

MEETING AGENDA

- 1. Welcome**
- 2. Approval of Minutes for May 27, 2025**
- 3. Public Comments***
- 4. Action Items**
 - A. Approve Revisions to Annual Selection of Cities Template
Janet Sutter, Executive Director, Internal Audit
- 5. Adjournment**

The next meeting of the TOC Audit Subcommittee will be scheduled in December 2025, as needed.

*Public Comments: At this time, members of the public may address the Taxpayer Oversight Committee (TOC) regarding any items within the subject matter jurisdiction of the TOC, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person, unless different time limits are set by the Chairman, subject to the approval of the TOC.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA Clerk of the Board, telephone (714) 560-5676, no less than two business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

**Measure M Taxpayer Oversight Committee
Audit Subcommittee
Orange County Transportation Authority
550 S. Main Street, Orange, CA
May 27, 2025 @ 4:00 p.m.**

SPECIAL MEETING MINUTES

Committee Members Present:

Andrew Hamilton, Auditor-Controller, County of Orange, Chair
Mark W. Eisenberg, Fifth District Representative
James Fuchs, Second District Representative
Naresh Patel, First District Representative

Committee Members Absent:

Kirk Watilo, Third District Representative

Orange County Transportation Authority Staff Present:

Christopher Boucly, Department Manager, External Affairs
Rose Casey, Executive Director, Planning
Marissa Espino, Section Manager, Public Outreach
Kelsey Imler, Program Management Analyst, Measure M2 Program Management Office
Jonathan Lee, Program Management Analyst, Measure M2 Program Management Office
Sean Murdock, Director, Finance and Administration
Andrew Oftelie, Chief Financial Officer, Finance and Administration
Janet Sutter, Executive Director, Internal Audit
Rima Tan, Manager, Accounting and Financial Reporting

Guests:

Jennifer Richards, Partner, Crowe LLP
Joseph Widjaja, Senior Manager, Crowe LLP
Matt Holder, Auditor-Controller's Office, County of Orange

Recorder:

Teri Lepe, Executive Assistant, Internal Audit

1. Welcome

Mr. Andrew Hamilton called the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) Audit Subcommittee (AS) special meeting to order at 4:03 p.m.

2. Approval of the Minutes for May 14, 2024

A motion was made by Mr. Naresh Patel, seconded by Mr. Hamilton, and carried unanimously, to approve the May 14, 2024, TOC AS minutes.

3. Public Comments

No public comments were submitted prior to the meeting, nor were there any members of the public present for comments.

4. Action Items

- A. Receive and file External Auditor Communications/OCLTA Annual Audit, Compliance Audit, and Agreed-Upon Procedures Reports, Year Ended June 30, 2024 – Crowe LLP

Ms. Janet Sutter, Executive Director, Internal Audit, introduced Ms. Jennifer Richards, Partner, and Joseph Widjaja, Senior Manager, of Crowe LLP (Crowe), who were on-hand to present results of the Orange County Local Transportation Authority Annual Audit, Compliance Audit, and Agreed-Upon Procedures Reports, Year Ended June 30, 2024.

Ms. Richards presented the audit objectives, audit results, and the required external auditor communications using PowerPoint as visual reference.

Committee Member Comments:

Mr. Hamilton asked if risk assessments performed by Ms. Sutter or Mr. Andrew Oftelie, Chief Financial Officer, Finance and Administration, either independently or shared, address any Measure M2 (M2) expenditures. Ms. Sutter responded she has a risk assessment plan that is reviewed with management every year that does include M2 items and those functions that support M2. Mr. Oftelie mentioned that Ms. Sutter discusses audit items with department managers along with those that have a high-risk score, which are audited more frequently; ultimately, however, it is Internal Audit's decision on selecting functions for audit.

Mr. Hamilton asked if Crowe reviewed the Internal Audit risk assessment related to M2, as part of their compliance. Ms. Richards responded no, Crowe does its own independent risk assessment. However, Crowe looks at and considers any reports issued by others.

Mr. James Fuchs asked for an example of a high-risk item. Ms. Richards responded that items of a heightened risk would include the eligibility of expenditures for the program that (the expenditures) relate to, as well as projects that have significant volume of transactions.

Mr. Patel asked about the City of Orange's misreporting of direct and indirect charges. Mr. Widjaja responded that charges were reported in the wrong section of the Expenditure Report.

Mr. Mark Eisenberg asked if any monies were taken back from cities where findings showed ineligible expenditures. Ms. Richards responded that ineligible expenditures were identified in the City of Huntington Beach. Mr. Eisenberg asked if we would be getting that money back. Mr. Widjaja noted that the city responded that the misspent funds were returned to the fund and Mr. Oftelie advised that OCTA's Board of Directors have taken action to find the city ineligible, to direct staff to obtain reimbursement of the misspent funds, and to execute an agreement with the city, outlining the required steps to regain eligibility.

Mr. Fuchs asked if the finding related to the direct and indirect charges was a bookkeeping error or was the money misspent. Mr. Widjaja responded it was just a reporting error.

Mr. Eisenberg asked if it was disqualifying that a city had exceeded ten percent in administrative costs. Ms. Sutter responded no, it was a reporting error.

Mr. Eisenberg asked about the County of Orange, did they receive anything that was subject to auditing? Mr. Widjaja responded they did, and there were no findings related to the agreed-upon procedures (AUP) applied.

Mr. Fuchs asked if Crowe further investigated the cities that had misspent funds to determine if there were other misspent funds. Ms. Richards responded it would depend on how many items they are already testing. In the funds they look at, if they find issues they will ask to have the city go back and address them and then they will look at the supporting information provided. Discussion ensued with the answer being yes, they do.

Mr. Eisenberg asked if a city did not submit for reimbursement within 180 days is the request stale and rejected? Ms. Richards responded that OCTA may have the option to do that, but they have not and continued that the Ordinance does have a requirement for the cities to submit within 180 days but does not contain a set time frame for OCTA to reimburse. Discussion ensued about the timeframe and responsibilities for submittal.

Mr. Eisenberg asked if standardized reporting tools were provided for the cities. Mr. Widjaja responded that OCTA does provide a format for reporting expenditures.

Mr. Fuchs asked if the misreported direct and indirect costs are corrected by the cities or by the auditors in their statements. Mr. Widjaja responded the cities would correct the report and resend it to OCTA. Ms. Sutter responded they would typically correct it in upcoming reports rather than correct and resubmit it.

Mr. Eisenburg asked if anything in the Trump Budget Bill would have any negative implications for completion of the M2 projects in the future. Mr. Oftelie responded no, OCTA is solely reliant on the sales tax collections and their projections on the collection amount are very conservative. Collections might be lower due to changes in the economy but M2 has a surplus and the biggest projects have been completed.

A motion on Item 4A to receive and file was made by Mr. Hamilton, seconded by Mr. Eisenburg, and passed unanimously.

B. Approve Selections for Fiscal Year 2024-25 Measure M2 Agreed-Upon Procedures

Ms. Sutter presented the suggested selection of cities for review of Senior Mobility Program (SMP), Local Fair Share (LFS), and Senior Non-Emergency Medical Transportation (SENEMT) program expenditures. Six cities were recommended for LFS, three for SMP, and the County of Orange for the SNEMT program. Additionally, there will be an annual review of the cities of Buena Park and Huntington Beach in relation to their findings. A robust discussion ensued about the suggested selections, how cities are selected, and what is to be audited.

Committee Member Comments:

Mr. Hamilton stated that he feels the selection is more rotational and that maybe cities should be selected on a risk-basis. Mr. Hamilton would like to see a more risk-based selection.

Mr. Hamilton asked if staff could compare the name of the city's finance director (who signs the expenditure report) to see if there has been a change in finance director personnel since the prior year. Staff indicated this could be done.

Mr. Eisenburg suggested that maybe cities should be reviewed every five years or so, but he would rather focus on cities that receive a significant amount of funds every year. Mr. Eisenburg stated he's more inclined to review cities that draw a larger share of revenues. Mr. Hamilton asked if staff could return in June with ideas for a risk-based selection. Ms. Sutter asked what information the committee would like staff to gather on the 35 entities, what questions would they have, and how they would risk-rank the answers.

Discussion ensued on how to select cities. Mr. Eisenberg suggest maybe they select some based on time and others based on amount of funds received. Mr. Hamilton agreed with this and made a motion to eliminate the cities of Aliso Viejo, Lake Forest, and Villa Park from the list of suggested cities for review of Senior Mobility Program funds. The motion was seconded by Mr. Eisenburg and passed unanimously.

Further discussion and recommendations were made to select the cities of Anaheim, Irvine, and Santa Ana for LFS audit, remove the cities of La Palma and Dana Point, and add the cities of Garden Grove and Costa Mesa for LFS audit.

A motion on Item 4B to approve, with changes, was made by Mr. Eisenburg and seconded by Mr. Hamilton. Motion passed unanimously.

A discussion ensued on the creation and clarification of factors for a risk assessment, including collecting information on single audit results and turnover of finance director personnel. Ms. Sutter offered to get data on the number of findings for use in the selection of cities going forward.

Mr. Hamilton made a request for staff to provide more risk-based information for committee consideration in selection of cities going forward.

A motion was made by Mr. Hamilton and seconded by Mr. Eisenburg to make the staff request. Motion passed unanimously.

C. Re-Adoption of Taxpayer Oversight Committee, Audit Subcommittee Charter

Ms. Sutter presented this item to the AS.

A motion on Item 4C to readopt the Audit Subcommittee Charter was made by Mr. Hamilton and seconded by Mr. Eisenberg. Motion passed unanimously.

5. Presentation Items

A. Quarterly M2 Revenue and Expenditure Report

Mr. Sean Murdock, Director, Finance and Administration, gave a summary of the Quarterly M2 Revenue and Expenditure Report as of March 31, 2025.

Committee Member Comments:

Mr. Eisenberg asked about OCTA SMP, the City of Irvine has expanded their shuttle service and is OCTA now able to cut back our service and avoid a duplicity of service? Mr. Oftelie said staff are aware of the service and can deploy OCTA's resources accordingly.

B. M2 Ordinance Compliance Matrix

Ms. Kelsey Imler, Program Management Analyst, Measure M2 Program Management Office, presented the Ordinance No. 3 Tracking Matrix for the Period Ending December 31, 2024.

Committee Member Comments:

Mr. Hamilton commented on wording and suggested changes to the matrix to add references to the M2 Compliance Audit. Staff agreed; Mr. Oftelie communicated that the current version of the matrix would be presented to the full TOC at the June 10, 2025 meeting, and a revision of the matrix would be presented to AS members at the next AS meeting.

6. Adjournment

The TOC AS meeting adjourned at 5:54 p.m. The next regularly scheduled meeting will be at **5:00 p.m. on Tuesday, June 10, 2025**, in Conference Room 09 of the 550 Building, OCTA Headquarters.

Measure M Jurisdictions - Information for Selection

Agency	Finance Director Turnover**	Single Audit		Local Fair Share				Senior Mobility Program & Senior Non-Emergency Medical Transport				
		No. of Findings 2023	No. of Findings 2024	Last AUP Review	No. of Findings Last AUP	FY25 Allocations as of 4/3/25	Allocations Since last AUP as of 4/3/25	Last AUP Review	No. of Findings Last AUP	Allocations FY 6/30/25 as of 4/3/25	Allocations Since last AUP as of 4/3/25	
Aliso Viejo	No	0	n/a	2023	1	643,669.74	1,582,914.07	-	0	35,434.40	342,642.82	
Anaheim	No	1	0	2023	3	5,539,950.77	13,571,877.86	2023	0	263,240.10	655,576.10	
Brea	No	0	0	2020	1	934,332.76	5,867,361.68	2020	2	45,229.34	272,024.16	
Buena Park*	No	0	0	2024	2	-	-	2024	1	-	-	
Costa Mesa	No	0	1	2023	0	2,370,915.10	5,860,661.51	2020	0	83,797.45	549,342.24	
Cypress	No	n/a	n/a	2022	2	809,453.74	3,195,520.12	2020	0	48,849.04	325,419.49	
Dana Point	No	n/a	n/a	2019	1	548,039.34	4,117,646.80	2019	2	45,903.85	363,899.07	
Fountain Valley	No	0	n/a	2021	0	1,000,839.54	5,270,499.72	2019	0	68,560.41	581,591.64	
Fullerton	No	0	0	2021	1	2,118,378.79	11,231,741.53	2023	1	120,342.06	309,451.53	
Garden Grove	No	0	0	2024	2	2,395,866.45	2,395,866.45	2022	1	152,747.48	606,352.23	
Huntington Beach*	No	0	0	2024	4	3,073,972.77	3,073,972.77	2022	2	217,813.88	889,180.27	
Irvine	No	0	0	2022	1	5,120,622.34	19,475,717.61	2021	1	198,437.67	913,984.06	
Laguna Beach	No	0	in process	2022	2	398,798.77	1,581,457.97	2023	3	34,190.14	88,874.18	
Laguna Hills	No	0	n/a	2024	0	526,618.14	526,618.14	2020	3	35,187.22	223,135.90	
Laguna Niguel	No	0	1	2021	1	1,052,464.55	5,618,314.91	2024	0	79,964.09	79,964.09	
Laguna Woods	No	n/a	n/a	2021	0	210,455.46	1,111,405.71	2024	1	67,257.48	67,257.48	
La Habra	No	2	in process	2024	0	848,643.70	848,643.70	2019	2	53,331.75	405,570.18	
Lake Forest	No	0	0	2020	0	1,306,343.22	8,417,071.43	2018	0	75,795.60	579,825.83	
La Palma	No	n/a	n/a	2020	1	223,977.43	1,433,054.31					
Los Alamitos	No	n/a	n/a	2022	3	205,984.16	816,399.47					
Mission Viejo	No	0	0	2024	2	1,422,257.56	1,422,257.56	2024	2	114,258.96	114,258.96	
Newport Beach	No	0	0	2021	2	1,697,249.83	9,166,455.69	2023	0	112,444.93	304,078.41	
Orange	No	0	1	2024	2	-	-	2022	1	-	335,645.45	
Placentia	No	5	0	2020	3	766,000.99	4,893,488.86	2020	1	48,132.64	336,722.32	
Rancho Santa Margarita	No	0	0	2022	0	662,262.96	2,623,439.02	2021	0	37,072.47	150,245.49	
San Clemente	No	n/a	n/a	2024	3	910,517.00	910,517.00	2019	0	71,451.13	536,611.26	
San Juan Capistrano	No	n/a	n/a	2022	0	613,759.14	2,425,188.84	2024	1	42,204.56	42,204.56	
Santa Ana	No	2	0	2023	3	4,268,458.95	10,442,315.26	2022	2	195,102.86	754,371.41	
Seal Beach	No	n/a	n/a	2024	1	377,916.56	377,916.56	2021	2	54,219.92	339,116.91	
Stanton	No	0	0	2023	0	489,588.32	1,197,755.72	2020	0	31,550.78	203,505.87	
Tustin	No	0	0	2020	2	1,495,503.08	9,503,065.38	2019	2	56,595.33	417,790.30	
Villa Park	No	n/a	n/a	2022	2	83,739.31	330,328.40	-	0	9,028.28	129,762.92	
Westminster	No	2	0	2024	3	1,308,439.97	1,308,439.97	2021	1	96,277.84	542,872.44	
Yorba Linda	No	n/a	n/a	2021	3	965,059.74	5,164,569.95	2023	0	78,460.08	181,848.85	
County Unincorporated	No	4	12	2024	0	3,859,249.15	3,859,249.15					
County - SNEMT								2020	0	2,888,934.14	18,627,456.28	
Total						48,249,329.34	149,621,733.13					5,461,815.88 30,270,582.70

n/a = Federal expenditures below the Single Audit threshold.

in process = Single audit not yet filed as of 4/3/25 (date of survey).

* = AUP to be performed per OCTA Board direction.

** = Per Expenditure Report certification signature FYXX vs FYXX