

**Audit Recommendations Closed During  
Third Quarter, Fiscal Year 2023-24**

**ATTACHMENT C**

<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>
1/10/23	23-503	People and Community Engagement (PACE)	Administrative Employee Mandatory Training and Employee Educational Reimbursements	Management should implement monitoring controls to ensure all administrative employees obtain mandatory training within required timeframes. Management should also ensure mandatory annual training is obtained and employee merit increases are withheld for non-compliance, as required by policy.	Management has implemented monitoring controls by running weekly reports and regular follow-up is performed with employees that require training.
8/7/23	23-505	PACE	Life Insurance Benefits	Management should amend the Personnel and Salary Resolution to accurately outline and/or reference age-related benefit reductions and should consult legal counsel about a resolution to the Coach Operator Collective Bargaining Agreement language that does not disclose age-related deductions or benefits provided to spouse/domestic partner and children. Management should also consult legal counsel to determine if undisclosed reductions to benefits paid should be corrected.	Management has included disclosure of all age-related benefit reductions in the Coach Operator's Benefits Guide. Management asserted that reference to the Benefits Guide for administrative and Transportation Communications Union employees will be included in the upcoming 2024-25 Personnel and Salary Resolution, to be presented for Board approval in June 2024. Management indicated that legal counsel advised that inclusion of this information in the respective benefit guides represents sufficient disclosure.
8/7/23	23-505	PACE	Life Insurance Benefits	Management should implement procedures to ensure accuracy, completeness, and timely submission of claim forms, and monitor timeliness of claim payments. Management should also consider further efforts to determine whether interest applied to proceeds complies with California law.	Management has implemented procedures to monitor claims for accuracy, completeness and timely submission. Management obtained additional documentation from VOYA as to interest applied to proceeds.
8/31/23	23-515	Finance and Administration (F&A)	Oversight Controls and Contract Compliance Related to the Anaheim Canyon Metrolink Station Project	Management should enhance controls to ensure all procurements exceeding the stated thresholds are presented as regular calendar items, as required.	The Contracts Administration and Materials Management (Camm) Department sent a memo to the executive team, communicating the policy requirement. In addition, Camm's weekly updates to the Chief Financial Officer on upcoming procurement-related staff reports now identify items that need to be discussed as regular items
8/31/23	23-515	Capital Programs and F&A	Oversight Controls and Contract Compliance Related to the Anaheim Canyon Metrolink Station Project	Extra work should not be authorized until a Change Directive has been issued to the construction contractor. Management should also ensure all documentation to validate pricing is included in Contract Change Order (CCO) back-up files. Management should also ensure contract files include final amendment proposals and support for Other Direct Costs (ODC). Labor rates of sole proprietors should be validated and amendment proposals for fixed price contracts should include employee names rather than labor categories.	Capital Programs sent a memo to staff, reminding staff that change directives should be issued by the project manager prior to performance of any extra work and that CCO files should include supporting documentation to validate all labor rates. Camm developed procedures on validating labor rates of sole proprietors and sent an email to staff, reminding them to include final amendment proposals in the contract file and encouraging consultants to identify named personnel in amendments to firm fixed price contracts.

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8/31/23	23-515	F&A	Oversight Controls and Contract Compliance Related to the Anaheim Canyon Metrolink Station Project	Management should not authorize work until contract authority has been obtained. Management should consistently obtain payroll registers for all staff billed under labor classifications and should obtain cost support for any ODC billed but not listed in the contract. Management should also require construction managers to prepare quantity sheets to support billed CCO items.	Capital Programs sent a memo to staff, reminding staff that invoices should not be submitted for work that has not yet been authorized and all documentation requirements for payments are fully met.
2/28/23	23-501	PACE	Workers' Compensation Program	Management should enhance monthly reviews of Intercare's check payments to include review of temporary benefit calculations and settlement calculations with supporting documentation. Management should also review paper transactions and reconcile Intercare's listing of checks sent to the Orange County Transportation Authority (OCTA) to what has been received and deposited. Checks received by OCTA should be deposited in a timely manner. Finally, management should request Intercare provide a detailed invoice from Express Scripts to support payments.	Staff has begun reviewing temporary benefit calculations and settlement calculations with supporting documentation, paper transactions added to the check replenishment, and detailed information to support payments to the pharmacy provider. In addition, Intercare is now reporting to OCTA staff all the checks received by Intercare each month; which OCTA staff can then use for reconciliation and monitoring.
9/11/23	24-501	F&A	Investments: Compliance, Controls and Reporting, January 1, 2023 through June 30, 2023	The Treasury Department (Treasury) should prepare daily cash forecasts on a timely basis and the Treasury manager should perform all steps on the checklist prior to presenting investment reports to the F&A Committee. All forecasts, checklists, worksheets, and reports that require manager review should include a date stamp, such as the Foxit software approval stamp, to evidence timely review.	Internal Audit tested on a sample basis and confirmed that the Daily Bank of the West Investment Worksheets were prepared and reviewed on a timely basis and were time stamped,
9/11/23	24-501	F&A	Investments: Compliance, Controls and Reporting, January 1, 2023 through June 30, 2023	Treasury should provide monthly investment reports to the F&A Committee within 45 days of quarterly month end, consistent with the benchmark outlined in the government code for quarterly reports.	Internal Audit tested and confirmed that the September and December 2023 reports were submitted to the F&A Committee within the 45-day requirement.