



January 27, 2016

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Fiscal Year 2015-16 Internal Audit Plan, Second Quarter Update

Overview

The Orange County Transportation Authority Board of Directors adopted the Orange County Transportation Authority Internal Audit Department Fiscal Year 2015-16 Internal Audit Plan on July 27, 2015. This update is for the second quarter of the fiscal year.

Recommendation

Receive and file the second quarter update to the Orange County Transportation Authority Internal Audit Department Fiscal Year 2015-16 Internal Audit Plan as an information item.

Background

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

Internal Audit performs a wide range of auditing services that includes overseeing the annual financial and compliance audits, conducting operational and contract compliance reviews, investigations, pre-award price reviews, and Buy America reviews. Audits initiated by entities outside of OCTA are coordinated through Internal Audit.

Discussion

The OCTA Internal Audit Fiscal Year (FY) 2015-16 Internal Audit Plan (Plan) (Attachment A) reflects the status of each audit project.

During the second quarter of the FY, Internal Audit issued the Review of Bidder Protest Process, concluding that OCTA complies with regulations and procedures for handling of bid protests, except for the requirement to notify the Federal Transit Administration of protests relating to federally funded procurements. Internal Audit recommended that management establish procedures to ensure notification is provided and documentation of the communication is maintained. Management agreed and indicated that procedures will be developed.

Internal Audit also issued a review of the Technology and User Support section within the Information Systems Department. Based on the review, procedures for handling requests for in-house technology support and controls for review and approval of invoices for copier, printer, and contracted labor services are adequate.

The primary focus of Internal Audit during the quarter was to provide coordination of the annual financial and compliance audits by OCTA's independent financial statement auditor, Vavrinek, Trine, Day & Company, LLP (VTD). In addition to providing coordination and review of draft reports, Internal Audit also performed follow-up activities related to findings identified by VTD during city audits performed at the direction of the Measure M2 Taxpayer's Oversight Committee.

The Federal Transit Administration notified OCTA on October 7, 2015, of their intent to conduct a FY 2016 Federal Triennial Review. As part of that review, OCTA was required to complete a workbook and submit documents in early December. Internal Audit spent a significant amount of time compiling this information and ensuring submission by the deadline.

Internal Audit is also coordinating the State Triennial Review which is underway and is expected to be issued during the fourth quarter of this FY.

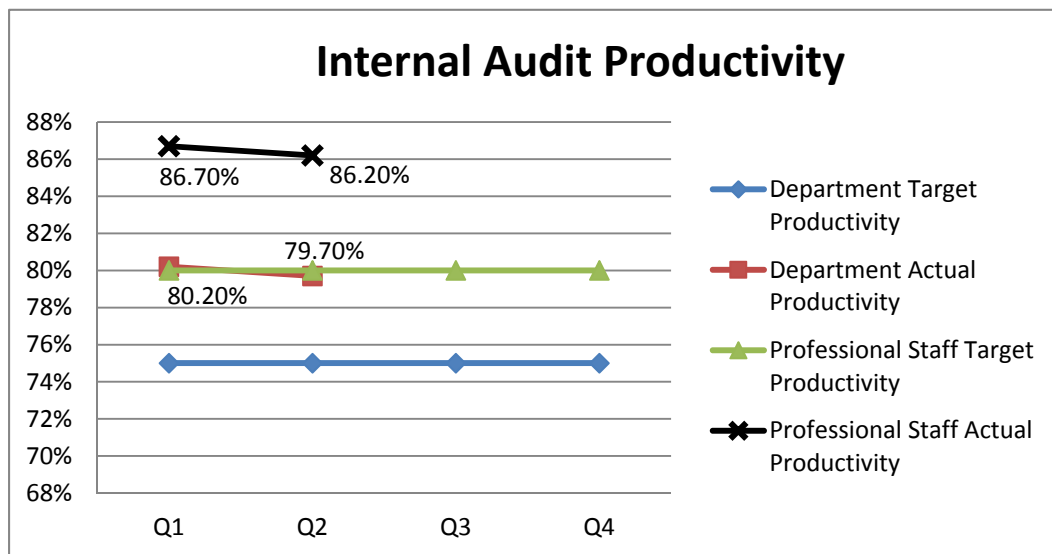
Finally, Internal Audit provided staffing to participate in the peer review of another internal audit department in exchange for earning reciprocal credit towards the required peer review of OCTA Internal Audit, which has been scheduled for February 2016.

Internal Audit Productivity

Internal Audit measures the productivity of the department by calculating a productivity ratio. The ratio, used broadly throughout the audit industry, measures the amount of time auditors spend on audit projects versus time spent on administrative duties. Productivity goals are established for both the professional staff and for the department as a whole. Because the Executive Director regularly participates in non-audit management activities such as

planning and committee meetings, the department-wide target is set at 75 percent. The target for Internal Audit professional staff, not including the Executive Director, is 80 percent.

For the second quarter ended December 31, 2015, Internal Audit achieved productivity of 80 percent, and the professional staff achieved productivity of 86 percent.



Price Reviews

At the request of the Contracts Administration and Materials Management Department (CAMM), and consistent with OCTA procurement policy, Internal Audit conducts reviews of single bid procurements to ensure that CAMM handled the procurement in a fair and competitive manner. Internal Audit also reviews prices proposed by architectural and engineering firms and sole source contractors to ensure that the prices are fair and reasonable. Internal Audit makes recommendations to adjust proposed rates where they exceed the rates per review. When the value of recommended adjustments can be estimated, Internal Audit tracks and reports these savings, as noted below. During the quarter ended December 31, 2015, Internal Audit conducted seven pre-award agreed-upon procedures reviews and recommended price adjustments, as indicated below:

Quarter	Price Reviews Recommended Adjustments
1	\$ 2,620,545
2	390,504
3	
4	
Total	\$ 3,011,049

Fraud Hotline

During the quarter ended December 31, 2015, Internal Audit received two reports through OCTA's Fraud Hotline, www.ethicspoint.com. Both reports were referred to OCTA management and/or customer relations for proper disposition.

In addition, results of an investigation and limited scope review of the administration of OCTA's Deferred Compensation Plan and related Revenue Reimbursement Account were issued. As a result of the review, Internal Audit made recommendations to improve transparency; enhance and formalize the governance structure; implement controls to safeguard funds maintained in the account; obtain reimbursement of \$15,000 in duplicated charges from Nationwide Retirement Solutions; monitor and enforce terms of the contract with the investment consultant; and monitor the Deferred Compensation Plan fee structure consistent with fiduciary requirements. Management agreed to implement the recommendations.

Internal Audit is committed to responding to all hotline complaints within eight business days. During the quarter ended December 31, 2015, Internal Audit made initial contact within two business days.

Findings and Recommendations Tracking

At the request of the Finance and Administration Committee, unresolved audit recommendations are included with the quarterly updates to the Plan as Attachment B. Internal Audit includes the findings and recommendations generated internally, as well as those provided by regulatory auditors and OCTA's independent financial statement auditors.

During the quarter ended December 31, 2015, Internal Audit performed follow-up of eleven unresolved audit recommendations. Ten of the recommendations were appropriately addressed by management and were removed from the list. One recommendation related to the implementation of

forms for the standardization of training was not yet fully implemented by management and will be reviewed again in six months. Follow-up review activities resulted in one recommendation being added to the list that relates to the timeliness of response to Public Records Act requests. Another four recommendations were added to the list relating to reports issued during the quarter.

Summary

Internal Audit will continue to implement the Plan, monitor performance metrics, and report the status on a quarterly basis.

Attachments

- A. Orange County Transportation Authority Internal Audit Department Fiscal Year 2015-16 Internal Audit Plan, Second Quarter Update
- B. Unresolved Audit Findings and Recommendations (Audit Reports Issued Through December 31, 2015)

Prepared by:



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**Orange County Transportation Authority
Internal Audit Department
Fiscal Year 2015-16 Internal Audit Plan
Second Quarter Update**

Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date Issued)	External Auditor
Mandatory External Independent Audits								
Annual Financial Audit	FY16-001 through FY16-003	Develop scope of work and procure independent audit services for Fiscal Year (FY) 2016-17, FY 2017-18, and FY 2018-19, and coordinate annual financial and compliance audits for FY 2015-16.	Financial	425	250	175	Completed	Vavrinek, Trine, Day & Co.
Annual Transportation Development Act (TDA) Audits	FY16-004	Coordination of required annual audits of the recipients of TDA Funds for FY 2015-16.	Compliance	12	1	11	Completed	Vavrinek, Trine, Day & Co.
State Triennial Audit	FY16-005	Procure external audit firm and coordinate the State Triennial Performance audit for FY ended 2013, 2014, and 2015.	Compliance	120	130		In Process	
California Department of Transportation (Caltrans) Incurred Cost Audit	FY16-006	Coordinate Incurred Cost Audit initiated by Caltrans for funding of various highway and grade separation projects.	Compliance	56	6		In Process	
Internal Audit Department Projects								
Risk Assessment and Annual Audit Plan	FY16-100	Annual preparation of the audit plan, quarterly updates to the audit plan, periodic assessment of risk throughout the year, including the monitoring of audit results of related entities.	Audit Plan and Updates	180	28	152	Ongoing	
Quality Assurance and Self-Assessment	FY16-101	Update of Internal Audit Policies & Procedures. Annual self assessment of the Internal Audit Department's (Internal Audit) compliance with Government Auditing Standards.	Quality Assurance	180		180		
Fraud Hotline	FY16-102	Administrative duties related to maintenance of the Fraud Hotline and work related to investigations of reports of fraud, waste, or abuse.	Fraud Hotline	250	148	102	Ongoing	8 Reports Received
Automated Workpaper Solution	FY16-103	Purchase, training, and implementation of a new automated workpaper solution.	Automated Workpaper Solution	230	163	67	In Process	
Peer Review Participation	FY16-104	Participation on peer reviews of other internal audit departments in exchange for reciprocal credit towards peer review of the Orange County Transportation Authority's (OCTA) Internal Audit.	Peer Review	120	49	71		
Internal Audits								
Human Resources and Organizational Development								
Benefits: Health Insurance Plans and Health Savings Accounts	FY16-5XX	Review controls in place to ensure proper enrollment, accounting, and compliance with laws, regulations, policies, and procedures.	Operational	300		300		
Storm Water Pollution Prevention Plan	FY16-5XX	Review oversight controls, policies, and procedures to ensure compliance with Environmental Protection Agency regulations.	Compliance	220		220		

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Capital Programs								
Bristol Street Widening	FY15-515	Assess oversight controls and contract compliance with related cooperative agreements for the Bristol Street widening.	Compliance	300	312	(12)	In Process	
Project Controls	FY16-5XX	Assess and test operating controls of the project controls function within the Capital Projects Division.	Compliance	200		200		
Planning								
Competitive Transportation Funding Program Projects	FY16-5XX	Review selected projects for compliance with the Measure M Ordinance, policies, and procedures.	Compliance	80		80		
Transit Operations								
Equipment Assignment, Tracking, and Reporting	FY16-505	Assess and test controls in place over the assignment, tracking, and reporting of vehicles.	Internal Control	180	61	119	In Process	
Finance and Accounting								
Treasury	FY16-501	Semi-annual review of investments compliance, controls, and reporting.	Compliance	200	105	95	1 Report Issued 8-27-15	
Grant Closeouts	FY16-502	As-needed financial and compliance audits of grants at closeout to ensure propriety of expenditures.	Compliance	40	44	(4)	Issued 8-6-15	
Budget Development and Monitoring	FY16-XXX	Review and test controls in place over the preparation, monitoring, and reporting related to the annual OCTA budget.	Operational	300		300		
Accounts Payable	FY15-513	Review adequacy of controls over the accounts payable operation.	Operational	300	405	(105)	In Process	
Information Systems								
Technology and User Support	FY16-503	Review procedures in place for handling and tracking of request for in-house technology support.	Operational	200	311	(111)	Issued 11-6-15	
Contract Administration & Materials Management								
Price Reviews	PR16-XXX	Cost and price analyses as required by OCTA procurement policies and procedures.	Price Review	1,000	674	326	8 Reports Issued	
Buy America	FY16-XXX	Pre-award and post-delivery reviews to ensure vendors and OCTA are in compliance with federal Buy America requirements.	Compliance	250		250		
Bidder Protest Process	FY16-504	Review and test compliance with policies and procedures for bidder protests.	Operational	150	128	22	Issued 10-23-15	

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External Affairs								
Customer Relations	FY16-5XX	Review in-house Customer Relations operation.	Operational	240		240		
Public Outreach - West County Connectors Project	FY16-5XX	Review of oversight controls and contract compliance related to agreement for public outreach.	Compliance	200		200		
Unscheduled Reviews and Special Requests								
Unscheduled Reviews and Special Requests	FY16-800	Time allowed for unplanned audits and requests from the Board of Directors and management.	Varies	240	66	174		
Monitoring Activities								
Measure M Taxpayer Oversight Committee	FY15-601	Coordination of audit activities with the Audit Subcommittee of the Measure M Taxpayer Oversight Committee.	Administrative Support	120	22	98		
Capital Asset Inventory Observation	FY16-602	At the request of Finance and Administration Division, observe and apply limited procedures related to the bi-annual capital asset inventory counts.	Non-Audit Service	60		60		
Bus Base Inspections and Inventory Testing	FY15-602	Participation in annual bus base inspections.	Non-Audit Service	32		32		
Follow-up Reviews								
Follow-up Reviews and Reporting	FY16-700	Follow-up on audit findings and recommendations.		300	374	(74)		
Total Audit Project Planned Hours (A)				6,485	3,277	3,209		

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Audit Activity	Project Number	Description	Primary Audit Type	Planned Staff Hours	Staff Hours to Date	Under (Over)	Status (Date Issued)	External Auditor
Internal Audit Administration								
Board of Directors and Board Committee Meetings				280	90	191		
Executive Steering Committee and Agenda Meetings				180	70	110		
Internal Audit Department Staff Meetings				150	17	133		
Other Administration				1,500	659	842		
			Total Hours (B)	8,595	4,112	4,484		
			Department-Wide Target Efficiency (A/B)	75%				
			Department-Wide Actual Efficiency (A/B)	80%				
			Professional Staff Target Efficiency	80%				
			Professional Staff Actual Efficiency	86%				

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
 (Audit Reports Issued Through December 31, 2015)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
3/26/2014	14-509	General Services	Review of Purchase Order (PO) Issuance and Oversight	The Internal Audit Department (Internal Audit) recommends that General Services review invoiced pricing for compliance with PO pricing terms. PO's should be amended to include all required items and their negotiated prices.	Dec-15	General Services will add language to PO's to cover items that were not included in the original scope of work. <u>Update November 2014:</u> General Services has not yet implemented this recommendation. <u>Update June 2015:</u> General Services has recently renewed PO's and is planning to implement a semi-annual review of invoices to assess if new, recurring purchased items need to be added to the price list.	Ng	In Process
5/29/2014	14-511	Finance and Administration (F&A)	Review of the OCTA Store	Internal Audit recommends management ensure that the new system is designed to provide appropriate segregation of duties and that access is limited as appropriate. Detailed records of the access levels should be maintained and periodically reviewed for appropriateness. Procedures should be developed to address system access assignments and related controls to prevent and/or detect suspicious transactions.	Dec-15	The replacement point of sale system is expected to be fully implemented by the end of the calendar year. The new system will resolve access controls by providing multiple layers of administration functions allowing management the ability to turn on, or turn off, posting abilities to match the levels of access required by staff. Procedures will be developed to outline access assignments and secondary reviews and approval. Records of access levels will be maintained and periodically reviewed. <u>Update December 2014:</u> Management plans to build controls into the new system that is expected to be implemented in January 2015. <u>Update June 2015:</u> System implementation has been rescheduled to July 31, 2015. As such, follow-up will be performed again in six months.	Dunning	In Process

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
9/24/2014	14-510	Human Resources and Occupational Development (HR/OD)	Review of Administrative Employee Training and Educational Reimbursement	Internal Audit recommends management enhance policy and procedures for administrative employee training to allow the department to exercise oversight and institute standardization of training programs.	Jun-16	HR/OD will create guidelines for the identification, development, and procurement of training. Training and Development will then reach out to departments that provide training with the guidelines. Update April 2015: Management has issued a revised training policy and intends to implement oversight to ensure follow up is performed with employees that require training. Management also intends to implement a form to be used to help standardize training classes that are implemented and/or purchased by departments. Since recommendation has not been fully implemented, Internal Audit will return in six months. Update December 2015: Management has revised the policy and developed a form to standardize training; however, use of the form has not yet been implemented.	Dunning	Initiate next update in June 2016
12/21/2015	15-503	Clerk of the Board (COB)	Second Follow-up, Review of the Administration of Public Records Requests	Internal Audit recommends that controls be enhanced to ensure compliance with the legal requirement to notify the requestor of its decision on whether to comply with the request within ten days.	Jun-16	This recommendation was identified during the second follow-up review to Internal Audit Report No. 15-503. As a result, the recommendation was communicated through a memo to management and a formal response will not be required until Internal Audit performs follow-up of this recommendation in six months.	Ng	Initiate next update in June 2016

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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/3/2014	N/A	F&A and Transit	Performance Audit of OCTA's Continuity Plan	Auditors recommended that management update the Business Impact Analysis (BIA) and the Continuity of Operations Plan (Plan) to address the 13 weaknesses noted.	Sep-16	Management responded that efforts are underway to update certain portions of the BIA and the Plan. Also, at the direction of the Finance and Committee Chairman, staff has agreed to specifically address each issue and planned corrective actions with the Security Working Group of the Board of Directors. Update September 2015: Management has taken actions to adequately address seven of the thirteen weaknesses noted in the audit. The remaining six are expected to be corrected upon completion of the Threat and Hazard Identification and Risk Assessment project and the comprehensive revision of the BIA. Internal Audit will follow-up on the remaining issues in one year.	Bonelli	Initiate next update in September 2016.
10/30/2014	N/A	F&A	Single Audit Report on Federal Awards, Fiscal Year (FY) 2014	Auditors identified one significant deficiency related to monitoring procedures and oversight of Federal Section 5316 and 5317 sub-recipients. Specifically, procedures for invoice review and site visits of sub-recipients were inadequate to ensure that billings reflected only authorized activities and costs.	Jan-16	Management responded that as of May 2014, OCTA has implemented enhanced invoice review and approval procedures for the Federal Section 5316 and 5317 programs. Also, management procured the services of a consultant to help strengthen the sub-recipient monitoring process.	Tang	In Process
10/30/2014	N/A	F&A	Management Letter	Auditors recommended that OCTA review procedures with applicable staff to ensure all payments are properly authorized and reviewed.	Jan-16	Management agreed and indicated that training will be performed.	Tang	In Process

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/30/2014	N/A	F&A	Management Letter	Auditors noted errors in some of the historical data obtained from Cofiroute, USA (Cofiroute). The data is used to determine the net realizable value of the 91 Express lanes violations outstanding in excess of 90 days. As a result, an audit adjustment was proposed, and auditors recommended that OCTA strengthen procedures over violations receivables estimates.	Jan-16	Management agreed and indicated that Cofiroute has implemented additional controls to ensure the integrity of the data, and OCTA staff has developed review procedures to identify significant data variances.	Tang	In Process
12/19/2014	N/A	Planning Division and Transit	Measure M2 Agreed-Upon Procedures Reports for FY 2014	Internal Audit recommended that staff monitor implementation of auditor recommendations related to the classification of Maintenance of Effort (MOE) expenditures, allocation of interest, provisions of contracts with third party service providers, and timeliness of monthly activity reporting.	Jan-16	Management agreed to monitor the cities' implementation of these recommendations. <u>Update June 2015</u> : The recommendations on classification of MOE expenditures, allocation of interest, and provisions of contracts with third party service providers have been addressed. The cities are still in violation of the reporting deadlines and management has not implemented monitoring and/or follow-up procedures.	Tang	In Process

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
12/23/2014	N/A	HROD	Limited Scope Review of Recruitment, Selection, and Compensation	Internal Audit recommends that procedures be developed to ensure that newly created job descriptions are properly scrutinized to ensure consistency and equity.	Feb-16	Management agrees and the Human Resources (HR) manager will review any newly created job descriptions to ensure consistency and equity. Update August 2015: During the follow-up review, Internal Audit identified two reclassifications of employees to new positions at higher salary grades with job descriptions that require the same or less experience than the prior positions. The current Job Families listing is outdated and inconsistent with the Personnel and Salary Resolution. Therefore, Internal Audit kept this recommendation open and further recommended that the Job Families listing be updated periodically and posted on-line and that review of new job descriptions include a review of all existing job descriptions within the same job family for consistency and equity.	Ng	Initiate next update in February 2016.
8/10/2015	N/A	HROD	First Follow-up, Limited Scope Review of Recruitment, Selection, and Compensation	Internal Audit recommends, for future hiring of internal candidates, that HR verify education and experience that were not reviewed in past background checks and are required to meet the qualifications of the new position.	Feb-16	This recommendation was identified during a follow-up review. As a result, the recommendation was communicated through a memo to management and a formal response will not be required until Internal Audit performs follow-up of this recommendation in six months.	Ng	Initiate next update in February 2016.

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued Through December 31, 2015)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Institute Next Update	Management Response	Auditor	Notes
6/19/2015	15-511	CEO	Review of Agreement No. C-4-1816 with Woodruff, Spradlin & Smart (WS&S) for Legal Services	Internal Audit recommends that management closeout the prior agreement and enforce invoice requirements.	Dec-15	Management will ensure that each invoice received from WS&S going forward is certified per the requirements of the agreement and includes the contract number. WS&S has also agreed to certify all future and prior invoices received by OCTA since the effective date of the new agreement. In addition, staff has closed out the prior agreement to ensure that no charges can be made to that agreement going forward. Staff has also ensured that all charges since the effective date of the new agreement, January 1, 2015, have been charged to the new agreement.	Tang	In Process
10/15/2015	N/A	HR/D	Investigation and Limited Scope Review of Administration of the Deferred Compensation Plan and the Plan Revenue Reimbursement Account	Internal Audit recommends management formalize and document the plan governance structure and committee structure. Committee configuration should be reviewed and consideration given to appointing a member to represent employee groups participating in the plan. Committee members should be appointed and policies should be approved by OCTA.	Apr-16	The Investment Policy (IP) Statement will be formally approved and made available to participants electronically. Management will also post the quarterly meeting minutes, the quarterly reports, and the Account Policy. The committee composition will be included in the IP Statement, with consideration given to expanding the committee. These tasks will be completed by the end of calendar year 2015.	J. Sutter	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
(Audit Reports Issued Through December 31, 2015)

Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/15/2015	N/A	HROD	Investigation and Limited Scope Review of Administration of the Deferred Compensation Plan and the Plan Revenue Reimbursement Account	Internal Audit recommends: 1. Obtain reimbursement for \$15,000 in overcharges. 2. Notify Nationwide Retirement Solutions (NRS) that distributions from the account may only be authorized by two employees. 3. Amend policies to include eligible expenditures, ensure that disbursements comply with OCTA policy, and require approval of any distributions from the account by the committee. 4. Require routine account reconciliations to be performed and documented. 5. Assign responsibility for reconciling this account to an appropriate individual that does not also direct disbursements from the account.	Apr-16	1. NRS reimbursed the account \$15,000 plus lost earnings effective August 31, 2015. 2. OCTA will notify NRS that distributions from the Account may only be authorized by two designated OCTA employees. 3. Management will expand the Account Policy to include common qualified expenses and will require that all future travel related to the plan be governed by the OCTA Travel Policy. Finally, the committee will review any distributions from the account in their quarterly meetings and document such distributions in the meeting minutes. 4. Account reconciliations will be performed and documented on a quarterly basis. 5. Account reconciliation will be performed by a staff member within the F&A Division who does not also direct disbursements from the account.	J. Sutter	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/15/2015	N/A	HROD	Investigation and Limited Scope Review of Administration of the Deferred Compensation Plan and the Plan Revenue Reimbursement Account	Internal Audit recommends management: 1. Ensure committee members annually reaffirm the IP Statement. 2. Provide training and require committee members to monitor fees charged to the plan and its participants and, when applicable, attempt to negotiate fees to a reasonable level. 3. Exercise oversight of Benefit Funding Services Group (BFSG) to ensure all deliverables required by the agreement are provided. 4. Review invoices for compliance with the agreement terms and obtain proper approval before submitting to NRS for payment.	Apr-16	1. The IP Statement will be annually reaffirmed by the committee. 2. BFSG will provide training to committee members on an annual basis and committee members will review annual reports provided by BFSG and will work with the Contracts Administration and Materials Management Department (CAMM) to negotiate fees if they are deemed unreasonable. 3. Management will ensure that OCTA receives all deliverables specified in the contract. Management will ensure that required annual fee reports are provided by BFSG. 4. Management concurs. BFSG will be required to include the appropriate certification language on all future invoices. All future BFSG invoices will be properly reviewed for compliance with the agreement terms and two authorized parties will approve the invoices before submitting to NRS for payment.	J. Sutter	

UNRESOLVED AUDIT FINDINGS AND RECOMMENDATIONS
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Audit Issue Date	Report Number	Division / Department / Agency	Audit Name	Recommendation	Initiate Next Update	Management Response	Auditor	Notes
10/23/2015	16-504	F&A	Review of the Bidder Protest Process	Internal Audit recommends that Financial Planning & Analysis (FP&A) establish procedures to ensure notification is provided as required and documentation of this communication is maintained. Procedures should include a process to ensure the Federal Transit Administration (FTA) is also provided periodic status updates, as required.	Apr-16	Upon receiving notification from CAMM of a protest related to a contract required to comply with FTA Circular 4220.1E, the FP&A Grant Manager (GM) will log the protest and email the FTA Regional Office notifying them of such protest. In terms of monitoring the status of a protest, the FP&A GM will utilize the Quarterly FTA Milestone Progress Report as a means to communicate the pending status to the FTA Regional Office. Upon receiving resolution of the protest from CAMM, the FP&A GM will log the protest resolution and email the FTA Regional Office notifying them of such protest resolution. All protests supporting documentation will be made available to the FTA Regional Office consistent with FTA Circular 4220.1E.	G. Tang	