



**January 22, 2020**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer  
Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Same-Day Taxi Service, Internal Audit Report No. 20-503

### **Overview**

The Internal Audit Department has completed an audit of same-day taxi service. Based on the audit, program and contract oversight controls and invoice review controls are adequate and functioning, and Yellow Cab of Greater Orange County complies with contract terms. One recommendation was made to improve procurement of this service in the future.

### **Recommendation**

Direct staff to implement the recommendation provided in Same-Day Taxi Service, Internal Audit Report No. 20-503.

### **Background**

Under the Same-Day Taxi Program, the Orange County Transportation Authority (OCTA) subsidizes up to five miles of a taxi trip for ACCESS eligible customers. The customer pays \$3.60 for up to five miles, plus any additional costs above the five-mile trip. Rides are scheduled the same day through calls or a mobile application. The hours of operation are 6am to 8pm, daily.

OCTA and Yellow Cab of Greater Orange County (Yellow Cab) entered into Agreement No. C-8-1440 to provide same-day taxi services. The contract term runs from September 1, 2018 through August 31, 2020, with a maximum obligation of \$5,032,613. Under the payment terms, OCTA pays a subsidy rate for each approved trip. The contract establishes five performance standards related to on-time performance, valid complaints, accident reporting, call center telephone hold time, and non-compliance with driver requirements.

Program management staff reviews driver credentials for all new drivers placed into service and performs monthly reviews of driver licenses and pull notices due to expire that month. Staff also performs quarterly reviews of drug and alcohol program monitoring, Telephone Device for the Deaf test calls, and vehicle maintenance records.

***Discussion***

It was determined during the procurement that only two taxicab providers had fleet sizes sufficient to meet the Scope of Work (Scope). One of the two providers inquired as to whether the Scope could be bifurcated geographically; however, no change was made. After receiving only one proposal, from Yellow Cab, staff inquired as to why the other provider had not proposed; the response confirmed that the scope of the commitment prevented the firm from competing. Additionally, Procurement Policies and Procedures (P&P) for evaluation committee composition, interview, and proposal evaluation were not employed, since only one proposal was received. Also, the staff recommendation for award was not placed on the regular calendar at the Board of Directors' committee meeting, as required. For future procurements, the Internal Audit Department (Internal Audit) recommended that management assess the likelihood of competition. Internal Audit also recommended that management ensure compliance with P&P or revise the P&P accordingly. Management agreed to comply with the recommendation and will conduct an industry workshop with potential vendors to assess the likelihood of competition in the future. Management will also revise the P&P to require that staff follow the competitive negotiated procurement procedures when single proposals are received.

***Summary***

Internal Audit made one recommendation to improve future procurements.

***Attachment***

A. Same-Day Taxi Service, Internal Audit Report No. 20-503

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