

**Outstanding Audit Recommendations
Audit Reports Issued through
June 30, 2021**

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	The Internal Audit Department (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.	Oct-21	Management responded that they would work with other departments to resume efforts to convert the employee exit processing form into an electronic form.	<u>Update May 2021:</u> The recommendation is partially closed, based on the development of an electronic employee exit form and procedures for involuntarily separated employees. The recommendation will remain open until the electronic employee exit form is set up to require digital signoffs from Information Systems (IS), Security and Emergency Preparedness, and General Services.
11/16/20	Not Applicable	Finance and Administration (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-21	Management agreed with the recommendations and indicated that corrective actions will be taken.	
1/13/21	20-512	Planning	Comprehensive Transportation Funding Program (CTFP): Oversight and Reporting Controls	Internal Audit recommends management re-evaluate Project V requirements and amend guidelines, cooperative agreements, and monitoring controls to ensure consistency and proper oversight.	Jul-21	Management agreed to amend Project V Guidelines to ensure that requirements in the guidelines are aligned with the type of community-based circulator services that have proven to be successful. Further, staff will amend the cooperative agreements to be consistent with the updated requirements. Staff will also include applicable customer satisfaction and on-time performance elements in the required regular reports, in order to oversee this requirement and confirm compliance.	
2/11/21	21-503	Capital Programs	Oversight Controls and Contract Compliance: OC Streetcar Project Management Consultant	Internal Audit recommends management recover identified double-billings of \$5,857.	Aug-21	Management agreed and indicated that \$5,857 would be deducted from the consultant's current invoice.	

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2/11/21	21-503	F&A and Capital Programs	Oversight Controls and Contract Compliance: OC Streetcar Project Management Consultant	Internal Audit recommends that management reconcile differences between the contract and procurement policy requirements for establishing labor rates of staff being moved from labor classifications to named personnel. Additionally, controls should be developed to ensure compliance with these requirements.	Aug-21	Management agreed and indicated they will amend language in the appropriate templates, to ensure consistency with policy. Additionally, clarifying changes will be made to the affected agreements as they come up for amendments. In addition, project manager written approval will be required when proposed labor rates of staff being moved to named personnel exceed the contract escalation. Project managers will also implement additional controls to ensure labor rates of staff being moved to name personnel comply with contract and policy requirements.	
3/24/21	Not Applicable	F&A and Operations	Measure M2 Agreed Upon Procedures: Selected Agencies	In connection with the Local Fair Share program, auditors made observations of ineligible maintenance of effort expenditures, misreporting of direct or indirect costs, misreporting of expenditures, and a funded project not reflected in the city's Seven-Year Capital Improvement Program plan. Senior Mobility Program audits include observations relating to late submission of a monthly report, third-party contracting, misreporting of expenditures, failure to allocate interest, and overcharge of administrative costs.	Mar-22	City management responded to the observations and OCTA staff will monitor implementation of corrective actions proposed.	

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4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management strengthen monitoring controls to ensure required staffing and work schedules are provided as required. Management should also consider actions to address violations of contract terms and consider adjustments to invoices to account for staffing shortages. Finally, management should evaluate whether 17-hour shifts worked by contractor staff present safety concerns that should be addressed.	Oct-21	Management agreed and advised that the Contracts Administration and Materials Management (CAMP) Department was engaged to formally address the noted contract violations and to explore adjustments to invoices to account for staffing shortages. Management will continue to closely monitor the contract to ensure proper staffing levels are maintained, work schedules are posted and adhered to, and all employee procedures are followed as specified in the terms of the contract. Management will work with OCTA's Health, Safety, and Environmental Compliance (HSEC) Department to ensure safe work practices are being followed by Bridgestone.	
4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management review and enforce all contract terms. In addition, management should monitor to ensure tire inventories are maintained so that timely service can be provided at each of the bus bases. Finally, management should seek reimbursement from Bridgestone for the damaged equipment.	Oct-21	Management agreed and immediately worked with Bridgestone and HSEC to ensure all required safety documentation was provided. Management has advised Bridgestone of the requirement to maintain all documentation pertaining to safety inspections, training, staffing, and recordable injuries. Management will monitor for compliance. Finally, Bridgestone has committed to provide documented tire inventory levels each month.	
4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management collaborate with Bridgestone and MV Transit to develop a process to ensure that wheel torque is re-checked as specified in the contract.	Oct-21	Management agreed and requested that Bridgestone re-torque the wheels on the entire fleet at the Irvine Construction Circle Base to ensure all wheels are torqued to specification. Management also asked that Bridgestone maintain documentation of all re-torque occurrences at the Irvine Construction Circle Base and provide monthly reports to the project manager.	

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4/27/21	21-506	Operations	Review of Oversight Controls and Contract Compliance: Bridgestone-Firestone Tire Lease and Services, Agreement No. C-9-1354	Internal Audit recommended management implement monitoring controls to ensure Bridgestone complies with contract requirements for employee qualifications and regulations pertaining to a drug and alcohol-free workplace.	Oct-21	Management agreed and indicated that Bridgestone will be required to provide an on-boarding checklist that documents that background checks are conducted and qualifications requirements are met. Management will also implement monitoring controls to ensure Bridgestone complies with regulations pertaining to a drug and alcohol-free workplace.	
4/28/21	21-509	F&A	Investments: Compliance, Controls, and Reporting, July 1, 2020 through December 1, 2020	Internal Audit recommended that Treasury incorporate suggested assertions into monthly debt and investment reports.	Oct-21	Management agreed with the recommendation and will incorporate the assertions beginning with the next monthly report, which will be for the month of April 2021.	
5/19/21	21-508	HROD and Operations	Department of Motor Vehicles (DMV) Employer Pull Notice Program	Internal Audit recommended management improve review controls and documentation of follow-up activities.	Nov-21	Management agreed and indicated that recommended actions will be implemented.	
5/19/21	21-508	HROD	DMV Employer Pull Notice Program	Internal Audit recommended the policy be updated to properly define regulated employees, that evidence of No Drive notices be retained, and that controls for updates to the No Drive listing be enhanced.	Nov-21	Management agreed and indicated that recommendations will be implemented.	
5/19/21	21-508	HROD and Operations	DMV Employer Pull Notice Program	Internal Audit recommended strengthening of Department of Motor Vehicles System (DMVS) controls and consistent performance of mock inspections, which serve as a monitoring control.	Nov-21	Management responded that the DMVS issues will be addressed, and mock inspections will be resumed on an annual basis.	