

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON EMERGENCY
MEDICAL TRANSPORTATION
AGREED-UPON PROCEDURES REPORT**

Year Ended June 30, 2012

**ORANGE COUNTY LOCAL
TRANSPORTATION AUTHORITY**

**MEASURE M2 SENIOR NON EMERGENCY MEDICAL TRANSPORTATION
AGREED-UPON PROCEDURES REPORTS**

Year Ended June 30, 2012

The County of Orange was selected by the Audit Subcommittee of the Taxpayers Oversight Committee to perform agreed-upon procedures for the fiscal year ended June 30, 2012.



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES — COUNTY OF ORANGE**

Board of Directors

Orange County Local Transportation Authority
and the Taxpayers Oversight Committee of the
Orange County Local Transportation Authority

We have performed the procedures enumerated below, which were agreed to by the Taxpayers Oversight Committee of the Orange County Local Transportation Authority (OCLTA), solely to assist you in evaluating the County of Orange's (County) compliance with the provisions of the Measure M2 Senior Non Emergency Medical Transportation Program (SNEMT Program) as of, and for the fiscal year ended, June 30, 2012. The County's management is responsible for compliance with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and for its cash, revenue and expenditure records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained and read the Cooperative Agreement for the SNEMT Program between OCLTA and the County to determine that the agreement was properly approved and executed.

Results: No exceptions were noted.

2. We documented which funds the County used to track expenditures relating to the SNEMT Program monies in the general ledger and the amount spent during the fiscal year ended June 30, 2012.

Results: The County's expenditures are tracked in the general ledger by department, unit and job numbers. The County records its SNEMT Program expenditures in the General Fund, within the Orange County Community Resources Department, Office of Aging Unit within Job numbers CA802 and CA812.

3. We obtained a listing of SNEMT Program payments made by OCLTA to the County and calculated the amount received by the County for the past three fiscal years. We also obtained the cash balance of the County's SNEMT Program as of June 30, 2012 and determined whether funds were expended within three years of being received.

Results: The County received \$2,046,415 in SNEMT Program funds for the fiscal year ending June 30, 2012, which is the first year of funding. As of June 30, 2012 the County had expended \$1,762,321 and had a remaining cash balance of \$284,094 at June 30, 2012. No exceptions were noted as a result of our procedures.

4. We reviewed the County's interest allocation methodology to ensure the proper amount of interest was credited to the SNEMT Program.

Results: Through review and inquiry of management, it was noted that interest was not allocated to the SNEMT Program for fiscal year ended June 30, 2012. However, management asserted that procedures would be implemented subsequent to the field work to ensure interest is appropriately calculated and allocated to any remaining unspent SNEMT Program cash balance.

5. We obtained the required percentage of Tobacco Settlement Funds to be expended by the County and determined the amount of Tobacco Settlement Funds required to be expended by the County by applying the percentage to the annual state allocation of Tobacco Settlement Funds, for the fiscal year ended June 30, 2012.

Results: Through review of the Cooperative Agreement it was noted that the percentage of Tobacco Settlement Funds required to be expended by the County is equal to 5.27 percent of the total received. The total state allocation of Tobacco Settlement funding received by the County was \$26,752,914 for fiscal year ending June 30, 2012 of which \$1,409,879 (5.27%) was to be expended by the County.

6. We determined that the County spent the required annual amount of Tobacco Settlement funds on the SNEMT Program.

Results: Through review of the general ledger detail, it was determined that the County allocated and transferred the minimum 5.27% of Tobacco Settlement Funds to the Office of Aging Accounting Unit. The County recorded expenditures of \$1,853,564 within job numbers CA 800 and CA 810 for the SNEMT Program, which was in excess of the minimum requirement. Additionally, we haphazardly selected one account from the general ledger detail and haphazardly selected 6 expenditures from this account to verify the expenditures related to the SNEMT program. No exceptions were noted.

7. We haphazardly selected a sample of SNEMT Program expenditures from the County's general ledger expenditures detail. For each item selected, we performed the following:

- a. Agreed the dollar amount listed on the general ledger to supporting documentation, which would have included a check copy or wire transfer, vendor invoice, payroll registers and timecards, journal voucher or other appropriate supporting documentation.
- b. Verified that the expenditures selected above in (a) were exclusively for the SNEMT Program and comply with the Measure M2 Project U Senior/Disabled Program Funding Policy Guidelines and the cooperative agreement.

Results: The total SNEMT Program expenditures tested were \$1,610,920 representing approximately 91% of total program expenditures of \$1,762,321 for the fiscal year ended June 30, 2012. No exceptions were noted as a result of our procedures.

8. We identified whether or not indirect costs were charged as SNEMT Program expenditures. If applicable, we haphazardly selected a sample of charges, reviewed the amounts charged and reviewed supporting documentation for reasonableness and appropriate methodology.

Results: Based on our review of the general ledger expenditure detail and discussion with County management, expenditures for the fiscal year ended June 30, 2012 included \$5,876 of indirect costs. We noted that these costs were supported by an approved cost allocation plan, and allocated specifically to the SNEMT Program based on labor hours. No exceptions were noted as a result of our procedures.

9. We determined if the County contracts with a third party service provider to provide senior transportation service, and performed the following:
- a. Verified that the contractor was selected using a competitive procurement process.
 - b. Reviewed the contract agreement to ensure the inclusion of the term: "Wheelchair accessible vehicles are available and used when requested".

Results: No exceptions were noted.

10. We obtained proof of insurance coverage for the County and we performed the following:
- a. Reviewed the insurance coverage to ensure the terms satisfy the requirements established in the Cooperative Agreement.
 - b. Verified that the proof of insurance was submitted to OCLTA prior to commencement of any work and within ten (10) calendar days from the effective date of the Cooperative Agreement.

Results: It was noted that the County's of the insurance coverage certificate was not submitted within 10 days from the effective date of the Cooperative Agreement; however, it was submitted within 10 calendar days of it being requested by OCLTA. The agreement was executed on July 14, 2011 and the insurance certificate was provided to OCLTA on August 22, 2011.

11. We obtained all the quarterly summary reports for the fiscal year ending June 30, 2012, and determined the reports were properly prepared and submitted within forty-five (45) calendar days of quarter end.

Results: Three of the four quarterly summary reports for the fiscal year ending June 30, 2012 were submitted to OCLTA beyond the 45 calendar days of quarter end. Management asserted that the 45 days allowed for completion of the report is sufficient and that future reports will be submitted timely. No other exceptions were noted.

12. We inquired of the County's management to determine whether they prioritized trips provided under the SNEMT Program. If the priority trip was implemented, we determined whether actual expenditures exceeded available program funding and whether OCLTA was notified as required.

Results: Through inquiry of management, it was determined that the prioritized trip program was not implemented during the fiscal year ending June 30, 2012. As such, no exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records, any indirect cost allocation plans and compliance with the provisions of the SNEMT Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of the OCLTA and the Taxpayers Oversight Committee and is not intended to be, and should not be, used by anyone other than those specified parties.



Laguna Hills, California
December 18, 2012