

**Measure M Taxpayer Oversight Committee  
Audit Subcommittee  
Orange County Transportation Authority  
550 S. Main Street, Orange, CA  
June 10, 2025 @ 5:00 p.m.**

**MEETING MINUTES**

**Committee Members Present:**

Andrew Hamilton, Auditor-Controller, County of Orange, Chair  
Mark W. Eisenberg, Fifth District Representative  
James Fuchs, Second District Representative  
Naresh Patel, First District Representative  
Kirk Watilo, Third District Representative

**Orange County Transportation Authority Staff Present:**

Christopher Boucly, Department Manager, External Affairs  
Rose Casey, Executive Director, Planning  
Marissa Espino, Section Manager, Public Outreach  
Jonathan Lee, Program Management Analyst, Measure M2 Program Management Office  
Sean Murdock, Director, Finance and Administration  
Andrew Oftelie, Chief Financial Officer, Finance and Administration  
Janet Sutter, Executive Director, Internal Audit

**Recorder:**

Teri Lepe, Executive Assistant, Internal Audit

**1. Welcome**

Mr. Andrew Hamilton called the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) Audit Subcommittee (AS) meeting to order at 5:03 p.m.

**2. Approval of the Minutes for May 27, 2025**

*A motion was made by Mr. Mark Eisenberg, seconded by Mr. James Fuchs, and carried with one abstention, to approve the May 27, 2025, TOC AS minutes.*

**3. Public Comments**

No public comments were submitted prior to the meeting, nor were there any members of the public present for comments.

**4. Action Items**

A. Approve Revisions to Annual Selection of Cities Template

Ms. Janet Sutter, Executive Director, Internal Audit, explained the purpose of this meeting is to discuss adding information, requested by the TOC AS, to the listing of

jurisdictions to be considered when choosing cities for application of agreed-upon procedures (AUP).

Committee Member Comments:

Ms. Sutter presented the updated draft Selection of Cities information, as discussed at the last meeting. In reference to the turnover in Finance Directors, OCTA can compare the Finance Director who signed off and certified their expenditure report in the prior year and then in the current year to see if the Finance Director had changed.

Ms. Sutter said they can pull information from Single Audit reports, for those who were subjected to a Single Audit within the last two years and note any findings.

Mr. Hamilton commented that the County of Orange (County) had findings from prior years that had to do with subrecipient monitoring, which are findings that do not necessarily reflect on the County's accounting or auditing but rather on an entity that has received monies from the County to apply to a program. Discussion ensued on whether a Single Audit really measured risk.

Mr. Hamilton commented that he was not inclined to use the Single Audit results for the County and asked for Ms. Sutter's opinion. Ms. Sutter agreed and commented that it was brought up in the last meeting as important to the Subcommittee.

Ms. Sutter commented there is an added column in the information listing allocations received since the last AUP. Cities that receive small amounts may not have ever been reviewed but, over time, the amount builds.

Mr. Kirk Watilo commented that from the minutes of the May 27, 2025, meeting, he understood that there was a higher possibility of mistakes in the cities receiving larger amounts of money and asked if his understanding was correct. Ms. Sutter responded that was what some thought but a counter to that is that the larger cities may have larger accounting staff and experience; smaller cities, while not receiving higher amounts, may not have experience, and it could go either way.

Mr. Eisenberg commented that if they are not getting a lot of money, the losses cannot be great. There is a greater likelihood of greater losses when more money is being spent. Discussion ensued about auditing costs versus return.

Mr. Watilo asked how many cities were reviewed in a year. Ms. Sutter answered between ten to fifteen, with the cities of Buena Park and Huntington Beach being two that will be reviewed at the direction of the OCTA Board. There will not be any Senior Mobility Program (SMP) reviews as they were removed by the TOC AS for this year.

Ms. Sutter commented that what they are discussing in this template is criteria for the Subcommittee's consideration in selecting cities for next year and asked if this is what the AS wanted.

Mr. Hamilton commented that the audit should be risk-based with Mr. Eisenberg commenting they should be random.

Mr. Fuchs asked if there was a way to break the cities into two or three categories and then select cities from the categories, rather than selecting the top ten cities that received the most money.

Mr. Hamilton commented that possibly there could be a risk, threshold, and random "buckets"; discussion ensued with members commenting on the feasibility, possible difficulties in assigning weights, and the inclusion of other factors such as the health of the city. Discussion then ensued on whether the health of a city was a good criterion.

Mr. Watilo commented on how to create the different buckets for the selections with a discussion ensuing on the suggestion and the parameters on how to define the buckets.

Ms. Sutter noted that for the Measure M2 annual compliance audit, the external auditors conduct their own risk assessment.

AS members continued the discussion on the potential use of a bucket list with Mr. Hamilton asking members if they agreed upon randomness, size (based on dollars), number of findings (risk), Finance Director turnover, and the financial health of a city (measured by the unrestricted net position divided by population). Discussion continued regarding whether this information would be available and whether the information would be timely.

Ms. Sutter responded that staff could ask cities to self-report their unrestricted net position divided by population with Mr. Eisenberg commenting that if it is provided under declaration, it will have value. Andy Oftelie responded they could ask for it with the expenditure report that the cities are required to provide.

Mr. Hamilton suggested requesting just the unrestricted net position rather than having it divided by population. Mr. Andy Oftelie, Chief Financial Officer, Finance and Administration, and AS members agreed this was easier to ask for.

Mr. Hamilton commented this was a starting point with Mr. Eisenberg commenting that five buckets were too many and there needed to be consideration for the auditing of SMP by narrowing the buckets.

Mr. Fuchs asked if the SMP was completely different from Local Fair Share (LFS) and audited differently. Ms. Sutter responded yes, they are separate programs and audited differently.

Mr. Hamilton asked when the next request for proposal for auditing services is issued, could the audit of the SMP and the LFS be combined and the price of a combined audit be given? Ms. Sutter commented that it could narrow the selection of cities, but economies of scale might not be realized as the procedures for auditing LFS and SMP are different and separate reports are required.

Committee members discussed what the AUP represents and the findings and the reporting that is offered by the external auditors. Discussion continued related to the findings for the cities of Buena Park and Huntington Beach.

Mr. Hamilton summarized the proposed criteria would be dollar expenditure, randomness, risk-based on the number of findings, Finance Director turnover and unrestricted net assets. Ms. Sutter agreed to remove the information related to the Single Audit and include the unrestricted net assets.

*Mr. Hamilton made a motion to remove the Single Audit information and add unrestricted net assets on the presented template going forward; Mr. Eisenberg seconded, and the motion passed unanimously.*

## **5. Adjournment**

The TOC AS meeting adjourned at 5:51 p.m. The next meeting of the TOC AS will be at **4:00 p.m. on Tuesday, December 9, 2025**, in Conference Room 09 of the 550 Building, OCTA Headquarters, as needed.