

**Outstanding Audit Recommendations**  
**Audit Reports Issued Through**  
**September 30, 2021**

<b>Audit Issue Date</b>	<b>Report Number</b>	<b>Division/ Department/ Agency</b>	<b>Audit Name</b>	<b>Recommendation</b>	<b>Initiate Next Update</b>	<b>Management Response</b>	<b>Internal Audit Status</b>
11/16/20	Not Applicable	Finance and Administration (F&A)	Fiscal Year (FY) 2019-20 Management Letter	In connection with the audit of the Orange County Transportation Authority's (OCTA) 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 monitor controls to ensure consistency and proper oversight.	Jan-22	Management agreed to amend Project V Guidelines to ensure that requirements in the guidelines are aligned with the type of community-based transit 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.	<u>Update July 2021</u> :The recommendation is partially closed based on the Board of Directors' approved revisions to the CTFP Guideline requirements. Amendments to cooperative agreements with local agencies will be executed by the end of the first quarter of FY 2021-22, and customer satisfaction and on-time performance reporting requirements will be initiated. As such, this recommendation will remain open until Internal Audit can review the status of reporting related to the new guidelines in January 2022.

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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 Material 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.	
5/19/21	21-508	Human Resources and Organizational Development (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.	
7/15/21	21-510	Executive Office	Administrative Controls Related to Conflict of Interest Code Form 700 Statement of Economic Interests	Internal Audit recommends management establish and implement a procedure to identify contractors serving in roles where that would otherwise be performed by a designated OCTA employee and require filing. Management should also identify Transit Police Services (TPS) and Real Property consultant staff that should be filing and include them in the eDisclosure system so that they may file, as required.	Jan-22	Management will work with legal counsel and CAMM to develop a process to identify consultants required to file. Both TPS and Real Property consultant staff will be included in this process.	

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7/15/21	21-510	Executive Office	Administrative Controls Related to Conflict of Interest Code Form 700 Statement of Economic Interests	Internal Audit recommends management reconcile the designated positions list with Conflict of Interest (COI) code filing requirements in the Human Resources (HR) system. Management should also consider adding the Financial Analyst in Treasury and Public Finance as a designated position.	Jan-22	Management will review the active designated position titles in the HR system and deactivate position codes, where applicable, or add the COI codes as appropriate. In addition, HR will create new position codes for the Financial Analyst job series in Treasury and Public Finance and attach the COI code for the entire job family.	
7/15/21	21-510	Executive Office	Administrative Controls Related to Conflict of Interest Code Form 700 Statement of Economic Interests	Internal Audit recommends that the Clerk of the Board (COB) Department implement a procedures to send leaving office notifications to employees that terminate involuntarily or without notice and enhance controls over leaving office notifications for voluntarily separating employees.	Jan-22	Management will review and amend procedures to send out and track leaving office notifications.	
9/28/21	22-501	Finance and Administration Department	Investments: Compliance, Controls, and Reporting January 1 through June 30, 2021	Internal Audit recommends that Treasury staff consistently document resolution of issues flagged in the Clearwater compliance module, as required by the manual. Treasury should also consider customizing the Clearwater compliance module to accurately monitor against OCTA Investment Policy (Policy).	Jan-22	Management agrees and will document resolution of all issues flagged. Treasury will utilize the Daily Holdings reports in conjunction with the compliance module to ensure compliance with OCTA Policy and, going forward, the compliance module will present all investments at cost rather than at market value.	