ATTACHMENT A

ORANGE COUNTY TRANSPORTATION AUTHORITY
Internal Audit Department

OCTA

Fiscal Year 2026-27
Internal Audit Plan

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ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Fiscal Year 2026-27
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Mission of the Internal Audit Department

The mission of the Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) is to assist management and the Board of Directors (Board) in the effective discharge of their duties and responsibilities and to serve the public interest through the conduct of quality engagements. To this end, Internal Audit serves as an independent appraisal function to examine and evaluate OCTA's operations, activities, internal controls, compliance, opportunities, and risks.

Internal Audit Department Activities

Internal Audit is responsible for examining and evaluating the financial, administrative, and operational activities of OCTA, and supplying management with information to assist in its control of assets and operations for which it is responsible.

Internal Audit provides a wide range of auditing services, including annual financial and compliance audit oversight, operational reviews, compliance reviews, internal control assessments, investigations, pre-award and post-delivery Buy America reviews, and price reviews. In addition, all audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Internal Audit measures the efficiency of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for the professional audit staff and for the department. The department-wide target includes all professional staff and the executive director. For fiscal year (FY) 2026-27, Internal Audit set a department-wide target productivity ratio of 75 percent and a professional audit staff productivity ratio of 80 percent. Because the executive director is required to regularly participate in non-audit management activities such as executive planning and committee meetings, the department ratio is set lower than that of the professional staff.

The Government Accountability Office (GAO) broadly defines audits as financial, attestation, or performance audits. Financial audits, including financial statement audits, are assessments of, and assurance about, an entity's financial condition, operating results, or other defined financial criteria. Attestation engagements are both financial and non-financial and result in varying degrees of assurances about specific subject matter. Agreed-upon procedures (AUP) engagements performed by Internal Audit are an example of attestation engagements, whereby Internal Audit applies procedures at the direction of the Contracts Administration and Materials Management (CAMM) Department related to contractor price proposals and procurements of federally funded revenue vehicles.

Internal Audit's efforts, however, are focused primarily on the third category of audits, performance audits, as defined by the GAO. Performance audit objectives vary widely and include review of internal controls, assessment of compliance with laws, regulations, contracts, policies and procedures, and assessment of program effectiveness, economy, and efficiency. To define the objectives of these performance audits more accurately, Internal Audit categorizes audit projects in a more descriptive manner as indicated below. It is important to note, however, that most audit projects include objectives consistent with one or more of these audit types.

Compliance – Compliance audits are performed to ensure that the terms and conditions of contracts, grants, memorandums of understanding, or other agreements are being followed and that there is compliance with Board-adopted policies and procedures, management policies and procedures, and/or applicable regulatory requirements.

Price Review – Price reviews refer to the AUP reviews performed for architectural and engineering price proposals, or sole source proposals, to determine if proposed pricing is fair and reasonable. AUP reviews are also performed on single-bid procurements for the purpose of determining whether CAMM complied with policies and procedures to ensure a fair and competitive process. Procedures are performed based on a written agreement with CAMM.

Buy America Review – Buy America reviews refer to the pre-award and post-delivery AUP reviews of vehicle purchases in accordance with federal Buy America laws. The procedures are performed based on a written agreement with CAMM.

Financial – Financial audits focus on verification of financial transactions and balances. Financial audits include the financial statement audits, and a Measure M2 (M2) compliance audit of OCTA and related legal entities, as well as other attestation engagements performed by an independent certified public accounting firm to ensure compliance with the M2 Ordinance or other legally mandated requirements.

Internal Control – Internal control reviews are performed to assess whether controls in place are adequate to protect the assets and resources of OCTA and to ensure compliance with laws, regulations, and policies.

Operational – An operational audit is performed to evaluate current operating procedures to determine if they provide an adequate control environment and to assess whether processes are efficient and effective ways to accomplish the goals of the project, program, or activity. Operational audits generally include elements of both an internal control review and a compliance review.

Internal Audit also performs other activities outlined in the OCTA FY 2026-27 Internal Audit Plan (Audit Plan) as follows:

Monitoring – These activities include providing information to the Audit Subcommittee of the Taxpayer Oversight Committee (TOC) to assist in their duty to exercise oversight of the expenditure of M2 funds, and observation of biennial capital asset inventory counts, as requested by management.

Follow-Up Activities – These activities are undertaken to determine whether audit recommendations have been implemented or otherwise satisfactorily addressed.

Investigations – Investigative activities are performed in response to a complaint or allegation received through OCTA's Fraud Hotline.

Fiscal Year 2025-26 Accomplishments

- Conducted the annual risk assessment of OCTA and obtained Board-approval to execute the FY 2025-26 Audit Plan on July 14, 2025. Implemented the Audit Plan and provided timely quarterly updates of progress and activities.

- Exceeded the department-wide productivity goal of 75 percent and exceeded the professional audit staff productivity goal of 80 percent.

- Completed 41 projects (to date), including 15 audits, 25 price reviews, and one Buy America review.

- Coordinated and issued all required annual, independent financial, compliance, and AUP reviews using the services of Crowe, LLP. All reports were presented to the Board and, as applicable, submitted to the State Controller's Office and the California Department of Transportation.

- Provided administration of OCTA's Fraud Hotline and reviewed complaints received during the FY. Referred complaints to management, as appropriate, or conducted investigations and provided reports of any substantiated claims or internal control weaknesses identified during investigations. An initial response was provided to reporters within two business days.

- Provided assistance to the Audit Subcommittee of the TOC by coordinating meetings, providing information for selection of agencies for annual review of M2 spending, and providing communication of results of all M2-related audits.

- Evaluated and concluded that Internal Audit's system of quality management provides reasonable assurance that the objective of the system of quality management is being achieved.

- Conducted follow-up of management's implementation of audit recommendations within six months of report issuance or earlier.

Fiscal Year 2026-27 Goals

- Conduct the annual risk assessment of OCTA and obtain Board approval to execute the Audit Plan by August 2026. Implement the Audit Plan and provide timely quarterly updates of progress and activities.

- Achieve a department-wide productivity ratio of at least 75 percent and professional staff productivity ratio of at least 80 percent.

- Conduct AUP reviews, as requested by CAMM, of selected price proposals, single-bid proposals, and sole source proposals, and revenue vehicle purchases to determine compliance with Buy America laws.

- Provide administration of the OCTA Fraud Hotline, providing initial responses within two business days, and conducting investigations and/or referring matters, as appropriate.

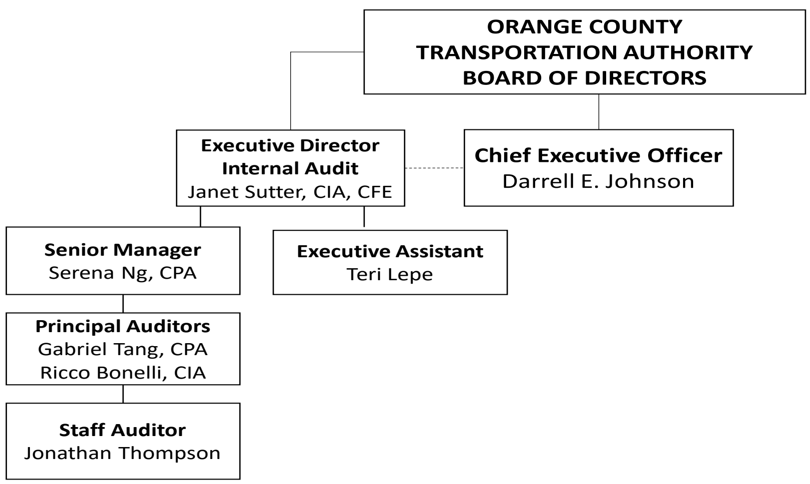
- Assist the Audit Subcommittee of the TOC by coordinating meetings, providing information for selection of agencies for annual review of M2 spending, and providing communication of results of all M2-related audits.

- Evaluate and conclude whether the Internal Audit's system of quality management provides reasonable assurance that the objective of the system of quality management is being achieved.

- Conduct follow-up of management's implementation of audit recommendations within six months of report issuance or earlier.

Internal Audit Organization

Standards provide a framework for government auditors in the areas of transparency, independence, accountability, and quality. These standards require that auditors be independent in both mind and appearance with respect to the entities for which they perform audit services. Internal Audit has established policies and procedures to comply with the standards, and OCTA has established an internal audit function that is organizationally independent. As indicated below, Internal Audit reports functionally to the Board, and administratively to the Chief Executive Officer:



Risk Assessment Process

It is the responsibility of OCTA management to identify, assess, and manage risk. It is Internal Audit's responsibility to facilitate the identification and assessment of risk, and to monitor and report on how well risks are being managed by OCTA. All organizations face risks, which are defined as those events, actions, or inactions that could cause key business objectives not to be achieved. To mitigate and manage these risks, an organization typically implements internal controls, anticipates and plans for disruptions, develops risk management programs, and engages in other risk mitigation activities.

The key business objective of OCTA is imbedded in its mission statement to "*Develop and deliver transportation solutions to enhance quality of life and keep Orange County moving*." Developing and delivering these "*transportation solutions*" are several core business units of OCTA, including the Chief Executive Office, Operations, Finance and Administration, Planning, People and Community Engagement, Government Relations, and Capital Programs. These business units are supported by administrative functions, and all these services are delivered through a variety of projects, programs, and activities. With a budget exceeding $1.73 billion, OCTA delivers transportation solutions through numerous channels with a variety of stakeholders, with the assistance of the private sector, and for the benefit of diverse customers.

Recognizing both the number and size of OCTA's projects, programs, and activities, as well as the constraints of Internal Audit resources, Internal Audit maximizes its effectiveness by engaging in an annual risk assessment process to establish the priorities of the department for the upcoming FY.

Risk Assessment Methodology

Internal Audit established the architecture of the risk assessment by first identifying all OCTA projects, programs, contracts, and functions (auditable entities). Internal Audit then identified six categories of risks and assigned weightings as follows:

Financial and Compliance Risks (20 percent) – The magnitude of financial exposure to OCTA and the degree of regulatory oversight and/or the volume of regulation with substantial fines, penalties, or other sanctions for noncompliance.

Security and Safety Risks (15 percent) – The impact of a security breach to OCTA customers, contractors, employees, or the public, and the degree of severity (catastrophic, significant, moderate, or minimal) resulting from incidents or accidents.

Operational and Strategic Risks (15 percent) – The impact of a disruption in the operation of this OCTA project or program on Orange County travelers, and the significance of this project or program to OCTA's strategic success.

Image and Reputation Risks (15 percent) – The intensity of public interest and awareness, and the visibility of the project, program, or function to the media.

Complexity of Operations (15 percent) – The number of individuals, departments, contractors, information systems, and manual processes involved in the delivery of this project or program, and the degree to which transactions require professional judgment or technical expertise.

Time Since Last Audit (20 percent) – The length of time since the last audit or review was conducted and the results of that review.

Internal Audit then developed the following assigned ratings for each risk:

Risk Rating	Description
4.0 – 5.0	High Risk
3.0 – 3.9	Moderate to High Risk
2.1 – 2.9	Moderate Risk
1.6 – 2.0	Low to Moderate Risk
1.0 – 1.5	Low Risk

Following are examples of the risk assessment results for four different auditable entity types:

Auditable Entity	Audit History	Audit Requirement	Time Since & Results of Last Audit	Financial & Compliance Risk	Security & Safety Risk	Operational & Strategic Risk	Image & Reputation Risk	Complexity of Operations	Weighted Average Risk
			20%	20%	15%	15%	15%	15%	
Project Controls	2025	No	1	5	1	4	2	4	2.9
Purchasing Cards	2024	No	1	1	1	2	4	1	1.6
OC ACCESS Eligibility	2023	No	1	4	3	4	5	3	3.3
Buy America Compliance		Yes	As Needed						N/A

Following the risk assessment of each of approximately 260 auditable entities within OCTA, Internal Audit summarized the results on the heat chart in Appendix A. The heat chart translates the numerical risk ratings of each auditable entity into a more visually appealing format. Auditable entities that require an audit, either by regulation, policy, or at the direction of the Audit Subcommittee of the TOC, are not risk-rated, and are reflected as “Required”.

Internal Audit Plan Development

The Audit Plan, Appendix B, calls for approximately 8,600 Internal Audit hours, exclusive of vacation, sick, holiday, and continuing professional education hours. Of the 8,600 hours, approximately 1,900 relate to administrative activities, including Board and committee meeting attendance, Internal Audit staff meetings, and other administrative tasks. The purpose of including these hours is to monitor and measure Internal Audit’s productivity.

The Audit Plan includes 500 hours for mandatory audit activities, including hours needed to coordinate, review, and report on the results of the required annual and compliance audits and AUP reviews, as well as any audits by external regulatory bodies. Approximately 530 hours are anticipated for Internal Audit projects and non-audit activities, such as the annual risk assessment and audit planning process, required quality monitoring and self-assessment activities, administration and investigation of complaints received through OCTA's Fraud Hotline, and updates to audit policies, procedures, and workpaper templates.

The Audit Plan also includes 1,000 hours for price review services and 360 hours for Buy America review services. While requests for price reviews are unpredictable, this budget is based on both the extent of current procedures and the volume of requests in prior years. Hours for Buy America services assume three requests for review will be received during the year.

The risk assessment developed by Internal Audit is the primary, but not absolute, means by which Internal Audit prioritizes and selects audit projects. There remain other factors that are not considered in the risk assessment. For example, some higher-risk auditable entities are not selected because the projects, systems, and/or contracts are in their infancy, and it would be more suitable to perform an audit after the project, system, and/or contract is better underway. Other higher-risk auditable entities are not selected due to Internal Audit's knowledge of related review activities, such as the Federal Triennial Review, the M2 Triennial Review, and the M2 Ten Year Review. Other subjective factors that affect the selection of audit projects include knowledge about external or regulatory auditor interest, project or program failures or successes, and consideration of the impact on individual departments and/or divisions.

The proposed Audit Plan includes audits of oversight controls and contract compliance related to the Interstate 5: Interstate 405 to Yale Avenue Improvement Project, the Transit Security Operations Center Project, operations and maintenance of the 405 Express Lanes, and property management services for the new OCTA Headquarters site. Also included are audits to assess compliance with requirements for filing Statement of Economic Interest forms and Federal Motor Carrier Safety Administration regulations for medical exams. Operational audits of recruitment and employment processes and bus parts purchasing activities are included, as well as an audit of Coach Operator scheduled and unscheduled overtime, and the contract with Intratek Computer, Inc. for provision of long-term staffing of information systems personnel.

The Audit Plan also includes audits of employee healthcare plan administration and farebox revenue collection as "contingency" audits that will be initiated should there be available hours and/or resources prior to the preparation of the OCTA FY 2027-28 Audit Plan.

Each of the planned projects, along with projects carried over from the OCTA FY 2025-26 Audit Plan, is reflected at Appendix B, along with a brief description and the estimated staff hours required to perform the audit.

Conclusion

The OCTA FY 2026-27 Audit Plan seeks to align limited audit resources with risk throughout the organization while considering prior audit effort and other factors, as identified in Appendix A. Internal Audit will continue to refine the risk assessment to include emerging OCTA projects, programs, contracts, and functions. Internal Audit will also continue to assess the risk ratings and weightings to best reflect the risk profile of the organization and to allow the greatest coverage of that risk in the annual audit planning process.

Orange County Transportation Authority
Internal Audit Department
Risk Assessment by Program/Project/Contract/Function
Fiscal Year 2025-26

Division / Department/Functional Area / Project/Program/Contract/Function	RISK ASSESSMENT	7 Year Audit History
Executive		
Clerk of the Board		
Public Records Requests	Low to Moderate	2022
Form 700 Disclosures	Moderate	2021
Brown Act Compliance	Low to Moderate	2026
Services of Legal Process	Low to Moderate	
Board of Directors (Board) Compensation and Training	Low to Moderate	2026
Legal Services		
Woodruff & Smart	Moderate to High	2024
Security and Emergency Preparedness		
Continuity of Operations/Emergency Response	Moderate to High	
Emergency Operation Plans	Moderate to High	
Physical Access Security	Moderate to High	2021
Transit Police Services	Moderate	2023
Express Lanes and Motorist Services Programs		
91 Express Lanes		
Master Custodial Agreement	Moderate to High	2019
Operations and Management	Moderate to High	2025
California Highway Patrol Services	Moderate	
Collections	Moderate	
Building Lease	Low to Moderate	
405 Express Lanes		
Operations and Management	**High**	
California Highway Patrol Services	Moderate	
Collections	Moderate	
Building Lease	Low to Moderate	
Toll Lanes Integrator Services	Moderate to High	2026
Motorist Services		
Freeway Service Patrol	Moderate	2022
Call Box Program	Low	
511 Motorist Aid	Low to Moderate	
Public Information Office		
Crisis Communications Plan	Moderate	
Capital Programs		
Highway Projects		
Interstate 5 (I-5) Improvements		
I-5 (between Interstate 405 [I-405] and State Route 55 [SR-55]) - Measure M2 (M2) Project B		
I-405 to Yale Avenue	Moderate	2025
Yale Avenue to SR-55	Moderate	
I-5 (South of El Toro Road) - M2 Project C		
State Route 73 (SR-73) to El Toro Road Landscape	Low to Moderate	
I-5 Interchange Projects - M2 Project D		
El Toro Road Interchange	Low to Moderate	

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Division / Department/Functional Area / Project/Program/Contract/Function	RISK ASSESSMENT	7 Year Audit History
State Route 57 (SR-57) Improvements		
Orangewood Avenue to Katella Avenue	Moderate	
Lambert Road to Tonner Canyon Road	Low to Moderate	
SR-55 Improvements		
I-405 to I-5	Moderate	
I-5 to State Route 91 (SR-91)	Moderate	
State Route 91 (SR-91) Improvements		
Improvements from SR-57 to SR-55 - M2 Project I		
SR-55 to Lakeview Avenue	Moderate	
La Palma Avenue to SR-55	Moderate	
Acacia Street to La Palma Avenue	Moderate	
91 Express Lanes to State Route 241 Toll Connector	Low	
91 Express Lanes EB Corridor Operations Project	Low	
Interstate 605 (I-605)		
Katella Ave Interchange	Moderate	
I-405 Improvements		
Improvements from I-605 and SR-55 - M2 Project K		
Design-Build Contract Management	Moderate to High	2024
Right-of-Way (ROW) Activities and Reporting	Moderate	2022
Program Management Activities	**High**	
Cooperative Agreements	Moderate	
I-405 Improvements between SR-55 and I-5 - M2 Project L	Low to Moderate	
Highway Project Management		
Highway Project Management Support	Moderate to High	2026
Project Controls	Moderate	2025
Real Estate Administration	Moderate	2025
ROW Operations		
On-Call ROW Services	Moderate to High	2022
On-Call Real Property Appraisals	Moderate to High	2022
Excess Land Sales	Moderate	
Utility Agreements	Moderate	
Facilities Engineering		
Facilities Project Management	Moderate	
Transit Security Operations Center	Moderate to High	
Transit Project Delivery		
Program Management Support: Rail Programs	Moderate to High	2026
Local Initiatives		
Project S: Go Local Fixed-Guideway Projects		
OC Streetcar Project Construction		
Design and Construction Management	**High**	2022
Construction	**High**	
Cooperative Agreements	Moderate to High	
OC Streetcar Project Management	**High**	2021
OC Streetcar Vehicles	Moderate to High	

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Division / Department/Functional Area / Project/Program/Contract/Function	RISK ASSESSMENT	7 Year Audit History
Rail Project Delivery		
Placentia Metrolink Station Project	Moderate	
Orange County Maintenance Facility	Moderate	
Irvine Station Expansion	Low	
Coastal Rail Projects	Moderate to High	
Planning		
M2 Program Management Office	Low to Moderate	
Strategic Planning		
Transportation Planning		
Transit and Non-Motorized Planning		
Bus Facilities Asset Management / Capital Plan	Moderate	
Fleet Outlook / Rollout Plan	Moderate	
Bikeway Master Plans	Low	
Transit Master Plan	Moderate	
Fullerton Park-and-Ride - Development Study	Low	
Strategic Initiatives		
Board and Chief Executive Officer Initiatives	Low to Moderate	
Southern California Association of Governments Agreement / Workplan	Low to Moderate	
Geographic Information System Services	Low to Moderate	
Modeling and Traffic Operations	Low to Moderate	
Capital Programming		
M2 Environmental Mitigation Program		
Program Administration	Moderate	
Land Security	Moderate	
Property Management	Moderate	
Mitigation Monitoring and Reporting	Moderate	
State/Federal Programs		
State/Federal Improvement Program Funding Administration	Moderate	
Annual 5307 Program of Projects	Moderate	
Calls for Projects	Low to Moderate	
Local Programs		
Measure M Eligibility	Moderate to High	
Comprehensive Transportation Funding Programs (CTFP) - Agency Audits	Moderate to High	2023
M2 CTFP Program Eligibility / Call for Projects	Moderate	2021
Oversight and Reporting: CTFP	Moderate	2021
M2 Local Projects		
Project Q - Local Fair Share	**Required**	Annual

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Operations		
Passenger Rail Operations & Metrolink		
ROW Maintenance - Joshua Grading & Excavating	Moderate	2025
Joint Powers Agreement Allocation Southern California Regional Rail Authority	Moderate to High	
Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency Managing Agency Contract	Moderate	
Transit Project Delivery		
OC Streetcar		
Operations and Maintenance Contract	Moderate to High	
Service Planning and Scheduling		
Coach Operator Scheduling	Moderate	
Stops and Zones	Moderate	
Service Change Implementation	Moderate	
Operations Training Program	Moderate	
Bus Operations		
Operator Bidding Process	Moderate to High	2019
Overtime: Scheduled and Unscheduled	Moderate to High	
Field Supervision	Moderate	2025
Central Communications	Moderate to High	
Timekeeping System	Low to Moderate	
Uniform Allowance	Low	
Contracted Services		
Travel Training	Moderate	
OC ACCESS Eligibility	Moderate to High	2023
Regional Center Day Programs	Moderate to High	2023
Specialized Transit Services	Moderate	2026
Senior Mobility Program		
Locally-Funded	Low to Moderate	
M2-Funded	**Required**	Annual
Senior Non-Emergency Medical Transportation (M2 - Project U)	**Required**	Annual
Contracted Fixed Route Operations	**High**	2025
OC ACCESS Service	**High**	2024
Same-Day Taxi Service - Yellow Cab of North Orange County	Moderate	2026
Vanpool Operations	Moderate	2024
College Pass Program	Moderate	2024

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Division / Department/Functional Area / Project/Program/Contract/Function	RISK ASSESSMENT	7 Year Audit History
Maintenance		
Rolling Stock and Inventory Contracts		
Bridgestone/Firestone Tire Lease	Moderate	2021
Trillium USA - Operate and Maintain Compressed Natural Gas Stations	Moderate	
Revenue Vehicle Maintenance	Moderate to High	2020
Specialty Shop Maintenance	Moderate	
Fuel Management System	Moderate	
Transit Technical Services	Moderate to High	
Revenue Vehicle Purchase / Acceptance	Moderate	2022
Non-Revenue Vehicle Purchase	Low to Moderate	2022
Maintenance Resource Management	Moderate to High	
Timekeeping	Low to Moderate	
Equipment Assignments and Tracking	Low	
Uniform Rental and Cleaning	Low to Moderate	
Facilities Maintenance	Moderate	2021
Maintenance Training	Low to Moderate	
Electric Vehicle Charging Stations	Moderate	
Finance and Administration		
Project U - Fare Stabilization	Low to Moderate	
Financial Planning and Analysis		
Budget Development and Monitoring	Moderate to High	2025
Comprehensive Business Plan	Moderate	
Transit Performance Metrics	Moderate	
Treasury and Public Finance		
Investments		
Investments: Compliance, Controls, and Reporting	**Required**	Annual
Investment Management Service Contracts	Moderate to High	2024
Endowment Funds	Low	
Transportation Infrastructure Finance and Innovation Act Loan	Moderate	
Accounting and Financial Reporting		
General Accounting	Moderate	
Financial Reporting	**Required**	Annual
Cost Allocation Plan	Low to Moderate	
M2 Accounting and Reporting	**Required**	Annual
Accounts Payable	Moderate to High	2024
Purchasing Cards	Low to Moderate	2024
Corporate Credit Cards	Low	2019
Capital Assets	Moderate	
Pass Sales Program	Low to Moderate	
Payroll Operations	Moderate to High	
Administrative Employee Overtime	Moderate	
Payroll Garnishments	Low	
Petty Cash Funds Administration	Low	
Banking Services	Moderate	2020
National Transit Database	**Required**	Annual
Travel Authorizations and Expense Reimbursements	Low to Moderate	

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Division / Department/Functional Area / Project/Program/Contract/Function	RISK ASSESSMENT	7 Year Audit History
General Services		
Printing and Reprographics	Low to Moderate	
Records Management	Moderate	
Lease Management	Low to Moderate	
Asset Management and Inventory	Moderate	
Orange County Transportation Authority (OCTA) Policies	Low	
OCTA Store	Moderate	2023
Parking Garage - ABM Parking Services	Low	
Lost and Found	Low to Moderate	2023
OCTA Headquarters	Moderate	
Revenue Administration		
Farebox Revenue Collections and Armored Car Services	Moderate	
Mobile Ticketing Operations	Moderate	
Revenue and Revenue Sharing Contracts	Moderate	2024
Grant Administration and Accounting	Moderate to High	
Transportation Development Act	Required	Annual
Federal Stimulus Funding	Moderate to High	
Contracts Administration and Materials Management		
Contract Amendments	Moderate	
Independent Cost Estimates	Moderate	2022
Proposal Evaluations	Low to Moderate	
Protests	Low to Moderate	
Bus Parts Purchases	Moderate	
Buy America Compliance	As Required	
Purchase Order and Blanket Purchase Orders	Moderate	
Maintenance Inventory Management	Moderate	
Warranty Administration	Moderate	2025
Disadvantaged Business Enterprise Program	Moderate	
Inventory Contracts		
Unleaded Fuel	Moderate	
Renewable Natural Gas Credits Contract	Low to Moderate	
Information Systems		
Applications		
Integrated Transportation Management Systems Radio	Moderate to High	
OCTA.net Website	Moderate	
Application Infrastructure	Moderate to High	
Database Systems	Moderate	
Vendor Management	Moderate to High	
Information Technology (IT) Systems and Security (Cybersecurity)	Moderate to High	2023
System Development and Acquisition	Moderate	
Patch Management	Moderate to High	
IT Operations (User Management, Authentication, Access Controls)	Moderate to High	
Technology Project Management	Moderate	
Business Continuity/Disaster Recovery	Moderate to High	
Change Management	Moderate	
Payment Card Industry Compliance	Moderate	
Incident Response Program	Moderate	
Asset Management	Moderate	
Operating Systems	Moderate	
IT Contract Services	Moderate	
Switch Data Center	Moderate to High	
Enterprise Asset Management System	Moderate	

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People and Community Engagement		
Risk Management		
Insurance Program Administration	Moderate	
Liability Claims Management and Subrogation	Moderate to High	2024
Worker's Compensation and Subrogation	Moderate to High	2023
Health, Safety, and Environmental Compliance		
Drug and Alcohol Program	Moderate	
Contractor Safety / Safety Specifications	Moderate	2026
Employee Safety	Moderate to High	
Motor Vehicle and Traffic Safety		
DMV Pull Notice Program	Moderate	2021
National Transit Database Accident Reporting	Low to Moderate	
Environmental Compliance Program		
Storm Water Pollution Prevention Program	Moderate	
Spill Prevention Countermeasure and Control Plan	Moderate	
Hazardous Waste Removal	Moderate	
Air Quality Management District Permitting and Compliance	Moderate	
Underground Storage Tank Removal Program	Moderate	
Safety Management Plan	Moderate	
Employment & Compensation		
Separations	Low to Moderate	
Extra-Help and Interns	Low to Moderate	
Temporary Staffing	Low to Moderate	2022
Recruitment and Employment	Moderate to High	
Compensation	Moderate	2025
Performance Reviews	Low to Moderate	
Benefits		
Healthcare Plans	Moderate to High	
Maintenance Employee Healthcare	Moderate	
Protected Leave	Moderate to High	
Flexible Benefits	Low to Moderate	2024
Health Savings Account	Moderate	
Orange County Employees Retirement System	Moderate to High	
Teamsters Pension Fund Trust	Low to Moderate	
Employee Assistance Program	Low	
Deferred Compensation Plans	Moderate	
Wellness Program	Low	
Life Insurance Benefit	Low to Moderate	2023
Alternative/Remote Work Program	Low	
Benefit Program Incentives	Low to Moderate	2021
Commuter Club Program	Low	2026
Employee and Labor Relations		
Labor Contracts	Moderate	
Unemployment Claims	Low	
Employee Grievances and Complaints	Low to Moderate	
Equal Employment Opportunity	Moderate	
Title VI Compliance	Moderate	
Medical Exams	Moderate	
Americans with Disabilities Act	Moderate	

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Training & Development		
Training (Learning Management System)	Low to Moderate	2023
Educational Reimbursements	Low to Moderate	2023
External Affairs		
Marketing and Customer Engagement		
Internal Communications	Low	
Digital and Creative Services	Low to Moderate	
OCTA Bus Marketing and Promotional Items	Moderate	
Bus Advertising Revenue Contracts	Moderate	2023
Rideshare and Vanpool Program	Moderate	
Customer Engagement and Data Analytics		
Data Analytics / Performance Management	Low to Moderate	
In-House Customer Relations	Moderate	
Customer Information Center	Moderate	2023
Reduced Fare Programs	Low to Moderate	
College Pass Program	Moderate	2024
Community Engagement	Low to Moderate	
Public Outreach		
Project Outreach Contract Management		
SR-91	Moderate	
I-5	Moderate	
SR-55	Moderate	
OC Streetcar Project	Moderate	2025
I-405 Improvement Project	Moderate to High	2022
I-5 - El Toro Road	Moderate	
I-5 Central (between SR-55 and SR-57)	Moderate	
Commuter Rail	Moderate	
Planning Studies Outreach	Low to Moderate	
Government Relations		
State and Federal Relations		
Lobbying Contracts	Low to Moderate	2023
Subrecipient Monitoring	Moderate	

Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2026-27 Internal Audit Plan

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Mandatory External Independent Audits				
Annual Financial Audits and Agreed-Upon Procedures (AUP) Reviews	FY27-001 through FY27-003	Coordinate and report results of annual financial and compliance audits and AUP reviews for FY 2026-27.	Financial	420
External Regulatory Audits	FY27-004	Coordinate and report on audits by regulators or funding agencies.	Compliance	80
Internal Audit Department Projects				
Risk Assessment and Annual Audit Plan	FY27-100	Preparation of the annual audit plan, quarterly updates to the audit plan, and periodic assessment of risk throughout the year.	Audit Plan and Updates	180
Quality Assurance and Self-Assessment	FY27-101	Update of Internal Audit Policies & Procedures to reflect Generally Accepted Government Auditing Standards (GAGAS). Ongoing Quality Management activities required by GAGAS.	Quality Assurance	160
Fraud Hotline Activities	FY27-102	Administrative duties related to maintenance of the Orange County Transportation Authority (OCTA) Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	120
Automated Workpaper Solution	FY27-104	System updates/training related to automated workpaper solution.	Workpaper System	30
On-Call Audit Bench	FY27-103	Issue Request for Proposals to establish an on-call general auditing bench to provide auditing services, as needed.	On-Call Audit Bench	40
Internal Audits				
Organization-Wide				
Form 700 - Statement of Economic Interests	FY27-5XX	Assess and test controls in place relating to coordination of Form 700 disclosures by designated employees (Government Code Sections 81000-91014).	Compliance	240

Orange County Transportation Authority
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Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Express Lanes Program				
405 Express Lanes Operations and Management Agreement	FY27-5XX	Assess and test oversight, contract compliance and invoice review controls related to the agreement with WSP USA Services, Inc., for maintenance of the Back Office System and operation of the Customer Service Center for the 405 Express Lanes.	Operational	360
People and Community Engagement				
OCTA Bus Marketing and Promotions	FY26-511	Assess and test controls over bus marketing and promotions operations, including procurement and oversight of firms providing services.	Operational	21
Medical Exams	FY27-5XX	Assess and test controls to ensure compliance with Federal Motor Carrier Safety Administration regulations, policy, and procedures.	Internal Control / Compliance	240
Recruiting and Employment	FY27-5XX	Assess and test controls over recruiting and employment processes.	Operational	280
Capital Programs				
Interstate 5: Interstate 405 to Yale Avenue	FY27-5XX	Assess and test project administration, oversight controls, and contract compliance.	Internal Control / Compliance	320
Transit Security Operations Center	FY27-5XX	Assess and test project administration, oversight controls, and contract compliance.	Internal Control / Compliance	320
Planning				
Environmental Mitigation Program	FY26-520	Assess and test controls and compliance with contract agreements for property management, monitoring, and/or reporting relating to the program.	Internal Control / Compliance	280

Orange County Transportation Authority
Internal Audit Department
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Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Operations				
Travel Training	FY26-514	Assess and test oversight, invoice review, and contract compliance controls related to the agreement with Mobility Management Partners for provision of travel training services.	Internal Control / Compliance	40
Fluid Management System	FY26-513	Assess and test controls in place for the dispensing of fuel and other consumables, as well as mileage monitoring, utilizing the Fleetwatch Fluid Management System.	Operational	200
Compressed Natural Gas Station: Maintenance and Operations	FY26-519	Assess and test oversight, invoice review, and contract compliance controls related to the contract with Trillium USA Company, LLC, for operation and maintenance of fueling facilities.	Operational	200
Coach Operator Overtime	FY27-5XX	Evaluate and test controls in place over scheduled and unscheduled coach operator overtime.	Internal Control	320
Finance and Administration				
Bus Parts Purchasing	FY27-5XX	Evaluate and test controls in place over bus parts purchases.	Operational	280
OCTA Headquarters: Property Management	FY27-5XX	Assess and test oversight, invoice review, and contract compliance controls related to the agreement with Lincoln Property Company Commercial, LLC for property management services.	Internal Control / Compliance	260
Treasury	FY27-5XX	Test compliance with investment reporting policies and procedures.	Compliance	180
Information Systems: Contracted Staffing	FY27-5XX	Assess and test invoice review and contract compliance controls related to the agreement with Intratek Computer, Inc., for provision of long-term contract staffing personnel to the OCTA Information Systems Department.	Operational	260
Price Reviews	PR27-5XX	As requested by the Contracts Administration and Materials Management (CAMM) Department, apply AUP to sole source, single bid, and architectural and engineering firm proposals.	Price Review	1,000
Buy America	FY27-5XX	As requested by the CAMM Department, apply AUP to determine compliance with Buy America requirements.	Buy America	360

Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2026-27 Internal Audit Plan

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Unscheduled Reviews and Special Requests				
Unscheduled Reviews and Special Requests	FY27-800	Time allowed for unplanned audits and requests from the Board of Directors (Board) or management.	Varies	180
Monitoring Activities				
Measure M2 Taxpayer Oversight Committee (TOC)	FY27-601	Coordination of audit activities on behalf of the Audit Subcommittee of the TOC.	Administrative Support	32
Follow-Up Reviews				
Follow-Up Reviews and Reporting	FY27-700	Follow-up on the status of management's implementation of audit recommendations.	Follow-Up	325
			Total Audit Project Planned Hours (A)	**6,728**

Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2026-27 Internal Audit Plan

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours
Internal Audit Administration				
Board and Committee Meetings				140
Executive Steering and Agenda Setting Meetings				110
Internal Audit Staff Meetings				150
Other Administration				1,500
			Total Hours (B)	**8,628**
			Department Target Efficiency (A/B)	75%
			Target Efficiency - Professional Staff	80%
Contingency Audits: Internal Audit				
Employee Healthcare Plans Administration	FY27-5XX	Assess and test controls in place to ensure proper enrollment, accounting, and compliance with laws, regulations, policies, and procedures.		
Farebox Revenue Collection	FY27-5XX	Assess and test farebox revenue collection operations and compliance with the contract for armored car services.		