

| <b>Audit Issue Date</b> | <b>Report Number</b> | <b>Division/ Department/ Agency</b>                      | <b>Audit Name</b>                      | <b>Recommendation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Internal Audit Status Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| 1/26/22                 | 21-511               | Executive Office                                         | Physical Access Security               | The Internal Audit Department (Internal Audit) recommends management develop and implement written policies, procedures, and protocols that address the timely issuance, termination, and use of badges. These procedures should be referenced in contracts with Contracted Transportation Services (CTS) providers and be communicated to Orange County Transportation Authority (OCTA) staff. Management should also ensure secondary controls are operating as intended.                                                                                     | <u>Update August 2022</u> : Management has not yet developed policies, procedures, and protocols to address timely issuance, termination, and use of access badges. <u>Update March 2023</u> : Management expects an updated Access Control Policy to be completed soon, and updates to agreements with CTS providers are in process. <u>Update September 2023</u> : Significant progress has been made; however, monitoring controls outlined in the newly-developed policy have not yet been implemented. <u>Update March 2024</u> : Monitoring controls related to access control have been implemented; however, further improvement is needed. <u>Update August 2024</u> : Management is updating distribution lists for the System Validation Report to ensure that appropriate managers receive the report and can validate access rights. Management expects improvements to be completed by October 2024. <u>Update March 2025</u> : Management responded that this effort is on hold due to the recent transition of the access control system to a new platform and the loss of two employees responsible for this effort. <u>Update August 2025</u> : Management has updated the access control validation process and the respective policy for validation of access rights.                                                                                                                                                                                                                       |
| 2/9/22                  | 21-507               | Operations Division and Finance and Administration (F&A) | Facilities Maintenance (FM) Operations | Management should enhance its invoice review process to ensure compliance with OCTA's Vendor Payment Policy and contract payment terms. Vendor mark-ups should be discontinued from time-and-expense contracts. For contracts related to the purchase of parts and materials only, any items not listed on the price summary sheet should include supporting cost documentation. If mark-ups are to be allowed on parts-and-materials contracts, the proposed mark-ups should be incorporated into the evaluation of costs during the vendor selection process. | <u>Update September 2022</u> : Management has enhanced the invoice checklist to include review for sufficient detail as to quantity and rates. CAMM has implemented an evaluation methodology to assign a percentage of the cost score for items not listed on the price summary sheet. Management and CAMM continue to explore options including discounts from price sheets and using fair market values to justify and validate price mark-ups. <u>Update March 2023</u> : FM has enhanced its invoice review; however, CAMM staff needs to enhance its review of invoices for contracts that have been transferred to their control. <u>Update August 2023</u> : CAMM staff has implemented an invoice review checklist; however, Internal Audit identified some payments that do not comply with contract terms and some vendors that do not have published list prices, required in order to validate discounts. <u>Update March 2024</u> : CAMM has hired a contract analyst to manage and review invoices and implement enhancements to invoice review. <u>Update September 2024</u> : Management has developed price validation procedures; however, the procedures are not being applied consistently. <u>Update March 2025</u> : Management has developed price validation procedures; however, the procedures are not being applied consistently. <u>Update September 23, 2025</u> : Management has implemented price validation procedures and testing confirmed the procedures are being applied. |
| 5/31/23                 | 23-509               | F&A                                                      | OCTA's Cybersecurity Program           | Management should adopt and implement a policy that governs asset management and associated activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>Update September 2024</u> : Management has developed paper pass procedures and incorporated these into four out of seven agreements. The remaining three agreements are in the process of being updated. Management has also strengthened controls to ensure passes are properly coded, and to monitor usage. <u>Update March 2025</u> : Management has incorporated paper pass procedures into all agreements. A new rider validation system will replace paper passes with re-loadable smart cards in late summer 2025. <u>Update July 2025</u> : Management updated the Asset Management Policy to reflect all asset management systems used and the respective hardware/software inventory. The policy was approved by the Chief Information Officer on March 5, 2025.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 5/31/23                 | 23-509               | F&A                                                      | OCTA's Cybersecurity Program           | Management should implement a comprehensive vulnerability management program that includes identifying, assessing, prioritizing, remediating, and/or documenting vulnerabilities as "accepted risks" in a timely manner.                                                                                                                                                                                                                                                                                                                                        | <u>Update February 2024</u> : Management is working to build dashboards to identify vulnerabilities and a reporting system to monitor remediation efforts. Management estimates full implementation of this recommendation by June 2024. <u>Update August 2024</u> : The estimated completion date has been extended due to delays in procuring a consultant. The revised expected completion date is October 31, 2024. <u>Update February 2025</u> : Management has implemented a system to identify and track vulnerabilities across systems. A Vulnerability Management Policy (Policy) is in draft and should be published soon. <u>Update July 2025</u> : The Policy was published and approved by the Chief Information Officer on March 5, 2025.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

**Audit Recommendations Closed During  
First Quarter, Fiscal Year 2025-26**

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| 5/31/23 | 23-509 | F&A                             | OCTA's Cybersecurity Program                                                      | Management should strengthen the data protection and privacy program by adopting a comprehensive policy, designating an individual to define and communicate data and privacy requirements, and perform user access reviews at least every 90 days for all internal employees and third party contractors that have OCTA user accounts and/or access to internal resources. | <u>Update February 2024</u> : Management indicated they have begun meeting with departments that handle protected data to identify where the data is stored and who has access. Once completed, management plans to develop policies and processes to properly secure such data. In addition, management is working with Microsoft to implement a governance platform to control user access during the entire employment life cycle. Management estimates full implementation by April 30, 2025. <u>Update August 2024</u> : Management continues to work on identifying protected data and the users that should have access to the data. Work on implementing a governance platform is in progress and full implementation is expected by April 2025. <u>Update February 2025</u> : Management has implemented a user access review process and full implementation of a data protection and privacy program is expected in April 2025. <u>Update July 2025</u> : Management has developed a Data Privacy Program Charter, formed a Privacy Steering Committee, and has purchased and is implementing software for data security posture management. |
| 12/5/23 | 24-503 | Executive Office                | Transit Police Services (TPS)                                                     | Management should implement a process to evaluate, estimate, and document the methodology of assigning TPS costs on an annual basis. Management should also consider implementing a process to accumulate and report all costs of providing transit security.                                                                                                               | <u>Update August 2024</u> : Management is coordinating with Financial Planning and Analysis (FP&A) to implement a process to periodically review contract cost allocations for reasonableness and make adjustments as necessary. Management is also working with FP&A and Maintenance Resource Management to implement a process to accumulate all costs of providing transit security. <u>Update January 2025</u> : Management is working with FP&A and Maintenance Resource Management to periodically evaluate contract cost allocations and to accumulate all costs of providing transit security. <u>Update July 2025</u> : Management has implemented a process to estimate and document the assignment of TPS contract costs annually. Management has also implemented a process to accumulate and report fleet costs and utility costs associated with TPS.                                                                                                                                                                                                                                                                                     |
| 12/5/23 | 24-503 | Executive Office                | TPS                                                                               | Management should implement procedures to document agreements for enhanced services, including the type, time, and place of services, and obtain a cost estimate for services. Management should reconcile invoices for special services to these documents and obtain support, or include in the contract, the rates to be charged prior to authorizing payment.           | <u>Update August 2024</u> : Management has obtained annual cost estimate memos from TPS that document each type of enhanced service, the overtime billing rates by position, and the estimate of hours and positions required for each service; however, the contract requires documentation of the type, time, and place for each of these services, as scheduled, along with a cost estimate. Management should obtain a memo with all of the required information for each of the scheduled services. <u>Update January 2025</u> : Management has developed a template to document special service activities and will implement it immediately. <u>Update July 2025</u> : Management has implemented a process for outlining the type, time, and general area of TPS special services, along with a cost estimate for such services.                                                                                                                                                                                                                                                                                                                |
| 9/13/24 | 25-502 | F&A                             | Investments: Compliance, Controls, and Reporting January 1 through June 30, 2024  | Management should update the Treasury manual to reflect current practices.                                                                                                                                                                                                                                                                                                  | <u>Update March 2025</u> : Management is working to update the manual and related policies. <u>September 2025</u> : Management has updated the manual effective July 1, 2025.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 3/14/25 | 25-511 | F&A                             | Investments: Compliance, Controls, and Reporting July 1 through December 31, 2024 | Management should enhance controls to ensure variable and floating rate securities are properly reflected in monthly investment and debt reports.                                                                                                                                                                                                                           | <u>Update September 2025</u> : While management initially concurred with the observation and agreed to enhance its review process, management has since changed the process. Management has stopped indicating the variable and floating rate securities individually in the portfolio listing and is reporting only the total amount and percentage of variable and floating rate securities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 1/7/25  | 25-507 | People and Community Engagement | Employee Compensation                                                             | Management should strengthen controls to ensure compliance with the Temporary Increases Policy.                                                                                                                                                                                                                                                                             | <u>Update September 2025</u> : While management had not identified and extended one employee's temporary increase in a timely manner, management subsequently improved the weekly reporting of temporary increases to provide information on temporary increases with expiration dates within the past 90 days.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 1/7/25  | 25-507 | F&A                             | Employee Compensation                                                             | Management should retain documentation supporting productivity incentive calculations and annual determination of cell phone allowance.                                                                                                                                                                                                                                     | <u>Update September 2025</u> : Management is now retaining documentation supporting numbers used in the productivity incentive calculations and annual determinations of the cellular allowance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |