



Measure M2 Taxpayer Oversight Committee (TOC) Audit Subcommittee Teleconference Notice

Subcommittee Members:

Frank Davies: Orange County Auditor-Controller
Larry Tekler
Mark Kizzar
Larry A. Lang
Michael Pascual

Teleconference Sites:

Orange County Transportation Authority - Headquarters
550 S. Main Street
Conference Room 07
Orange, CA

Guidance for Public Access to the TOC Audit Subcommittee Meeting:

On March 12, 2020 and March 18, 2020, Governor Gavin Newsom enacted Executive Orders N-25-20 and N-29-20 authorizing a local legislative body to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the state and local State of Emergency resulting from the threat of Novel Coronavirus (COVID-19).

In accordance with Executive Order N-29-20, and in order to ensure the safety of the Orange County Transportation Authority (OCTA) TOC Audit Subcommittee Members and staff and for the purposes of limiting the risk of COVID-19, in-person public participation at public meetings of the OCTA will not be allowed during the time period covered by the above-referenced Executive Orders.

Instead, members of the public can listen to AUDIO live streaming of the June 9, 2020 Taxpayer Oversight Committee Audit Subcommittee meeting by clicking the below link:

<http://www.octa.net/About-OCTA/Who-We-Are/Board-of-Directors/Live-and-Archived-Audio/>

Public comments may be submitted for the upcoming June 9, 2020 TOC Audit Subcommittee meeting by emailing them to publiccomments@octa.net.

If you wish to comment on a specific agenda item, please identify the committee name and item number in your email. All public comments that are timely received will be part of the public record and distributed to the TOC Audit Subcommittee. Public comments will be made available to the public upon request.

In order to ensure that staff has the ability to provide comments to the TOC Audit Subcommittee Members in a timely manner, please submit your public comments **30 minutes prior to the start time of the Committee meeting date.**

Agenda Descriptions

The Agenda descriptions are intended to give notice to members of the public of a general summary of items of business to be transacted or discussed.

Any person with a disability who requires a modification or accommodation in order to participate in this meeting should contact the OCTA at (714) 560-5611, no less than two (2) business days prior to this meeting to enable OCTA to make reasonable arrangements to assure accessibility to this meeting.

MEETING AGENDA

- 1. Welcome**
- 2. Approval of Minutes for May 12, 2020**
- 3. Presentation Items**
 - A. Measure M2 Senior Mobility Program Temporary Guideline Requirement Suspension
Tamara Warren, Measure M Program Manager
- 4. Action Items**
 - A. Approve Revisions to M2 Agreed-Upon Procedures
Janet Sutter, Executive Director, Internal Audit
 - B. Selection of Cities for Fiscal Year 2020 Agreed-Upon Procedures
Janet Sutter, Executive Director, Internal Audit
- 5. Other**
- 6. Public Comments**
- 7. Adjournment**

The next meeting will be held on October 13, 2020

**Measure M Taxpayer Oversight Committee
Audit Subcommittee
Orange County Transportation Authority
550 S. Main Street, Orange CA
Teleconference
May 12, 2020 @ 3:30 p.m.**

MEETING MINUTES

Committee Members Present:

Frank Davies, County of Orange Auditor-Controller
Mark Kizzar, Second District Representative
Larry Tekler, Second District Representative
Larry Lang, Fourth District Representative
Michael Pascual, Fourth District Representative

Orange County Transportation Authority Staff Present:

Jared Hill, Community Relations Specialist
Kia Mortazavi, Executive Director, Planning
Sean Murdock, Director, Finance and Administration
Alice Rogan, Director, External Affairs
Janet Sutter, Executive Director, Internal Audit
Tamara Warren, Program Manager, M2 Program Management Office

Recorder:

Teri Lepe, Executive Assistant, Internal Audit

Guest:

Kathy Lai, Partner, Crowe LLP
Jennifer Richards, Managing Director, Crowe LLP

1. Welcome

Mr. Frank Davies called the Orange County Transportation Authority (OCTA) Taxpayer Oversight Committee (TOC) Audit Subcommittee (AS) meeting to order at 3:33 p.m.

Mr. Davies stated for the record that Governor Gavin Newsom's executive order authorizes local legislative bodies to hold public meetings via teleconferencing and make public meetings accessible telephonically or electronically to all members of the public to promote social distancing due to the novel coronavirus (COVID-19). Mr. Davies further stated this meeting is accessible to the public through OCTA's website.

Alice Rogan, Director, External Affairs, conducted an attendance roll call and announced there was a quorum of the TOC AS.

2. Approval of the Minutes for October 8, 2019

A motion was made by Mr. Larry Tekler, seconded by Mr. Larry Lang, and following a roll call vote, declared passed 4-0, with Mr. Davies abstaining, to approve the TOC AS meeting minutes of October 8, 2019.

3. Presentation Item

A. Proposed Measure M2 – Maintenance of Effort (MOE) Adjustment

Mr. Kia Mortazavi, Executive Director, Planning, told the TOC AS that the COVID-19 pandemic has created an economic impact which will create a hardship for local agencies to be able to meet their Measure M MOE requirement. OCTA's Board of Directors (Board) has set a public hearing date of June 22, 2020, to consider adoption of the amendment to Measure M Ordinance No. 3, to assist local agencies during this time of economic uncertainty. Mr. Mortazavi walked the committee through the details of the proposed limited amendment. Mr. Mortazavi informed the TOC AS that while this amendment does not require a vote by the TOC, he wanted to be sure committee members were aware of it and the plan for the public hearing.

B. Proposed Changes to Agreed-Upon Procedures (AUP) and Selection of Cities

Ms. Janet Sutter, Executive Director, Internal Audit, stated that the TOC AS is responsible for directing audits of local agencies each year, to assess compliance with the Measure M2 ordinance relating to Local Fair Share, Senior Mobility, and Senior Non-Emergency Medical Transportation programs. To assist the TOC AS with these efforts, AUP were designed for the auditors to test agencies' compliance. Some of these AUP will need to be reevaluated based on any Board-approved amendments to the ordinance, along with other minor changes for clarity.

Ms. Sutter next stated that recommendations for selection of cities to be audited for the fiscal year ending June 30, 2020, have been provided to TOC AS members for review. Ms. Sutter will return to the TOC AS in June for approval of changes to the AUP, and for selection of agencies to be audited.

C. M2 Ordinance Matrix

Ms. Tamara Warren, Program Manager, M2 Program Management Office, explained that with a 30-year program, it is important to keep track of all requirements within the ordinance. As such, the Orange County Local Transportation Authority Ordinance Tracking Matrix, was created in 2012 to assist with the tracking process, and is updated at the end of each calendar year. Ms. Warren explained that while it was created for internal use, it is provided to the TOC AS for information during the annual compliance findings process.

4. Action Items

A. Review of Measure M2 Audits for Santa Ana/Stanton – Eide Bailly LLP

Ms. Sutter explained that Action Item 4A. includes the results of the audits of the MOE for the cities of Santa Ana and Stanton for the fiscal year (FY) ended June 30, 2019 (2019).

Both cities were audited for the FY ended June 30, 2018 (2018); and the audits identified MOE expenditures that did not comply with the M2 ordinance and guidelines. After removing the disallowed expenditures, both cities fell below the minimum required MOE. As a result, OCTA's Board found both cities ineligible to receive M2 funds until they could be reexamined for FY 2019, to determine whether they met the current minimum required MOE, in addition to the shortfall amount from the prior year.

The audits for FY 2019 found both cities have met required MOE for FY 2019, and the shortfall amount from FY 2018. The Board reinstated eligibility for both cities in April 2020.

A motion was made by Mr. Michael Pascal, seconded by Mr. Mark Kizzar, and following a roll call vote, declared passed 5-0, to approve the Measure M2 MOE Audits for the cities of Santa Ana and Stanton for FY 2019.

B. Review of Measure M2 Audits – Crowe LLP

Ms. Kathy Lai, Partner, and Ms. Jennifer Richards, Managing Director, of Crowe LLP (Crowe), presented the Measure M2 Audits for FY 2019, to the TOC AS. Ms. Lai told the TOC AS that Crowe had previously issued financial statement audits for OCTA, the 91 Express Lanes Toll Roads, etc., in October 2020.

Ms. Lai continued by telling TOC AS members that Crowe had been engaged to perform a financial statement audit over the Orange County Local Transportation Authority (OCLTA), a component unit of OCTA. Management's responsibility is to prepare financial statements to ensure they are in accordance with generally accepted auditing principles. The auditors are requested to express an opinion whether the financial statements have been fairly presented in all material respects. Ms. Lai is pleased to inform the TOC AS that Crowe has issued an unmodified, or clean, opinion that the financial statements have been presented fairly in all material respects in accordance with generally accepted accounting principles.

Ms. Richards then referred to the Report on Agreed-Upon Procedures Applied to Measure M2 Status Reports. These procedures demonstrate the OCLTA's

accountability for receipt and expenditure of M2 funds. Ms. Richards was happy to report that Crowe found no exceptions as a result of any of the procedures listed in the report.

Ms. Richards next commented on the OCLTA Independent Accountant's Report on Applying Agreed-Upon Procedures Related to Article XIII-B Appropriations Limit Calculation. Ms. Richards stated that again, no exceptions were noted in Crowe's procedures over the appropriations limit calculation.

Lastly, Ms. Richards referred to the OCLTA Measure M2 Agreed-Upon Procedures Reports. In summary, the most significant observations were related to ineligible MOE by the City of Anaheim. Discussion ensued regarding the observations.

A motion was made by Mr. Lang, seconded by Mr. Tekler, and following a roll call vote, declared passed 5-0, to find OCTA in compliance with the Measure M2 Ordinance for FY 2019.

C. Annual Adoption of Audit Charter

Ms. Sutter explained that annually, the Audit Charter, which outlines the role of the AS of the TOC, and activities undertaken by the AS as part of that role, is presented for adoption.

A motion was made by Mr. Kizzar, seconded by Mr. Pascual, and following a roll call vote, declared passed 5-0, to adopt the Audit Charter.

5. Public Comments

Ms. Rogan informed the TOC AS that no public comments had been submitted before the deadline.

6. Adjournment

The Measure M TOC AS meeting adjourned at 4:29 p.m. The next regularly scheduled meeting will be at **5 p.m. on Tuesday, June 9, 2020**, in Conference Room 08 of the 550 Building of OCTA Headquarters.



To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer

Subject: Measure M2 Senior Mobility Program Temporary Guideline Requirement Suspension

Overview

The Measure M2 Senior Mobility Program provides funding to eligible local jurisdictions interested in providing transit services that best meet the needs of seniors living within their community. Due to the impacts of the novel coronavirus, a primary service provider for several jurisdictions has terminated its operations with limited notice. The affected agencies need temporary relief from the third-party contracting requirements to allow for continuity of service. A recommended temporary suspension to the program guidelines is presented for Board of Directors' consideration.

Recommendation

Approve a temporary suspension effective June 1, 2020 to May 31, 2021 of the Senior Mobility Program guideline requirement related to procuring third-party contracted transportation service using a competitive bidding process. OCTA expects that best efforts are applied to ensure that contracts entered into are the most cost effective available.

Background

The Measure M2 (M2) Project U – Senior Mobility Program (SMP) provides funding to support local, community-based transportation service for seniors. Originally established in 2001 using limited state funding for bus operations, M2 Project U SMP funding was established to continue and expand the existing program. A formula funding allocation was established for all Orange County participating cities and eligible agencies based upon their senior population from the latest census. One percent of M2 net revenue is used to fund the program, and participating cities and eligible agencies must provide a minimum 20 percent local match of the total annual program expenditures. Included in the SMP are eligible non-profits. These agencies are funded locally but are required to follow requirements as specified for the M2 SMP.

To ensure compliance with the M2 Ordinance No. 3, the SMP Funding and Policy Guidelines (Guidelines) were established and approved by the Orange County Transportation Authority (OCTA) Board of Directors (Board) on February 14, 2011. Program guidelines are periodically updated as needed with the most recent SMP Guidelines adopted by the Board on November 26, 2018. The SMP Guidelines (Attachment A) specifies on page 3, 6.0 Service Guidelines, paragraph 2, that a jurisdiction may contract with a third-party service contractor at their discretion but must do so using a competitive procurement process.

The SMP is a vital connection for seniors to travel to medical appointments, grocery shopping, and senior center nutrition programs. Without the SMP, many seniors would be unable to travel or would potentially utilize OC ACCESS service.

Discussion

As a result of the novel coronavirus (COVID-19) pandemic, transit ridership has experienced a sharp decline as “stay-at-home” orders have been in place. Several SMP local jurisdictions have either suspended or modified service to provide essential trips only. Keolis Transit Services, LLC (Keolis) recently notified the six SMP local jurisdictions they serve that they will be discontinuing all transportation services in Orange County effective May 31, 2020, due to unforeseen circumstances and concerns related to the uncertainty surrounding the effects of the COVID-19 pandemic.

The six local jurisdictions are the cities of Anaheim, Costa Mesa, La Habra, Placentia, Seal Beach, and Yorba Linda. Combined, these six local jurisdictions provide approximately 48,000 trips to seniors in their communities every year. The short notice from Keolis has left these local jurisdictions with very little time to competitively procure another third-party service contractor. It typically takes a minimum of three months to issue a request for proposals (RFP), review proposals, select a provider, receive approval from city council, and award the contract. This process is also constrained by the limited number of contractors available and willing to respond to an RFP. Recently another local jurisdiction, the City of Laguna Woods, issued an RFP for their SMP transportation service and received no responses, including from the incumbent. The reason the incumbent provided for not responding to the RFP was the unknown ramifications of the COVID-19 pandemic and uncertainty of whether they could continue providing service in the foreseeable future.

As a result of the current situation, staff is recommending that the requirement related to the competitive procurement process be temporarily suspended to allow local jurisdictions currently in the program the ability to quickly secure a replacement provider in the short term. This temporary suspension would be effective through May 31, 2021. By June 1, 2021, local jurisdictions would be required to have contracts in place that have been competitively procured meeting the requirements as specified in the adopted Guidelines.

OCTA continues to require that local jurisdictions use a competitive process when able to do so. This temporary suspension is intended to provide relief to local jurisdictions who are unable to use a competitive process and, in those cases, OCTA expects that best efforts are applied to ensure that contracts entered into are the most cost effective available. In order for a local jurisdiction to exercise this suspension, they will be required to send OCTA a letter requesting to be relieved from the requirement. OCTA would send a letter in response authorizing the suspension and referencing the OCTA Board action. The OCTA letter and staff report would serve as official documentation for local jurisdiction audit purposes.


Summary

Based on challenges local jurisdictions are facing procuring third-party transit providers for the Measure M2 Senior Mobility Program, staff recommends the Board authorize the Chief Executive Officer to grant a temporary suspension of the competitive procurement requirement specified in the program guidelines during the time period of June 1, 2020 through May 31, 2021. Local jurisdictions are expected to continue to use their best efforts to ensure that contracts are cost effective.

Attachment

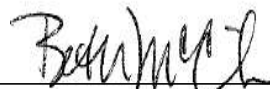
- A. Senior Mobility Program Project U Funding and Policy Guidelines

Prepared by:



Joanne Jacobsen
Senior Community Transportation
Coordinator
714-560-5660

Approved by:



Beth McCormick
Executive Director, Operations
714-560-5964



Jennifer L. Bergener
Chief Operating Officer, Operations/
Deputy Chief Executive Officer
714-560-5462

Senior Mobility Program Project U Funding and Policy Guidelines

November 2018

1.0 Overview

The Measure M2 (M2) Project U – Senior Mobility Program (SMP) provides funding to support local, community-based transportation service for seniors. Originally established in 2001 using limited state funding for bus operations, M2 Project U SMP funding was established to continue and expand the existing program. A formula funding allocation was established for all Orange County participating cities and eligible agencies based upon their senior population. One percent of M2 net revenue is used to fund the program and participating cities and eligible agencies must provide a minimum 20 percent local match of the total annual program expenditures.

Included in the SMP are eligible non-profits. These agencies are funded locally and must also comply with the Guidelines.

2.0 Objectives

- To provide for local, community-based senior transportation services.
- To allow participating cities and eligible agencies to develop and implement senior transportation services to serve their community.
- To provide transit options for seniors which complement rather than duplicate OCTA fixed route and ACCESS paratransit service.

3.0 Eligibility Requirements

Participation in the SMP is contingent upon maintaining M2 eligibility. Participating cities and eligible agencies must be eligible to receive M2 funding, established on an annual basis as specified in the M2 Ordinance Requirements for Eligible Jurisdictions, to receive the formula allocation for this program.¹ Adherence to strict funding guidelines is required.

Participating cities and eligible agencies are required to submit a Service Plan as described in Section 7.0 and must enter into a cooperative funding agreement with OCTA that defines the conditions of use of SMP funds prior to receiving their SMP funding allocation.

4.0 Funding Allocation Method & Distribution

¹ Orange County Transportation Authority Ordinance No. 3, Attachment B, Section III

Funding for the program is identified as one percent of M2 net sales tax revenue and will be allocated to eligible participating cities and eligible agencies based upon the participating cities and eligible agencies' percentage of the senior population of the county. Senior population is determined by using the most current official decennial Census information provided by the U.S. Census Bureau.

Funding allocations are based on actual sales tax receipts. Funding will be distributed on a bi-monthly basis. SMP funds must be expended within three years of receipt.

OCTA may grant a two-year extension beyond the three-year expenditure limitation; however, an extension may not exceed five years from the date of the initial funding allocation. Participating cities and eligible agencies requesting an extension beyond the three-year limitation must submit a justification letter for review and approval by OCTA at least 90 days prior to the end of the third fiscal year.

In the event the time limits for use of SMP funds are not satisfied, any retained SMP funds that were allocated to an eligible participating city and eligible agency, including interest, shall be returned to OCTA.

5.0 Match Requirements

Participating cities and eligible agencies must provide a minimum 20 percent local match of the total annual program expenditures. Match funding may be made up of cash subsidies, fare revenues, donations, or in-kind contributions such as salaries and benefits for the participating cities and eligible agencies' employees who perform work on the program. Participating cities and eligible agencies may also be required to submit supporting documentation to substantiate local match expenditures. Participating cities and eligible agencies are not required to contribute the minimum match requirement on a monthly basis; however, the minimum 20 percent match requirement must be met by the end of each fiscal year, defined as June 30.

Participating cities and eligible agencies not satisfying the annual 20 percent match shall be subject to withholding of funds from future bi-monthly allocations equal to the difference between the amount of Measure M funds actually spent and the amount of Measure M funds actually matched.

Example:

Total Program Expenditures	\$100,000
Total M2 Funding Allocation	\$ 80,000
20% Required Match	\$ 20,000
Actual Reported Match	\$ 15,000

Withholding Calculation:

Total M2 Funds Spent	\$ 80,000
M2 Funding Eligibility Based on Actual Reported Match	- <u>\$ 60,000</u>
Withholding from Future Allocation(s)	\$ 20,000

6.0 Service Guidelines

Services provided under the SMP are available to individuals 60 years of age and older. Participating cities and eligible agencies have discretion in the types of trips provided within Orange County, such as trips to/from senior centers, medical appointments, shopping, personal care, and social/recreational activities. Participating cities and eligible agencies should use discretion when providing trips for social/recreational activities when developing their Service Plan to ensure prudent and appropriate use of taxpayer funds. SMP trips outside Orange County are restricted to medical trips only within approximately 10 miles of the Orange County border.

Participating cities and eligible agencies also have discretion in how the service is operated. Senior transportation services may be operated using employees, volunteers, or the jurisdiction may contract with a third-party service contractor. Contractors must be selected using a competitive procurement process and the participating city and eligible agency must ensure the contractor is in compliance with program guidelines and provisions included in the cooperative funding agreement.

Participating cities and eligible agencies whose program offers subsidized taxi service for seniors must ensure trips provided with SMP funding are consistent with the trip types as specified in these guidelines.

Wheelchair accessible vehicles must be available for SMP service.

Participating cities and eligible agencies will perform, or ensure that a contractor performs, maintenance of all vehicles used in the Senior Mobility Program. Participating cities and eligible agencies will ensure that its operators, or its contracted operators, are properly licensed and trained to proficiency to perform duties safely, and in a manner which treats its riders with respect and dignity.

Participating cities and eligible agencies may receive one retired OCTA ACCESS paratransit vehicle per year, free of charge, to support their senior transportation programs subject to availability. Any retired ACCESS vehicles in excess of one per year may be purchased for a cost equivalent to the refurbishment cost incurred by OCTA.

7.0 Service Plan Adoption

Participating cities and eligible agencies shall submit to OCTA a SMP Service Plan which defines program services (Exhibit A). The Service Plan must be submitted using a template provided by OCTA and must be adopted by the participating cities and eligible agencies' governing body and approved by the OCTA Board of Directors. Any revision to the adopted SMP Service Plan must be submitted to OCTA in advance for review and approval. Revisions to the trips listed on the service plan will require an amendment to the cooperative funding agreement prior to implementing a change in program services.

8.0 Insurance

Participating cities and eligible agencies shall procure and maintain insurance coverage as specified in their Senior Mobility Program cooperative agreements with OCTA.

9.0 Drug and Alcohol Testing

Participating cities and eligible agencies shall establish and implement an alcohol and drug testing program that complies with 41 U.S.C. sections 701-707, (the Drug Free Workplace Act of 1988), and will produce any documentation necessary to establish its compliance with sections 701-707.

10.0 Marketing and Outreach

Participating cities and eligible agencies shall participate as appropriate in OCTA marketing and outreach efforts to encourage the use of fixed route transit service by older adults.

11.0 Recognition of OCTA Sponsorship

Participating cities and eligible agencies shall note OCTA sponsorship in any promotional material for senior mobility services funded by OCTA and shall display an OCTA-provided OC Go Senior Mobility Program decal on vehicles used in this Program, excluding taxis.

12.0 Vehicle Maintenance

Participating cities and eligible agencies shall perform or ensure that a contracted vendor performs maintenance of all vehicles used in the Program, including:

- Daily pre-trip inspections and completion of checklists identifying each vehicle component and system inspected.

- Scheduled preventive maintenance that meets or exceeds the vehicle manufacturer's standards.

- Maintaining maintenance records for each vehicle for five years.

If required, cooperation in annual motor coach carrier terminal inspections conducted by the California Highway Patrol.

13.0 Eligible Expenses

Participating cities and eligible agencies shall ensure M2 funds are used for eligible direct program-related expenses which may include contract service providers, staff time, vehicle maintenance, fuel, insurance, vehicle acquisition, program supplies and materials, marketing materials, and community outreach. Participating cities and eligible agencies shall ensure all costs are program-related and are fair and reasonable. Administrative costs up to 10 percent are allowed and considered eligible program expenses. All program expenses are subject to audit.

No M2 funding shall be used by a participating city and eligible agency for other than transportation purposes authorized in the M2 Ordinance.

14.0 Program Revenue

Participating cities and eligible agencies must maintain adequate controls for collecting and reporting program revenue, including donations, fees, and cash fares. Program revenue must be used to support the transportation service and may be used as part of the participating cities and eligible agencies' 20 percent local match requirement.

15.0 Reporting

Participating cities and eligible agencies are required to submit reports using templates provided by OCTA. Required reporting data will include, but not be limited to, the following:

A. Operational Reports

- Number of Trips by Category
- Vehicle Service Hours
- Vehicle Service Miles

Operational reports are due 30 days after the end of the service month.

B. Financial Reports

- Program Cost Detail by Expense Category and % of Total Operating Cost
- Fares, Fees and Other Operating Revenue
- Participating City and Eligible Agency Total Contribution & Source
- Participating City and Eligible Agency Share as % of Total Operating Cost
- Cumulative Participating City and Eligible Agency Share to Date
- OCTA Contribution
- OCTA Contribution as % of Total Operating Cost

- Cumulative Contribution Received from OCTA
- Total Monthly Program Operating Cost
- Cumulative Total Program Operating Cost

Financial reports are due 60 days after the end of the quarter. Reports must be certified by the participating city and eligible agency's Finance Director or Finance Director's financial designee.

Participating cities and eligible agencies shall be required to maintain supporting documentation to substantiate reporting data. Supporting documentation may include, but is not limited to, actual receipts, contractor invoices, trip sheets, payroll, timesheets, fuel logs, and maintenance records/receipts.

C. Annual Questionnaire and Document Request (AQDR)

Participating cities and eligible agencies shall certify their compliance with these Guidelines annually by having their City Manager or City Manager's department director designee sign a completed version of a questionnaire sent out by OCTA. Jurisdictions shall also submit all compliance-related documents requested by OCTA. Completed AQDRs must be submitted to OCTA within 90 days of the end of the fiscal year reported upon.

Failure to meet the established reporting deadlines for any of these reports may result in future withholding of funding and/or other sanctions to be determined.

16.0 Audits & Inspection of Records

M2 funding is subject to audit. Participating cities and eligible agencies shall maintain program documentation and records for a period of no less than five years. Program documents and records, including but not limited to payroll, trip sheets, invoices, vehicle maintenance, fuel, and other program-related expenses, shall be available for review by OCTA SMP administrators, auditors, and authorized agents upon request. Participating cities and eligible agencies must follow established accounting requirements and applicable laws regarding the use of public funds. Failure to submit to an audit in a timely manner may result in withholding or loss of future funding. Failure to comply with the approved Service Plan will require remediation which may include repayment, reduction in overall allocation, and/or other sanctions to be determined by the OCTA Board of Directors.

Audits shall be conducted by the OCTA Internal Audit Department, or other authorized agent, as determined by OCTA.

OCTA's failure to insist in any one or more instances of a participating city and eligible agency's performance of the provisions set forth in these guidelines shall not be construed as a waiver or relinquishment of the participating city and eligible agency's obligation to comply with these guidelines.

Moreover, only the OCTA Board of Directors shall have the authority to alter and/or waive any requirements/obligations set forth in these guidelines.



Senior Mobility Program Agency Service Plan

Cities and eligible agencies participating in the Orange County Transportation Authority (OCTA) Senior Mobility Program (SMP) must complete the following Service Plan in order to receive SMP funding. The Service Plan must be developed in accordance with SMP Guidelines and submitted to OCTA for review. Upon review from OCTA, the Service Plan must be formally adopted by the agency’s council or governing body and approved by the OCTA Board of Directors. Any modifications to trip types (Item 3 below) requires submittal of a new Service Plan.

Participant Information:

Agency _____ Date _____

Program Contact _____

Phone _____ Email _____

Service Description:

- 1. Program goals and objectives:

2. Indicate how SMP service will be operated: *(Please check all that apply)*

- Directly-Operated Subsidized Taxi Program
- Contract Service Provider Other (Please Describe)
- Volunteers

3. Eligible trips provided under the SMP are limited to the following categories.

Amusement parks Aquariums/zoos Beaches and parks Charity and social group events Community/cultural events Education/employment-related Family and friends Funerals/memorial services Government offices and services Libraries/museums/cultural sites	Medical Movie theaters/concerts Nutrition programs Personal care Religious institutions Restaurants Senior Centers Shopping Sporting/fitness Transit hubs/centers
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Describe any other types of trip provided in the box below:

4. SMP Guidelines restricts trips outside of Orange County to medical trips within approximately 10 miles of the Orange County border. Do you intend to provide medical trips outside of Orange County?

Yes

No

If yes, please list any destinations outside Orange County: *(ex. - medical trips to the VA Hospital in Long Beach)*

5. Fare structure:

6. Number of vehicles:

7. Projected annual ridership:

8. Source(s) of 20 percent match funding:

IN WITNESS WHEREOF, _____ (Agency Name) _____ has formally adopted the Senior Mobility Program Agency Service Plan as written above.

AGENCY REPRESENTATIVE

(Signature)

Name: _____

Title: _____

OCTA REPRESENTATIVE

(Signature)

Name: _____

Title: _____

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
MEASURE M2 AGREED-UPON PROCEDURES – PROJECT Q AND U
Year Ended June 30, 2020**

Agreed Upon Procedures for Measure M2 Local Fair Share Eligible Jurisdictions:

Perform the procedures below for the following cities: _____,

1. ~~Obtain the OCLTA Maintenance of Effort (MOE) Calculation Report and identify the required minimum amount to be spent on MOE expenditures by the City.~~
2. Describe which funds the City used to track all street and road expenditures and inquire how the City identifies MOE expenditures in its general ledger.
3. Obtain the detail of MOE expenditures for the fiscal year ended June 30, 2020 and ~~determine whether the City met the minimum MOE requirement. Agree~~ the total MOE expenditures to the amount reported on the City's Expenditure Report (Schedule 3, line 18). Explain any differences.
4. Select a sample of MOE expenditures from the City's general ledger expenditure detail. Describe the percentage of total expenditures selected for inspection. For each item selected, perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation; and
 - b. Determine whether the expenditure was properly classified as a local street and road expenditure and is allowable per the Ordinance.
5. Identify whether or not indirect costs were charged as MOE expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, obtain detail of indirect costs charged, and select a sample of charges for inspection. Inspect supporting documentation for reasonableness and appropriate methodology.
6. Obtain a listing of Measure M2 Local Fair Share payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Local Fair Share Fund as of June 30, 2020 and agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 20) and determine whether funds were expended within three years of receipt. Explain any differences.
7. Describe which fund the Eligible Jurisdiction used to track expenditures relating to Measure M2 Local Fair Share monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree the total Local Fair Share expenditures per the general ledger to the amounts reflected on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 17, and detail listed at Schedule 4). Explain any differences.
8. Obtain the Eligible Jurisdiction's Seven-Year Capital Improvement Program (CIP). Compare the projects listed on the Eligible Jurisdiction's Expenditure Report (Schedule 4) to the Seven-Year CIP, explaining any differences. Select a sample of Measure M2 Local Fair Share expenditures

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
MEASURE M2 AGREED-UPON PROCEDURES – PROJECT Q AND U
Year Ended June 30, 2020**

from the Eligible Jurisdiction’s general ledger expenditure detail. Describe the percentage of total expenditures selected for testing. For each item selected perform the following:

- a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verify that the expenditures selected in (a) above were related to projects included in the Eligible Jurisdiction’s Seven-Year CIP and are properly classified as Measure M2 Local Fair Share projects.
9. Identify whether or not indirect costs were charged as Measure M2 Local Fair Share expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction’s Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable, select a sample of charges. Describe the dollar amount tested. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.
10. Obtain and inspect the Eligible Jurisdiction’s interest allocation methodology and amount of interest allocated to the Measure M2 Local Fair Share Fund to ensure the proper amount of interest was credited. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction’s Expenditure Report (Schedule 2, line 4). Explain any differences.
11. Determine whether the Eligible Jurisdiction was found eligible by the Board of Directors.

Commented [JS1]: Changed from Taxpayer’s Oversight Committee.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
MEASURE M2 AGREED-UPON PROCEDURES – PROJECT Q AND U
Year Ended June 30, 2020**

Agreed Upon Procedures for Measure M2 Senior Mobility Program - Eligible Jurisdictions:

Perform the procedures below for the following cities: _____

1. Obtain and read the Cooperative Agreement for the Senior Mobility Program between OCLTA and the Eligible Jurisdiction and determine that the agreement was properly approved and executed.
2. Describe which fund(s) the Eligible Jurisdiction used to track expenditures relating to Measure M2 Senior Mobility Program monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree to amount listed as expended on Eligible Jurisdiction's Expenditure Report (Schedule 2, line 21 for Project U). Explain any differences.
3. Obtain a listing of Measure M2 Senior Mobility Program payments made from OCLTA to the Eligible Jurisdiction and calculate the amount the Eligible Jurisdiction received for the past three fiscal years. Obtain the fund balance of the Eligible Jurisdiction's Measure M2 Senior Mobility Program as of June 30, 2020, agree to the balance as listed on the Eligible Jurisdiction's Expenditure Report (Schedule 1, line 24) and determine whether funds were expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to amount listed as received on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 for Project U). Explain any differences.
4. Obtain and inspect the Eligible Jurisdiction's interest allocation and fare collection methodologies to ensure the proper amount of interest/program revenue was credited to the Measure M2 Senior Mobility Program Fund. Agree the amount reflected to the amount of interest listed on the Eligible Jurisdiction's Expenditure Report (Schedule 2, line 8 – Project U). Explain any differences.
5. Verify that the Eligible Jurisdiction satisfied the requirement of twenty percent (20%) matching of the total expenditures for fiscal year ended June 30, 2020.
6. Select a sample of Measure M2 Senior Mobility Program expenditures from the Eligible Jurisdiction's general ledger expenditure detail. Describe the percentage of total expenditures selected for testing. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verify that the expenditures selected in (a) above are exclusively for Senior Mobility Program and meets requirements outlined in the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.
7. Inquire as to the procedures used by the Eligible Jurisdictions to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.
8. Identify whether or not indirect costs were charged as Measure M2 Senior Mobility Program expenditures. If applicable, compare indirect costs identified to the amount reported on the Eligible Jurisdiction's Expenditure Report (Schedule 3, line 1). Explain any differences. If applicable,

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
MEASURE M2 AGREED-UPON PROCEDURES – PROJECT Q AND U
Year Ended June 30, 2020**

select a sample of charges. Describe the dollar amount tested. Identify the amounts charged and inspect supporting documentation for reasonableness and appropriate methodology.

9. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. **For Contractors procured prior to June 1, 2020, verify** that the Contractor was selected using a competitive procurement process.
 - b. Inspect the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.
10. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Inspect the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Verify that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.
11. Obtain and sample four **monthly operations reports** and determine whether the reports were submitted by the last day of the following month.

Commented [JS2]: The Board approved a temporary suspension to the competitive procurement requirement effective June 1, 2020.

Commented [JS3]: Changed to identify as Operations reports.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
MEASURE M AGREED-UPON PROCEDURES – PROJECT Q AND U
Year Ended June 30, 2020**

Agreed Upon Procedures for Measure M Senior Non-Emergency Medical Transportation Program
(County of Orange):

1. Obtain and read the Cooperative Agreement between OCLTA and the County of Orange and determine that the agreement was properly approved and executed.
2. Document which funds the County used to track expenditures relating to Senior Non-Emergency Medical Transportation Program (SNEMT) monies in its general ledger and the amount spent during the fiscal year ended June 30, 2020. Agree to amount listed as expended on schedule 2 of expenditure report. Explain any differences.
3. Obtain a listing of Measure M2 SNEMT payments made from OCLTA to the County and calculate the amount the County has received for the past three fiscal years. Obtain the cash balance of the County's SNEMT funds as of June 30, 2020 and determine whether funds are expended within three years of receipt. For payments received during the fiscal year ended June 30, 2020, agree to amount listed as received on schedule 2 of expenditure report. Explain any differences.
4. Review the County's interest allocation methodology to ensure the proper amount of interest was credited to the Measure M2 SNEMT fund.
5. Determine the amount of Tobacco Settlement funds required to be expended by the County for the fiscal year ending June 30, 2020 (e.g. obtain from OCLTA the percentage requirement and apply to the annual state allocation of Tobacco Settlement funds for the year under review).
6. Determine that the County spent the required annual amount of Tobacco Settlement funds on the SNEMT program and select a sample from the general ledger to verify the expenditures related to the SNEMT program.
7. Select a sample of Measure M2 SNEMT expenditures from the County's general ledger expenditure detail. For each item selected perform the following:
 - a. Agree the dollar amount listed on the general ledger to supporting documentation, which may include a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal vouchers or other appropriate supporting documentation.
 - b. Verify that the expenditures selected in (a) above are exclusively for the SNEMT program and comply with the Measure M2 Project U Senior/Disabled Program Funding Policy guidelines and the cooperative agreement.
8. Inquire as to the procedures used by the County to ensure that services are provided only to eligible participants in accordance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.
9. Identify whether or not indirect costs were charged as Measure M2 SNEMT expenditures. If applicable, select a sample of charges. Review the amounts charged and review supporting documentation for reasonableness and appropriate methodology.

**ORANGE COUNTY LOCAL TRANSPORTATION AUTHORITY
MEASURE M AGREED-UPON PROCEDURES – PROJECT Q AND U
Year Ended June 30, 2020**

Agreed Upon Procedures for Measure M Senior Non-Emergency Medical Transportation Program
(County of Orange):

10. Determine if the Eligible Jurisdiction contracts with a third-party service provider to provide senior transportation service, and perform the following:
 - a. Verify that the Contractor was selected using a competitive procurement process.
 - b. Review the contract agreement to ensure that wheelchair accessible vehicles are available and used as needed.
11. Obtain the proof of insurance coverage for the Eligible Jurisdiction's Contractor and perform the following:
 - a. Review the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Verify that the current year proof of insurance was submitted and is on file with OCLTA in accordance with the Cooperative Agreement.
12. Obtain the quarterly summary reports and determine the reports were properly prepared and submitted within forty-five (45) days.
13. Inquire of the County whether they prioritized trips provided under the SNEMT program. If so, determine whether actual expenditures exceed available program funding and whether OCLTA was notified as required.

Measure M Cities - Suggested Selection for FY2020

Agency	Local Fair Share						SMP & SNEMT					
	Last Audit	No. of Findings Last Audit	Payments FY 6/30/19	Payments FY 6/30/20 as of 4/14/20	Payments Since Inception as of 4/14/20	% of Total	Last Audit	No. of Findings Last Audit	Payments FY 6/30/19	Payments FY 6/30/20 as of 4/14/20	Payments Since Inception as of 4/14/20	% of Total
Aliso Viejo	2018	1	729,887.09	538,139.19	5,534,174.78	1.26%	n/a	0	27,060.10	20,117.15	166,648.62	0.35%
Anaheim	2019	1	6,256,066.50	2,321,084.87	45,701,327.53	10.39%	2015	1	293,083.93	217,885.80	2,256,992.19	4.77%
a Brea	2015	1	1,020,032.96	761,915.62	7,957,338.32	1.81%	n/a	0	46,006.06	34,202.05	354,289.37	0.75%
Buena Park	2018	2	1,521,727.66	1,152,264.98	12,414,317.51	2.82%	2017	1	78,748.67	58,543.69	606,433.44	1.28%
Costa Mesa	2018	3	2,646,625.60	1,982,697.33	20,253,564.51	4.60%	2017	3	94,437.29	70,207.01	727,249.09	1.54%
Cypress	2017	1	918,029.34	683,848.24	7,333,430.08	1.67%	n/a	0	56,103.22	41,708.52	429,292.92	0.91%
Dana Point	2019	1	615,903.31	457,294.71	4,619,385.60	1.05%	2019	2	53,554.56	39,813.78	329,811.51	0.70%
Fountain Valley	2016	2	1,094,785.41	819,392.25	8,626,736.09	1.96%	2019	0	86,401.18	64,232.76	496,256.84	1.05%
Fullerton	2016	2	2,330,997.25	1,724,335.47	18,072,714.46	4.11%	2016	5	141,269.07	105,022.91	1,080,983.54	2.29%
Garden Grove	2019	0	2,645,433.45	1,967,748.84	20,667,250.18	4.70%	2015	0	169,141.89	125,744.25	1,302,537.26	2.75%
Huntington Beach	2019	2	3,494,796.80	2,620,381.86	27,024,281.49	6.14%	2015	0	250,341.71	186,110.19	1,927,837.40	4.08%
Irvine	2017	2	5,064,375.07	3,814,873.71	37,592,027.15	8.54%	2013	1	182,353.37	135,565.99	1,404,278.02	2.97%
Laguna Beach	2017	2	459,194.99	338,062.34	3,546,931.18	0.81%	n/a					
a Laguna Hills	2015	0	610,581.52	450,034.71	4,736,311.32	1.08%	n/a	0	38,126.01	28,343.82	293,605.60	0.62%
Laguna Niguel	2016	1	1,167,650.27	876,282.47	9,257,003.66	2.10%	2017	4	80,231.07	59,645.73	617,841.87	1.31%
Laguna Woods	2016	2	225,031.51	166,044.28	1,770,436.80	0.40%	2017	0	93,234.48	69,312.79	717,987.58	1.52%
La Habra	2019	2	929,043.11	701,366.77	7,316,123.48	1.66%	2019	2	59,321.58	44,101.11	456,827.64	0.97%
c Lake Forest	2016	1	1,434,079.58	1,081,340.95	11,006,359.58	2.50%	2018	0	72,650.07	54,009.85	559,464.07	1.18%
a La Palma	2015	0	270,692.21	199,677.90	2,286,972.31	0.52%	n/a					
Los Alamitos	2017	1	233,179.13	173,336.29	1,804,302.94	0.41%	n/a					
Mission Viejo	2019	2	1,657,113.37	1,231,162.34	12,996,837.62	2.95%	2016	3	125,788.52	93,514.28	822,724.65	1.74%
Newport Beach	2016	0	1,979,182.45	1,474,252.44	15,289,672.43	3.48%	2016	1	143,154.57	106,424.64	1,102,404.64	2.33%
Orange	2018	2	2,964,925.43	2,196,138.46	22,902,806.54	5.21%	2014	3	135,970.20	101,083.59	1,047,081.52	2.21%
a Placentia	2016	3	855,436.29	389,155.06	6,368,338.60	1.45%	n/a	0	58,541.36	43,521.09	450,817.04	0.95%
Rancho Santa Margarita	2017	0	758,220.17	558,614.90	5,886,860.83	1.34%	n/a	0	28,841.57	21,441.54	222,102.69	0.47%
San Clemente	2019	1	1,022,510.80	760,889.95	7,815,362.96	1.78%	2019	0	78,339.06	58,239.19	603,280.80	1.28%
San Juan Capistrano	2017	2	673,136.74	509,537.37	5,268,630.58	1.20%	2017	3	49,985.12	37,160.17	307,831.36	0.65%
Santa Ana	2018	3	4,991,264.27	3,693,034.76	38,666,230.28	8.79%	2015	2	208,542.24	155,035.44	1,605,944.55	3.40%
Seal Beach	2019	2	436,678.62	317,684.22	3,480,548.36	0.79%	2014	2	72,604.55	53,976.01	559,120.36	1.18%
Stanton	2018	1	529,092.32	390,313.88	4,161,412.68	0.95%	n/a	0	34,881.66	25,931.88	266,912.24	0.56%
a Tustin	2015	0	1,615,929.86	1,206,847.77	12,429,935.85	2.83%	2019	2	60,829.96	45,222.49	468,444.26	0.99%
Villa Park	2017	2	93,439.69	68,808.08	725,309.42	0.16%	n/a	0	11,956.64	8,888.87	58,627.61	0.12%
Westminster	2019	1	1,544,090.49	1,122,450.25	11,893,179.30	2.70%	2014	1	113,812.38	84,610.92	876,450.31	1.85%
Yorba Linda	2016	2	1,081,797.97	806,937.98	8,352,462.49	1.90%	2016	2	77,233.78	57,417.48	594,767.71	1.26%
County Unincorporated	2019	0	3,596,067.28	2,594,584.45	26,213,927.90	5.96%	n/a					
a County - SNEMT							2016	5	3,192,611.02	2,373,465.62	24,585,797.36	51.98%
Total			57,466,998.51	40,150,534.69	439,972,504.81	100%			6,215,156.89	4,620,500.61	47,300,644.06	100%

- a Recommended selection: 4-5 year rotation.
- b Recommended selection: Total payments over 250,000 and never been audited.
- c Recommended selection by the Eligibility Committee.

LFS SMP LFS & SMP SNEMT