



September 14, 2011

To: Finance and Administration Committee

From: Will Kempton, Chief Executive Officer

Subject: Review of Veolia Transportation Services, Inc. Agreement No. C-5-3021 for ACCESS Services and Scheduling of Non-ADA Same-Day Taxi Services

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed a review of the Orange County Transportation Authority's Agreement No. C-5-3021 with Veolia Transportation Services, Inc. for Americans with Disabilities Act ACCESS Service, both in-house and through a subcontractor, and scheduling services for non-ADA same-day taxi services. Based on the review, management oversight of these services is adequate and invoices are properly supported and within the terms of the agreement.

Recommendation

Receive and file the Review of Veolia Transportation Services, Inc. Agreement No. C-5-3021 for ACCESS Services and Scheduling of Non-ADA Same-Day Taxi Services.

Background

The Orange County Transportation Authority (OCTA) Fiscal Year 2010-11 Internal Audit Plan included a review of contracted and paratransit operations. Veolia Transportation Services, Inc. (Veolia) provides Americans with Disabilities Act (ADA) ACCESS service, both in-house and through a subcontractor, and scheduling services for non-ADA same-day taxi services. The non-ADA same-day taxi services are provided through a separate contract arrangement.

Veolia operates from OCTA's Construction Circle base in Irvine. OCTA provides the facility, the buses, and the fuel, as well as the facility maintenance, landscape, and janitorial services. Veolia recruits, hires, and trains personnel, including management, operations staff, bus operators, and mechanics necessary to operate the services. Veolia is a publicly traded company with headquarters in Paris, France.

OCTA pays Veolia a fixed monthly rate and a set variable rate for each type of service. The average monthly cost of the agreement is approximately \$3 million, and total payments for the period July 2009 through June 2011, were \$73,165,870.

Discussion

The Internal Audit Department (Internal Audit) performed interviews with OCTA Community Transportation Services staff, reviewed documentation evidencing Veolia's compliance with certain agreement provisions, and reviewed a sample of invoices and supporting documentation. The scope of the review included the period from July 2009 through June 2011.


Summary

Based on the procedures performed, Internal Audit has concluded that management oversight is adequate and that contracted services invoiced to OCTA are properly supported and within the terms of the agreement.

Attachment

- A. Review of Veolia Transportation Services, Inc. Agreement No. C-5-3021 for Americans with Disabilities Act (ADA) ACCESS Service and Scheduling of Non-ADA Same-Day Taxi Service, Internal Audit Report No. 11-509

Approved by:



Janet Sutter
Executive Director, Internal Audit
714-560-5591

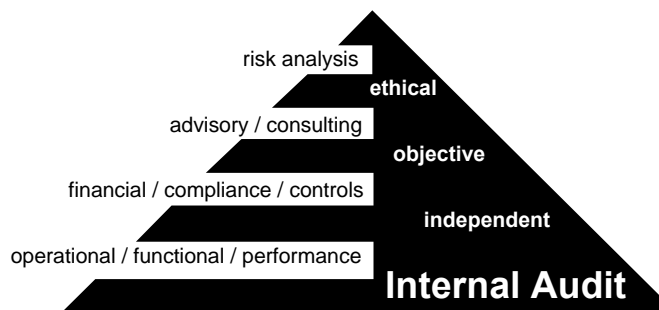
Orange County Transportation Authority Internal Audit Department



Review of Veolia Transportation Services, Inc. Agreement No. C-5-3021 for Americans with Disabilities Act (ADA) ACCESS Service and Scheduling of Non-ADA Same-Day Taxi Service

INTERNAL AUDIT REPORT NO. 11-509

September 2, 2011



Internal Audit Team:

Janet Sutter, CIA, Executive Director, Internal Audit
Gerry Dunning, CIA, CISA, CFE, Senior Internal Auditor

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Review of Veolia Transportation Services, Inc. Agreement No. C-5-3021 for
Americans with Disabilities Act (ADA) ACCESS Service and Scheduling of
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September 2, 2011**

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CONCLUSION

The Internal Audit Department (Internal Audit) has completed a review of the Orange County Transportation Authority's (OCTA) Agreement No. C-5-3021 (Agreement) with Veolia Transportation Services, Inc. (Veolia) for ACCESS service, including Americans with Disabilities Act (ADA) ACCESS service and supplemental ACCESS services by subcontractors, and scheduling of non-ADA, same-day taxi service (contracted services). The primary purpose of the review was to evaluate the adequacy of OCTA oversight of these contracted services and verify the propriety of payments made to Veolia.

Based on the procedures performed, Internal Audit has concluded that management oversight is adequate and that contracted services invoiced to OCTA are properly supported and within the terms of the Agreement.

BACKGROUND

The OCTA Fiscal Year (FY) 2010-11 Internal Audit Plan included a review of contracted and paratransit operations. Veolia provides the following services:

- a. ADA ACCESS Service - An advance reservation, curb-to-curb service for travel within areas comparable to OCTA's fixed route bus services, for persons who have been certified as ADA eligible. ACCESS service operates during the same hours as OCTA's fixed route bus service; currently seven (7) days a week.
- b. ADA ACCESS Supplemental Service - Supplemental service that provides additional capacity to OCTA's dedicated ACCESS fleet during peak service hours and late night and early morning service. This service also provides flexibility in responding to unforeseen circumstances.
- c. Scheduling of Non-ADA Same-Day Taxi Services - Veolia provides scheduling services for non-ADA same-day taxi service which is provided under a separate contract with Yellow Cab of Greater Orange County. This is a same-day demand-response service provided to individuals with ACCESS service eligibility for trips within Orange County.

Veolia operates from OCTA's Construction Circle base in Irvine. OCTA provides the facility, the buses, and the fuel, as well as the facility maintenance, landscape, and janitorial services. Veolia recruits, hires, and trains personnel, including management, operations staff, bus operators, and mechanics necessary to operate the services.

OCTA's Agreement with Veolia is administered by the Transit Division, Community Transportation Services (CTS) Department, which includes a department manager, section manager, senior maintenance field administrator, field administrator, and a community transportation coordinator.

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Under the Agreement, OCTA pays Veolia a fixed monthly rate and a set variable rate for each type of service. The average monthly cost of the Agreement is approximately \$3 million, and total payments for the period July 2009 through June 2011, were \$73,165,870.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this review was to determine adequacy of management oversight of the Agreement and to ensure that services invoiced to OCTA are properly supported and within the terms of the Agreement. The scope of the review included the period from July 2009 through June 2011. The review methodology included, but was not limited to, the following:

- Review of Agreement No. C-5-3021 and Amendments 1 through 6.
- Interviews with OCTA's department manager of CTS, section manager, senior maintenance field administrator, field administrator, and community transportation coordinator
- Interview with OCTA business unit analyst within the Operations Analysis group of the Transit Programs Department
- Review of compliance with drug and alcohol requirements
- Review of compliance with vehicle maintenance requirements
- Review of compliance with mechanics qualifications
- Review of bus operators training requirements
- Review of the most recent Terminal Inspection Report by the California Highway Patrol
- Review of compliance with insurance and performance bond requirements
- Review of a sample of paid invoices and supporting documentation

This review was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Audit Comments, Recommendations and Management Responses

Noteworthy Accomplishments

OCTA staff tracks services and adjustments to service on a daily basis. When the monthly invoice is received from Veolia, CTS staff compares invoiced hours and service to the scheduled hours and any adjustments that occurred during the course of the month.