



**January 26, 2022**

**To:** Finance and Administration Committee  
  
**From:** Darrell E. Johnson, Chief Executive Officer  
  
Janet Sutter, Executive Director  
Internal Audit Department  
**Subject:** Physical Access Security, Internal Audit Report No. 21-511

### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of physical access security at the administrative offices and bus bases. Based on the audit, controls, policies, and procedures in place to ensure physical access security should be improved. Recommendations have been made to review and update agency-wide security plans, policies, and procedures on a regular basis and to develop access control policies and procedures and a security training program to clarify and document responsibilities for physical access controls at contractor-operated bus bases, to develop and improve controls to ensure timely issuance and termination of access badges, and to implement invoice review controls and enforce contract requirements with the consultant responsible for service, maintenance, and installation work of the Lenel access control and the Milestone video surveillance security systems.

### **Recommendation**

Direct staff to implement four recommendations provided in Physical Access Security, Internal Audit Report No. 21-511.

### **Background**

The Security and Emergency Preparedness (SEP) department is responsible for developing, implementing, and evaluating security management policies, procedures, and programs on an agency-wide basis, performing threat assessments, and developing and conducting employee training programs. SEP is also responsible for the development of an effective notification and reporting system for security incidents, investigating causes of security breaches, and

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recommending changes in procedures to correct problems and prevent recurrence. SEP is staffed with a department manager, a security access administrator, an emergency management specialist, and an administrative specialist. For fiscal year 2021-22, a section manager position and a program management analyst position were also added.

The Orange County Transportation Authority (OCTA) utilizes the Lenel access control system and Milestone video surveillance system as part of physical access control measures. OCTA entered into Agreement No. C-0-2341 with Climatec, LLC (Climatec) for service, maintenance, and installation work related to the Lenel access control and Milestone video surveillance security systems. OCTA also maintains a recurring sole source purchase order with Andtech Corporation to provide alarm monitoring services for the administrative buildings.

The Milestone video surveillance security system consists of cameras throughout the two administrative buildings and at multiple locations at the Anaheim, Garden Grove, Irvine Construction Circle, Irvine Sand Canyon, and Santa Ana bus bases (bus base locations). The Lenel access control system includes access control panels, video intercoms, card readers, locksets, and integrated door openers at the administrative buildings and at OCTA bus base locations. As of July 31, 2021, there were approximately 2,700 non-terminated badges in the Lenel system. Of these, approximately 1,600 were assigned to OCTA employees, 800 were assigned to MV Transportation and First Transit, Inc. (First Transit) employees, 230 were assigned to other OCTA contractors, and 70 badges were assigned to specific OCTA departments or individuals for issuance on a temporary basis. SEP is responsible for issuance, termination, and monitoring of badge access, as well as monitoring of equipment operation.

### ***Discussion***

OCTA lacks a comprehensive up-to-date set of agency-wide security plans, policies, and written procedures related to physical access security at OCTA administrative buildings and bus base locations. A consultant was engaged to perform a Threat and Vulnerability Assessment (TVA) and develop a System Security and Emergency Preparedness Plan (SSEPP) for OCTA. As of the audit, there is no evidence that these documents have been reviewed and/or updated since they were published in 2017. In addition, written access control policies and procedures have not been developed and a required training program does not exist. The Internal Audit Department (Internal Audit) recommended management develop, maintain, and test a comprehensive, appropriate, and up-to-date set of written physical security plans, policies, and procedures based on evaluation of the organization using risk rating methodologies and assessments. Management should also implement a regular training program to

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inform employees as to security policies, procedures, and protocols. Management has reviewed the recommendations and indicated that consultant services have been retained to review policies, procedures, and security plans and will provide recommendations on program improvements, conduct a new TVA, provide a new written security plan, and create a security training program. Management will review and update SEP security policies and create an access control policy by June 30, 2022. Management will also develop and implement a training program within 12 months.

Regarding contractor-operated bases, SEP indicated that the practice has been for OCTA to only provide physical access control tools, such as the Lenel and Milestone systems, to MV Transportation and First Transit (CTS providers). SEP further asserted that CTS providers are responsible for security at the bases they operate out of; however, CTS contracts do not include language outlining contractor responsibilities for physical security or coordination with OCTA as to security protocols. Internal Audit recommended management define and document responsibilities, policies, and procedures related to physical access security and incorporate appropriate language in CTS provider contracts. Management should also consider permitting CTS providers access to Lenel system reports and/or notifications of access breaches and events. Management agreed that roles and responsibilities need to be documented and indicated that, with the creation of an access control policy, expectations of CTS providers will be outlined and incorporated into contracts. Management indicated these efforts will be fully implemented by September 30, 2022, or upon contract execution. Management also indicated that, in the interim, they will provide reports to CTS providers outlining equipment inspections and current states of functionality of security equipment.

During access badge testing, Internal Audit identified 65 CTS employees separated during the period July 1, 2020 through July 31, 2021, that were still assigned active badges. Eleven of these badges were used to access base facilities after the CTS employees' separation date. In addition, 176 badges assigned to CTS employees that had separated, were deactivated in the system, but not terminated, to reflect the employees' permanent separation. Internal Audit also identified 50 active CTS employees that were accessing bus base locations without being assigned an access badge. During the same period, Internal Audit identified five separated OCTA employees that were assigned an active badge and another five that were assigned a deactivated, but not terminated, badge. Internal Audit recommended controls to ensure the timely issuance, termination, and monitoring of badges assigned to CTS employees be established. CTS contractors should also be directed to require employees to access bus base locations using an employee-assigned badge, and to ensure that badges assigned to separated employees are returned and not used by others. Finally, controls in place to ensure timely termination of OCTA employee

badges should be consistently followed. Management responded that review of the processes for issuance and termination of access badges is underway and that procedures will be developed, documented, and incorporated into CTS provider contracts. Written policy and procedures shall be completed by June 30, 2022. Management is currently reviewing and documenting procedures to ensure secondary controls are utilized.

During testing of Climatec invoices, Internal Audit identified two invoices with overtime charges not in compliance with the contract, two invoices that included charges that are not outlined in the contract, 14 invoices that did not include adequate support for charges, 12 invoices accompanied by work orders lacking a signature of the project manager or base manager prior to leaving the premises, and 24 invoices that included invoice certification language that is not in compliance with the language dictated by the contract. Internal Audit recommended management implement invoice review controls and enforce contract requirements, recapture overpayments and charges not covered by the contract, and require costs incurred that are not included in the contract price listing be accompanied by receipts or other supporting documentation. Management agreed and indicated that a more comprehensive review process has been implemented, and overpayments are in the process of being recaptured. Management also indicated that an amendment will be issued to address fees not itemized in the original contract.

**Summary**

Internal Audit has completed an audit of physical access security at the Orange Administration building and OCTA bus base locations. Four recommendations were offered to improve controls.

**Attachment**

- A. Physical Access Security, Internal Audit Report No. 21-511

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# ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



## Physical Access Security

### Internal Audit Report No. 21-511

Revised January 26, 2022



**Performed by:** Gabriel Tang, CPA, Principal Internal Auditor  
Janet Sutter, CIA, Executive Director

A handwritten signature in black ink, appearing to read "Janet".

**Distributed to:** Jennifer Bergener, Deputy CEO/Chief Operating Officer  
Katrina Faulkner, Department Manager, Security & Emergency Preparedness

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## **Conclusion**

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of physical access security at OCTA administrative offices and bus bases. Based on the audit, controls, policies, and procedures in place to ensure physical access security at OCTA locations should be improved. Recommendations have been made to review and update agency-wide security plans, policies, and procedures on a regular basis; to develop access control policies and procedures and a security training program; to clarify and document responsibilities for physical access controls at contractor-operated bus bases; to develop and improve controls to ensure timely issuance and termination of access badges; and, to implement invoice review controls and enforce contract requirements with the consultant responsible for service, maintenance, and installation work of the Lenel access control and the Milestone video surveillance security systems.

## **Background**

The Security and Emergency Preparedness (SEP) department is responsible for developing, implementing, and evaluating security management policies, procedures, and programs on an agency-wide basis, performing threat assessments, and developing and conducting employee training programs. The SEP department is also responsible for the development of an effective notification and reporting system for security incidents, investigating causes of security breaches, and recommending changes in procedures to correct problems and prevent recurrence. The SEP department reports to the Chief Executive Office and is staffed with a department manager, a security access administrator, an emergency management specialist, and an administrative specialist. For fiscal year 2021-22, a section manager position and a program management analyst position were also added.

### Milestone Video Surveillance Security System

The Milestone video surveillance security system consists of cameras throughout the two administrative buildings and at multiple locations at the Anaheim, Garden Grove, Irvine Construction Circle, Irvine Sand Canyon, and Santa Ana bus bases. Monitoring panels with live feeds are installed in Central Communications, Transit Police Services, and at window dispatch locations in each of the bases. SEP staff can also access and retrieve live feeds from the camera systems.

### Lenel Access Control System

The Lenel access control system includes access control panels, video intercoms, duress devices, card readers, locksets, and integrated door openers at the administrative buildings and at OCTA bus bases. Lenel system access is managed by SEP. As of July 31, 2021, there were approximately 2,700 non-terminated badges. Of these, approximately 1,600 are assigned to OCTA employees, 800 are assigned to MV Transportation and First Transit,

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Inc. (First Transit) employees working at OCTA bases, 230 are assigned to other OCTA contractors (as requested by each project manager), and 70 badges are assigned to specific OCTA departments or individuals for issuance on a temporary basis.

To request an access badge for new employees, Human Resources (HR) staff will email an on-boarding form to SEP and the General Services (GS) help desk. GS takes a picture of the new employee and prepares the physical badge and provides it to SEP staff, who will grant access in the Lenel system. When an employee either voluntarily or involuntarily separates, departments will notify SEP through email or SharePoint to request termination of access. In addition, every week, HR emails an employee separation report to SEP. SEP reviews the report to ensure building access has been terminated.

For new employees of the Contracted Transportation Service (CTS) providers MV Transportation and First Transit, an email will be sent to the GS help desk with the employee's photo and signature and GS creates the badge and provides it to SEP staff to grant access in Lenel. Currently, there is no established process for retrieving or terminating badges from voluntarily or involuntarily separated CTS employees.

For other contractors/consultants requiring access to OCTA facilities, the OCTA project manager (PM) will email the GS help desk to create the badge and SEP will grant access based on the PMs instructions. There are also a number of temporary badges maintained by GS and other department custodians for use by OCTA visitors and/or for issuance to employees when they forget to bring their assigned badge. Control of these temporary badges is the responsibility of GS and the designated department custodians.

All badges are issued with an expiration date, set at ten years for employees and at contract expiration, specified by OCTA PMs, for contracted employees. Temporary badges are also set to expire at ten years. In addition, SEP has set the Lenel access control system to deactivate any badge that has not been used for 12 consecutive months.

Climatec, LLC, and Andtech Corporation

OCTA and Climatec, LLC (Climatec), entered into Agreement No. C-0-2341 for service, maintenance, and installation work related to the Lenel access control system and the Milestone video surveillance security system. The contract term runs from October 29, 2020 through September 30, 2025, and has a maximum obligation of \$537,600. Under the payment terms, OCTA will pay Climatec on a time-and-expense basis at hourly rates specified in the contract and for other direct costs incurred at rates specified in the Price Summary Sheet. Other direct costs not specified in the contract are to be accompanied by supporting documentation and to be reimbursed "at cost".

OCTA also maintains a recurring sole source purchase order with Andtech Corporation (Andtech) to provide alarm monitoring services for the administrative buildings.

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## **Objectives, Scope, and Methodology**

The objective was to assess and test the adequacy of physical access controls at OCTA administrative offices and bus base locations.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.<sup>1</sup> The components and principles that were evaluated as part of this audit are:

- Control Environment
  - OCTA has policies and practices in place that reflect expectations of competence necessary to support the achievement of objectives.
- Risk Assessment
  - OCTA specifies objectives with sufficient clarity enabling the identification and assessment of risks that threaten the achievement of those objectives.
  - OCTA adequately and effectively manages risks to the organization and has designed internal controls that mitigate the identified risks.
- Control Activities
  - Management selects and develops control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity's assets from external threats.
  - Responsible personnel perform control activities in a timely manner as defined by policies and procedures.
- Information and Communication
  - There is a process in place to communicate required information to enable all personnel to understand and carry out their internal control responsibilities.
  - Management has a process for the development, approval, and implementation of policy updates and communicates those updates to staff.
- Monitoring
  - OCTA periodically evaluates business processes such as budget to actual results and contracting activities.

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<sup>1</sup> See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

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The methodology consisted of inquiry with SEP personnel and review of available physical access control plans and policy documents to ensure all plans and polices are updated, approved, and published; cursory review of incident dispatch reports to identify significant events; testing of invoices for compliance with the contract, policies, and procedures; testing of controls related to granting, suspending, monitoring, and terminating badge access for the OCTA administrative buildings and both OCTA and CTS base locations; and testing of inventory controls over contractor and temporary badges issued to various departments. The access badge review consisted of using IDEA software matches, performing data analysis, substantive testing in the Lenel access control system, reviewing supporting documentation (such as OCTA On-Boarding Forms, Employee Exit Processing Forms, Request for Badge Access e-mails, etc.), and inquiry with badge holders, project managers, CTS managers, and contractor managers to confirm possession of a sample of access badges.

The scope was limited to the physical access controls at OCTA's administrative buildings, and both directly operated and contractor-operated bus bases (including Anaheim, Garden Grove, Irvine Construction Circle, Irvine Sand Canyon, and Santa Ana). The scope included current versions of the Security System and Emergency Preparedness Plan (SSEPP), Threat and Vulnerability Assessment (TVA), Security Governance and Compliance Policy, Employee Security Responsibility Policy, Incident Response Policy, Requesting Law Enforcement Response Policy, and the Physical Security Policy. The scope also included all dispatch reports for the period July 2020 through June 2021, from the Integrated Transportation Management System dispatch system. The scope included all invoices paid to Climatec under Agreement No. C-0-2341 from October 29, 2020 through June 30, 2021, and all invoices paid to Andtech under Agreement No. C-0-2484 from August 1, 2020 through June 30, 2021. The scope included all active Lenel access badges for OCTA and CTS contractors as of July 31, 2021, and all hired and separated OCTA employees and CTS employees during the period July 1, 2020 through July 31, 2021, a haphazard sample of temporary badges as of July 31, 2021, and a judgmental sample of contractor badges, other than CTS. The judgmental sample was selected to provide coverage of different types of contractors. Since the sample was non-statistical, any conclusions are limited to the sample items tested.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## **Audit Comments, Recommendations, and Management Responses**

### **Agency-Wide Security Plans, Policies, Procedures, and Training**

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OCTA lacks a comprehensive, up-to-date set of agency-wide security plans, policies, and procedures to ensure physical access security at OCTA administrative buildings and bus base locations. The Security Governance and Compliance Policy requires SEP to create, maintain, and test physical security plans, policies, and procedures and to identify, manage, and report on threats and vulnerabilities of the organization, using risk-rating methodologies and assessments.

In 2017, a consultant was engaged to perform a TVA and develop a SSEPP for OCTA. As prescribed in the TVA, OCTA should revisit the TVA annually to address changing vulnerabilities, associated impacts, and mitigation strategies and the SSEPP should be a “living document” that is constantly evaluated to ensure the effectiveness of its implementation, and thoroughly reviewed at least annually. As of the audit, there is no evidence that these documents have been reviewed and/or updated since they were published.

In addition, written access control policies and procedures have not been developed. These policies and procedures should address topics including, but not limited to, physical access card issuance and termination, security clearances, contractor personnel exit and entry, and access control monitoring. Several documents and published policies refer to an Access Control Policy; however, no written policy exists.

The Physical Security Policy, last updated by SEP in March 2021, dictates that physical security for all access points shall conform to the OCTA Access Control Policy; however, as indicated above, a written policy does not exist. It also states that OCTA shall implement appropriate gate controls necessary to deter unauthorized access at all facilities, consistent with prior consultant recommendations; however, these controls have not been implemented as OCTA does not currently utilize gates to control access. The Incident Response Security Policy indicates that the response process shall be tested regularly to determine proficiency and identify areas for improvement; however, SEP indicated that no regular testing is performed and there is currently a lack of clear protocols.

SEP is also responsible for ensuring that regular physical security training is provided to employees; however, no training program exists.

#### **Recommendation 1:**

Internal Audit recommends management develop, maintain, and test a comprehensive, appropriate, and up-to-date set of physical security plans, policies, and procedures based on evaluation of the organization using risk rating methodologies and assessments. A

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written Access Control Policy and related procedures should be developed and published, and management should address requirements included in the Physical Security Policy for implementing gate controls at all facilities. Finally, management should implement a regular training program to inform employees as to security policies, procedures, and protocols.

**Management Response:**

While many well-established practices exist, a number of these are not documented and management will work to document all processes related to access control and related supporting procedures. SEP is currently reviewing all assigned policies. As part of that review, SEP will confer with stakeholders and make considerable updates to the Physical Security Policy to address gate controls and the creation of an OCTA Physical Access Control policy. These updates will be completed by June 30, 2022.

Management has instituted a “Record of Changes” section to all security plans to document yearly reviews and updates. Further, this is now also being documented in monthly updates provided to the Chief Executive Office.

In an ongoing effort to enhance OCTA security measures, management executed a contract on June 22, 2021, with ADS System Safety Consulting, LLC (ADS), to review OCTA policies, procedures, and security plans. ADS will use this review to provide recommendations on program improvements, conduct a new TVA, provide a new written security plan, and create a security training program to include curriculums for all employees. Management will implement a training program within 12 months.

**Physical Access Security – Contractor-Operated Bases**

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According to SEP, the practice has been for OCTA to only provide physical access control tools, such as the Lenel access control system and Milestone surveillance camera system, to CTS providers. SEP asserted that CTS providers are responsible for security at the bases they operate out of; however, contracts with the CTS providers do not include language outlining responsibilities for physical security. Further, OCTA’s TVA and SSEPP documents make no distinction as to responsibilities for CTS-operated bases. Written guidance and/or procedures have not been developed and issued to CTS providers outlining the roles and responsibilities for coordination with OCTA as to physical access security protocols. Finally, CTS providers have not been granted the ability to access the Lenel system for purposes of monitoring security breaches and/or events.

**Recommendation 2:**

Internal Audit recommends management define and document responsibilities, policies, and procedures related to physical access security and incorporate appropriate language in the CTS provider contracts. In addition, written procedures for coordination with OCTA as to physical access security should be provided to CTS. Management should consider

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permitting CTS providers, who are responsible for physical security at the bases they operate out of, with access to Lenel system reports and/or notifications of access breaches and events.

**Management Response:**

Management agrees that roles and responsibilities need to be better defined and documented with CTS providers. During the review process of current policies, management will include language and definitions to provide clear delineation. In the interim and starting immediately, management will provide copies to the CTS PM outlining equipment inspections and current states of functionality of security equipment. Policy review and creation will be completed by June 30, 2022. At the conclusion of a new access control policy, language changes to current CTS contracts and current scopes of work for CTS will be addressed through contract amendments. Contract language will also address OCTA's expectation of CTS providers for event or incident response. This shall be fully implemented by September 30, 2022, or by contract execution.

**ACCESS Badge Administration**

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Controls to ensure the timely issuance and termination of badges assigned to CTS employees should be established, as well as controls for the periodic monitoring of badges assigned. In addition, CTS contractors should be directed to timely issue employee access badges and to require employees to access base locations using their employee-assigned badge. Finally, controls in place to ensure termination of OCTA employee badges should be consistently followed.

Sixty-five CTS employees separated during the period July 1, 2020 through July 31, 2021, were assigned active badges. Eleven of those badges were used to access base facilities after the assigned employees' separation date. Another 176 terminated CTS employees reflected deactivated, but not terminated, badges in the system. Many of these badges were deactivated due to non-use.

Testing also identified 50 CTS employees that gained access to base locations without being assigned an access badge. Discussion with CTS indicated that employees gain access to base locations through other means, including utilizing doors that are not secured as intended, following other employees through secured doors, or by being "buzzed in" by window dispatch employees.

While procedures for the termination of OCTA employee badges are better established, there are no procedures in place for termination of badges assigned to members of the Board of Directors (Board). Testing identified four badges assigned to former Board members that were not terminated. In addition, five separated OCTA employees were assigned an active badge and another five were assigned a deactivated, but not terminated, badge. All ten of these separated employees were reflected on weekly reports routed to SEP staff as a secondary control to ensure employee badges are terminated in

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the system.

**Recommendation 3:**

Internal Audit recommends management develop and implement written policies, procedures, and protocols that address the timely issuance, termination, and use of badges. These procedures should be referenced in contracts with CTS providers and be communicated to OCTA staff. Management should also ensure secondary controls are operating as intended.

**Management Response:**

Management is underway with reviewing the issuance and termination of access badges in order to document the existing processes. Management will work with other departments including CTS, to advise of procedures for issuing and terminating access badges and encourage those departments to include procedures in their contracts as appropriate. Additionally, management is currently reviewing and documenting procedures to ensure secondary controls are being utilized. Review and updating of procedures will conclude with the creation of a new physical access policy to be completed by June 30, 2022.

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**Invoice Review Controls**

Management should implement invoice review controls and enforce contract requirements.

OCTA utilizes Climatec to perform service, maintenance, and installation work related to the Lenel access control system and the Milestone video surveillance security system. The contract is based on time and expenses incurred by Climatec, with a maximum obligation of \$537,600 over a five-year term. The contract requires Climatec to submit detailed service work orders that include a description of the services provided, service date, service location, parts replaced, and time spent. The work order also requires signature by an OCTA PM or the base manager, prior to leaving the premises when completing a job. Labor is to be billed at hourly rates specified in the contract, along with any itemized expenses, including supporting documentation, for expenses incurred.

Internal Audit reviewed 24 invoices submitted by Climatec, and paid during the period from contract inception through June 30, 2021, totaling \$105,189.03, and identified the following:

- Two invoices reflected overtime charges not in compliance with the contract. This resulted in overpayment of \$204.75 in labor costs.
- Two invoices included charges totaling \$29,146.43 for annual support fees that are not outlined in the contract.
- Fourteen invoices included charges totaling \$66,209.16 that are not included in the contract price list and were not accompanied by cost documentation.

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- Twelve of the 14 repair invoices were accompanied by work orders that lacked a signature of the project manager or base manager prior to leaving the premises.
- All 24 invoices included invoice certification language that is not in compliance with the language dictated by the contract.

**Recommendation 4:**

Internal Audit recommends management implement invoice review controls and enforce contract requirements. Overpayment of overtime should be recovered, along with charges for support fees that are not covered by the contract. Costs incurred that are not on the contract price listing should be accompanied by receipts or other supporting documentation and should be reimbursed “at cost”. Management should ensure contract requirements are met prior to authorizing payment.

**Management Response:**

Management concurs. A more comprehensive review process will be implemented immediately, including additional notification to the vendor that supporting documentation must be provided with all invoices. Overpayments are in the process of being recaptured, and an amendment to the contract is being issued to address Other Direct Costs that were not itemized in the original contract.