



**January 15, 2026**

**To:** Finance and Administration Committee  
  
**From:** Darrell E. Johnson, Chief Executive Officer  
  
Janet Sutter, Executive Director  
Internal Audit Department  
**Subject:** Employee Commuter Club Program, Internal Audit Report  
No. 26-505

### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of the Employee Commuter Club Program. Based on the audit, system controls are adequate and functioning and redemptions of points earned are accurately processed through payroll. However, operating and inventory controls related to identification and award of points earned and gift cards distributed need improvement and oversight controls, required by policy, have not been implemented. Four recommendations for improvement have been offered.

### **Recommendation**

Direct staff to implement four recommendations provided in Employee Commuter Club Program, Internal Audit Report No. 26-505.

### **Background**

The Employee Commuter Club Program (Program) was created to promote rideshare and alternative commuting among Orange County Transportation Authority (OCTA) employees following the provisions of the South Coast Air Quality Management District (SCAQMD) Employee Commute Reduction Program (Rule 308) to ease traffic congestion and reduce emissions. The Program is administered by the Human Resources (HR) Department within the People and Community Engagement Division.

The Commuter Club Policy (Policy), dated January 24, 2023, was developed to provide guidelines and procedures pertaining to the Program. A web-based

system known as the Commuter Club Application (CCA) is used to record and track commute data. Employees create a login and record their method of daily commute to receive Commuter Club points for using alternative transportation. Additional points may be earned for using alternative transportation on Thursdays, on 13 or more days in a month, or during Rideshare Week and Bike-to-Work Week. Points may be redeemed for \$25 awards or for paid days off.

***Discussion***

Periodic reviews of Program activities for compliance with rules are not performed as indicated in Policy. Testing identified errors in employee entries of Program activities, resulting in points being awarded in error. The Internal Audit Department (Internal Audit) recommended management implement periodic reviews of Program activities to ensure compliance with the Policy. Management agreed and indicated that periodic reviews of Program activities will be implemented.

Internal Audit also identified errors in the identification of employees eligible for special event bonuses, gift card awards and raffles, and gift card awards were not taxed as required by the Internal Revenue Service (IRS). There are also no inventory controls in place over gift cards purchased and distributed in connection with Program awards. Internal Audit recommended management implement controls to improve the accuracy of identification of employees eligible for awards and re-evaluate the method of distributing monetary awards to ensure compliance with IRS regulations. Management agreed and will implement oversight controls to ensure the accuracy of special event bonuses, awards, and raffles. In addition, management indicated that future awards will be processed through payroll, to ensure compliance with IRS regulations.

In addition, Program system administrator adjustments to employee entries made after submission were not documented, and most of the changes were made to an account held by the Program system administrator. Internal Audit recommended management implement controls to prevent Program system administrators from editing their own activities and implement procedures to ensure documentation of administrative changes is retained. Management agreed and indicated that the system has been updated to prevent Program system administrators from editing their own entries. In addition, management indicated that a procedure will be implemented to ensure any administrative adjustments are fully documented.

Lastly, the Policy has not been updated since January 24, 2023, contrary to the OCTA Policies and Procedures Policy that requires update of all policies every two years. In addition, the Policy does not include descriptions of all Program events and awards, and eligibility rules. Internal Audit recommended management update the Policy in accordance with OCTA requirements. Management agreed and indicated the Policy will be revised and updated.

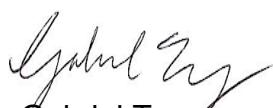
***Summary***

Internal Audit has completed an audit of the Employee Commuter Club Program and has offered four recommendations for improvement.

***Attachment***

A. Employee Commuter Club Program, Internal Audit Report No. 26-505

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