



*July 12, 2017*

**To:** Finance and Administration Committee

**From:** Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit Department

A handwritten signature in blue ink, appearing to be 'D. Johnson', is written over the 'From' field and extends into the 'Subject' field.

**Subject:** Department of Homeland Security, Federal Emergency Management Agency, Region IX Grants Management Division, Financial Monitoring Review of 2014 and 2015 Transit Security Grant Program Funding

**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**

Receive and file financial monitoring review letter from Region IX of the Grants Management Division of the Department of Homeland Security's Federal Emergency Management Agency, dated June 27, 2017, as an information item.

**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:**



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

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 Region IX  
 1111 Broadway, Suite 1200  
 Oakland, CA 94607-4052



FEMA

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:

Award Number	Program Name	Award Amount
EMW-2014-RA-00010	Transit Security Grant Program	\$600,000
EMW-2015-RA-00012	Transit Security Grant Program	\$515,500

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.

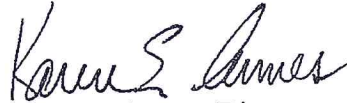
**Observation:**

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.

Mr. Darrel Johnson  
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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](mailto:karen.armes@fema.dhs.gov) or have your staff contact Michelle Weaver, Grant Services Branch Chief, at [michelle.weaver@fema.dhs.gov](mailto: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