

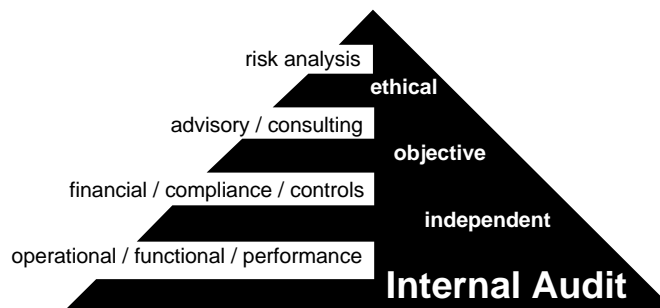
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Medical Exams

Internal Audit Report No. 20-508

May 5, 2020



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Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of controls in place related to the Federal Motor Carrier Safety Administration regulations, California Department of Motor Vehicle requirements, and OCTA policies and procedures for employees required to hold a commercial driver license (CDL) and a current medical certificate. Based on the audit, controls are adequate to ensure employees obtain required medical exams and certificates, and procedures to ensure compliance with requirements to reimburse costs and time to employees that obtain medical recertification, are adequate. Finally, invoice review controls for the contract with OCTA's provider, ProCare, are generally adequate.

Background

Federal Motor Carrier Safety Administration (FMCSA) Regulations and California Department of Motor Vehicles (DMV) Requirements

FMCSA, as well as the California DMV, set forth minimum physical and medical requirements for those holding a CDL. These drivers are required to undergo a medical exam and obtain a written certification from a licensed medical professional that verifies the employee's fitness for duty as a commercial driver. Typically, medical certificates are valid for two years; however, depending on the results of the medical exam, certificates may be issued for a shorter period.

OCTA Policies and Procedures, Job Descriptions, and Collective Bargaining Agreements with Coach Operators and Maintenance Employees

All coach operators and most maintenance employees are required by their job descriptions to hold a Class B CDL with a valid medical certification. OCTA policy and the respective collective bargaining agreements include guidelines for reimbursement of medical expenses related to the exam and provide for one hour of paid time to employees when they are required to renew their medical certificate on their own time. Employees have the option to utilize OCTA's medical provider, ProCare, or a DMV-certified provider of their choice.

OCTA maintains Agreement No. C-9-1165 with ProCare, for medical recertification exams, as well as pre-employment physicals, drug and alcohol testing, etc. The agreement was executed on September 12, 2019. Invoices that include charges relating to medical recertification exams are reviewed and approved by the Benefits Manager in the Human Resources and Organizational Development (HROD) Division, and submitted to Accounts Payable for processing.

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Payments for reimbursement of medical expenses must be accompanied by a receipt and a copy of the renewed medical certificate. The requests are reviewed and approved by Human Resources staff in HROD and submitted to Accounts Payable for processing.

Requests to provide one hour of paid time to employees that obtain their exam and renew their medical certificate on their own time are submitted from the respective base office personnel directly to Payroll for processing. Reports of the payments made are provided to the base office personnel that track and obtain copies of the renewed medical certificates.

DMV System (DMVS) and HASTUS

OCTA base personnel use DMVS to monitor employees' medical certificate expiration dates. The information in DMVS is obtained directly from the DMV. Base operations personnel also use the HASTUS scheduling system to monitor and enforce requirements. Base office specialists monitor and perform follow-up directly with employees as their medical certificate expiration date approaches. Using the HASTUS system, base personnel can flag coach operators whose medical certificates are due to expire so that window dispatch supervisors can follow-up directly with the employee when he/she checks in for their assignment. Window dispatch supervisors also visually verify each coach operator's medical certification card upon signing in for their shift. HASTUS will automatically prevent any coach operator whose medical certificate has expired from signing in.

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Objectives, Scope, and Methodology

The objective was to assess and test controls in place to ensure compliance with FMCSA regulations, DMV requirements, and OCTA policies and procedures relating to medical exams and recertifications of employees required to maintain a CDL.

According to Generally Accepted Government Auditing Standards, internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.¹ The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Control Activities
 - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
 - OCTA deploys control activities through policies that establish what is expected and in procedures that put policies into action.
- Monitoring
 - OCTA evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate.

The methodology consisted of testing of monitoring records maintained by base personnel of employees required to maintain a CDL and a valid medical certificate; testing of invoices from ProCare for medical exams; testing of payments for medical reimbursement of medical exam expenses and one hour of paid time for time spent obtaining medical recertification; observation and interview of window supervisors to determine that coach operators checking in have their current medical certification card on hand; testing of base inspection records to determine whether they included testing of medical certificates; and testing for evidence of employees required to maintain a CDL with medical certificate.

The scope was limited to employees required to maintain a CDL with medical certificate per their job description. The scope included paid invoices that reflect medical exam charges under Agreement No. C-9-1165 with ProCare; base monitoring records as of January 2020; observations and interviews on January 9 and January 28, 2020, at the Garden Grove and Santa Ana bases, respectively; DMVS records of employee expired

¹ See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

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medical certificates as of February 12, 2020; and base inspection records for the years 2017, 2018, and 2019. The scope also included a random sample of payments for reimbursement of medical expenses and for one hour of paid time for obtaining a medical exam during non-work hours during the period July 1, 2019 through January 31, 2020. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.