwater book values are used for reporting, that reconciliations be performed and documented.	In the future, if Clearwater book values are used for reporting, staff will reconcile any differences between the Clearwater values and the custodial bank statement values. In addition, staff has provided additional training and modified the review process to improve reporting. Update October 2019: Management now uses the custodial bank statement values for reporting, and has worked to improve the process for preparing reports.
4/30/19	19-507	F&A	Investments: Compliance, Controls and Reporting July 1 - December 31, 2018	Internal Audit recommends Treasury implement controls to monitor the ten percent threshold for asset-backed securities and ensure secondary review of daily holding reports is performed as required.	Management now uses a report that segregates mortgage and asset-backed securities so that the ten percent threshold can be monitored. In addition, a process has been put in place for secondary review of holding reports. Update October 2019: Management has implemented procedures for monitoring the ten percent threshold and performs secondary review.

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4/1/19	N/A	Operations, Planning Division, and F&A	Fiscal Year (FY) 2016-18 Transportation Development Act (TDA) Performance Audit Orange County Transportation Authority (OCTA)	Kimley Horn provided seven recommendations for consideration. The recommendations focused primarily on continuing existing efforts to enhance reporting processes, increase ridership, maximize revenues, improve documentation of the farebox recovery ratio, and planning for impacts of longer bus lives and clean fleet requirements. Kimley Horn also offered recommendations to improve paratransit services by performing recurring route efficiency reviews and considering alternative contracting models for the service.	Management agrees with the recommendations included in the FY 2016-18 TDA Performance Audit of OCTA. Update November 2019: OCTA management provided Internal Audit with status updates for the seven recommendations included in the report. The updates outlined management's ongoing efforts and planned actions addressing the recommendations.
4/1/19	N/A	F&A	FY 2016-18 TDA Performance Audit Laguna Beach Municipal Transit Lines (LBMTL)	Direct staff to monitor implementation of recommendations included in the FY 2016-18 Triennial Performance Audit of LBMTL.	Update November 2019: The City of Laguna Beach provided OCTA staff with a formal status update on the recommendations included in the FY 2016-18 TDA Performance Audit of LBMTL. This formal update is provided on an annual basis as part of the City's annual TDA claim process.