



April 24, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance, Year Ended June 30, 2023

Overview

Crowe LLP, an independent accounting firm, has issued results of its audit of the Orange County Local Transportation Authority's compliance with the Measure M2 Ordinance for the year ended June 30, 2023. Crowe LLP found that the Orange County Local Transportation Authority complied, in all material respects, with the compliance requirements of the Measure M2 Ordinance for the year ended June 30, 2023. In addition, no deficiencies in internal control over compliance were reported.

Recommendation

Receive and file the Independent Auditor's Report on Compliance with the Measure M2 Ordinance and Report on Internal Control over Compliance for the year ended June 30, 2023, as an information item.

Background

As spelled out in the Orange County Local Transportation Authority (OCLTA) Measure M2 (M2) Ordinance, the Taxpayers Oversight Committee (TOC) is responsible for reviewing annual audits, along with other materials, and holding an annual public hearing to determine whether the OCLTA is proceeding in accordance with the M2 Ordinance. In addition, following the public hearing, the TOC Chairperson is required to annually certify whether revenues have been spent in compliance with the M2 Ordinance. The TOC Chairperson has communicated that a compliance audit by an independent accounting firm is required in order to provide his annual certification.

In September 2023, the TOC voted to make a request to the OCTA Board of Directors (Board) to contract with an independent accounting firm for provision of a limited compliance audit for the fiscal year 2022-23. The audit would be limited to an opinion on OCTA's compliance with the M2 Ordinance, excluding testing at the jurisdiction level. On October 9, 2023, the Board approved the request and an amendment to the existing agreement with Crowe LLP (auditors), an independent accounting firm, was amended to provide for the audit.

Discussion

The auditors conducted the audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, and the M2 Ordinance. The objectives of the audit were to obtain reasonable assurance about whether material noncompliance with the M2 Ordinance occurred and express an opinion on compliance based on the audit.

The auditors found that OCLTA complied, in all material respects, with the compliance requirements of the M2 Ordinance and reported that no deficiencies in internal control were identified.

Summary

The auditors have issued the Orange County Local Transportation Authority Report on Compliance with the Measure M2 Ordinance for the year ended June 30, 2023.

Attachment

- A. Independent Auditor's Report on Compliance with the Measure M2 Ordinance and Report on Internal Control over Compliance

Prepared by:



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