

**Audit Recommendations Closed During
Third Quarter, Fiscal Year 2022-23**

Audit Issue Date	Report Number	Division/ Department/ Agency	Audit Name	Recommendation	Internal Audit Status Comments
7/15/21	21-510	Executive Office	Administrative Controls Related to Conflict of Interest Code Form 700 Statement of Economic Interests	The Internal Audit Department (Internal Audit) recommends management establish and implement a procedure to identify contractors, including those identified by Internal Audit, serving in roles that would otherwise be performed by a designated Orange County Transportation Authority (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.	<u>Update March 2022:</u> Management has reviewed the suggestion to include Real Property and TPS with legal counsel. Based on that review, Real Property consultants will be removed and TPS officers with a rank of captain and above will be required to file. A process has been developed to review scopes of work for positions that should be required to file form 700s and will be implemented in the new fiscal year. <u>Update August 2022:</u> Management has implemented a process effective July 1, 2022, for identifying new contractors that should file a Form 700. Internal Audit will return in six months to test the process. <u>Update February 2023:</u> Procedures to request General Counsel review of contracts that may include consultants that would be required to file Form 700 have been implemented. Internal Audit noted that General Counsel has not identified any consultants that should be required to file, including Information Systems Technology technical staffing services and consultant program management services for Capital Programs.
1/26/22	21-511	Executive Office	Physical Access Security	Internal Audit recommends management implement invoice review controls and enforce contract requirements. Overpayment of overtime should be recovered, along with charges for support fees that are not covered by the contract. Costs incurred that are not on the contract price listing should be accompanied by receipts or other supporting documentation and should be reimbursed "at cost". Management should ensure contract requirements are met prior to authorizing payment.	<u>Update August 2022:</u> The audit identified overtime and annual support charges not allowed by the contract. Management obtained an invoice credit for the overtime charges and obtained a receipt for \$20,375, to support part of the \$29,146 in annual support billings. Management is working to obtain a receipt to substantiate the remaining charges and intends to execute an amendment with Climatec to address provision of other direct costs. <u>Update March 2023:</u> Management terminated its contract with this vendor and has executed a new agreement with a different vendor. Management has also implemented an invoice review checklist process.
2/9/22	21-507	Operations	Facility Maintenance (FM) Operations	Management should update the FM Plan (Plan) on a periodic basis and document the results of the annual assessments of OCTA building structures.	<u>Update September 2022:</u> The Plan is on a schedule to be reviewed every two years. The posted plan is currently under review to include the latest laws and regulations. Further, capital needs assessments are now formally documented. <u>Update March 2023:</u> Management has updated the Plan to reflect regulatory changes and has performed and documented the annual assessment of OCTA building structures.
6/29/22	22-508	Finance and Administration (F&A)	Revenue Vehicle Procurement Audit	Management should update and expand policies and procedures to fully address revenue vehicle cooperative procurements, including allowable methods of solicitation, approval thresholds, and basis of award. In addition, management should enhance documentation to reflect requirements for use of agency contracts.	<u>Update February 2023:</u> The Contracts Administration and Materials Management (CAMM) Department has updated cooperative procurement procedures to include a specific process and method for revenue vehicle procurements. CAMM also asserted that the contract files for future procurements will include enhanced documentation of the rationale, as well as validation that the contract was awarded on a competitive basis that did not restrict competition.
6/29/22	22-508	Operations	Revenue Vehicle Procurement Audit	Management should revise the scope of work (SOW) for in plant inspection service agreements to include a requirement for preparation of a Resident Inspector Report that complies with Federal Transit Administration Buy America requirements.	<u>Update February 2023:</u> Maintenance management revised the SOWs for two active in-plant inspection service agreements to include a requirement for a formal resident inspector's report.
7/13/22	22-505	Capital Programs	Oversight Controls and Contract Compliance related to the OC Streetcar Design and Construction Management	Project Controls should resume preparing its monthly status summary reports, in accordance with procedures.	<u>Update February 2023:</u> Project Controls has resumed its monthly status summary reports.

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7/13/22	22-505	CAMM	Oversight Controls and Contract Compliance related to the OC Streetcar Design and Construction Management	CAMM should develop procedures to ensure adequate insurance coverage by consultants throughout the contract term. If CAMM continues to use a third party as part of the monitoring process, then the contract should outline appropriate standards and timelines for follow-up activities.	<u>Update February 2023</u> : CAMM has developed new procedures for insurance tracking.
8/10/22	22-510	Clerk of the Board	Administration of Public Records Act Requests	Management should update the website and written procedures to outline all available methods of requesting documents and times for in-person viewing of records.	<u>Update March 2023</u> : Management has updated the website and procedures to outline methods for requesting documents and times available to view records.
9/30/22	23-502	F&A	Investments: Compliance, Controls and Reporting January 1 through June 30, 2022	Management should enhance secondary review of monthly reports to ensure accuracy of security classifications listed in the bond proceeds and debt service reserve fund portfolios.	<u>Update March 2023</u> : Security classifications in the schedule are now accurately reflected.
9/30/22	23-502	F&A	Investments: Compliance, Controls and Reporting January 1 through June 30, 2022	Management should maintain documentation addressing all potential violations flagged by the system and consider updating the module to flag only violations of OCTA's policy.	<u>Update March 2023</u> : Management has customized the compliance module and creates notes in the compliance module to address any potential violations.