

Outstanding Audit Recommendations
Audit Reports Issued through December 31, 2020

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response and Status	Internal Audit Status
10/31/19	19-508	Capital Programs and Finance and Administration (F&A)	Oversight Controls and Contract Compliance Related to the Orange Transportation Center Parking Structure Project	<p>The Internal Audit Department (Internal Audit) recommends that prime and sub-consultants be required to have an adequate labor timekeeping system.</p> <p>Management should remind consultants of the need to request amendments to add staff, labor rates, and other direct costs in a timely fashion.</p>	Nov-20	<p>Capital Programs will work with the Contracts Administration and Materials Management (CAMP) Department to include language in the Personnel Qualifications and Responsibilities section of future request for proposals to require both prime contractors and sub-consultants to have an adequate labor timekeeping system.</p> <p>During project kick-off meetings after contract execution and in on-going meetings with the project managers, CAMP staff will emphasize the need for timely submission of requests for amendments.</p>	Update June 2020: CAMP is reminding consultants of the need to request amendments to add staff, labor rates, and other direct costs in a timely manner, at project kick-off meetings. This part of the recommendation will be closed. CAMP is planning to discuss requirements for consultant labor timekeeping systems at an upcoming meeting with a local engineering professional organization. This part of the recommendation will remain open pending the outcome of the meeting and CAMP's determination of the appropriate action. Update December 2020: Follow-up review in process.
2/18/20	20-501	F&A	Patch Management Program (PMP)	The auditors offered one recommendation to expand the PMP to address all other operating systems hardware, software, and peripherals, and to incorporate all devices into the PMP. The auditors also offered four recommendations to further enhance the PMP by formalizing plans to address patch vulnerabilities, removing obsolete operating systems and software from the network, restricting users from installing unauthorized software, and developing test scripts to ensure system functionality after implementation of a patch.	Feb-21	Management agreed with the recommendations and indicated that progress has been made, and efforts will continue to implement these improvements.	Update September 2020: Management is in the process of implementing the recommendations, and expects all five recommendations to be completed no later than January 2021. The recommendations will remain open until fully implemented.
7/29/20	20-510	Capital Programs	I-5 Project: SR-55 to SR-57	Internal Audit recommends that management add a step on reviewing labor rate escalation in its invoice review checklist. Internal Audit also recommends that management require cost documentation for other direct costs invoiced and request the consultant to bill all first-tier sub-consultants based on their contract rate schedules.	Jan-21	Management agrees with the recommendation, and items noted in the recommendation are currently being implemented. The invoice review checklist has been revised to add an additional step to include labor rate escalation review. Invoiced labor rate escalation is currently being reviewed. Management will be seeking recovery of the \$1,903 in over-billings due to the incorrect application of the contract's 2.5 percent annual labor escalation factor. Management had previously identified the first-tier subconsultant billing issue, and this was corrected with the consultant's April 2020 invoice. There was no increased cost to OCTA based on the previous sub-consultant billings.	

Outstanding Audit Recommendations
Audit Reports Issued through December 31, 2020

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Initiate Next Update	Management Response and Status	Internal Audit Status
10/12/20	21-501	Human Resources and Organizational Development (HROD)	Employee Separations	Internal Audit recommended that the employee off-boarding process be improved and streamlined, with resumption of suspended efforts to automate the employee exit processing form.	Apr-21	Management responded that they would work with other departments to resume efforts to convert the employee exit processing form into an electronic form.	
10/12/20	21-501	HROD	Employee Separations	Internal Audit recommended that stale account reviews be performed quarterly to ensure that accounts associated with separated employees have been disabled or deleted.	Apr-20	Management agreed to perform these reviews timely and also noted that they are working to make the process more efficient.	
10/12/20	21-501	HROD	Employee Separations	Internal Audit recommended that invitations to participate in employee exit surveys be documented and that a procedure be developed to analyze and communicate exit survey results to management.	Apr-20	Management agreed, noting that written procedures will be developed to cover the employee exit survey process and communication of the results.	
10/21/20	21-507	F&A	Audit of Banking Services and Agreement with Bank of the West (BoFW)	Internal Audit recommended that management develop procedures to document the monthly and annual review processes for the BoFW statements and fees.	Apr-20	Management agreed and stated they would develop a procedure to document the monthly and annual review processes and include evidence of any investigations conducted.	
10/21/20	21-507	F&A	Audit of Banking Services and Agreement with BoFW	Internal Audit recommended that management implement a procedure to ensure timely updates to the BoFW signature card and explore options to further enhance the control environment related to cash withdrawals by authorized personnel.	Apr-20	Management agreed and indicated they would develop a procedure to ensure timely update of the BoFW signature card and would work with BoFW to implement tools to further enhance controls over cash withdrawals, if available.	
11/16/20	Not Applicable	F&A	Fiscal Year 2019-20 Management Letter	In connection with the audit of OCTA's financial statements, Crowe LLP issued a management letter identifying five control deficiencies related to accounting for contingencies, accounting for capital assets, classification of non-recurring revenue, accounts payable accruals, and review of the Service Organization Control report related to worker's compensation.	Nov-20	Management agreed with the recommendations and indicated that corrective actions will be taken.	