

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON-EMERGENCY
MEDICAL TRANSPORTATION PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON-EMERGENCY
MEDICAL TRANSPORTATION PROGRAM**

AGREED-UPON PROCEDURES REPORT

Year Ended June 30, 2020

The County of Orange was selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2020.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
COUNTY OF ORANGE

Board of Directors
Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority
Orange, California

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA) (the specified party), related to the County of Orange's (County) compliance with certain provisions of the Measure M2 Local Transportation Ordinance (Ordinance) as of and for the fiscal year ended June 30, 2020. The County's management is responsible for compliance with the Ordinance and for its cash, revenue and expenditure records.

The Taxpayers Oversight Committee of the OCLTA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the County compliance with certain provisions of the Ordinance as of and for the fiscal year ended June 30, 2020. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and associated findings were as follows:

1. Obtain and read the Cooperative Agreement between OCLTA and the County of Orange and determine that the agreement was properly approved and executed.

Findings: No exceptions were found as a result of this procedure.

2. Describe which funds the County used to track expenditures relating to Senior Non-Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the amount listed as expended on schedule 2 of expenditure report. Explain any differences.

Findings: The County's expenditures relating to the Measure M2 Senior Non-Emergency Medical Transportation Program were tracked in the general ledger by fund, and account. The County recorded its SNEMT expenditures in its General Fund (100) and various accounts. The County reported \$2,773,820 in program expenditures on the Expenditure Report (Schedule 2, Line 21 for Project U) which agreed to the M2-funded portion of total expenditures, excluding the match funds. No exceptions were found as a result of this procedure.

(Continued)

3. Obtain a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculate the amount the County has received for the past three fiscal years. Obtain the cash balance of the County's SNEMT funds as of June 30, 2020 and determine whether funds are expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to the amount listed as received on schedule 2 of the County's Expenditure Report. Explain any differences.

Findings: The County received \$9,016,941 for the past three fiscal years ended June 30, 2018, 2019 and 2020. We compared the fund balance of \$967,112 from the general ledger detail to the fund balance reported in the County's Expenditure Report (Schedule 1, line 24) of \$967,112; no difference was identified. We determined funds were expended within three years of receipt. We agreed payments received from OCLTA totaling \$3,303,196 during the fiscal year ended June 30, 2020, to the general ledger detail and to the amount listed as received on the County's Expenditure Report (Schedule 2, line 8 for Project U) without exception. No exceptions were identified as a result of this procedure.

4. Determine if the County's interest allocation methodology is adequate to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund.

Findings: We obtained the County's interest allocation methodology. We identified interest income of \$19,117, which was calculated by multiplying the SNEMT average monthly cash balance of \$1,016,885 and the Measure M2 Fund average monthly interest rate of 1.88%. The County reported \$19,117 of interest income for the year ended June 30, 2020 which agreed to the County's Expenditure Report (Schedule 2, Line 8 for Project U). We inspected the interest allocation methodology. No exceptions were found as a result of this procedure.

5. Determine the amount of Tobacco Settlement funds required to be funded by the County for the fiscal year ending June 30, 2020 (e.g. obtain from OCLTA the percentage requirement and apply to the annual state allocation of Tobacco Settlement funds for the year under review).

Findings: Crowe obtained the percentage requirement of 5.27% from OCLTA and applied to the annual state allocation of \$29,606,734 of Tobacco Settlement funds for the year under review. Crowe determined the amount of Tobacco Settlement funds required to be funded by the County for the fiscal year ending June 30, 2020 was \$1,560,275. No exceptions were found as a result of this procedure.

6. Determine that the County funded the required annual amount of Tobacco Settlement funds on the SNEMT program and select a sample from the general ledger to determine whether the expenditures are related to the SNEMT program.

Findings: Crowe determined the County funded \$1,665,887 of Tobacco Settlement funds to the SNEMT program which exceeded the required annual amount to be funded of \$1,560,275. We inspected Measure M2 SNEMT expenditures funded by Tobacco Settlement funds totaling \$1,099,260 representing 75% of total expenditures funded by Tobacco Settlement for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for SNEMT and met the requirements. No exceptions were found as a result of this procedure.

7. Select a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation; and
 - b. Determine whether the expenditures selected in (a) above are exclusively for the SNEMT program and met the requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.

Findings: We inspected M2 SNEMT expenditures totaling \$2,501,341, representing 91% of total direct Measure M2 SNEMT expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for SNEMT and met the requirements outlined in the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement C-1-2583 between the Orange County Transportation Authority and County of Orange for Senior Non-Emergency Medical Transportation Program (cooperative agreement). No exceptions were found as a result of this procedure.

8. Inquire as to the procedures used by the County to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Findings: We inquired of management as to the procedures used to ensure services are provided only to eligible participants. Any person who wants to join the SNEMT program must fill out an application and provide a copy of their driver's license or Department of Motor Vehicles issued identification card for age verification. The County then verifies that the applicant is a resident of County of Orange, and 60 years of age or older in accordance with the Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. No exceptions were found as a result of this procedure.

9. Identify whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, compare indirect costs identified to the amount reported on the County's Expenditure Report. Explain any differences. If applicable, select a sample of charges. Describe the dollar amount inspected, and percentage of dollar amount inspected over total indirect costs. Inspect the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

Findings: Per discussions with the County's accounting personnel and inspection of the general ledger expenditure detail, \$16,678 of indirect costs were identified as Measure M2 SNEMT expenditures for the fiscal year ended June 30, 2020. We inspected Measure M2 SNEMT expenditures totaling \$9,864 representing 59% of total indirect costs expenditures for the fiscal year ended June 30, 2020. We agreed the dollar amount to supporting documentation and determined that the expenditures selected were exclusively for SNEMT and met the requirements outlined in the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement. In addition, we determined that the indirect SNEMT costs were substantiated by a written Indirect Cost Allocation Plan prepared within five years. No exceptions were found as a result of this procedure.

10. Determine if the County contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Determine whether the Contractor was selected using a competitive procurement process; and
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.

Findings: Based on interview with County personnel, the County contracted with Age Well, and Abrazar to provide non-emergency medical transportation for adults age 60 and older, and who lack other reasonable means of medical-related transportation. From inspecting the Age Well and Abrazar procurement documents, we found that the contractors were selected using a competitive procurement process. In addition, per inspection of the original contracts, we found the language requiring that wheelchair accessible vehicles be made available and used as needed was included, as required. No exceptions were found as a result of this procedure.

11. Obtain the proof of insurance coverage for the County's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement; and
 - b. Determine whether current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.

(Continued)

Findings: We obtained and inspected the insurance coverage for the contractors, and determined that the requirements established in the cooperative agreement were met. Additionally, the current year proof of insurance for the County's contractors was submitted and on file with OCLTA. No exceptions were found as a result of this procedure.

12. Obtain the quarterly summary reports and determine the reports were properly prepared and submitted within forty-five (45) days.

Findings: We inspected all four quarterly summary reports (September 2019, December 2019, March 2020, and June 2020). Through inspection, we determined all four reports were timely submitted within 45 days of the following quarter end. OCLTA staff confirmed that reports were received on the following dates:

<u>Reporting Month</u>	<u>Due Date</u>	<u>Date Received</u>	<u>Days Late</u>
September 2019	November 15, 2019	November 5, 2019	-
December 2019	February 15, 2020	February 10, 2020	-
March 2020	May 15, 2020	April 27, 2020	-
June 2020	August 15, 2020	August 6, 2020	-

No exceptions were found as a result of this procedure.

13. Inspect the four quarterly SNET reports during fiscal year 20 and determine whether the quarterly reports had indicated % of actual expenditures to be higher than 75% (Year to Date Actuals / Year to Date Budget). If the percentage of actual expenditures are higher than 75%, inquire with the County whether they had implemented prioritization of trips. Also, determine whether actual expenditures exceeded available program funding and whether OCLTA was notified as required.

Findings: Based upon inspection of the four quarterly SNET reports during Fiscal Year 2020, the fourth quarter report indicated actual expenditures to be 83% of budgeted expenditures. Per the Measure M2 Project Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement, the County may implement prioritization of trips; however, the County decided not to implement it. Crowe determined the actual expenditures for FY20 did not exceed available program funding. No exceptions were found as a result of this procedure.

We were engaged by OCLTA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records, any indirect cost allocation plans and compliance with the provisions of the Measure M2 Local Transportation Ordinance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the County's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of and is not intended to be, and should not be, used by anyone other than the specified party.


Crowe LLP

Costa Mesa, California
March 11, 2021

COUNTY OF ORANGE, CALIFORNIA
SCHEDULE OF MEASURE M2 SENIOR NON-EMERGENCY MEDICAL TRANSPORTATION
PROGRAM EXPENDITURES
Year ended June 30, 2020
(Unaudited)

SCHEDULE A

Measure M2 Senior Non-Emergency Medical Transportation Expenditures:	
Indirect and/ or Overhead - Schedule 3, line 1	\$ 16,678
Other Senior Non-Emergency Medical Transportation Project U	<u>2,757,142</u>
 Total Measure M2 Senior Non-Emergency Medical Transportation Expenditures	 <u><u>\$ 2,773,820</u></u>

Note: The above amounts were taken directly from the financial records of the County of Orange and were not audited.