July 12, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer
       Janet Sutter, Executive Director
       Internal Audit Department


Overview

Region IX of the Grants Management Division of the Department of Homeland Security’s Federal Emergency Management Agency has completed a financial monitoring review of Transit Security Grant Program funds awarded to the Orange County Transportation Authority in 2014 and 2015. No areas of non-compliance were noted as a result of this review.

Recommendation


Background

The Department of Homeland Security’s (DHS) Federal Emergency Management Agency (FEMA), Region IX Grants Management Division conducted an on-site financial monitoring review (review) covering Transit Security Grant Program (TSGP) funding awarded to the Orange County Transportation Authority (OCTA) for fiscal years 2014 and 2015. Funding for these two fiscal years totaled $1,115,500. The review was conducted and final results were provided in June 2017.
Discussion

The review found that financial and administrative operations at OCTA were adequate to ensure that DHS funds were properly accounted for and expenditures were in compliance with federal financial regulations and applicable funding parameters.

The results letter (Attachment A) noted that OCTA staff is to be commended and reiterated that no areas were found to be out of compliance with federal financial regulations. The reviewer offered only one recommendation for further improvement to OCTA's policies and procedures.

Summary

FEMA has conducted a financial monitoring review of TSGP funds awarded to OCTA and identified no areas of non-compliance.

Attachment

A. Letter to Darrell Johnson from Karen E. Armes, Director, Grants Management Division, FEMA Region IX, dated June 27, 2017

Prepared by:

[Signature]

Janet Sutter
Executive Director, Internal Audit
714-560-5591
JUN 27 2017

Darrell Johnson
Chief Executive Officer
Orange County Transportation Authority
550 S. Main Street
Orange, California 92863-1584

Dear Mr. Johnson:

The purpose of this letter is to report the results of the on-site financial monitoring review conducted June 19 - 21, 2017, by U.S. Department of Homeland Security’s Federal Emergency Management Agency (FEMA), Region IX Grants Management Division (GMD). The review was conducted in accordance with the Code of Federal Regulations, OMB Circulars, and program guidance for the following Orange County Transportation Authority awards:

<table>
<thead>
<tr>
<th>Award Number</th>
<th>Program Name</th>
<th>Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMW-2014-RA-00010</td>
<td>Transit Security Grant Program</td>
<td>$600,000</td>
</tr>
<tr>
<td>EMW-2015-RA-00012</td>
<td>Transit Security Grant Program</td>
<td>$515,500</td>
</tr>
</tbody>
</table>

During the review, the monitor assessed whether the financial and administrative operations of Orange County Transportation Authority (OCTA) properly accounted for the receipt and expenditure of DHS funds; whether expenditures were in compliance with federal financial regulations; and if expenditures were in compliance with the applicable funding parameters for the grant awards reviewed. A review was conducted of the accounting of grant funds, documented policies, procedures, disbursement records, and expenditures charged.

A copy of the completed Financial Monitoring Protocol used to monitor these grants is included with this letter.

Areas Requiring Corrective Action:

You and your staff are to be commended as no areas were determined to be out of compliance with federal financial regulations.

Observation:

OCTA Contracts Administration and Materials Management (Camm) Policies and Procedures include multiple references to meeting the requirements of U.S. Department of Transportation’s Federal Transit Administration (FTA). OCTA may want to consider broadening the references to include “and other federal agencies, as applicable” during the next revision of the CAMM Policies and Procedures.
FEMA Region IX, Grants Management Division, looks forward to continuing to work with you and your staff. If you have any questions or need additional information, you may contact me directly at (510) 627-7132 or via e-mail at karen.armes@fema.dhs.gov or have your staff contact Michelle Weaver, Grant Services Branch Chief, at michelle.weaver@fema.dhs.gov or 510-627-7021. Region IX looks forward to working with you and your team.

Sincerely,

Karen E. Armes, Director
Grants Management Division
FEMA Region IX

Enclosures (2)

cc: Janet Sutter, Executive Director, Internal Audit, OCTA
    HQ/RCO
    Ahsha Tribble, Ph.D., Acting FEMA IX Regional Administrator
    Steve Billings, Program Analyst, GPD
    Official Grant File