



January 27, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Comprehensive Transportation Funding Program, Oversight and Reporting Controls, Internal Audit Report No. 20-512

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of oversight and reporting controls related to the Comprehensive Transportation Funding Program. Based on the audit, oversight and reporting controls are adequate; however, one recommendation has been made to ensure that all performance requirements of community-based transit circulator projects are incorporated into local agency agreements and monitored for compliance to standards.

Recommendation

Direct staff to implement one recommendation provided in Comprehensive Transportation Funding Program, Oversight and Reporting Controls, Internal Audit Report No. 20-512.

Background

The Comprehensive Transportation Funding Program (CTFP) represents a collection of Measure M2 grant programs offered to local agencies. Each program has specific objectives and requirements, as outlined in CTFP Guidelines (Guidelines). The Orange County Transportation Authority (OCTA) Board of Directors (Board) approves the evaluation criteria and authorizes issuance of the call for projects. Agencies submit applications that are reviewed and ranked by staff. All funding recommendations are then presented to the appropriate subcommittee of the Board (Committee), such as the Regional Planning and Highways Committee or the Transit Committee, and the Board for final approval.

OCTA staff conducts a comprehensive review of CTFP projects on a semi-annual basis. During the semi-annual review process, agencies may request project cancellation, updates to project estimates, adjustments to project delivery schedules, or other pertinent project adjustments. Requests for adjustments to project timelines and minor scope revisions may be approved by staff; however, more significant project adjustments/changes must conform to the Guidelines and must also be approved by the applicable Committee(s) and the Board. Semi-annual review reports are typically presented to the Board in June and December of each year and include project status updates and requests to approve adjustments to projects. During the semi-annual review process, staff will also verify project operations and maintenance requirements of applicable programs.

Discussion

On-time performance and customer satisfaction requirements of the Community-Based Transit Circulators Program are not outlined in agency cooperative agreements and are not monitored by staff. The Guidelines require that local agencies develop strategies to measure ridership satisfaction and on-time performance. According to the Guidelines, agencies must achieve 85 percent on-time performance on an ongoing basis and rider satisfaction of 90 percent. The Internal Audit Department (Internal Audit) noted that these requirements are not detailed in cooperative agreements executed with the cities and results are not being monitored for compliance. Internal Audit recommended management re-evaluate guideline requirements and amend Guidelines, cooperative agreements, and monitoring controls to ensure consistency and proper oversight. Management responded that amended Guidelines will be presented for approval by the Board on January 25, 2021, and upon approval, cooperative agreements and monitoring procedures will be updated to ensure consistency and proper oversight.

Summary

Internal Audit has completed an audit of CTFP oversight and reporting controls.

Attachment

- A. Comprehensive Transportation Funding Program, Oversight and Reporting Controls, Internal Audit Report No. 20-512

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