



REVISED AGENDA

Finance and Administration Committee Meeting

Committee Members

*Bill Campbell, Chair
Jerry Amante, Vice Chair
Art Brown
Peter Buffa
Cathy Green
John Moorlach
Janet Nguyen*

*Orange County Transportation Authority Headquarters
600 South Main Street, First Floor - Room 154
Orange, California*

Wednesday, February 13, 2008, at 10:30 a.m.

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 (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

Agenda descriptions are intended to give members of the public a general summary of items of business to be transacted or discussed. The posting of the recommended actions does not indicate what action will be taken. The Committee may take any action which it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

Call to Order

Invocation

Committee Chairman Campbell

Pledge of Allegiance

Director Moorlach

1. Public Comments

Special Calendar

2. Committee Meeting Days and Times

Overview

The Committee Chairman will lead a discussion regarding the days and times for meetings of this Committee. The previous schedule has been the second and fourth Wednesday of each month at 10:30 a.m.



REVISED AGENDA

Finance and Administration Committee Meeting

Consent Calendar (Items 3 through 5)

All items on the Consent Calendar are to be approved in one motion unless a Committee Member or a member of the public requests separate action or discussion on a specific item.

3. Approval of Minutes

Of the January 23, 2008, Finance and Administration Committee meeting.

4. Western Conference of Teamsters Pension Trust Audit Results

Kathleen M. O'Connell

Overview

The Western Conference of Teamsters Pension Trust performed an audit of Orange County Transportation Authority's payroll records under the authority of Article XI, Section 1, of the Agreement and Declaration of Trust. The audit resulted in a total credit due to the Orange County Transportation Authority of \$1,535.48.

Recommendation

Receive and file as an information item.

5. Consultant Selection for Regional Transportation Improvement Program and Combined Transportation Funding Program Database

Jennifer Bergener/Kia Mortazavi

Overview

The Orange County Transportation Authority is seeking a service for the Regional Transportation Improvement Program and Combined Transportation Funding Program database system. Proposals were solicited from firms to provide services for administration of multiple funding programs. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-7-1190 between the Orange County Transportation Authority and EcoInteractive, Inc., in an amount not to exceed \$265,000, to provide services for three years for the Regional Transportation Improvement Program and Combined Transportation Funding Program database.



REVISED AGENDA

Finance and Administration Committee Meeting

Regular Calendar

- 6. Fiscal Year 2007-08 Internal Audit Plan, Second Quarter Update**
Kathleen M. O'Connell

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan on August 8, 2007. This update is for the second quarter of the fiscal year.

Recommendation

Receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan.

- 7. Agreement for Contract and Procurement Support Staffing**
Kathleen Perez/James S. Kenan

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, the Board of Directors approved support staffing for the Contracts Administration and Materials Management Department. Proposals were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-7-1286 between the Orange County Transportation Authority and Procurement Services Associates for a three-year contract, in an amount not to exceed \$240,000, for supplemental support staffing for the Contracts Administration and Materials Management Department.



REVISED AGENDA

Finance and Administration Committee Meeting

8. Request to Award Contract for the Prepaid Fare Media Software

Marlon Perry/Ellen S. Burton

Overview

The Orange County Transportation Authority uses manual and computerized tracking systems to administer its transit prepaid fare media program. In accordance with Orange County Transportation Authority's procurement procedures for professional and technical services, a request for proposals was issued for pass sales software that enhances management controls, improves customer service, and automates inventory control processes. Board of Directors' approval of a prepaid fare media software solution provider is requested.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-7-1150 between Orange County Transportation Authority and CompuSoft Solutions, Inc., in an amount not to exceed \$418,000, for prepaid fare media software and maintenance for 12 months.

Discussion Items

9. 91 Express Lanes Debt

Kirk Avila/James S. Kenan

10. 91 Express Lanes Property Insurance Renewal

Al Gorski/James S. Kenan

11. Chief Executive Officer's Report

12. Committee Members' Reports

13. Closed Session

There is no Closed Session scheduled.

14. Adjournment

The next regularly scheduled meeting of this Committee will be determined as a result of discussion under Item 2 (above).



MINUTES

Finance and Administration Committee Meeting

Committee Members Present

*Bill Campbell, Chair
Jerry Amante, Vice Chair
Peter Buffa
John Moorlach
Janet Nguyen*

Staff Present

*Paul C. Taylor, Deputy Chief Executive Officer
Wendy Knowles, Clerk of the Board
Tammy Doran, Deputy Clerk of the Board
Kennard R. Smart, Jr., General Counsel
OCTA Staff and members of the General Public*

Committee Members Absent

*Patricia Bates
Art Brown*

Call to Order

The January 23, 2008, meeting of the Finance and Administration Committee was called to order by Committee Chairman Campbell at 10:33 a.m.

Invocation

Director Buffa gave the invocation.

Pledge of Allegiance

Director Nguyen led in the Pledge of Allegiance.

1. Public Comments

No public comments were received.

Consent Calendar (Items 2 through 10)

2. Approval of Minutes

Director Moorlach pulled this item. In regards to Item 12 in the minutes, Director Moorlach noted that Committee had discussed an adjustment with Mark Davis, Shareholder with Mayer Hoffman McCann. Director Moorlach noted that upon investigation, an error was found to have been made by the previous firm. Director Moorlach commended Mr. Davis on a job well done.

A motion was made by Director Moorlach, seconded by Director Buffa, and declared passed by those present, to approve minutes of the December 12, 2007, meeting.



MINUTES

Finance and Administration Committee Meeting

3. Governor's Office of Emergency Services Grant Authorization for October 2007 Wildfires

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to adopt Resolution No. 2008-05 to authorize the Chief Executive Officer and Deputy Chief Executive Officer to file applications and execute agreements with the Governor's Office of Emergency Services for the purpose of obtaining federal and state financial assistance.

4. Orange County Transportation Authority Investment and Debt Programs Report - December 2007

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file as an information item.

5. Orange County Treasurer's Management Report - December 2007

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file as an information item.

6. Local Agency Investment Fund - December 2007

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file as an information item.

7. Orange County Transportation Authority Investment and Debt Programs Report - November 2007

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file as an information item.

8. Orange County Treasurer's Management Report - November 2007

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file as an information item.

9. Local Agency Investment Fund - November 2007

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file as an information item.



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Finance and Administration Committee Meeting

10. Fourth Quarter 2007 Debt and Investment Report

A motion was made by Director Buffa, seconded by Director Moorlach, and declared passed by those present, to receive and file the Quarterly Investment Report prepared by the Treasurer as an information item.

Regular Calendar

11. Fiscal Year 2006-07 Annual Financial Reports

Kathleen O'Connell, Manager of Internal Audit, gave a brief summary of the financial reports.

Committee Chairman Campbell stated he would like a progress update on management's follow-up to the findings. Ms. O'Connell responded that this update can be rolled into the quarterly report on outstanding findings.

A motion was made by Director Moorlach, seconded by Director Buffa, and declared passed by those present, to receive and file the fiscal year 2006-07 annual financial reports as information items.

12. Fiscal Year 2006-07 Management Letter

Kathleen O'Connell, Manager of Internal Audit, introduced Mark Davis, Shareholder with Mayer Hoffman McCann, who offered a summary of the management letter.

A motion was made by Committee Chairman Campbell, seconded by Director Buffa, and declared passed by those present, to receive and file the fiscal year 2006-07 Management Letter.

13. Health Insurance Portability and Accountability Act Compliance Assessment Report

Kathleen O'Connell, Manager of Internal Audit, gave a verbal presentation and offered a brief history.

Committee Chairman Campbell complimented management and the Internal Audit staff for their action on this item.

A motion was made by Director Buffa, seconded by Committee Vice Chairman Amante, and declared passed by those present, to direct staff to implement the recommendations made in the Health Insurance Portability and Accountability Act Compliance Assessment Report.



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Finance and Administration Committee Meeting

14. Review of Agreement No. C-5-2585 with Carter & Burgess, Inc.

No vote was taken on this item. Pursuant to Government Code 84308, Committee Member Nguyen recused herself from the discussion and voting on this item.

Due to lack of quorum, this item was forwarded to the Board meeting without a Committee recommendation.

15. Fiscal Year 2006-07 Annual Transportation Development Act Audits

Kathleen O'Connell, Manager of Internal Audit, presented this item and noted that the Internal Audit Department will track the resolution of these findings.

A motion was made by Director Buffa, seconded by Committee Vice Chairman Amante, and declared passed by those present, to receive and file the Transportation Development Act audit reports for fiscal year 2006-07.

16. Renewed Measure M Tax-Exempt Commercial Paper Program Documents

Kirk Avila, Treasurer and Public Finance Manager, presented this item and highlighted the following:

- Background
- Highlighted project list
- Bids received
- Proposed structure
- Financing documents
- Next steps

Committee Chairman Campbell suggested that it would be helpful to the Board Members if the following two items were added to Mr. Avila's Board presentation on Monday, January 28, 2008:

- A listing of the projects and show how that listing totals \$350 million, with interest increasing the total to \$400 million.
- A projected schedule of draw-downs

Mr. Avila gave an update on happenings in the market that included information on the downgrade of Ambac Insurance by the Fitch Rating Agency. Committee Chairman Campbell commented that the Committee should be kept informed of these market updates. Mr. Avila responded that this information could be included in a weekly report for the next three to four weeks.



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Finance and Administration Committee Meeting

16. (Continued)

Director Buffa asked if the rating agencies gave any indication of why Ambac Insurance had been downgraded. Mr. Avila responded that it was exposure to the sub-prime market.

Committee Chairman Campbell inquired whether there were surplus funds in the swap account. Mr. Avila responded that there is some positive basis. Committee Chairman requested that this information be included in the weekly update.

A motion was made by Director Buffa seconded by Committee Vice Chairman Amante, and declared passed by those present, to

- A. Adopt Resolution No. 2008-07 and approve the form of the required legal documents necessary for the Orange County Local Transportation Authority to proceed with a Tax-Exempt Commercial Paper Program and letter of credit.
- B. Approve the consortium of banks led by Dexia Credit Local and including Bank of America N.A., BNP Paribas, and J. P. Morgan Chase Bank National Association to provide letter of credit services for a period of three years, nine months.
- C. Approve Deutsche Bank Trust Company Americas to serve as issuing and paying agent and Deutsche Bank National Trust Company to serve as trustee for the Tax-Exempt Commercial Paper Program.
- D. Authorize the Chairman, Vice-Chairman, Chief Executive Officer, Executive Director of Finance, Administration, and Human Resources, and other appropriate officers of the Orange County Transportation Authority to sign all documents on behalf of the Orange County Local Transportation Authority.

17. Agreement for Supplemental Information Technology Security Technical Staffing Services

James S. Kenan, Executive Director, Finance, Administration and Human Resources, addressed an error in the original staff report regarding the price and cost scoring on the proposals evaluations. Mr. Kenan noted that the error in scoring did not result in a change to the short-listed firms or the recommended action. Mr. Kenan added that Pacific Crossing LLC had been dropped off the list of recommended firms because they recently filed bankruptcy.



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Finance and Administration Committee Meeting

17. (Continued)

A motion was made by Director Nguyen, seconded by Director Buffa, and declared passed by those present, to authorize the Chief Executive Officer to execute agreements C-7-1113, C-7-1364, and C-7-1365 between the Orange County Transportation Authority and Strativa, Inc., Segula Technologies, Inc., and Ciber Global Security Practice, in a combined amount not to exceed \$550,000, for supplemental information technology security technical staffing services for a three-year term.

18. Fiscal Year 2008 Comprehensive Business Plan

Andrew Oftelie, Manager of Financial Planning & Analysis, introduced Sean K. Murdock, Senior Financial Analyst, used a Power Point presentation to provide information on each of the seven programs listed below:

- Transit program
- Metrolink program
- Measure M program
- Renewed Measure M program
- 91 Express Lanes
- Planning and Capital Projects
- Motorist & Taxicab Services

Mr. Murdock stated year-to-date ridership is down 10% from this point last year. Committee Vice Chairman Amante asked why there is a decrease in ridership, and Mr. Oftelie responded that approximately 2 million boardings were lost during the bus strike period. James S. Kenan, Executive Director, Finance, Administration and Human Resources, added that ridership tracks very closely to job growth. He added that with job growth projected to continue to decline, staff expects to see a moderate decline in ridership.

Mr. Oftelie commented the Committee should be aware of the following two items:

- Assume a fare adjustment in January 2009. There is a required public hearing process for this to take place. This process will begin before staff brings the budget for next year forward so the budget will include the fare increase.
- Implementation of the bus rapid transit (BRT), may be delayed six months due to decline in ridership

A motion was made by Committee Chairman Campbell, seconded by Director Buffa, and declared passed by those present, to approve the proposed Fiscal Year 2008 Comprehensive Business Plan.



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Finance and Administration Committee Meeting

Discussion Items

19. Succession Planning is Success Planning

Teri Fisher, Partner at Insight Strategies, gave an overview of the process for succession planning.

Committee Chairman Campbell commented that at a future presentation, he would like to see the details of the element of organization, how to identify high potentials, and what training was offered to candidates.

Deputy Chief Executive Officer, Paul C. Taylor, responded that will he be bringing updates to the Committee throughout the year as the succession planning program broadens and matures.

20. Orange County Transportation Authority Fiscal Year 2008-09 Budget Assumptions

Andrew Oftelie, Manager of Financial Planning & Analysis, and Victor Velasquez, Lead Senior Financial Analyst, gave an overview of the budget assumptions and highlighted the following:

- Budget calendar for fiscal year 2008-09
- Working budget versus year-end estimate
- Economic/ budget assumptions
- Division targets for fiscal year 2008-09
- Next steps

Committee Vice Chair Amante asked why the numbers are off almost 11 percent on federal operating assistance. Mr. Oftelie responded that staff had expected to receive a credit from the Federal government for alternative fuels, and staff had anticipated that credit to be recorded as a revenue but it is being recorded as an off-setting expenditure instead.

Committee Vice Chair Amante questioned the large increase regarding ACCESS taxi service. Manager of Community Transportation Services, Erin Rogers, responded that the numbers are budget-to-budget. Last year, assumptions were made that a number of vehicle hours would be reduced because of the taxi trips, but these numbers were too aggressive.



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Finance and Administration Committee Meeting

20. (Continued)

Ms. Rogers added that she will be bringing to the Board a study on what the impact to the ACCESS services would be if taxi service was removed. Committee Vice Chairman Amante commented that this is something he would like followed up.

Mr. Velasquez stated that these targets do exclude revenue specific funds such as the 91 Express Lanes, the Metrolink program, and Measure M programs.

21. Chief Executive Officer's Report

Deputy Chief Executive Officer, Paul C. Taylor, reported that Chief Executive Officer, Arthur T. Leahy, was attending the annual meeting of the U.S. Conference of Mayors in Washington, D.C.

22. Committee Members' Reports

There were no Committee Members' reports presented.

23. Closed Session

A Closed Session was not conducted at this meeting.

24. Adjournment

The meeting adjourned at 12:25 p.m.

The next regularly scheduled meeting of this Committee will be held at **10:30 a.m. on Wednesday, February 27, 2008**, at the OCTA Headquarters.

ATTEST

Tammy Doran
Deputy Clerk of the Board

Bill Campbell
Committee Chairman



February 13, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, ^{ATL}Chief Executive Officer
Subject: Western Conference of Teamsters Pension Trust Audit Results

Overview

The Western Conference of Teamsters Pension Trust performed an audit of Orange County Transportation Authority's payroll records under the authority of Article XI, Section 1, of the Agreement and Declaration of Trust. The audit resulted in a total credit due to the Orange County Transportation Authority of \$1,535.48.

Recommendation

Receive and file as an information item.

Background

The Western Conference of Teamsters Pension Trust (WCTPT) performed an audit of payroll records for the operations and maintenance pension trust accounts of Teamsters Local Union Number 952 members employed by the Orange County Transportation Authority (OCTA). The audit is authorized under Article XI, Section 1, of the Agreement and Declaration of Trust.

Discussion

The purpose of the audit was to determine whether OCTA contributions are being made in accordance with the respective labor agreements and the provisions of the Trustee Policy. The site visit was performed by an auditor from the WCTPT on October 11 and 12, 2007. The audit period for the operations account was January 1, 2006 through December 31, 2006. The audit period for the maintenance account was January 1, 2004 through December 31, 2006. The auditor reviewed individual payroll records, state quarterly reports, workers' compensation reports, labor contracts, and payroll and accounts payable records for temporary agency personnel.

The audit identified credits due to the OCTA, in the amounts of \$1,330.48 and \$205 for operations and maintenance, respectively (Attachment A). OCTA sent memos to the WCTPT authorizing a check be issued to OCTA for the credits due (Attachment B).

Summary

The WCTPT performed an audit of OCTA's payroll records under the authority of Article XI, Section 1, of the Agreement and Declaration of Trust to determine that OCTA contributions are being made in accordance with the respective labor agreements and the provisions of the Trustee Policy. The audit resulted in a total credit due to OCTA of \$1,535.48.

Attachments

- A. Audit Results Letters from the Western Conference of Teamsters Pension Trust
- B. Refund of Overpayment Memos

Prepared by:



Kathleen M. O'Connell
Manager, Internal Audit
(714) 560-5669

**Audit Results Letters from the Western Conference of
Teamsters Pension Trust**



Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

November 15, 2007

Southwest Administrative Office:
1000 S. Fremont Avenue, Unit 11/A9-W
Alhambra, California 91803-8839
P.O. Box 1121
Alhambra, California 91802-1121
(800) 845-0571

Ms. Lisa Monteiro
Principal Internal Auditor
Orange County Transportation Authority
550 South Main Street
Orange, CA. 92863

RECEIVED

NOV 20 2007

RE: Payroll Audit - Account No(s). 215415

Dear Ms. Monterio:

INTERNAL AUDIT

Your payroll records were recently audited for the period of January 1, 2004 through December 31, 2006 by a Representative of Southwest Administrators, Inc., in accordance with the Trust's continuous routine audit procedure. Please be advised that you have a credit due in the amount of \$1,330.48 as a result of the routine audit.

In accordance with the foregoing, you may:

1. Take the credit toward future contributions by simply deducting the amount shown above from your next report to the Trust Fund and enclose a copy of this letter with your remittance; or
2. Request a refund (in writing).

Under the provisions of Section 403 of the Employees Retirement Income Security Act of 1974, as amended by the Multi employer Pension Plan Amendments Act of 1980, this overpayment must be disposed of by credit or refund within six (6) months of the date of this letter. If this credit cannot be used entirely in the time allowed, please make a written request for a refund of the monies in question. If this credit is not utilized within this six month period, the remaining balance of the overage will become the property of this Trust Fund.

If you have any questions, please contact our office. Your cooperation in connection with the audit was appreciated by all concerned.

Sincerely,

EDWARD WONG
Senior Auditor
Southwest Administrative Office/Ext. 109

EW:vs

cc: Teamster Local Union No(s). 952
Ms. Cherie Fiona, Payroll Manager



Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

November 21, 2007

Southwest Administrative Office:
1000 S. Fremont Avenue, Unit 11/A9-W
Alhambra, California 91803-8839
P.O. Box 1121
Alhambra, California 91802-1121
(800) 845-0571

Lisa Monteiro
Principal Intern Auditor
Orange County Transportation Authority
550 South Main Street
Orange, CA. 92863

RECEIVED

NOV 27 2007

RE: Payroll Audit - Account No(s). 215722

INTERNAL AUDIT

Dear Ms. Monteiro:

Your payroll records were recently audited for the period of January 1, 2006 through December 31, 2006 by a representative of Southwest Administrators, Inc., in accordance with the Trust's continuous random audit procedure. Please be advised that you have a credit due in the amount of \$205.00 as a result of the random audit.

In accordance with the foregoing, you may:

1. Take the credit toward future contributions by simply deducting the amount shown above from your next report to the Trust Fund and enclose a copy of this letter with your remittance; or
2. Request a refund (in writing).

Under the provisions of Section 403 of the Employees Retirement Income Security Act of 1974, as amended by the Multi employer Pension Plan Amendments Act of 1980, this overpayment must be disposed of by credit or refund within six (6) months of the date of this letter. If this credit cannot be used entirely in the time allowed, please make a written request for a refund of the monies in question. If this credit is not utilized within this six month period, the remaining balance of the overage will become the property of this Trust Fund.

If you have any questions, please contact our office. Your cooperation in connection with the audit was appreciated by all concerned.

Sincerely,

EDWARD WONG
Senior Auditor
Southwest Administrative Office/Ext. 109

EW:TA

cc: Teamster Local Union No(s). 952
Cherie Fiona, Payroll Manager



INTEROFFICE MEMO

December 21, 2007

To: Lenore Fisher, WCTPT
From: Cherie Finona, Payroll Manager *CF*
Subject: **Refund of overpayment**

As a result of the recent audit we are due a refund in the amount of **\$1,330.48** which represents an overpayment on Account 215415. Please accept this letter as authorization to issue a check payable to:

**Orange County Transportation Authority
550 S Main Street
P.O. Box 14184
Orange, CA 92863-1584
Attn: Cherie Finona, Payroll Manager**

I have enclosed a copy of the audit results for your reference.

Should you have any questions or concerns I can be reached at (714) 560-5665 or cfinona@octa.net.



INTEROFFICE MEMO

December 21, 2007

To: Lenore Fisher, WCTPT
From: Cherie Finona, Payroll Manager *CF*
Subject: **Refund of overpayment**

As a result of the recent audit we are due a refund in the amount of **\$205.00** which represents an overpayment on Account 215722. The audit covered January 1, 2006 through December 31, 2006.

We also received a credit memo in the amount of **\$69.44** as a result of a recent claim inquiry for

Please accept this letter as authorization to issue a check in the amount of **\$274.44** payable to:

Orange County Transportation Authority
550 S Main Street
P.O. Box 14184
Orange, CA 92863-1584
Attn: Cherie Finona, Payroll Manager

I have enclosed a copy of the audit results for your reference.

Should you have any questions or concerns I can be reached at (714) 560-5665 or cfinona@octa.net.



February 13, 2008

To: Finance and Administration Committee

From: Arthur T. Leahy, Chief Executive Officer

Subject: Consultant Selection for Regional Transportation Improvement Program and Combined Transportation Funding Program Database

Overview

The Orange County Transportation Authority is seeking a service for the Regional Transportation Improvement Program and Combined Transportation Funding Program database system. Proposals were solicited from firms to provide services for administration of multiple funding programs. Offers were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-7-1190 between the Orange County Transportation Authority and EcoInteractive, Inc., in an amount not to exceed \$265,000, to provide services for three years for the Regional Transportation Improvement Program and Combined Transportation Funding Program database.

Background

The Orange County Transportation Authority (OCTA) is responsible for administration of the current and Renewed Measure M streets and roads program as well as the Federal Regional Transportation Improvement Program (RTIP). The RTIP is the short-range plan that programs the funding and implements the next six years of state and federally funded and regional significant projects within the County. Currently, OCTA utilizes the Southern California Association of Governments (SCAG) TranTrak database to manage the RTIP, and OCTA's Combined Transportation Funding Program (CTFP) database to manage funding for streets and roads projects. Between these two systems, OCTA manages over one thousand projects including tracking funding by source, year, and phase.

The successful implementation of both the current and Renewed Measure M streets and roads program is primarily dependent on the ability to efficiently and effectively manage the program. The administration of the current Measure M streets and roads program is done through an in-house database referred to as the CTFP database. The CTFP database provides the basic functionality necessary to administer the program. The CTFP database does not provide the functionality to modify the actual database structure (to add new programs as would be required for the Renewed Measure M) or perform any advanced analysis. Additionally, the database does not allow for direct connections to other databases, which forces projects to be manually entered into multiple systems. These limitations make this system inefficient and inadequate to manage the current program, and will create significant obstacles for implementing the Renewed Measure M streets and roads program.

The administration of the RTIP is currently done with TranTrak, a Microsoft Access-based database created by SCAG. The TranTrak database provides a system for OCTA to store data required for the RTIP. Unfortunately, the TranTrak database provides only minimal functionality, limiting the ability to efficiently and effectively manage the program. Many of the functions required for the RTIP are not automated and require multiple manual entries. Additionally, the database does not have the ability to link to other systems, therefore, projects that overlap both the CTFP and TranTrak databases must be entered twice. As new funding programs, such as Proposition 1B, are implemented and the RTIP grows, the shortcomings of the database will only be amplified. As such, OCTA staff have been looking into possible replacement systems.

Proposals were solicited from firms to develop and implement a system to address the dual needs of these two programs. Staff has estimated the cost of the required work to be in the range of \$250,000 to \$300,000. This procurement was handled in accordance with OCTA's policies and procedures for professional and technical services. Proposals are evaluated based on qualifications of the lead firm, qualifications of the technical team, effectiveness of the work plan, which includes evaluating the software, and cost. The award is recommended to the firm offering the most effective overall proposal considering factors such as staffing, prior experience with similar projects, existing relationships, and approach to the project requirements, costs, and technical expertise in the field.

Discussion

In an effort to address the need for a combined and fully integrated database to manage the growing RTIP and Renewed Measure M streets and roads program, proposals were solicited from firms to develop and implement a system to address the dual needs of these two programs. The system will be a web-based software application. The term of the contract will be one year for customization and implementation of the system and two years for subscription services including ongoing maintenance and customizations.

The project was advertised on October 24 and October 28, 2007, in a newspaper of general circulation. The notice for this project and a request for proposals (RFP) was sent on October 24, 2007, to 1301 firms registered on CAMM NET. A pre-proposal meeting was held on October 29, 2007, and was attended by four firms.

On November 16, 2007, seven proposals were received. An evaluation committee consisting of staff from OCTA's Capital Programs Department, Contracts Administration and Materials Management Department, and the Business Support Services Department met to review the proposals. The proposals were evaluated consistent with Board-adopted procurement policies and procedures. The evaluation committee reviewed all proposals and found three firms qualified for the work. The committee interviewed each of the qualified firms. In rank order, the three qualified firms are:

Firm and Location

EcolInteractive, Inc.
Davis, California

GCR & Associates
New Orleans, Louisiana

Civic Resources Group
Los Angeles, California

Based on the material provided by the firms, the committee recommends the selection of EcolInteractive, Inc., as the most qualified firm. The firm demonstrated an excellent understanding of the issues related to the RTIP and CTFP process and had extensive experience in working with an identical project at the Los Angeles County Metropolitan Transportation Authority and

other similar projects with the San Diego Association of Governments and SCAG. EcoInteractive, Inc., has over 15 years experience in providing transportation software and the firm's software will require minimal customization. Additionally, the firm has existing relationships with both SCAG and the California Department of Transportation, which allows EcoInteractive, Inc., direct access into those agencies' systems. EcoInteractive, Inc., also showed it had committed the resources of an outstanding project team with the ability to deliver the services on time and within budget, and a work plan was submitted that effectively responded to the RFP.

EcoInteractive, Inc., has a proven ability to provide a quality product over a sustained period of time. The firm's skills, qualifications, existing relationships, and capital assets merit the higher price. Additionally, EcoInteractive, Inc., has increased the subscription price only once over the last five years of providing its software. This increase was based on standard inflation rates. This provides a level of reasonability that the software will be sustainable in the future.

Fiscal Impact

This project was included in OCTA's Fiscal Year 2007-08 Budget, Account 0010-7519-R0001-GJ2. Additional funds will be transferred from Account 0010-7514-T5406-FV7, in the amount of \$105,000.

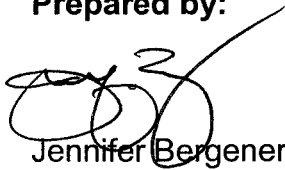
Summary

Based on the information provided, the evaluation committee recommends award of Agreement No. C-7-1190 to EcoInteractive, Inc., in an amount not to exceed \$265,000, to provide the service for three years for the Regional Transportation Improvement Program and Combined Transportation Funding Program database.

Attachments

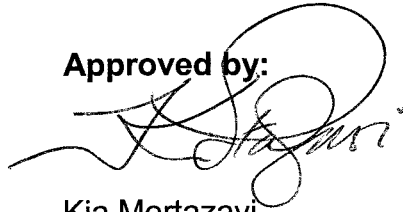
- A. Proposal Evaluation Summary Matrix Short-List – RFP 7-1190 “Project Tracking Software and Services”
- B. Review of Proposals Presented to the Finance and Administration Committee - February 13, 2008

Prepared by:



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PROPOSAL EVALUATION SUMMARY MATRIX SHORT-LIST									
RFP 7-1190 "PROJECT TRACKING SOFTWARE AND SERVICES"									
EcolInteractive, Inc.							Weights	Overall Score	
Evaluation Number	1	2	3	4	5				
Qualifications of Firm	5.00	5.00	5.00	4.50	5.00			5	24.50
Staffing/Project Organization	4.50	5.00	4.50	5.00	4.50			5	23.50
Work Plan	4.50	4.50	5.00	4.00	4.50			5	22.50
Cost and Price	3.00	3.00	3.00	3.00	3.00			5	15.00
	85.00	87.50	87.50	82.50	85.00				86
GCR & Associates									
Evaluation Number	1	2	3	4	5				
Qualifications of Firm	4.00	3.50	4.00	4.00	4.00			5	19.50
Staffing/Project Organization	4.00	4.00	4.00	4.00	4.00			5	20.00
Work Plan	4.00	4.00	4.00	4.50	4.00			5	20.50
Cost and Price	4.00	4.00	4.00	4.00	4.00			5	20.00
	80.00	77.50	80.00	82.50	80.00				80
Civic Resource Group									
Evaluation Number	1	2	3	4	5				
Qualifications of Firm	4.00	3.50	4.00	4.00	3.50			5	19.00
Staffing/Project Organization	4.00	3.50	4.00	4.00	3.50			5	19.00
Work Plan	3.00	3.00	3.00	3.50	3.00			5	15.50
Cost and Price	5.00	5.00	5.00	5.00	5.00			5	25.00
	80.00	75.00	80.00	82.50	75.00				79

Review of Proposals
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7 proposals were received, 3 firms were interviewed

Overall Ranking	Overall Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Price
1	86	EcoInteractive, Inc. Davis, CA	None	Highest ranked firm. Excellent technical proposal and software demonstration. Excellent knowledge of project requirements with minimal software customization required. Very familiar with Caltrans, SCAG and cities participating in the Combined Transportation Funding Project. Pricing reflects a product that will integrate with other transit agencies and minimize the need for future customization.	\$265,000
2	80	GCR & Associates New Orleans, LA	None	Very good technical proposal. Very good customized interview presentation and demonstration. Approach requires considerable customization. Approach has good functionality but no integration of programs. Pricing competitive but requires additional customization for compatibility with participating agencies.	\$240,000
3	79	Civic Resource Group Los Angeles, CA	None	Good technical proposal. Interview presentation was screen shots not a demonstration of software. Limited information on customization of software. Good experience providing software to RCTC. Pricing reflects an information sharing product rather than a project management product which is required for this project.	\$233,200

Evaluation Panel

Proposal Criteria

Weight Factor

OCTA	Qualifications of the Firm	25%
Capital Programs (3)	Staffing/Project Organization	25%
Business Support Services	Work Plan	25%
CAMM	Cost and Price	25%



February 13, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, ^{ATL}Chief Executive Officer
Subject: Fiscal Year 2007-08 Internal Audit Plan, Second Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan on August 8, 2007. This update is for the second quarter of the fiscal year.

Recommendation

Receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan.

Background

The Internal Audit Department (Internal Audit) is an independent appraisal function, the purpose of which is to examine and evaluate the Orange County Transportation Authority's (OCTA) operations and activities to assist management in the discharge of its duties and responsibilities.

Internal Audit performs a wide range of auditing services that include overseeing the annual financial audit, operational reviews, contract compliance reviews, internal control assessments, investigations, and pre-award price reviews. Internal Audit also monitors software system implementation to help ensure that proper controls are built into systems prior to implementation. All audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan (Plan) Second Quarter Update (Attachment A) reflects the status of each of the projects. As indicated in

Attachment A, numerous projects are in process or in the report development phase.

Internal Audit has completed or has in process 13 price reviews at December 31, 2007. As shown on Attachment A, and with the fiscal year only half complete, the budget of 500 hours has been exhausted. The primary reason for this is Internal Audit's attempts to improve turn-around time on price reviews by conducting them in-house. While Internal Audit has at its disposal on-call firms to conduct these reviews, competitive contract task orders (CTOs) are required. As such, using on-call firms increases turn-around time by up to two weeks. Internal Audit has recently issued a request for proposals for on-call price review services and has stipulated that qualified firms awarded on-call contracts will henceforth be awarded CTOs on a sequential basis. This is expected to accelerate the price review process and allow Internal Audit to contract for more of these reviews.

Internal Audit has scheduled a Safety Monitoring audit for the fourth quarter of the fiscal year. In December 2007, the American Public Transportation Association (APTA) conducted a Bus Safety Management Program Audit. Comments have been provided to OCTA and a draft report will be issued in the next few weeks. Following management response, a final report will be issued within 45 days. Management of the Safety & Environmental Compliance Department expects to present the final report to the Transit Committee in April 2008. Internal Audit has reviewed the scope of the audit and initial comments and will consider management's corrective action in determining if a delay in this planned audit until fiscal year 2008-09 is appropriate.

An external audit was recently completed of the Teamsters Pension Trust Fund (Trust). Auditors for the Trust reviewed payroll and contribution records and have issued a small refund to OCTA. As such, the scope of the Teamsters Pension Trust Fund planned audit by Internal Audit will be limited and not redundant to the work conducted by those external auditors.

The Veolia contract audit has been completed and draft reports are in development by both Internal Audit and the on-call audit firm Mayer Hoffman McCann PC. It had originally been the intention of Internal Audit to contract out the entire Veolia audit. However, during the development of the scope of work, and in order to contain costs, Internal Audit carved out fixed route, Stationlink and express bus services as well as certain other contract terms and reviewed these services in-house. The hours indicated on Attachment A reflect this work, audit contractor oversight, and other contract analysis.

Finally, Internal Audit has procured an information systems auditor to conduct a comprehensive risk assessment of OCTA's information systems and propose an audit plan and audit cycle. Before proceeding further on the Database Management audit, Internal Audit will ensure that such an effort is consistent with the risk assessment.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee (Committee), unresolved audit recommendations are to be included in Internal Audit's quarterly updates to the Plan as Attachment B. In order to also ensure resolution of findings and recommendations provided by external auditors, Internal Audit will include findings and recommendations from regulatory audits, as well as those of OCTA's independent financial statement auditors, Mayer Hoffman McCann PC.

Internal Audit Initiatives

In July 2007, the Government Accountability Office (GAO) issued revised Government Auditing Standards, also known as the Yellow Book. Internal Audit has now developed policies and procedures consistent with the Yellow Book. In-house training for all staff was conducted on January 16, 2008. Additional in-house training sessions have been scheduled to ensure that all staff are familiar with, and comply with, these standards.

Internal Audit has been in contact with the Association of Local Government Auditors (ALGA) to establish a tentative date for a Quality Assurance or peer review. The peer review program administered by ALGA is conducted on a voluntary, rotational basis. ALGA has recommended that OCTA, prior to its own peer review, volunteer a staff member for a three-five day peer review of another agency. This contribution of staff time would benefit Internal Audit in that staff would develop an understanding of the process, satisfy the reciprocity requirements, and assist the department in preparing for its 2009 Peer Review.

In an effort to improve the administrative and operational efficiency of the department, Internal Audit will be installing an audit software package in the next few months. A solicitation was recently conducted and proposals were due February 1, 2008. It is anticipated that the installation of the software and required training will occur before the end of the fiscal year.

Summary

The Internal Audit Department will continue to implement the Plan and report to the Committee on a quarterly basis the status of the Plan.

Attachments

- A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2007-08 Internal Audit Plan Second Quarter Update
- B. Unresolved Audit Findings and Recommendations (Audit Reports Issued October 2005 – December 2007)

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Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Second Quarter Update

ATTACHMENT A

Audit Activity		Description	Quarter Work Begins	Primary Audit Type	Planned Staff		Under (Over)	Contract Hours	Status	Notes (Contract Auditor)
			Staff Hours	Staff Hours to Date						
Mandatory External Independent Audits										
Annual Financial Audit		Annual contracted financial audit for fiscal year 2006-07	1st	Financial	375	201	174	2,800	Complete	F&A 01/23/08 (Mayer Hoffman McCann)
Annual Transportation Development Act Audits		Coordination of legally required annual audits of the recipients of Local Transportation Funds for fiscal year 2006-07.	1st	Compliance	100	30	70	700	Complete	F&A 01/23/08 (Mayer Hoffman McCann)
Federal Triennial Audit		Legally required triennial performance audit conducted by the Federal Transit Administration in 2007.	1st	Performance	75	84	(9)		Complete	F&A 10/24/07 (Federal Transportation Administration)
Internal Audits										
Authority-Wide										
Price Reviews		Cost and price analyses as required by OCTA procurement policies and procedures.	All	Price Review	500	541	(41)	600	13 complete or in process	
Risk Assessment and Annual Audit Plan		Annual review to prepare the audit plan for next fiscal year; periodic assessment of risk throughout the year.	4th	Risk Assessment	100	85	15		In Process	
Unscheduled Reviews and Special Requests		Time allowed for unplanned audits and requests from the Board of Directors and management.	All	Varies	300	11	289	250		
Executive										
Safety Monitoring		Review of policies and procedures over safety function.	4th	Internal Controls	175		175			
Development										
Metrolink		Inventory and review of audit activities and results thereof for the Southern California Regional Rail Authority.	3rd	Operational	300	2	298		In Process	
SR-22 Contract Close-Out (Carryover)		Review to ensure contract stipulations were complied with and to verify the propriety of payments.	1st	Compliance	75	13	62	300	In Process	(GCAP Services, Inc.)
I-5 Gateway Contract (Carryover)		Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	75	1	74	300	Scope of Work under development	
Caltrans Cooperative Agreement 12-281 for I-405/SR-55		Review to ensure contract stipulations were complied with and to verify the propriety of payments.	1st	Compliance	75	7	68	300	In Process	(Mayer Hoffman McCann)
Carter Burgess Contract (Carryover)		Review of project management services contract for bus rapid transit (BRT) system.	1st	Compliance	75	123	(48)		Complete	F&A 01/23/08

Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Second Quarter Update

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned Staff		Staff Hours to Date		Under (Over)		Contract Hours		Notes (Contract Auditor)
				Hours	Staff	Hours	to Date	Hours	(Over)	Hours	Status	
Combined Transportation Fund Project (CTFP) Audits/CTFP System	Periodic review of selected projects funded by the CTFP and review of the related CTFP database.	3rd	Compliance	100		100		100		600		
Transit												
Buy America	Pre-award and post-delivery reviews to ensure vendor is in compliance with federal Buy America requirements.	All	Compliance	100		100		100				
Vehicle Maintenance	Review of policies, procedures, management reporting, and regulatory compliance.	4th	Operational	250		250		250				
Operations Training (Carryover)	Review to improve efficiencies and ensure compliance with regulations and established practices.	1st	Operational	250		250		97	153		Report in Draft	
Veolia Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	250		250		853	(603)	400	Reports in Draft	(Internal Audit and Mayer Hoffman McCann)
Government Relations												
Grant Close-Outs	As needed financial and compliance audits of grants at close-out to ensure propriety of expenditures.	All	Compliance	75		75		34	41		1 complete and 2 In Process	(Thompson, Cobb, Bazilio & Associates and Mayer Hoffman McCann)
Finance												
Treasury	Biannual financial and compliance reviews of the treasury function, including investment and bond compliance.	1st & 3rd	Compliance	200		200		87	113		01/01-06/30/07 Complete 07/01-12/31/07 In Process	F&A 10/24/07
Revenue Accounting	Review of controls over the collection and processing of sales tax receipts.	3rd	Operational	250		250				250		
Grants Management and Accounting	Review of policies, procedures, and regulatory compliance with grant requirements.	3rd	Operational	225		225				225		
Farebox Operations/GFI Application System (Carryover)	Operational review to improve efficiencies and to analyze the accuracy of GFI fareboxes.	1st	Internal Controls	150		150		106	44		Report in Draft	
Armored Car Service Contract	Contract compliance review of contract for armored car services.	1st	Compliance	100		100		41	59		Report in Draft	
Capital Assets	Review of policies and procedures for capital assets, including capitalization policy, classifications, depreciation, disposal	3rd	Internal Controls	225		225		28	197			

Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2007-08 Internal Audit Plan
Second Quarter Update

Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned		Staff Hours to Date	Under (Over)	Contract Hours	Status	Notes (Contract Auditor)
				Staff Hours	Staff Hours					
91 Express Lanes Collections	Review of contractual compliance and performance of collections contractor Law Enforcement Services (LES)	2nd	Compliance	100	100					
Human Resources										
Payroll	Full-scope audit of the payroll function including internal controls and analytics.	1st	Operational	425	230	195	200		In Process	
Medical Examinations	Review of contracted services for medical examinations and programs.	2nd	Compliance	150	32	118			In Process	
Health Insurance Portability and Accountability Act (HIPAA) Compliance (Carryover)	Review to ensure compliance with HIPAA regulations.	1st	Compliance	45	52	(7)			Complete	F&A 01/23/08 (AON Consulting)
Orange County Employees' Retirement System (OCERS) (Carryover)	Compliance and operational review to improve efficiencies and ensure compliance with external regulations and established practices.	1st	Operational	275	199	76			In Process	
Teamsters Pension Trust Fund	Compliance and operational review of contract provisions and plan operations.	2nd	Compliance	50	6	44	200		Western Conference of Teamsters Pension Trust Audit Complete	F&A 02/13/08
Contracts & Materials										
Procurement Cycle	Operational review to identify efficiencies and determine compliance with established policies and procedures.	2nd	Operational	325	265	60			Report in Draft	
Contract Administration	Operational review to identify efficiencies and determine compliance with established policies and procedures.	3rd	Operational	275		275				
Southern Counties Oil Company	Contract compliance review of C50467 - diesel and unleaded fuel supply.	3rd	Compliance	125		125				
Information Systems										
Database Management (Carryover)	Operational review to improve efficiencies and ensure compliance with established practices.	1st	Operational	250	17	233			Postpone until Risk Assessment is Complete	(Control Solutions, Inc.)
Information Systems Risk Assessment	Full inventory and risk assessment of information systems.	2nd	Risk Assessment	100	135	(35)	350		In Process	
External Affairs										
Vanpool Program	Review of first year operations and contract compliance.	4th	Operational	175		175				
Bus Advertising Revenue Contract (Carryover)	Review to ensure contract stipulations are being complied with and to verify the propriety of payments.	1st	Compliance	175	192	(17)			Report in Draft	

Orange County Transportation Authority
Internal Audit Department
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Audit Activity	Description	Quarter Work Begins	Primary Audit Type	Planned Staff		Staff Hours to Date		Under (Over)	Contract Hours		Status	Notes (Contract Auditor)
				Hours	Staff	Hours	to Date	Hours	Hours	Hours		

Monitoring Activities

Transportation Development Act	Ongoing compliance review and follow-up of recommendations made in previous Transportation Development Act audits.	All		25	6	19						
Measure M Citizens Oversight Committee (COC) and Administrative Issues	Coordination of audit activities with the Audit Committee of the Measure M Citizens Oversight Committee.	All		75	14	61						
91 Express Lanes	Ongoing monitoring of 91 Express Lanes activities and participation in roundtables.	All		20	6	14						
I-5 Gateway Project	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	2	23						
Compressed Natural Gas (CNG) Station Project	Ongoing monitoring to keep apprised of activities and significant issues.	All		35	11	24						
Mincom/Ellipse Project	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	1	24						
BRT	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	13	12						
Integrated Transportation Communication System (ITCS) Radio System	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	3	22						
Technology Review Committee	Ongoing monitoring to keep apprised of activities and significant issues.	All		25	2	23						
Records Management	Ongoing participation on Records Management Task Force.	All		75	3	72						

Follow-Up Reviews

State Triennial Audit	Follow-up on internal control related findings and recommendations.	1st		150	31	119						
Other follow-Up Reviews and Reporting	Follow-up on audit findings and recommendations.	Various		225	83	142						
Total Audit Hours				7,600	3,647	3,953				7,000		

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued December 2005 - December 2007)

Audit Issue Date	Internal Audit Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
12/21/2005	06-002	Development / Finance, Administration & Human Resources	Internal Control Review and Operational Audit of Project Controls	Develop written policies and procedures for project control functions.	Dec-07	Jan-08	Management agrees with recommendation. Policies and procedures will be documented and include recommendations 3 and 4. This recommendation is expected to be complete by June 30, 2006.	Monteiro	In Process	Management plans to complete by January 2008.
12/21/2005	06-002	Development / Finance, Administration & Human Resources	Internal Control Review and Operational Audit of Project Controls	Project Controls should consider developing a consolidated monthly or quarterly project status summary report for each project.	Dec-07	Jan-08	Refer to Response 1.	Monteiro	In Process	Management plans to complete by January 2008.
5/12/2006	06-015	Transit	Transit Police Services (TPS) Contract Compliance and Operational Audit	Management should analyze vacancy hours to determine whether the actual level of staffing is sufficient to meet contract requirements of the contract. Per management, options to maximize staffing levels are currently being analyzed.	Nov-07	May-08	We have analyzed vacancy hours and believe our staffing plan is sufficient to meeting contract requirements. Weekly meetings are conducted by the Manager of Operations and the Chief of Transit Police Services (TPS) to determine vacancy hours and current staffing levels.	Monteiro	In Process	We reviewed vacancy rates for July-Sept 2007 and noted they were still high. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	Individuals and departmental responsibilities related to contract administration be clearly defined within OCTA and communicated to the County.	Nov-07	May-08	Contract responsibilities have been clearly defined and communicated. The Chief of Transit Police Services reports directly to the Manager of Bus Operations. The Manager of Bus Operations is responsible for annual contract compliance and weekly service level monitoring.	Monteiro	In Process	This has not been documented in writing yet. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that support for all credits and charges made outside of the monthly recurring contract cost be reviewed by management before approving invoices for payment.	Nov-07	May-08	All requests for credits and changes made outside of the monthly recurring contract cost are now being reviewed and approved by the Manager of Bus Operations.	Monteiro	In Process	We noted additional special services that did not appear to be pre-approved. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that procedures or a letter to file be documented between OCTA and the County for provisions for credits to be applied.	Nov-07	May-08	Credits for the current contract year will be reconciled at the end of the fiscal year 2007-08. Fiscal year 2007-08 is the last year of the current five year contract with the Orange County Sheriff's Department. Should a new contract be executed with the Orange County Sheriff's Department, contract language will include a provision for reconciliation of applied credits.	Monteiro	On Hold	Management did not implement this in the FY 2007-08 contract as originally indicated. We will follow up again in May 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued December 2005 - December 2007)

Audit Issue Date	Internal Audit Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	We recommend that management analyze the total cost of providing transit police services and determine whether it is beneficial to separately account for these costs.	Nov-07	May-08	Currently, the contract cost is split between Orange County Transit District (OCTD) and Commuter Urban Rail Endowment (CURE) funds. The allocation costs are based on the division of labor between Bus and Rail, 73 percent and 27 percent respectively. All other costs are absorbed by OCTD and not equitably allocated to other service recipients. For future contract cost consideration, the cost of personnel, capital and maintenance-related costs will be included and charged back to a TPS cost center and allocated to recipients of the TPS services. Some of these costs are: <ul style="list-style-type: none"> • Manager of Bus Operations time for administering the TPS contract. • TPS office specialist salary and benefit cost. • Capitol cost for TPS vehicles. • Fuel, parts and labor for TPS vehicles. 	Monteiro	On Hold	Management indicated they will implement this in FY 2008-09. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	An evaluation be conducted on time spent by officers on Orange County Taxi Administration Program (OCTAP) related duties to determine whether the contract costs should be partially funded by OCTAP in addition to the OCTD and CURE. Additionally, the funding split should be periodically evaluated to ensure the allocation accurately reflects the time officers spend on rail activities and OCTAP.	Nov-07	May-08	The current TPS contract cost allocation is based on the division of labor and allocated proportionally to OCTD and CURE funds. As invoices arrive on a monthly basis the cost of contracted TPS services are split 73 percent to bus and 27 percent to rail. Using the division of labor for the period of July 2007 to December 2007 the allocation should be adjusted to indicate, bus - 75.7 percent, rail - 23.5 percent, OCTAP - 0.7 percent. This cost allocation formula will be applied to all future contracts.	Monteiro	On Hold	Management indicated they will implement this in FY 2008-09. We will follow up again in May 2008.
5/12/2006	06-015	Transit	Transit Police Services Contract Compliance and Operational Audit	An agreement be documented between OCTA and the County for rights to conduct routine fiscal and compliance monitoring of the contract by OCTA.	Nov-07	May-08	OCTA Internal Audit Department and the CAMM Department have provided copies of an AUDIT AND INSPECTION OF RECORDS clause that will be included into contract language for any future contracts entered into between OCTA and the Orange County Sheriff Department.	Monteiro	On Hold	Management indicated they will implement this in FY 2008-09. We will follow up again in May 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued December 2005 - December 2007)

Audit Issue Date	Internal Audit Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
6/12/2006	06-017	External Affairs	Bus Revenue-Generating Advertising Program Contract Compliance and Operational Audit	Expedient action be taken to collect the \$40,780.51 due to OCTA.	Jul-06	Rollled into 07-015 audit	Marketing Dept. will work with Internal Audit and Accounts Payable (AP) to properly identify the late fees that may be owed by Titan Outdoor to OCTA. A detailed listing of late fees will be identified on an invoice generated for Titan Outdoor to pay.	Dunning/Bonelli	In Process	Follow-up review has been conducted (07-015) by Ricco Bonelli. Revised audit has concluded that amount due is \$15,799.88. All outstanding revenue and fees were paid to OCTA as of July 11, 2006. Draft report has been sent to auditee.
6/12/2006	06-017	External Affairs	Bus Revenue-Generating Advertising Program Contract Compliance and Operational Audit	Establish, finalize and implement a comprehensive written policy and procedures on the Bus Revenue-Generating Advertising Program. Procedures should include relevant procedures of all parties involved in administering the program and be distributed to all of these parties.	Jul-06	Rollled into 07-015 audit	Management agrees that a strict set of policies and procedures should be formalized for Titan Outdoor to follow. Draft policies and procedures have been prepared and will be reviewed by interested parties (AP, CAMM, Internal Audit).	Dunning/Bonelli	In Process	Follow-up review has been conducted (07-015) by Ricco Bonelli. Draft report has been sent to auditee.
8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	The contract with the California Highway Patrol should be updated to reflect current billing rates, level of service, responsibilities of each party, and other factors as necessary.	Dec-07	Jan-08	Management concurs. CAMM will meet with the CHP to obtain current rates, level of service, responsibilities of each party and incorporate those items into a new contract.	Monteiro	On Hold	A contract amendment will take place by the second quarter of FY 2007-2008 which will incorporate the contract changes.
8/2/2006	06-021	Finance, Administration and Human Resources / Development	Cofiroute Contract Compliance and Operational Audit	In addition to Cofiroute's review of CHP invoices for accuracy, the invoices should be reviewed by OCTA staff for propriety with contract terms.	Dec-07	Jan-08	Management concurs. Management will review all CHP invoices for propriety with contract terms.	Monteiro	On Hold	CHP invoice review process will begin once the CHP contract is amended.
6/14/2007	07-002	Safety/Environmental Compliance	Environmental Compliance Review	Internal Audit recommends that comprehensive policies and procedures over environmental compliance be developed and formalized.	Jan-08	Jun-08	Numerous policies and procedures exist that guide the roles and responsibilities of the Health, Safety and Environmental Compliance (HSEC) Department. These policies are in need of updates and more detailed policies need to be developed directly related to environmental compliance. At this time, we are in the process of recruiting a HSEC department manager. One of the first tasks of the new department manager will be a comprehensive review of the existing policies and drafting of new policies. Policies and procedures related to environmental compliance activities will be among those to be reviewed and updated in detail.	Ng	In Process	A new department manager for the HSEC department has been appointed and one of the first priorities is to review all policies and procedures to determine applicability and to formalize the procedures. An action plan is being developed with due dates and assigned responsibilities. Follow-up review will be conducted June 2008.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued December 2005 - December 2007)

Audit Issue Date	Internal Audit Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
6/14/2007	07-002	Safety/ Environmental Compliance	Environmental Compliance Review	Internal Audit recommends that the HSEC department discuss with CAMM a notification process for procurements of consumables, which may involve CAMM periodically sending lists of new agreements with descriptions of procured items. Alternatively, consideration should be given to incorporating the HSEC department's pre-approval in the procurement process for consumables with hazardous properties.	Jan-08	Jun-08	The HSEC department has set up several meetings to discuss implementing a process for procurements of consumables with CAMM, but due to various staff changes, a process has yet to be established. In order to best comply with the Hazardous Waste Reduction Act, the Health, Safety and Environmental Compliance Department highly recommends a procedure that requires pre-approval by the department prior to procurement. This process could ensure that proper quantities are procured and could provide for an opportunity to explore substituting current hazardous materials with non-hazardous materials that are of equal effectiveness. The HSEC department will pursue implementation of this process with CAMM.	Ng	In Process	Several meetings have taken place with CAMM. They understand the need. A policy is being written to implement the changes. Follow-up review will be conducted June 2008.
6/14/2007	07-002	Safety/ Environmental Compliance	Environmental Compliance Review	Internal Audit recommends that the facility section of the scope of work include better definitions when revised.	Jan-08	Jun-08	When CAMM, Community Transportation Services, and Veolia are prepared to amend the current contract, Facilities Maintenance and the HSEC department will assist in rewriting the facilities section of the scope of work.	Ng	In Process	This action has not yet occurred. The contract has not been amended to change the scope of work. Follow-up review will be conducted June 2008.
3/16/2007	07-011	Development	Freeway Service Patrol (FSP) Operational Audit	a) Management should carefully review each invoice to ensure contract requirements are met and charges are substantiated. b) Only approved subcontractors should be used by the contractor. c) The contract should be revised to specifically state hourly rates for the prime and any subcontractors. d) All billed costs should include adequate detail to identify the work performed. Additionally, progress reports should accompany all invoices, as required by the contract. e) Support should be included for any out-of-pocket expenses billed.	Sep-07	Jun-08	• Management now carefully reviews each invoice to ensure contract requirements are met and charges are substantiated. • Contract has been amended to add approved subcontractors and their billing rates. • Each bill from contractor now lists work performed and hours on each activity. • Support is now required for all out-of-pocket expense.	Monteiro	In Process	Follow-up was put on hold until January after the DCA & Associates contract audit is complete. Our follow-up review revealed that issues still exist with invoice documentation; we will follow up again in June 2008.
3/16/2007	07-011	Development	Freeway Service Patrol Operational Audit	A formal OCTA policy should be approved that includes major FSP policy issues, such as the purpose for providing an FSP program, responsible parties and legislation and regulations that govern FSP programs. Additionally, desktop procedures should be continuously updated.	Sep-07	Jun-08	In June 2007 Motorist Services, in seeking Board approval for the award of several contracts to tow truck companies, included key program background and FSP policy information in the staff report. Updated desktop procedures are being updated as time permits. Management anticipates completion in early calendar year 2008.	Monteiro	In Process	Follow-up was put on hold until December after the DCA Contract Audit was complete. Management has not yet updated its desktop procedures; we will follow up again in June 2008.

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6/15/2007	07-012	Finance, Administration and Human Resources	Legal Services Contract Review	Legal services should be appropriately reflected in the general ledger by coding to the different accounts according to the services provided to all departments or programs.	Jan-08	Oct-08	Charges are allocated to departments within a fund based on materiality. Management will review the current contract setup to ensure that charges are properly recorded at the department level.	Monteiro	In Process	Follow-up review is in process.
11/15/2007	07-026	Transit	Carter Burgess (CB)	Internal Audit recommends that future scopes of work, including deliverables, be more narrowly and specifically defined and that large component tasks be either separately procured or specified in Contract Task Orders drawn on a master contract. This will improve OCTA's contract management and oversight. Additionally, OCTA project management should request a more effective invoice summary for use in monitoring contract progress and usage.	N/A	May-08	Project management agrees that scope of work should be defined as narrowly as possible to allow more effective contract management. We will strive in the future to separate large, distinct, and approved projects by contract or by contract task order within a contract. Project management has requested modifications and additions to existing project reporting and invoice detail to allow for more efficient and effective contract management.	Ng	In Process	Follow-up review to begin in May 2008.
11/15/2007	07-026	Transit	Carter Burgess	For not-to-exceed escalation clauses, there should be guidance on whether all rate increases will be reviewed or reviewed on a sample basis. Documentation standards for rate reviews should be established. For project personnel additions, the contract administrator's rate review should include a recalculation of rates using payroll registers and the established overhead and profit rates in the contract. Rate review and resolution of identified discrepancies should be documented in the file. Contract amendments and OCTA Letter Approvals should be executed in a timely manner. The window of time between the effective date and the C&B Request date should be contractually limited. C&B requests should not be combined with contract amendment requests. Project management should confirm that credits appear in C&B's next invoice prior to payment approval.	None Issued	May-08	All rate increases are required to be reviewed, not just a sample. Current documentation standards are that all changes to a contract are to be documented in the contract file. CAMM consistently recalculates rates when submitted. An excel spread sheet is used to verify proposed rates against payment terms. Contract administrators have been requested to include the spread sheet in the contract file. CAMM agrees that changes to the contract be completed in a timely manner. Therefore, CAMM will no longer accept requests that reflect a prior effective date. Project management will log all credits earned and track these against credits given on monthly invoices. For those credits not reflected on the invoice within 60 days, project management shall investigate and resolve.	Ng	In Process	Follow-up review to begin in May 2008.
11/15/2007	07-026	Transit	Carter Burgess	Internal Audit recommends project management confirm that credits appear in C&B's next invoice prior to payment approval. Additionally, project management should establish a limit on the time between when an other direct cost is incurred and when it may be billed.	None Issued	May-08	Project management has confirmed that the credits identified by Internal Audit were credited on the invoice for June services, dated July 19, 2007. Additionally, project management is implementing the credit review procedure described in response 2.4 above.	Ng	In Process	Follow-up review to begin in May 2008.

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6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA consider conducting an assessment on the cost of providing unlimited paratransit services for visitors and revise their policy accordingly.	Jan-08	Jan-08	In sampling some of the high-use customers, it is likely that either, 1) their client file has been coded "visitor" in error, or 2) they once lived in the County, utilized the service heavily, and have since moved out of the County but have retained visitor status eligibility. CTS staff will review and verify the status of those visitors utilizing the service most frequently to ensure that status is accurately coded. In addition, CTS staff will further research trends for visitor use of ACCESS service. If the trend is found to be problematic, change of policy will be further considered.	Dunning	In Process	Follow-up review in process.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that prior to authorizing payment, OCTA should verify or reconcile the number of individual assessments completed and reported on C.A.R.E. Evaluator's (CARE) invoice to OCTA's records for accuracy.	Jan-08	Jan-08	As of April 1, 2007, the CTS Eligibility Section implemented a new process which assists in tracking the CARE invoices. This tracking process consists of a daily cover sheet listing all customers evaluated and those applications that have been denied or incomplete. The daily cover sheet includes the client's name, ID#, type of letter, eligibility determination, evaluation date, and signature of CARE management staff. Once received by OCTA Eligibility Staff, the form is signed and dated to verify completion. Upon receiving the monthly invoice from CARE, those records are cross referenced by the ADA Eligibility Administrator.	Dunning	In Process	Follow-up review in process.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA consider annually reviewing and purging the ACCESS services database to ensure that only current eligible applicant data is maintained.	Jan-08	Jan-08	Expired client file records are maintained within a password protected database, which makes them as secure as any other record or data within the Trapeze database. The only known advantage to purging this data would be to provide additional disk space. Previously, there have not been any issues associated with lack of disk space. Should this create a problem with disk space in the future, Community Transportation Services and Information System staff will reconsider this practice.	Dunning	In Process	Follow-up review in process.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that CARE implement measures to ensure ACCESS applications remain out of view and cannot be physically assessed by any unauthorized personnel.	Jan-08	Jan-08	CTS staff recognizes the need for additional security of applications, and practices have been implemented to address this issue. All documents are kept in the CARE operations room, with the door closed at all times during office hours. File cabinets will be open during business hours for items of daily use and locked after business hours. All sensitive documents will be stored in a locked cabinet.	Dunning	In Process	Follow-up review in process.

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6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We commend OCTA's efforts to initiate the drafting of an Information Protection Policy. However, we recommend that OCTA aggressively move forward with completing and adopting an information protection policy that communicates management's criteria for handling and sharing sensitive data with business partners.	Jan-08	Jan-08	The Authority's Information Systems Department recently hired a Trapeze software specialist and a senior security analyst to address the information protection policy issues for handling and sharing sensitive data with our contractors. The Authority staff is currently working to develop such policies and a plan for implementing these policies.	Dunning	In Process	Follow-up review in process.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that OCTA management coordinate with CARE to implement password aging and forced password change functionality for ASMS. We also recommend that OCTA management coordinate with CARE to implement password formatting functionality for ASMS.	Jan-08	Jan-08	Currently, CARE does not have an automated system to require passwords be changed on a regular basis. CARE assigns all new users an access password and provides a manual notification to change passwords on a quarterly basis. CARE will remind staff of this requirement by e-mail notifications and at the OCTA ACCESS/CARE quarterly staff meetings. It was recommended and agreed upon that software is to be developed for an automated forced password change. The implementation of this will depend on financial programming resources, OCTA contractual requirements with business partners, and final implementation of an OCTA contractor policy for security standards.	Dunning	In Process	Follow-up review in process.
6/12/2007	07-028	Transit	ACCESS Eligibility and Certification Process Review	We recommend that ASMS access rights be reviewed and approved by CARE management on a periodic basis. This would require that management sign and date an ASMS access rights report as evidence of their review.	Jan-08	Jan-08	Currently, there is not an automated system to require user reviews on a regular basis. CARE has an annual review of users on the ASMS system and an automatic manual notification to IS when employees resign or are terminated. Any user that has resigned or is terminated is removed from the access users list. CARE will conduct a manual review of users on the ASMS system at all OCTA ACCESS quarterly staff meetings. A review action document will be developed which will list the current and recently terminated users. This will be made available for review by the eligibility administrator.	Dunning	In Process	Follow-up review in process.

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6/20/2007	07-029	Chief of Staff	Disadvantaged Business Enterprise Contract Review	Internal Audit recommends that policies and procedures be developed to ensure that the payment review process includes: - Verifying that the invoice package contains all contractually required information and deliverables. - Reviewing the contract agreement or purchase order to ensure that services performed fall under the scope of work authorized. - Confirming the billing rates are accurate and allowable per contract agreement. - Identifying any discrepancies and/or disallowed items on the invoices, and ensuring payment authorizations include the total dollar amount authorized for payment in order to minimize confusion in the payment process. - Minimizing the time elapsed between recipient and payment of invoice. - Checking all invoices for mathematical accuracy.	Dec-07	Dec-07	Management has reviewed the invoice payment issues noted and has identified numerous causes for the errors, most of which have been cured with a change in management oversight for DBE contracts. Management agrees that policies and procedures should be developed to address the payment review process. These policies are needed on an Authority-wide basis and should be developed by the appropriate department to ensure consistency throughout the Authority. Furthermore, training on the roles and responsibilities of all departments involved in contract payments should be provided.	Bonelli	In Process	Follow-up review in process.
	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should develop a plan for the implementation of a comprehensive program to manage records organization-wide. Policies and procedures for the systematic and orderly accumulation and storage of active records should be developed to provide a foundation upon which better records retention and destruction can be controlled.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	Monteiro		
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	Employee awareness of their roles and responsibilities with regard to records management should be strengthened. A formal training program should be developed to drive greater accountability.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	Monteiro		
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	OCTA should provide the technological resources necessary to allow consistent, organization-wide records retention, management, and retrieval. Electronic data and mail should be consistently classified, filed, sorted, and purged.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	Monteiro		
6/25/2007	07-031	Deputy Chief Executive Officer	Records Management Assessment	The current policy and records retention schedules should be updated to include security, third party and electronic document considerations.	N/A	Jul-08	(Audit findings for this assessment were referred to the Deputy Chief Executive Officer and the newly-created Records Management Task Force for further consideration and implementation of a comprehensive plan to address the issues identified in the assessment.)	Monteiro		

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	07-032	Finance, Administration and Human Resources	LNG Contract Review	CAMM should revise its policies and procedures to require formal CEO approval for substantial changes to terms of inventory contracts.	Jan-08	Aug-08	CAMM agrees to review the procurement policies and procedures as they relate to inventory and to update the Procurement Manual as needed. Funds have been budgeted in the fiscal year 2008 budget for this activity. It is anticipated that this effort will start in the September time frame and will include a procedure for handling inventory purchases as well as amendments to inventory contracts.	Monteiro	In Process	An RFP has been issued for a consultant to assist with updating the procurement manual. A completed manual is anticipated by August 2008. We will follow up with this item at that time.
	07-032	Finance, Administration and Human Resources	LNG Contract Review	The monthly index prices for LNG should be independently verified and retained with the invoices.	Jan-08	Aug-08	CAMM agrees to independently verify the index price from a published source and forward that information to Accounts Payable. Accounts Payable can retain this verification with the invoices.	Monteiro	In Process	Management is in the process of implementing a new procedure to verify fuel prices from an independent source. We will follow up with this item at that time.
9/11/2007		Finance, Administration and Human Resources	State Transportation Improvement Program Planning, Programming and Management (STIP PPM) Financial and Compliance Review, Fiscal Year 2004-05	We recommend that OCTA management improve its oversight and review of costs charged to the STIP PPM Program.	N/A	Mar-08	OCTA staff concurs that all future reimbursement requests will be thoroughly reviewed and signed off by the Revenue Manager. In addition, staff has initiated contact with Caltrans to reconcile the specific project within the Fiscal Year 2004-05 Work Program.	Monteiro	In Process	
9/11/2007		Finance, Administration and Human Resources	STIP PPM Financial and Compliance Review, Fiscal Year 2004-05	We recommend that OCTA management improve its oversight to ensure compliance with the agreement reporting requirements.	N/A	Mar-08	OCTA staff concurs that all future oversight will be improved to ensure compliance with the STIP/PPM Agreement reporting requirements.	Monteiro	In Process	
10/12/2007	08-003	Finance, Administration and Human Resources	Investment Activities - January 1 through June 30, 2007	Internal Audit recommends that the Accounting Department dispose of reconciling items on a timely basis. Consideration should also be given to dating reconciling items on the reconciliations.	N/A	N/A	Management concurs with the recommendation. Accounting Department procedures require that accounts are reconciled within 30 days of month-end. Any differences are to be investigated and resolved in the subsequent month. The particular error was investigated in February/March and originally thought to have been due to a \$100,000 addition to the 91 Express Lanes major maintenance reserve fund. Subsequent to that time it was determined that the original difference related to an over booking of the interest and was corrected.	Ng	Complete	Follow-up review will be rolled into the next Investment Activities audit.

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, Health Insurance Portability and Accountability Act (HIPAA) Privacy and Data Security Compliance Assessment	In reviewing the health plans from a HIPAA privacy and data security standpoint, it was not entirely clear that all covered entities have been properly identified. For example, the Executive Management Physical Program may be a covered entity unless it is determined to fit within the exemption for plans with less than 50 participants and is self-administered. To the extent that the Executive Management Physical Program does not fit within this exemption, then it will be necessary for the Program to comply with HIPAA privacy and data security tasks.	N/A	Jun-08	Management agrees with the recommendation. We will engage in discussions with Legal Counsel to determine if the management physical program is a covered entity. If the program is determined to be a covered entity, we will take the necessary steps to ensure that the program complies with HIPAA.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	A determination of the potential tax implications of the Executive Management Physical Program or the potential impact on nondiscrimination testing for this self-funded benefit is outside the scope of this review. However, under Internal Revenue Code Section 105(h), a self-insured medical expense reimbursement plan may provide tax-free health care expense reimbursements to highly compensated individuals if the plan does not discriminate in favor of those highly compensated individuals. Should a certain benefit fail a nondiscrimination test, then the federal income tax advantages may not be available, and in certain instances, the value of the benefit or a portion of the benefit may become taxable to the highly compensated individuals or key employees. Additional federal income tax reporting may therefore result.	N/A	Jun-08	Management agrees with the recommendation. We will engage in discussions with payroll and Legal Counsel to determine any potential tax implications.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that OCTA adopt a "hands-off" approach for handling information from its fully insured plans. If a "hands-off" approach to PHI is adopted, the existing privacy policies and procedures should be updated to reflect the additional policies required for compliance, and training should be provided for the new policies and procedures.	N/A	Jun-08	Management agrees with the recommendation. We will take the necessary measures to adopt a "hands-off" approach and will amend our policies and procedures to ensure proper record keeping of this approach.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	For a "hands-off" approach, OCTA will need to obtain a HIPAA authorization to assist participant with claims and other customer service activities when Protected Health Information (PHI) is used or disclosed with out the individual present.	N/A	Jun-08	Management agrees with the recommendation. We will institute a process that will require HIPAA authorization to assist participant with claims and other customer service activities when PHI is used or disclosed with out the individual present.	Monteiro	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA needs to formally appoint a Privacy Official and a Security Official to be accountable for the privacy and data security obligations under the HIPAA rules and regulations.	N/A	Jun-08	Management agrees with the recommendation. We will take the necessary measures to appoint a Privacy Official and a Security Official, and we will update our current record keeping documents to reflect the appointed officials.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should update its training materials to provide more comprehensive training on HIPAA Privacy and Data Security and conduct a refresher training ensuring that all members of the workforce who handle PHI are timely trained.	N/A	Jun-08	Management agrees with the recommendation. We will update our training materials to include the recommendations given and will conduct a refresher training for all members of our workforce who handle PHI. In addition to providing training for those directly responsible for protecting PHI related information, the Information Systems Department will be conducting annual Authority-wide general information security awareness training. Security awareness training has been identified as one of the top Authority security initiatives as it provides the greatest security benefits for each dollar spent.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should develop a training module that will highlight the importance of e-PHI security to the personnel performing services involving the health plans or e-PHI.	N/A	Jun-08	Management agrees with the recommendation. We will include e-PHI guidelines within the updated training materials.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should finalize and implement HIPAA record retention policies for the Human Resources Department.	N/A	Jun-08	Management agrees with the recommendation. We will finalize and implement the HIPAA record retention policies after review with Legal Counsel. The Authority, under the guidance of the IS Department manager and Deputy CEO, is in the process of developing an enterprise wide data retention and classification process, that will ensure that any PHI related information is properly protected and archived.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend OCTA obtain business associate agreements with its vendors for shredding services and records storage.	N/A	Jun-08	Management agrees with the recommendation. The IS Department will work with CAMM to amend the current contracts in order to remediate this gap.	Monteiro	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should issue an addendum to its Business Associate agreement with Mercer Human Resource Consulting, Inc. to include adequate protections for the data security requirements under HIPAA.	N/A	Jun-08	Management agrees with the recommendation. We will hold discussions with Mercer and request an amendment to the business associate agreement to include adequate protections for the data security requirements.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend OCTA receive confirmation of compliance with HIPAA's privacy and security rules from all service providers for the health plans.	N/A	Jun-08	Management agrees with the recommendation. We will receive confirmation of compliance from all service providers for the health plans (Mercer and Creative Benefits).	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should review further and determine whether Chief Executive Office is properly included in the firewall and whether the categories listed in its Minimum Necessary Policy are appropriate and not too broadly defined.	N/A	Jun-08	Management agrees with the recommendation. We will review further and determine whether Chief Executive Office is properly included in the firewall and whether the categories listed in the Minimum Necessary Policy are appropriate and not too broadly defined.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should to conduct a comprehensive inventory and risk assessment of e-PHI to ensure that OCTA's health plans have established the necessary data security safeguards to comply with HIPAA. OCTA has drafted a number of enterprise-wide policy statements for protecting and safeguarding sensitive electronic information, which we recommend OCTA finalize as soon as possible. Additionally, the FAHR Division needs to further develop, implement, and operate in compliance with these data security procedures/standards.	N/A	Jun-08	Management agrees with the recommendation. This recommendation requires both a review of the manual and technical process/flow of how PHI information moves through the organization. Once this has been completed a better risk assessment can be accomplished. Final adoption of the Authority's newly created security policies and standards is anticipated before year end 2007.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	Once the enterprise-wide policy statements are adopted, OCTA should adopt by reference (or amend), on behalf of the health plans, the existing data security policy statements that apply within OCTA with appropriate modification to make certain that such policies specifically extend to e-PHI. In addition, OCTA should confirm that e-PHI should be treated as "Confidential" with respect to all such policies and procedures, and provide that access to such information will be limited solely to those individuals required to review such information.	N/A	Jun-08	Management agrees with the recommendation. Current draft policies have provisions that address this recommendation. As stated in response to recommendation 13, the security policies and standards are anticipated being adopted before year end 2007.	Monteiro	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should amend appropriate plan documents to reflect the requirements of the HIPAA data security rule. Additionally, the Flexible Benefits Plan HIPAA Amendment needs to be amended to provide data security language.	N/A	Jun-08	Management agrees with the recommendation. We will work with our Flexible Benefits Plan provider to ensure proper language is included in the plan documents on data security.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should re-examine the number of individuals who have access to e-PHI on a regular basis to reaffirm their need for receipt of or access to the data currently provided to them (i.e., do their job responsibilities require that they access e-PHI), and investigate alternative data forms that do not negatively impact their functions but mitigate the risk of unintentional violations of security standards.	N/A	Jun-08	Management agrees with the recommendation. However, this recommendation requires regular review by Human Resources. The Information Systems department can provide relevant reports on a normal basis to support this review and will modify access to PHI systems as directed by the data owner (HR). Information Systems department are considered the custodians of the information, which means it does not make decision on who access is granted to. We will re-examine the number of individuals who have access to e-PHI on a regular basis to reaffirm their need for receipt of or access to the data currently provided to them.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In concert with OCTA's Information Systems resources, OCTA's Human Resource/ Benefits personnel should establish a specific process for the ongoing evaluation of security policies for the health plans.	N/A	Jun-08	Management agrees with the recommendation. Human Resources will work in concert with Information Systems department to establish the process by which we operate for evaluation of our security policies for Creative Benefits health plan.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should investigate the costs, required resources and vendor abilities to pursue a data encryption program for all internal and external e-PHI transmissions.	N/A	Jun-08	Management agrees with the recommendation and will analyze... Currently, majority of all e-PHI data transmissions inside and outside the organization has been identified and documented. All transmission of e-PHI data over the open Internet is currently being encrypted. IS and HR will need to verify that e-PHI approved users are not using any mechanism outside those documented (e.g. sending e-PHI via unprotected email) or stored on a unsecured location (e.g. Open file share). Once the e-PHI network data flow has been confirmed an internal review of transmission will be conducted in order to determine the best encryption mechanism to use.	Monteiro	In Process	

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10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	After the health plans are in existence for at least a year, we recommend that OCTA perform an analysis of the flow of individually identifiable health information for its health plans that pertains to plan participants and their covered dependents. The analysis should encompass the uses of the health information, any disclosures of such health information, and the retention/recording of such health information. The overall objective of the analysis should be to identify any impermissible health information use or disclosure practices that must be revised to conform with the HIPAA standards and ensure the fully insured plans are operating in accordance with a "hands-off" approach.	N/A	Jun-08	Management agrees with the recommendation. We will create a process flow chart for the Flexible Spending Account. In the report it indicates that when using the term "health plans" it is referencing the FSA account/ Creative Benefits. The reference is also being made when stating in the recommendation "After the health plans are in existence for at least a year".	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that OCTA store any and all sensitive health information related to these prior plans and obtain a business associate agreement with the outside document storage vendor. Aon has not reviewed, and there appears to be very little guidance available, as to whether OCTA still has HIPAA obligations with respect to these terminated health plans. As such, further discussion with legal counsel is recommended.	N/A	Jun-08	Management agrees with the recommendation. Human Resources will work with the Records Retention Department to establish required language in the business associate agreements for the outside document storage vendor.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	OCTA should confirm that CalPERS is HIPAA compliant with respect to its long-term care plan.	N/A	Jun-08	Management agrees with the recommendation. We will confirm that CalPERS is HIPAA compliant.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	In future negotiation with these unions, OCTA should consider obtaining certification that the applicable unions are in compliance with HIPAA's rules and regulations.	N/A	Jun-08	Management agrees with the recommendation. We will address this recommendation with Employee Relations and Legal Counsel.	Monteiro	In Process	
10/27/2007		Finance, Administration and Human Resources	Summary Report of Findings, HIPAA Privacy and Data Security Compliance Assessment	We recommend that to the extent applicable, third parties such as medical, dental, vision and EAP providers confirm compliance with the electronic transaction and unique health identifiers regulations on an annual basis with respect to the OCTA health plans.	N/A	Jun-08	Management agrees with the recommendation. We will establish an annual process to confirm compliance with HIPAA for all third party health care entities.	Monteiro	In Process	

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10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA modify its current subrecipient monitoring policies and procedures to conform with federal requirements and communicate these policies and procedures to all managers of federal programs.	N/A	Sep-08	OCTA staff concurs and will subsequently modify its current subrecipient monitoring policies and procedures to conform with federal requirements and further communicate these policies and procedures to all managers of federal programs.	Monteiro	In Process	
10/31/2007		Transit	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA adhere to the Buy America requirements and ensure that all documentation is contained in the procurement files to support OCTA's compliance.	N/A	Sep-08	Staff provided the necessary quality assurance oversight for the referenced procurement, and the actual in-plant and acceptance inspections were conducted by OCTA mechanics. We did not use an individual checklist for each bus to confirm that each item of the Buy America pre-award audit was verified by signature at the place and date of assembly by our resident inspectors. Since this delivery, we have expanded our inspection detail for our resident in-plant inspector's documentation and definition of the actual components used during the pre-award audit to determine U.S. content and final assembly. We currently use the list of components, as approved by make and model, during the vehicles' assembly process.	Monteiro	In Process	
10/31/2007		Deputy Chief Executive Officer	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	OCTA should develop and implement a policy on misconduct. Once developed, the policy should be acknowledged and signed by each employee on an annual basis as evidence of their reaffirmation that they understand the policy and have complied with its provisions.	N/A	Sep-08	Management will develop and implement a policy on misconduct; each new hire will be asked to acknowledge and sign the policy upon starting work at OCTA.	Monteiro	In Process	
10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA require departments using on-call contracts to comply with the existing policies and procedures manual requirements governing the use of CTOs.	N/A	Sep-08	Management agrees to ensure that all departments using on-call contracts comply with the existing policies and procedures manual requirements governing the use of CTOs.	Monteiro	In Process	

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10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA acquire or develop an inventory system for passes that provides for proper tracking of unissued passes. Additionally, if the system also serves as a point of sales system, OCTA should ensure the system is compliant with current privacy regulations.	N/A	Sep-08	Management agrees that an inventory system is needed to track bus passes. For over 10 years, a manual Excel spreadsheet has been used to record pass receipts and sales. The spreadsheet was never reconciled to a physical inventory count until fiscal year 2006-2007. While investigating the discrepancies after the first inventory, it was determined that the PICS did not account for passes issued at no cost for promotional purposes. The adjustments to inventory were the result of cumulative transactions over a 10-year period. PICS has since been modified so that passes issued at no cost will be deducted from the excel spreadsheet inventory. Additionally, OCTA is in the process of procuring a point of sale and inventory software package for the pass sale function. Only applications that comply with privacy regulations are being considered.	Monteiro	In Process	
10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that OCTA develop and implement a formal change management process that documents the system development life cycle of changes to hardware applications and systems.	N/A	Sep-08	OCTA's Information Systems Department management team recognizes the need for a more formal and consistent method to documenting and controlling change in its computing environment. A combination of internal Help Desk tickets, external vendor help desk tickets, and an internal tracking spreadsheet are being used and reviewed at least twice per week to coordinate, communicate and track when changes are implemented. OCTA has developed a scope of work to pilot practices and a software solution that will bring improvements in both configuration management and change management practices to the department. Our plan is currently on hold due to competing demands of other projects deemed more important. We plan to further evolve the practices into the department's operation.	Monteiro	In Process	

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10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that an individual within the Information Systems Department be tasked with the responsibility of assigning access permissions within IFAS. Access permission should only be assigned upon receipt of a properly authorized request for access.	N/A	Sep-08	Since the implementation of IFAS, the Section Manager of General Accounting has been assigning access in IFAS as there was no one in the IS Department supporting the IFAS system. Information Systems recently hired a Business Computing System Specialist (BCSS) to support the IFAS. As the BCSS gains IFAS expertise, the Accounting Department will transition the assignment of permissions to the BCSS.	Monteiro	In Process	
10/31/2007		Finance, Administration and Human Resources	2007 Management Letter / Single Audit Report of Federal Awards, Year Ended 2006-07	We recommend that management prepare written instructions for Department Heads to be included as part of OCTA's accounting policies and procedures manual. These instructions should document the basic concepts of proper cutoffs and the individuals responsible for accruing payables at the accounting period end.	N/A	Sep-08	Accounting distributes instructions and an accrual worksheet to department heads regarding the year end cutoff, seeking notification of any outstanding expenses that were incurred prior to year end. Next year, Accounting will supplement the written instructions with in-person meetings with staff responsible for submitting invoices. The Accounting Department will also require accounts payable supervisory review of all weekly check writes through October to ensure that all payments related to the previous fiscal year have been properly accrued.	Monteiro	In Process	
10/23/2007		City of Anaheim	Measure M Agreed-Upon Procedures Reports, Year Ended June 30, 2007	The city recorded \$236,066 of expenditures related to its Anaheim Regional Transportation Intermodal Center (ARTIC) project in its Turnback fund. However, since the ARTIC project is not included in the city's Seven-Year Capital Improvement Program, the related expenditures are not eligible to be funded with Turnback monies.	N/A	N/A	The city reclassified the project expenditures out of its Turnback fund in response to our finding.	Monteiro	In Process	
12/7/2007		Orange County Transportation Authority (Transit)	Agreed-Upon Procedures Performed with Respect to the National Transit Database (NTD) Report, For the Period July 1, 2006 through June 30, 2007	We recommend that OCTA ensures that the contractor establishes written procedures requiring that the Data Entry Clerk document the reconciliation of the tripsheets and the Window Supervisor document the review of all tripsheets.	N/A	Jul-08	Management will ensure the contractor implements the recommendation	Monteiro	In Process	

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12/7/2007		Orange County Transportation Authority (Transit)	Agreed-Upon Procedures Performed with Respect to the National Transit Database Report, For the Period July 1, 2006 through June 30, 2007	We recommend that OCTA develop and implement procedures to ensure the mathematical accuracy of the periodic data included on the worksheets and the periodic summaries for NTD reporting purposes.	N/A	Jul-08	OCTA Operations Analysis Department is in the process of developing written procedures to ensure formula calculations are accurate for NTD reporting purposes.	Monteiro	In Process	
12/19/2007		City of La Habra	2006-07 Annual Transportation Development Act Audits	We recommend that the City of La Habra competitively bid its contract for senior transportation services upon expiration.	N/A	Jul-08	The city agrees with the audit recommendation and plans to have a competitively bid contract in place within the next 60 days.	Monteiro	In Process	
12/3/2007		Korean American Senior Association of Orange County (KASA) - passed through the City of Garden Grove	2006-07 Annual Transportation Development Act Audits	We recommend that KASA maintain mileage logs to support reimbursements paid to employees. The auditable mileage logs should contain the following at a minimum: data of trip, purpose of trip, beginning odometer reading, ending odometer reading and total miles. KASA should reimburse employees for business miles at the established IRS mileage rate instead of paying 100% of the fuel, repair, and maintenance costs for employee vehicles.	N/A	Jul-08	(Internal Audit requested a management response from KASA by February 25, 2008.)	Monteiro	In Process	
12/3/2007		Korean American Senior Association of Orange County (KASA) - passed through the City of Garden Grove	2006-07 Annual Transportation Development Act Audits	We recommend that KASA obtain and implement automated accounting software that will allow for double-entry accounting and result in the production of a trial balance and general ledger detailing all transactions.	N/A	Jul-08	(Internal Audit requested a management response from KASA by February 25, 2008.)	Monteiro	In Process	
12/19/2007		Orange County Transportation Authority (Finance, Administration and Human Resources)	2006-07 Annual Transportation Development Act Audits	We recommend that OCTA file claims for reimbursement for allowable TDA Article 3 expenses on at least a semi-annual basis. Additionally, we recommend that OCTA report its TDA revenue and expenses on the accrual basis of accounting.	N/A	Jul-08	In September 2006, staff recognized that the TDA Article 3 reserve balance established at the County Auditor-Controller was unusually high. An analysis determined that \$3.72 million should be claimed in the October 2006 submittal to the County Auditor-Controller. This analysis uncovered an inadequate process that has subsequently been addressed. Staff will file claims for reimbursement for allowable TDA Article 3 expenses on at least a semi-annual basis.	Monteiro	In Process	

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 1)	OCTA should build on the multi-level planning efforts for the Comprehensive Business Plan (CBP) to position the CBP as the single, agency-wide source for transportation plans, operations, projects and services. Executive: Jim Kenan.	Nov-07	Feb-08	<i>Will Not Implement.</i> Part of the recommendation for this item included expanding performance measures beyond bus operations to all departments within the CBP. It is important to note that the CBP is built at a macro level and is done by program, not by department. The bus operations program lends itself to performance measures on a system-wide basis but parsing out departmental goals at a programmatic level would be difficult and too detail-oriented for the CBP.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.
		Clerk of the Board	State Triennial Performance Audit (Recommendation No. 3)	OCTA should consider assigning the administrative support of all committees that support the OCTA related activities of Board Members to the Clerk of the Board. Executive: Wendy Knowles	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> This administrative support would logically entail agenda compilation, staffing of meetings, minute-taking, and transcription for several non-Board appointed publicly noticed committees which meet to discuss OCTA issues. Clerk of the Board concurs that administrative support is needed. Staff (largely from External Affairs and the Development Divisions) who have handled these administrative tasks for the past many years are involved with the issues addressed by these committees and have developed working relationships with participants. While this reassignment of committee support could be effected, it would only be feasible and successful with additional staffing in the Clerk of the Board's office.	Monteiro	In Process	A staff report providing an update on this item was provided to the Executive Committee meeting on 2/4/08.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 14)	OCTA should implement required time and costing processes and tools to enable more extensive and complete direct charging of expenses to the programs/activities responsible for the expenditure. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> The current accounting system (IFAS) and the current Budgeting system both have the technical capacity to implement this type of project tracking at OCTA. Financial Planning & Analysis staff has worked with a consultant to pare down the project codes to a more useful number.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 16)	Accounts Payable should implement the "Payment Signature Authorizing Policy" or a similar cover form for authorizing personnel to sign in the case of all invoices submitted for goods and services provided under contracts. Purchase orders could be excluded. Executive: Jim Kenan	Jan-08	Apr-08	Will Implement with Modifications. In lieu of requiring a coversheet with boilerplate language to all non-purchase order payments, management suggests creating a new signature authorization card that details the responsibilities and assertions that an approval signature represents. This option will focus attention on the issue without increasing paper usage and processing time. Management believes that acknowledgement of the responsibilities with signature authority as delegated will be more effective and have less cost than adding boilerplate language and an extra piece of paper to each payment.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. A draft Payment Request Policy has been developed detailing the responsibilities of authorizing payments. A signature authorization form has also been drafted. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 17.1)	OCTA should establish clear written guidelines on the use of payment requests. These should include those types of purchases that are exempt from the \$2,500 limit (e.g., judgments/settlements) and a cumulative dollar limit that can be paid to any one vendor via payment requests during any fiscal year. Executive: Jim Kenan	Jan-08	Apr-08	Has Already Been Addressed. The CAMM procedures generally establish the criteria for using payment requests by establishing thresholds for procurements that may bypass the formal procurement process. To supplement CAMM procedures, Accounts Payable has increased enforcement of the rules, rejecting payment requests exceeding \$2,500 unless on a pre-approved list of procurements not subject to CAMM procurement rules. Finally, Accounting has created a document that details the requirements for submitting payments to Accounts Payable for processing that comply with all procurement rules.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. A Payment Request Policy that details the circumstances for using payment request forms has been drafted. This draft policy has been modified so that the \$2500 limit includes one-time payments as well as a series of payments to a single vendor during a rolling 12-month period

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 17.2)	CAMM should review the "frequent payment request" list and contact departments that are using numerous payment requests to a single vendor to suggest that a contract or purchase order be established with the vendor. As part of this process, CAMM should also advise Accounts Payable to reject any further payment requests for the identified vendors. Accounts Payable should enforce the restriction. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> As Accounts Payable (AP) processes payments, it currently addresses all Payment Requests that exceed \$2,500 without referencing a contract or Purchase Order (PO). If the payment is on the informal list of acceptable payments that do not require CAMM approval, it is processed. All other payment requests over \$2,500 are being rejected until approved by the CEO, Manager of CAMM or their designee. AP generates a weekly list of "exception" payments that the department manager reviews. There are very few true exceptions. Management disagrees that AP should be rejecting payments. This strategy does not address the problem and is punitive to the vendor instead of the offending OCTA department. Once the invoice is received by AP, the legal liability exists and payment must be made.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. The new payment request draft policy details 4 categories of payment requests. The first 3 are authorized (one-time under \$2500, series of payments under \$2500 during a rolling 12-month period, and exempt payments). The last category is called Payment Request Violations (i.e. procurements that should have gone thru CAMM). Payments in the last category require the signature of the CEO, Deputy CEO, Clerk of the Board, Exec Director or Director before payment will be processed.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 18)	OCTA's budget process should provide for a more rigorous review of professional services and capital. In doing so, the Budget Department should identify patterns of continual over-budgeting and work with Executive Directors and the CEO to limit the practice. Executive: Jim Kenan	Jan-08	Apr-08	<i>Will Implement with Modifications.</i> Financial Planning & Analysis (FP&A) reviews each line-item in the budget as part of the budget review process. Professional Services and Capital budgets are built using a "zero-based" approach to budgeting, meaning that each item must be independently justified each year. In an effort to monitor the progress and merit of requested line items, FP&A staff reviews all board agendas and contracts to ensure budget resources are used as planned. Furthermore, staff is working on developing a carryover budget report that will help users distinguish line items that are encumbered and have budget dollars committed in the year they are executed to avoid the possibility of these items being needlessly re budgeted in subsequent years. A status of budget-to-actual information is transmitted to the Board each quarter. A focused effort to raise the level of awareness of budget-to-actual activity by department will be pursued by FP&A.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. The Finance and Administration Committee has requested that the quarterly budget status report be a presentation item. This will serve to increase the awareness of budget-to-actual activity throughout the Authority. Budget targets by division are being developed for the fiscal year 2008 09 budget cycle.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 19)	OCTA should establish and adopt a policy that requires CEO approval, with Board notification, for budget transfers between asset categories exceeding a reasonable dollar limit with any fiscal year. Executive: Jim Kenan	Jan-08	Apr-08	Will Implement with Modifications. The proposed remedy includes CEO and Board involvement. Although no Board policy was violated, management believes that a less drastic revision to the current policy would provide an equal remedy and more prudent financial tracking. Currently, departments have full autonomy to transfer between capital items throughout the year. Management thinks this policy should be changed to restrict transfers only to those within the asset categories established in the CBP. This change would prohibit large transfers to unrelated items, while maintaining the budget autonomy of each department, the independence of the budget function and keeps the CEO and the Board focused on policy direction instead of individual budget items.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. Art Leahy requested additional information from Jim Kenan. Management intends to implement this policy revision with implementation of the fiscal year 2008-09 budget.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 22.1)	OCTA should develop a more coordinated approach to grants management, and should consider creating a Grants Department within Finance, Administration, and Human Resources. At a minimum, the Grants Technician position, currently assigned to the General Accounting Section, should be transferred to the Comprehensive Business Plan(CBP)/Grants Section in the FP&A Department. Executive: Jim Kenan	Jan-08	Apr-08	Will Implement with Modifications. This should be considered during OCTA's organizational assessment. Consolidation of the three grant functions at OCTA is worth consideration.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 22.2)	OCTA should establish a grants management planning process that requires the Manager of CBP/Grants, the Grants Section staff, the individual in that section overseeing the grant, the project manager, and the grants funding specialist develop a plan for administering each grant upon its receipt. The plan should include a list of all grant requirements and actions needed to meet them. Executive: Jim Kenan	Jan-08	Apr-08	In Process. OCTA has documented policies and procedures for the grant planning process within each of the three grant functional areas. This planning process is an integral part of the success for each specific grant function. The process of continued communication and coordination occurs from the initial stages of the grant needs assessment with the project manager. This continues on to proposal writing to award and execution of the grant to grant management and adherence to federal guidelines to grant accounting to grant close-out. These steps are all documented and followed in the grant policies and procedures. One item to note is that the processes are all individual in nature but coordinated as a single process. This single process itself is not documented but the concept is sound. Management will document the process.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 22.3)	Quarterly grants meetings should be conducted involving the section manager of CBP/Grants Section and his grants-related staff, the grants funding specialist, and the project managers for each planned and active, grant-funded project. The status of each pending and approved grant should be reviewed and needed actions defined. Executive: Jim Kenan	Jan-08	Apr-08	Has Already Been Addressed. Currently, the three grant functional areas have daily communication, coordination and discussions. At times there are procedural breakdowns but they are short lived and quickly addressed. It is important to note that although the audit alludes to grants being "close to jeopardized" there are no instances where grant funds were forfeited. On a quarterly basis, there are regularly scheduled meetings with each functional area to discuss open issues, concerns, process enhancements and grants in general. This meeting is fruitful and assists in closure of any outstanding issues. Improved communication is needed with project managers. The grant specialist and grants management coordinate and report to the OCTA Board of Directors a quarterly staff report on the status of future, pending, executed and active grant activity.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 23)	OCTA should create a Contracts Administration function within the CAMM organization that is tailored to each major user group depending on the types of contracts and services. With the approval of the extension of Measure M, there will be new contracts that will require more time and attention from a management standpoint. Executive: Jim Kenan	Jan-08	Apr-08	In Process. Two contract administrator positions added in the renewed Measure M budget amendment. Management will develop service level agreements with CAMM's customers. CAMM procurement administrators positions have been reclassified to contract administrators or buyers based on duties and individual qualifications. This is designed to strengthen the contracts administration function.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. On hold pending the results of the Organization Assessment, additional staffing, and direction from Executive Management.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 24)	OCTA should create Contracts Administration Policies and Procedures by working with other business units to meet their requirements. The Manager of CAMM is planning to recommend new contract administrator positions and an updated staffing plan as part of her implementation of the consultant recommendations from the study recently completed. Executive: Jim Kenan	Jan-08	Apr-08	In Process. See management response to #23. Additionally, more review in this area will be conducted as part of OCTA's organizational assessment.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. An RFP has been issued for a consultant to assist with updating the procurement manual; proposals are due 2/15/08. A completed manual is anticipated by July/August 2008.

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11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 25)	OCTA should implement the split in the responsibility of maintenance/material management into two sections (one for inventory management and one for major procurements) being considered as a result of the recent consultant report. Executive: Jim Kenan	Jan-08	Apr-08	Has Already Been Addressed. This recommendation has been implemented and both positions have been filled.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 26)	OCTA should enhance the Inventory Management Section, and review standard best practices, creating Policies and Procedures specific to how inventory is to be managed and maintained. This should be accomplished as part of the implementation of the Ellipse Inventory Management System. While Ellipse has the capability to list best practices, the capability has to be "turned on" and used for it to be functional. Also, the Ellipse system in itself does not generate new policies and procedures. Executive: Jim Kenan	Jan-08	Apr-08	In Process. One of the first duties of the newly created section manager, inventory will be to review the procedures currently in place and update them to reflect industry best practices and the capabilities inherent in the Ellipse application.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. A new section manager has been hired. Funds have been budgeted in FY 09 to conduct a thorough review of the inventory section.
11/28/2007		Finance, Administration and Human Resources	State Triennial Performance Audit (Recommendation No. 27)	CAMM should develop more detailed policies and procedures that will provide consistent direction. Executive: Jim Kenan	Jan-08	Apr-08	In Process. As part of the revisions to OCTA's procurement policies and procedures, CAMM will develop desktop procedures for the staff. These will ensure that all new employees are trained in a like manner and that all staff is handling procurements in a similar manner.	Monteiro	In Process	Discussed with Jim Kenan and Art Leahy on 8/24/07. Item will be taken to the Finance and Administration Committee meeting for discussion in March 2008. An RFP has been issued for a consultant to assist with updating the procurement manual; proposals are due 2/15/08. A completed manual is anticipated by July/August 2008.
11/28/2007		Transit	State Triennial Performance Audit (Recommendation No. 32)	OCTA Human Resources Department and Bus Operations Department should develop a systematic approach to regular operator evaluations. Executive: Beth McCormick	Jan-08	Apr-08	In Process. Management agrees with this recommendation and will work to develop an operator evaluation program during the next triennial evaluation period. Examples from other systems are being sought. OCTA has taken a more assertive approach to monitoring complaints and accidents.	Monteiro	In Process	Taken to the 1/24/08 Transit Committee. Management is working to develop an operator evaluation program.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued December 2005 - December 2007)

Audit Issue Date	Internal Audit Report Number	Division / Department / Agency	Audit Name	Recommendation	Most Recent Request for Update	Update Due	Management Response	Auditor	Status	Notes
11/28/2007		Transit	State Triennial Performance Audit (Recommendation No. 33)	OCTA should develop and implement plans for providing physical security at the operating bases. Executive: Beth McCormick	Jan-08	Apr-08	Has Already Been Addressed: Facilities is improving fencing with barbed wire, etc. at all bases. We are also adding more electronic locks on various doors throughout all our bases and the use of electronic key cards. Most exterior doors will be included, as well as doors providing access to our telephone/server rooms, electrical power rooms, or any other room that is considered a security priority. Finally, we are hiring a video surveillance consultant to assess all of our bases facility video surveillance systems, determine spots that need coverage, and provide for a secure surveillance system that is common to all bases. The consultant's report will be used in the next fiscal year to actually make the suggested changes.	Monteiro	In Process	Discussed with Beth McCormick and Art Leahy on 10/26/07. Implementation is ongoing; Committee date to be determined.
11/28/2007		Transit	State Triennial Performance Audit (Recommendation No. 38)	OCTA should develop updated service standards for fixed route services including developing unique standards for areas within the County where density and demographics may negatively impact ridership. Executive: Beth McCormick	Jan-08	Apr-08	Will be Implemented: The service standards for fixed route services will be updated as part of Transit's work plan for fiscal year 2007-08.	Monteiro	In Process	Taken to the 1/24/08 Transit Committee. Performance measures and service standards are currently under revision and will be presented to the Board of Directors by the fourth quarter of fiscal year 2007-08.



February 13, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Agreement for Contract and Procurement Support Staffing

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2007-08 Budget, the Board of Directors approved support staffing for the Contracts Administration and Materials Management Department. Proposals were received in accordance with the Orange County Transportation Authority's procurement procedures for professional and technical services.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-7-1286 between the Orange County Transportation Authority and Procurement Services Associates for a three-year contract, in an amount not to exceed \$240,000, for supplemental support staffing for the Contracts Administration and Materials Management Department.

Background

Contracts Administration and Materials Management Department (Camm) procures and contracts for all the Orange County Transportation Authority's (Authority) materials, equipment, supplies, and services, ranging from office supplies to major construction projects. In fiscal year 2006-07, Camm processed approximately 525 contracts, purchase orders, and 496 amendments. The department has undergone several process reviews over the last few years and each has recommended the need for additional staff. The department consists of three teams that handle the following major categories of goods and services:

- Capital Projects – public works, i.e. architectural/engineering services and construction procurements.

- Procurement – professional and miscellaneous services such as financial studies, management consultants, public relation services, contracted transportation services and technology related type procurements.
- Maintenance – supplies, capital equipment, bus parts, and maintenance services.

On August 13, 2007, the Authority's Board of Directors approved a Renewed Measure M (M2) Early Action Plan (EAP) for the implementation of the freeway program. As part of the M2 EAP, the Board approved two additional contract administrator positions for which CAMM is currently recruiting. The purpose of the M2 EAP was to advance the start of multiple M2 projects over the next five years. To support this advanced program, as well as the continued demands for existing projects, the Metrolink expansion program, and the bus rapid transit program, additional procurement support staff will be necessary. It is anticipated that up to five additional temporary staff may be required to support these efforts. A supplemental support staffing services contract will also allow for flexibility in putting the appropriate skill sets on the specific projects.

Discussion

This procurement was handled in accordance with the Authority's policies and procedures for professional services. In addition to cost, many other factors are considered in an award for professional services. Therefore, the requirement was handled as a competitive negotiated procurement. Award is recommended to the firm offering the most effective overall proposal considering such factors as staffing, prior experience with similar projects, approach to the scope of work, and technical expertise in the field.

The project was advertised on October 31, 2007 and November 5, 2007, in a newspaper of general circulation, and on CAMM NET. A pre-proposal meeting was held on November 2, 2007, and was attended by five firms. Addendum No. 1 was issued on November 12, 2007, which addressed administrative changes and responded to questions submitted by the firms.

On November 26, 2007, six proposals were received. An evaluation committee composed of staff from Development, Human Resources, CAMM, and an external member from the procurement staff of the Alameda Corridor East Construction Authority was established to review the proposals submitted. Proposals were evaluated based on qualifications of the firm, staffing and the project organization, work plan, and cost and price. The proposals were evaluated based on the following evaluation criteria and weights:

-
- | | |
|-------------------------------------|------------|
| • Qualifications of the Firm | 25 percent |
| • Staffing and Project Organization | 30 percent |
| • Work Plan | 25 percent |
| • Cost and Price | 20 percent |

Based on the review of the proposals, the evaluation committee recommends the following firm for consideration of an award:

Firm and Location

Procurement Services Associates
Pleasanton, California

The following is a discussion relative to the evaluation criteria and weights used in the selection of the firm:

Qualifications of Firm

Procurement Services Associates' (PSA) core business is to provide contract and procurement personnel to the public sector. The other firms' core business was primarily to provide temporary staffing personnel. Additionally, the other firms offer a variety of disciplines and do not concentrate in the area of contract and procurement staffing which is critical to the timely completion of the projects.

Staffing and Project Organization

The staffing section of the proposal established the methods that the firms will use to manage the project and identified key project staff assigned. The evaluation committee rated the proposal from PSA highest for the following reasons:

Personnel provided by PSA are PSA employees. PSA provided the names and resumes for their proposed staff giving PSA the advantage over the other five firms for the simple reason, PSA would not have to recruit which means PSA personnel could start work upon contract award. In addition, contracting with PSA will reduce the potential for personnel turnover. Upon review of the resumes provided, the staff had appropriate experience and qualifications to perform the work required in the scope of work.

Work Plan

The work plan is intended to provide a comprehensive description of how the services will be performed.

PSA provided a strong work plan meeting all of the Authority's requirements for providing support staff for the CAMM Department. Due to PSA's core procurement business background, PSA's work plan depicted a comprehensive understanding of procurement practices and procedures, which would result in a minimal "learning curve" period for the staff.

Cost and Price

PSA ranked lowest in the cost and price category due to the fact that they proposed the highest hourly rates of all the firms. Included in the proposed hourly rate is that PSA offers its personnel medical and dental benefits, holiday, vacation and sick leave pay, and an Individual Retirement Account program. Though the other firms proposed lower hourly rates, the other five firms do not offer benefits to its personnel.

Fiscal Impact

The project was approved in the Authority's Fiscal Year 2007-08 Budget, Finance and Administration, Account 1270-7519-A5050-F01.

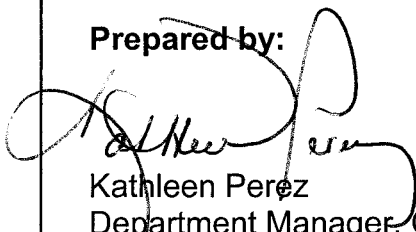
Summary

Based on an evaluation of proposals, the evaluation committee recommends the selection and award to Procurement Services Associates to provide supplemental staffing services for the Contracts Administration and Materials Management Department. The value of this contract is \$240,000, for three years.

Attachments

- A. Request for Proposals 7-1286 Contract/Procurement Support Staffing
Proposal Evaluation Summary
- B. Request for Proposals 7-1286 Contract/Procurement Support Staffing
Services Review of Proposals

Prepared by:



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Administration and Materials Management
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Approved by:



James S. Kenan
Executive Director, Finance,
Administration and Human Resources
(714) 560-5678

PROPOSAL EVALUATION SUMMARY							
Firm: Procurement Service Associates						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualifications of Firm	5.00	5.00	5.00	5.00	5.00	5	25.00
Staffing/Project Organization	5.00	4.50	4.00	5.00	5.00	6	28.20
Work Plan	4.00	5.00	4.00	4.00	4.00	5	21.00
Cost and Price	3.00	3.00	3.00	3.00	3.00	4	12.00
Overall Score	87.00	89.00	81.00	87.00	87.00		86
FIRM: AFRA						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualifications of Firm	4.00	3.50	3.00	4.00	3.00	5	17.50
Staffing/Project Organization	4.00	3.00	3.00	4.00	3.50	6	21.00
Work Plan	3.00	3.50	3.00	3.00	3.00	5	15.50
Cost and Price	5.00	5.00	5.00	5.00	5.00	4	20.00
Overall Score	79.00	73.00	68.00	79.00	71.00		74
FIRM: Rainmaker Staffing						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualifications of Firm	4.00	4.00	4.00	3.00	4.00	5	19.00
Staffing/Project Organization	3.00	4.00	3.00	2.00	3.00	6	18.00
Work Plan	3.00	3.50	3.00	2.00	3.00	5	14.50
Cost and Price	5.00	5.00	5.00	5.00	5.00	4	20.00
Overall Score	73.00	81.50	73.00	57.00	73.00		72
Firm: Focus on Temps						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualification of Firm	4.00	4.00	3.00	3.00	3.00	5	17.00
Staffing/Project Organization	3.00	3.50	3.00	2.00	3.00	6	17.40
Work Plan	3.00	3.50	3.00	2.00	3.00	5	14.50
Cost and Price	5.00	5.00	5.00	5.00	5.00	4	20.00
Overall Score	73.00	78.50	68.00	57.00	68.00		69
FIRM: Segula Technologies						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualification of Firm	4.00	4.00	3.00	3.00	4.00	5	18.00
Staffing/Project Organization	4.00	3.50	3.00	3.00	3.00	6	19.80
Work Plan	3.00	3.00	3.00	3.00	3.00	5	15.00
Cost and Price	4.00	4.00	4.00	4.00	4.00	4	16.00
Overall Score	75.00	72.00	64.00	64.00	69.00		69
FIRM: A Professional Personnel Service						Weights	Criteria Score
Evaluation Number	1	2	3	4	5		
Qualification of Firm	3.00	3.00	3.00	4.00	3.00	5	16.00
Staffing/Project Organization	3.00	3.00	3.00	4.00	3.00	6	19.20
Work Plan	3.00	2.50	3.00	3.00	3.00	5	14.50
Cost and Price	4.00	4.00	4.00	4.00	4.00	4	16.00
Overall Score	64.00	61.50	64.00	75.00	64.00		66

Request for Proposal 7-1286, "Contract/Procurement Support Staffing Services"

Review of Proposals

PRESENTED TO THE FINANCE AND ADMINISTRATION COMMITTEE - February 13, 2008

6 proposals were received, and 1 firm recommended for award

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	Proposed Fully Burdened Hourly Rates
1	86	Procurement Services Associate (PSA) Pleasanton, CA	None	Excellent proposal- Met or exceeded proposal requirements. Excellent work plan, clearly understood scope of work. Core business is procurement and contracts staffing. Consultants are employees of the firm. Labor rates are high, but are inclusive of benefits.	Senior Contract Administrator: \$87.65 Buyer: \$53.00 Support Staff: \$33.05
2	74	AFRA Consulting Marina Del Rey, CA	None	Second ranked firm. Good overall proposal. Good work plan and recruiting plan. Core business temporary staffing. Competitive labor rates for two positions, did not price the buyer position.	Senior Contract Administrator: \$57.00 Buyer: Did not price Support Staff: \$33.00
3	72	Rainmaker Staffing Santa Ana, CA	None	Good proposal, not as detailed. Good work plan and recruiting plan. Core business temporary staffing. Competitive labor rates.	Senior Contract Administrator: \$49.13 Buyer: \$36.35 Support Staff: \$26.92
5	69	Focus on Temps Huntington Beach, CA	None	Average proposal Average work plan and recruiting plan Core business temporary staffing Competitive labor rates	Senior Contract Administrator: \$66.00 Buyer: \$54.00 Support Staff: \$38.50
4	69	Segula Technologies Huntington Beach, CA	None	Average proposal Good work plan and recruiting plan. Core business temporary staffing. Competitive labor rates.	Senior Contract Administrator: \$51.85 Buyer: \$38.61 Support Staff: \$30.75
6	66	A Professional Personnel Service Orange, CA	None	Basic proposal. Average work plan and recruiting plan. Core business temporary staffing. Competitive labor rates.	Senior Contract Administrator: \$69.56 Buyer: \$51.54 Support Staff: \$38.18

Evaluation Panel

Development
Human Resources
Alameda Corridor East
CAMM (2)

Proposal Criteria

Qualification of the Firm
Staffing and Project Organization
Work Plan
Cost and Price

Weight Factors

25%
30%
25%
20%



February 13, 2008

To: Finance and Administration Committee
From: Arthur T. Leahy, Chief Executive Officer
Subject: Request to Award Contract for the Prepaid Fare Media Software

Overview

The Orange County Transportation Authority uses manual and computerized tracking systems to administer its transit prepaid fare media program. In accordance with Orange County Transportation Authority's procurement procedures for professional and technical services, a request for proposals was issued for pass sales software that enhances management controls, improves customer service, and automates inventory control processes. Board of Directors' approval of a prepaid fare media software solution provider is requested.

Recommendation

Authorize the Chief Executive Officer to execute Agreement No. C-7-1150 between Orange County Transportation Authority and CompuSoft Solutions, Inc., in an amount not to exceed \$418,000, for a prepaid fare media software solution, which includes \$410,000 capital costs plus \$8,000 for the first year of maintenance.

Background

The Orange County Transportation Authority (OCTA) offers many types of multi-day passes to fixed route customers, and two types of fare coupons for ACCESS customers. During fiscal year 2006-2007, total fare revenues reached more than \$49 million. Prepaid fare media accounted for 24 percent, or approximately \$12 million, of the fiscal year 2006-2007 fare revenue.

Passes and coupons can be purchased from retail vendors, by mail, phone, online, and at the OCTA Store. The distribution program includes more than 150 participating vendors including various retail outlets, schools, and employers. Total annual prepaid pass revenue is approximately \$12 million; approximately \$9.6 million of this is generated from the retail vendor program;

more than \$1.6 million from sales by phone, mail, or online; and approximately \$701,000 through walk-in customers to the OCTA Store.

The Accounting, Customer Relations, and Marketing departments share the responsibilities for inventory, distribution, pass sales, marketing, and oversight of the prepaid fare media program. The Customer Relations Department is responsible for overseeing the retail sales to the public by phone, mail, and through OCTA's website. The Accounting Department is responsible for ordering, receiving, and distributing all prepaid fare media inventory in addition to receiving payment for passes. The Marketing Department is responsible for the retail vendor and promotional pass programs. Accounting and Customer Relations departments use the 16-year old Public Information Customer Service (PICS) software to track customer information and sales. PICS and related processes are ineffective as pass sales continue to grow. The existing software does not:

- Contain an automated inventory control mechanism for the OCTA's pass inventory which has an average retail value of more than \$30 million
- Comply with Payment Card Industry (PCI) standards which dictate protocols for securing personal credit card information to help deter identity theft
- Track delinquent vendor accounts resulting in overdue vendor payments
- Integrate with the following OCTA systems: accounting software, Integrated Financial and Administrative Solution (IFAS); GENFARE, Inc. (GFI) farebox system; online sales system; and the reduced fare identification system

Accounting currently uses three software systems to complete the entire pass inventory and payment process. These include: IFAS, utilized for OCTA's accounts receivable and payable, general ledger, fixed assets, and check management; a Microsoft Access database which was custom designed to supplement IFAS with an invoicing system; and PICS, which provides a means of recording quantity of all pass types sold and reporting daily sales receipts.

New software will consolidate and integrate the functions of the existing software systems, eliminating the need for double-data entry, which will significantly improve efficiency and data accuracy and provide improved reporting functions. The new software will also improve:

- Management controls of the OCTA pass inventory as specified above
- Security of credit card data required of merchants

- Distribution and tracking process of the almost \$12 million annual prepaid passes issued to OCTA sales locations and external agencies including retail vendors, schools, and employers
- Retail point-of-sale processes utilized at the OCTA Store, Customer Relations Department, and CIC Pass Sales Section including:
 - Secured cash drawers
 - Automated credit card processing
 - Streamlined online transactions processing
 - Capability to provide automated system checks on customer information (returned checks, fraudulent credit cards, expiring reduced fare identification cards, etc.)
- Management controls of vendor accounts including:
 - Receivable credit limits
 - Aging of vendor accounts with an automated notification system of past due and delinquent accounts
 - Suspension of delinquent accounts to prevent issuance of additional pass orders
- Processes for daily and monthly balancing inventory and cash receipts
- Tracking promotional passes issued at marketing events
- Integration of multiple databases into one system

Finally, due to the lack of interface between the inventory system and IFAS, an accurate listing of pass type availability at each vendor site is not readily available. A new system will resolve this deficiency, resulting in improving customer experience and allowing the Pass Sales program to be consistent in providing timely and up-to-date vendor information to the public. The life expectancy of the new system is approximately ten years.

Discussion

On October 1, 2007, a request for proposals (RFP) for the procurement of a prepaid fare media software system was issued. An electronic notice was sent to 1,425 firms registered on CAMM NET. In addition, notice of the RFP was advertised in the Orange County Register on October 1 and October 8, 2007. A pre-proposal conference was held on October 15, 2007, and was attended by six firms. Two addenda were issued to extend the proposal due date and to address questions that were submitted.

On November 6, 2007, proposals were received from five firms: Abacusoft Corporation, CompuSoft Solutions, Inc. (CompuSoft), Decision Support Software Solutions, Inc. (DS3), Productive Solutions, and Richard Brady & Associates.

An evaluation committee composed of staff from Contracts Administration and Materials Management, Customer Relations, Accounting and Financial Reporting, Marketing, and Information Services was established to review all offers submitted. The proposals were evaluated based on the following criteria:

- Qualifications of the Firm 25 percent
- Staffing and Project Organization 25 percent
- Work Plan 25 percent
- Cost and Price 25 percent

The evaluation committee rated the proposals of the five firms. The two highest ranked firms, CompuSoft and DS3, were interviewed by the evaluation committee on December 3, 2007. These firms provided demonstrations of the proposed software solutions and responded to questions from the committee. The other three firms were not included in the interview process because the firms' scores were below 60 out of a possible total of 100 percent.

Based on its findings, the evaluation committee recommends the following firm for consideration of an award:

Firm and Location

CompuSoft Solutions, Inc.
Fullerton, California

The following is the evaluation committee's comments (Attachment A) under each of the four criteria:

Qualifications of the Firm

Both firms were rated equally. However, CompuSoft, located in Fullerton, California, has extensive experience implementing software solutions to public agencies including the Southern California Regional Rail Authority (Metrolink), City of Anaheim, and Los Angeles County Metropolitan Transportation Authority (Metro). In addition, CompuSoft has completed several projects for OCTA including work on the Access database invoicing application which interfaces with IFAS, making them familiar with OCTA's information systems, applications, and procedures.

Staffing and Project Organization

The evaluation committee rated the proposal from CompuSoft as superior for the following reasons:

CompuSoft's team has extensive experience with the proposed Microsoft Dynamics GP accounting system and Microsoft Retail Management System. CompuSoft's project manager has been with the firm for 13 years and is a Microsoft certified application developer. Another team member, the designated software architect, is a Microsoft certified system engineer, database administrator, and trainer. The project team brings to this project extensive experience in system and database architect and customization development. The firm's consulting partner is a team of former Microsoft employees and was recommended to CompuSoft by Microsoft.

DS3's project manager has been with the firm for less than one year and was not present during the interview. Due to technical difficulties, its software system was demonstrated via a conference call by a system expert on the East Coast and not by staff named in the proposal. Because of its significant reliance on the conference call, DS3 failed to convey a thorough demonstration of the system capabilities.

Work Plan

CompuSoft received the highest rating in this area. CompuSoft's work plan was detailed and well thought out. Its work plan thoroughly addressed every task in the RFP. This clearly communicated its ability to meet or exceed all aspects of the project and required minimal clarification regarding the work plan requirements. CompuSoft will provide a training plan document, a training guide, and training for all administrative and frontline staff who will use the new software.

Deliverables were clearly stated for each task and met the requirements described in the scope of work. The software requires approximately 30 percent customization. Project documentation is provided at each phase of the project for staff review. During the implementation phase, OCTA staff will be informed of the project progress in increments to maintain effective communication as the project moves forward.

DS3's work plan was less specific. While it addressed all tasks stated in the scope of work, it did not contain a clear set of deliverables for each task. Also, there were a number of tasks that will require OCTA's staff to develop testing protocols, provide full documentation for all OCTA integrated systems, and provide training for all end users. In addition, its software solution requires approximately 60 percent customization to meet OCTA's requirements.

Cost and Price

CompuSoft cost and price was \$418,000. Although this is the higher priced proposal, it offers the best value because the price includes software, hardware, and less customization. Recurring costs are also lower. As part of its proposed price, CompuSoft offered a lower annual maintenance cost of \$8,000, versus \$39,480 for DS3.

Although DS3 offered a lower price of \$374,208, its proposal and best and final offer contained a number of assumptions that would impact the final cost of the project. OCTA identified the need to procure the MS2003 server and MSSQL 2005 software sufficient to support a 25 user system and CPSQL software. This will add an additional \$28,500 to the cost of the project not including OCTA staff time and resources to accommodate the server and software installation. In addition, the annual maintenance cost included in their proposed price is \$39,480.

Based on the findings of the evaluation committee (Attachment B), staff recommends CompuSoft Solutions, Inc., Fullerton, California, for consideration of an award.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2007-2008 Budget, External Affairs Customer Relations, Account 1835-9028-IX055-3TA, and the External Affairs Customer Relations, Account 1835-7612-IX055-3TA, both which are funded through the Local Transportation Fund.

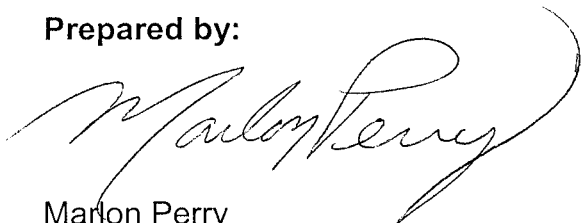
Summary

Staff recommends award of Agreement No. C-7-1150, to CompuSoft Solutions, Inc., in the amount of \$418,000, for the prepaid fare media software and maintenance for twelve months.

Attachments

- A. Prepaid Fare Media Software Review of Proposals – RFP 7-1150
- B. Proposal Evaluation Criteria Matrix RFP 7-1150 – Prepaid Fare Media Software

Prepared by:



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Approved by:



Ellen S. Burton
Executive Director, External Affairs
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PREPAID FARE MEDIA SOFTWARE

Review of Proposals- RFP 7-1150

Presented to Finance and Administration Committee- - 2/13/08

5 proposals were received, 2 firms was short-listed.

Overall Ranking	Proposal Score	Firm & Location	Sub-Contractors	Evaluation Committee Comments	FIRM FIXED PRICE
1	82.00	CompuSoft Solutions, Inc. Fullerton, CA	DexPros Litchfield Park, AZ	Highest ranked firm. Firm has wealth of experience with providing similar services with various public agencies. Firm has previous experience with OCTA. Key personnel has public sector experience. The proposed project manager has been with this firm for 13 years. Detailed workplan. Demonstrated thorough and concise understanding of project requirements. Firm provided a well prepared presentation for proposal and interview. Reasonable price - within budget - all inclusive.	\$418,000
2	77.00	Decision Support Software Solutions, Inc. Valencia, CA	Radiant Systems Memphis, TN	Firm has experience with providing similar services in the retail industry. Firm has some public agency experience. Lacked clarity in areas of responsibilities and deliverables. Product demonstration presented by offeror via conference call during interview which was confusing and difficult to follow. Did not allow for ease of asking questions and getting answers. Project manager did not attend interview. Has been with the firm approximately one year. Offered lower price - however, will require OCTA to purchase additional hardware to support and run the software. Additional cost approximately \$28,500.	\$374,208

ATTACHMENT A

Evaluation Panel:

Contracts Administration and
Materials Management
Customer Relations
Accounting & Financial
Reporting
Marketing
Information Systems

Evaluation Criteria

Qualifications of Firm
Staffing and Project Organization
Work Plan
Cost and Price

Weight Factors

25%
25%
25%
25%

ATTACHMENT B

PROPOSAL EVALUATION CRITERIA MATRIX									
RFP 7-1150 - PREPAID FARE MEDIA SOFTWARE									
FIRM: COMPUSOFT SOLUTIONS, INC.						Weights		Overall Score	
Evaluator Number	1	2	3	4	5				
Qualifications of Firm	4.0	4.0	4.5	4.0	4.0			5	20.5
Staffing/Proj. Organization	4.5	4.0	4.5	4.0	4.5			5	21.5
Work Plan	4.5	4.5	4.0	5.0	4.0			5	22.0
Cost and Price	3.5	3.5	3.5	3.5	3.5			5	17.5
Overall Score	82.5	80.0	82.5	82.5	80.0				82
FIRM: DECISION SUPPORT SOFTWARE SOLUTIONS, INC.									
Evaluator Number	1	2	3	4	5				
Qualification of Firm	4.0	4.0	4.5	4.0	4.0			5	20.5
Staffing/Proj. Organization	3.5	4.0	4.0	3.5	4.0			5	19.0
Work Plan	3.0	4.0	4.0	3.0	3.0			5	17.0
Cost and Price	4.0	4.0	4.0	4.0	4.0			5	20.0
Overall Score	72.5	80.0	82.5	72.5	75.0				77