



ADMINISTRATIVE AND FINANCE COMMITTEE

THURSDAY, AUGUST 9, 2018– 8:00 A.M.

OMNITRANS METRO FACILITY

1700 WEST 5TH STREET

SAN BERNARDINO, CA 92411

The meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or Limited English Proficiency services are needed in order to participate in the public meeting, requests should be made through the Recording Secretary at least three (3) business days prior to the Committee Meeting. The Recording Secretary's telephone number is 909-379-7110 (voice) or 909-384-9351 (TTY), located at 1700 West Fifth Street, San Bernardino, California. If you have comments about items on the agenda or other general concerns and are not able to attend the meeting, please mail them to Omnitrans at 1700 West Fifth Street, San Bernardino, California, Attention Board Secretary. Comments may also be submitted by email to BoardSecretary@omnitrans.org.

A. CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call

B. ANNOUNCEMENTS/PRESENTATIONS

1. Next Committee Meeting: Thursday, September 13, 2018, 8:00 a.m.
Omnitrans Metro Facility Board Room

C. COMMUNICATIONS FROM THE PUBLIC

This is the time and place for the general public to address the Board for items that are not on the agenda. In accordance with rules applicable to meetings of the Administrative & Finance Committee, comments on items not on the agenda and on items on the agenda are to be limited to a total of three (3) minutes per individual.

D. POSSIBLE CONFLICT OF INTEREST ISSUES

Disclosure – Note agenda items contractors, subcontractors and agents, which may require member abstentions due to conflict of interest and financial interests. Board Member abstentions shall be stated under this item for recordation in the appropriate item.

N/A

E. DISCUSSION ITEMS

- | | |
|---|----|
| 1. Approve Administrative & Finance Committee Minutes – June 14, 2018 | 3 |
| 2. Receive and Forward to the Board of Directors, Management Plan Strategic Initiatives and Key Performance Indicators Fiscal Year 2018 Fourth Quarter Reports – <i>Jacob Harms</i> | 7 |
| 3. Receive and Forward to the Board of Directors, Internal Audit Workplan and Schedule FY2019 – <i>Samuel Gibbs</i> | 25 |
| 4. Recommend the Board of Directors Approve the Proposed Policy Change to Policy 406 – Out of Classification Assignments – <i>Suzanne Pfeiffer</i> | 43 |
| 5. Recommend the Board of Directors Approve the Reclassification of an Employee from Fleet Analyst Position, Level VIII to a Sr. Fleet Analyst Position, Level VII and Approve the Proposed Revisions to Personnel Policy 402, Salary Ranges, Management Confidential Classifications - <i>Suzanne Pfeiffer</i> | 47 |



ADMINISTRATIVE AND FINANCE COMMITTEE

THURSDAY, AUGUST 9, 2018– 8:00 A.M.

OMNITRANS METRO FACILITY

1700 WEST 5TH STREET

SAN BERNARDINO, CA 92411

E. DISCUSSION ITEMS CONTINUED

6. Recommend the Board of Directors Authorize the CEO/General Manager to Extend the Current Lease Agreement with H&S Properties, Inc. for the Brooks Street Maintenance Facility – *Doug Stanley*

52

F. ADJOURNMENT

ITEM # E1

**ADMINISTRATIVE & FINANCE COMMITTEE
MINUTES, JUNE 14, 2018**

A. CALL TO ORDER

Committee Chair Sam Spagnolo called the regular meeting of the Administrative and Finance Committee to order at 8:00 a.m., Thursday, June 14, 2018.

1. Pledge of Allegiance
2. Roll Call

Committee Members Present

Council Member Sam Spagnolo, City of Rancho Cucamonga – Committee Chair
Council Member David Avila, City of Yucaipa
Council Member Ron Dailey, City of Loma Linda
Mayor Carey Davis, City of San Bernardino
Supervisor Curt Hagman, County of San Bernardino
Mayor Pro Tem Alan Wapner, City of Ontario

Committee Members Absent

Mayor Pro Tem John Roberts, City of Fontana
Mayor Pro Tem Sylvia Robles, City of Grand Terrace

OmniTrans Administrative Staff Present

P. Scott Graham, CEO/General Manager
Erin Rogers, Deputy General Manager
Diane Caldera, Director of Operations
Samuel Gibbs, Director of Internal Audit Services
Marge Ewing, Director of Human Resources/Safety & Regulatory Compliance
Jacob Harms, Director of Information Technology
Eugenia Pinheiro, Contracts Manager
Connie Raya, Director of Maintenance
Douglas Stanley, Director Special Transit Services
Don Walker, Director of Finance
Wendy Williams, Director of Marketing-Planning
Maurice Mansion, Treasury Manager
Krystal Turner, Contracts Administrator
Julienne Overland-Villegas, Senior Executive Assistant to the CEO/General Manager

B. ANNOUNCEMENTS/PRESENTATIONS

Committee Chair Spagnolo announced that today would be Director of Human Resources & Regulatory Compliance, Marge Ewing's last meeting. He thanked her for her service and wished her well on her retirement.

CEO/General Manager, P. Scott Graham thanked Ms. Ewing for her loyalty and dedication.

Committee Chair Spagnolo announced that due to the Board being dark in August, there will not be a Committee meeting in July. The next scheduled meeting is on Thursday, August 9, 2018, at 8:00 a.m.

C. COMMUNICATIONS FROM THE PUBLIC

There were no communications from the public.

D. POSSIBLE CONFLICT OF INTEREST ISSUES

There were no Conflict of Interest Issues.

E. DISCUSSION ITEMS

1. Approve Administrative & Finance Committee Minutes – April 12, 2018

M/S (Dailey/Avila) that approved the Committee Minutes of April 12, 2018. Motion was passed unanimously by Members present.

2. Receive and File Final Project Closeout – E Street Corridor Bus Rapid Transit Project

Treasury Manager, Maurice Mansion, provided a brief background on this item as detailed in the staff report.

The Committee received and forwarded this item to the Board of Directors.

3. Recommend the Board of Directors Approve Resolution No. 307-18, Transfer of Valley Transportation Services (VTrans) Remaining Assets to Omnitrans

Director of Finance, Don Walker, provided a brief background on this item as detailed in the staff report.

Member Dailey asked for some additional background information regarding the transition of VTrans operations to Omnitrans. Mr. Walker explained that VTrans employees and operations were transferred to Omnitrans' Consolidated Transportation Service Agency (CTSA) Program in May 2016; however, the transition was never formalized. VTrans continues to operate until the dissolution is granted by the Attorney General (AG). VTrans also continues to incur expenses related to a maintenance facility

lease and support of community partners, which is currently paid for with VTrans Measure I reserves. He further explained that with approval of this Resolution, VTrans remaining assets will be transferred to Omnitrans' CTSA Program on July 1, 2018, and all VTrans expenses moving forward will be paid for by Omnitrans through the CTSA program.

Member Dailey inquired about the need for the maintenance facility being leased in the City of Ontario. CEO/General Manager explained that the facility is used to provide maintenance service for vehicles in the West Valley under the CTSA Program. Member Dailey asked what is the lease timeframe. Mr. Walker explained that the lease is set to expire soon, therefore an item to extend the lease for an additional 5 years will be presented at the next Committee meeting.

The Committee received and forwarded this item to the Board of Directors.

4. Recommend the Board of Directors Approve Proposed Policy Changes to Policy #406 – Out of Classification Assignments

Director of Human Resources/ Safety & Regulatory Compliance, Marge Ewing, presented this item as detailed in the staff report.

Supervisor Hagman arrived at 8:16 a.m.

Member Dailey referred to the section in the report where it states “compensation for an out-of-class appointment shall be pursuant to a collective bargaining agreement or publicly available pay schedule” and asked how a collective bargaining agreement applies to this policy.

A discussion ensued regarding collective bargaining agreements and how this language relates to both the ATU and Teamsters Unions. Collective bargaining agreements allow the Agency and the Unions to set forth terms and conditions related to number of employees, pay rates, etc. It also allows the employee to receive appropriate benefits while serving in a particular position.

The Committee received and forwarded this item to the Board of Directors.

5. Recommend the Board of Directors Approve the Proposed Policy Changes to Policy #614 – State Disability Insurance (SDI) and Paid Family Leave (PFL)

Director of Human Resources/ Safety & Regulatory Compliance, Marge Ewing, presented this item as detailed in the staff report.

The Committee received and forwarded this item to the Board of Directors.

6. Recommend the Board of Directors Authorize Award – Contract MNT18-74, Janitorial Services

Contracts Manager, Eugenia Pinheiro provided a brief background on this item as detailed in the staff report.

Member Dailey asked why Omnitrans is providing maintenance service at the Montclair Transit Center. Ms. Pinheiro responded that Omnitrans provides maintenance for a restroom dedicated to Omnitrans and Metrolink operators.

Supervisor Hagman asked that staff contact the City of Montclair to discuss a possible arrangement where the City provides the maintenance for the one (1) restroom Omnitrans currently services and a price is negotiated for taking over that task.

The Committee received and forwarded this item to the Board of Directors.

F. ADJOURNMENT

The Administrative and Finance Committee meeting adjourned at 8:32 a.m.

The next Administrative and Finance Committee Meeting is scheduled Thursday, August 9, 2018, at 8:00 a.m., with location posted on the Omnitrans website and at Omnitrans' San Bernardino Metro Facility.

Prepared by:

Araceli Barajas, Executive Staff Assistant

ITEM # _____ E2

DATE: August 9, 2018

TO: Committee Chair Sam Spagnolo and
Members of the Administrative and Finance Committee

FROM: P. Scott Graham, CEO/General Manager

**SUBJECT: MANAGEMENT PLAN STRATEGIC INITIATIVES AND KEY
PERFORMANCE INDICATORS FISCAL YEAR 2018 FOURTH QUARTER
REPORTS**

FORM MOTION

Receive and forward to the Board of Directors the 2018 Management Plan Strategic Initiatives and Key Performance Indicators, Fourth Quarter Reports.

BACKGROUND

In May 2017, the Board of Directors approved seven Strategic Initiatives for Fiscal Year 2018. These initiatives were developed through a collaborative process with the Senior Leadership Team and align with the CEO/General Manager's goals, Omnitrans Short Range Transit Plan, as well as San Bernardino County Transportation Authority's (SBCTA) Short Range Transit Plan. Progress of each performance indicator defined in the Strategic Initiatives has been reported to the Board of Directors quarterly. (Attachment A) Additionally, each quarter Omnitrans staff prepares the Key Performance Indicators report to present to the Board. The attached report is the final 4th Quarter Report for Fiscal Year 2018. (Attachment B)

CONCLUSION

Receive and forward to the Board of Directors the 2018 Management Plan Strategic Initiatives and Key Performance Indicators, Fourth Quarter Reports.

PSG

Attachments: A: Strategic Initiatives
B: KPI's
C: Strategic Initiatives PowerPoint

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 1 - Operating Cost Reduction

ATTACHMENT A

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Q4	Notes
Finance	1. Increased diversification of funding sources	Reduced funding risk	1.2 Capitalize partnerships that will expand long term funding.	Number of new funding sources	None	One new source of funding for FY2018 - State Transit Assistance funding from State of Good Repair (SGR). Senate Bill 1 (2017)
Finance	2. Increase sustainable funding sources	Renewable funding sources	2.1 Invest in resources to leverage funding. 2.2 Leverage infrastructure assets to generate alternative revenue options.	Additional revenue generated	No alternative revenue until completion	STV Inc. presented preliminary site layout for CNG fueling at I Street. Alternative reviewed and will not be pursued at this time.
Finance	4. Improved operational efficiencies	Capital project ROI	4.1 Improve the return on capital investments and its impact on ongoing operations.	% Return on Investment/ Reduction in operating cost	18.98% - ROI and 24.6% or \$927K total reduction in CNG cost	\$1,525,338 in RIN and LCFS Credits since go-live late Sep 2017. Capital cost of \$8,035,787 to GP Strategies. FY2018 CNG cost - \$2.8M vs. FY2017 - \$3.7M. Access vehicles will begin fueling at EV Facility.

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 2 - Special Transit Services

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Q4	Notes
Service & Operations	3. Improved intermodal connectivity	Contract(s) with other transportation providers, cities and counties	3.3 Improve mobility options for seniors and persons with disabilities through Consolidated Transportation Services Agency (CTSA).	% Complete	100%	Goal Met. West End YMCA started expanded service June 2018. Awarded funds for Call for Projects Q4, scheduled to start Jul '18. Highland Senior Center rec'd new vehicle, to start svc Jul '18.
Marketing	3. Improved customer experience	Customer satisfaction rating	3.1 Improve passenger amenities. 3.2 Improve rider communications tools.	% Complete	100%	STS Internet site refreshed with current & more descriptive program information and links for program applications.

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 3 - Safety and Security

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Q4	Notes
Service & Operations	1. Reduced customer incidents 3. Reduced vulnerability / threats to customer security	Customer safety perception Safety / security incident reports	1.1 Improve public awareness of safety practices within the Omnitrans facilities and in service. 3.1 Strengthen relationships with local law enforcement agencies to improve security posture. 3.3 Build one-on-one relationships with city leaders and staff to provide a more secure public transportation system in their respective communities.	% Complete	100%	<u>City Involvement:</u> Participated at various meetings with city leaders and staff monthly including: Inland Valley Emergency Communications Services(IVECS), the Terrorism Early Warning Group SB/Riverside County Critical Infrastructure Working Group, East End Emergency Managers Meeting. Passed the Audit of Prop 1B Security. <u>Campaigns:</u> Distracted Driver Campaign with SBPD; "Not on My Shift" training and materials distribution; Collaborated with Loma Linda Hospital to implement "Stop the Bleed" emergency training. Purchased nine Stop the Bleed Kits.
Marketing	2. Improved public opinion	Public opinion rating	2.1 Communicate positive aspects of Omnitrans to stakeholders and general public.	Eleven (11) News Releases	100%	News Releases and out reach: Monthly Stakeholder letter "Outlook"; Monthly "Connecting our Community (BOD)"; Weekly Blog; Connections Newsletter three times per year. Completed Harassment Information Bus Cards on all fleet vehicles. Completed "Text-A-Tip" and "Human Trafficking" information at the SB Transit Center. Increased Safety Awareness with lighted shelters and stations.

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 4 - Rebuild Ridership

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Q4	Notes
Marketing	1. Increased ridership 3. Improved customer experience	-Ridership -Number of Partnerships established -Number of passenger amenities	1.1 Promote services through advertising, publicity, online tools. 1.2 Increase outreach to inform and educate target groups 1.3 Develop partnerships with businesses and organizations that Omnitrans serves. 3.1 Improve passenger amenities	% change -Number of Partnerships established -Number of passenger amenities	100%	<u>Ridership:</u> YTD Local Fixed Route Bus -3.8%; Freeway Express: +3.0%; sbX -2.1%; Access: -12.4% <u>Partnerships:</u> Amazon (tripper service on Route 8 to San Bernardino location) Auto Club Speedway (sponsor of student reading program) <u>Amenities:</u> 2 Premium Shelters delivered, installed in Q4. Received 100 new solar lights in Q4 for installation in FY19 at individual stops. Began receiving new trash cans in Q4, all 50 larger capacity units installed and 30% of standard size units installed. To be completed in FY19.
Service and Operations	1. Increased number of new riders 2. Decreased barriers to non-riders	-Ridership -New services -New fare options	1.1 Introduce new service modes and / or adjust service to address needs of non-riders 2.1 Improve connectivity to attract non-riders	-Ridership on new service -Use of and revenue from new fare options.	100%	<u>New Service:</u> Since Route 61 was extended to Ontario Airport in Sept, boarding and alighting's have doubled at terminal stops. Tripper Service to Amazon: 7,368 boardings & alightings in FY18 (Sept. – June). <u>Connectivity:</u> Metrolink transfers on routes serving SBTC were 102 transfers per weekday. This and new RTA route at SBTC have increased total boardings at SBTC to 5,287 per month in Q4, up from 5,059 in Q2 (prior to Metrolink extension). <u>Mobile Fare</u> launched in Q1 and now accounts for >5.0% of trips. F18 Revenue: \$520K. IEHP became our first mobile fare distributor in Q4, issuing passes to client's cell phones in lieu of paper passes.

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 5 - Technology Optimization

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Qtr 4	Notes
Technology	1. Improved customer experience	Customer technology utilization	1.2 Utilize customer input / pilot programs to prioritize new technology funding decisions	New technology implementation and success of pilot programs (Mobile fare, Paratransit Voice Over IP, UHF Extender).	3/3 completed, 2 additional pilots in progress	-Mobile fare pilot / implementation a success. Mobile fare validation is currently being piloted on 14 buses. -DriverMate VOIP implementation complete, replacing Paratransit DriverMate, eliminating need for redundant cellular devices in dead zones -UHF extender project complete, allowing supervisors to use handheld radios, repeated through their amplified vehicle radios to drastically increase radio range while allowing supervisors to communicate outside their vehicles -ShoreTel Upgrade completed 28 July, incorporating company chat with presence and more call functionalities
Technology	2. Improved efficiencies in business processes	Worker productivity	2.1 Expand the use of technology to increase workplace efficiencies and reduce operational costs	Operational cost reductions and increased worker productivity. (Single Sign On, VPN services, Transtrack KPI)	3/3 projects completed; EAM and Cloud E-Recruitment underway	-Streamlining KPI collection through TransTrack -Single Sign On (eliminated separate sign ons for headway sign, MDT, and farebox) on 186 buses -Implementing Citrix Single Sign On to reduce service calls related to application lock outs and increase worker efficiencies while using multiple systems (SAP, TransitMaster, Trapeze, Kronos, etc.) increasing ease of use for more than 300 users -Providing VPN (Virtual Private Network) services to allow remote work and application use outside of the Omnitrans domain -Soliciting cloud based E-Recruitment solution -SOW for PM / EAM systems complete, awaiting final comments prior to releasing

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 6 - Passenger Rail

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Qtr 4	Notes
Service and Operations	3. Improved intermodal connectivity	MOU's with other transit agencies, cities, county, and partners.	3.1 Improve ease of use throughout the system connectivity between counties.	% Complete	90%	Under review with Legal from Omnitrans and SBCTA. Tentative Board approval from both SBCTA & Omnitrans in September 2018.
Service and Operations	3. Improved intermodal connectivity	Contract with other transportation providers, cities and counties	3.2 Prepare for additional service modes.	% Complete	65%	RFP for Operations and Maintenance under development. Target date for release of RFP is February 2019

FY 18 Management Plan - 4th Quarter Report
Strategic Initiative 7 - Employee Advancement

Strategic Plan Goal	Strategic Plan Outcomes	Performance Indicator	Strategic Actions FY18	Performance Measure	Q4	Notes
Organizational & Workforce Excellence	1. Increase opportunities for advancement	Advancement / training participation vs. opportunities Annual number of promotions	1.1 Expand our training programs 1.2 Create a career advancement / succession program	Created Leadership Development Academy.	100%	Awarded a contract to Insight Strategies, Inc. Consultant hired to develop and implement Leadership Development Academy (LDA). Director Track class began in January 2018; Manager Track began in May 2018.
Organizational & Workforce Excellence	3. Reduced staffing vacancies	Electronic application process Average time-to-hire	3.1 Simplify application process	Engaged SAP Consultant to link E-Recruitment & allow use of electronic applications.	100%	E-Recruitment System was implemented but not successful. Conducted research and initiated an RFP for a third party service in the 3rd qtr. It is targeted for award by the end of the 1st quarter in FY19. Convened interdepartmental group to evaluate all aspects of Coach Operations hiring process.

ATTACHMENT B

Omnitrans Performance Indicators							
Fiscal Year 2018							
Key Performance Indicators	FY18 Goal	Comments	Qtr 1	Qtr 2	Qtr 3	Qtr 4	YTD
1. Cost Effectiveness							
Fare Recovery Ratio - Fixed Route	>20%	Goal Met	26.48%	24.45%	25.41%	23.99%	25.06%
Fare Recovery Ratio - Access	>10 %	Goal Met	34.04%	34.21%	30.56%	31.06%	32.35%
2. Service Performance							
Ridership - Growth	≥-6.9%	Goal Met	-4.90%	-2.20%	-3.30%	-5.10%	-3.80%
Complaints - Systemwide (Per 100,000 boardings)	<12 Complaints/100K	Goal Not Met	11.8 Total (11.4 Fixed Route, 22.3 Access)	12.3 Total (12.0 Fixed Route, 22.9 Access)	12.1 Total (11.2 Fixed Route, 37.5 Access)	12.4 Total (12.1 Fixed Route, 20.2 Access)	12.2 Total (11.7 Fixed Route, 25.7 Access)
Compliments - Systemwide (Per 100,000 boardings)	≥1.6 Compliments/100K	Goal Not Met	1.2 Total (1.2 Fixed Route; 0.0 Access)	1.0 Total (1.0 Fixed Route; 1.1 Access)	1.2 Total (1.3 Fixed Route; 0.0 Access)	1.4 Total (1.5 Fixed Route; 1.1 Access)	1.2 Total (1.2 Fixed Route; 0.5 Access)
3. Reliability							
Loss of Service - Operations	<250 hours per month (measured as monthly average)	Goal Not Met for Qtr. 4 Goal Met for YTD	159	150	266	301	219
Loss of Service - Maintenance	<35 hours per month (measured as monthly average)	Goal Not Met	63	60	72	89	71
On-time Performance- Fixed Route	>85%	Goal Met	87.9%	85.7%	86.2%	87.2%	86.7%
On-time Performance- Demand Response	>88%	Goal Met Q4; Not met YTD	86.2%	85.9%	83.6%	89.9%	86.4%
Preventable Accidents	<1 per 100,000		0.76	1.17	0.45	0.83	0.80
4. Budget							
Operating Revenue	>95%	Goal Met	95.9%	98.9%	102.5%	99.9%	99.3%
Operating Expenses	≤100%	Goal Met	92.1%	95.1%	93.6%	97.4%	94.5%
5. Labor							
Operations Absenteeism - Represented - Uncontrolled	<94,000 hours per year	Goal Not Met	30,768	27,872	30,816	34,200	123,656



STRATEGIC INITIATIVES

P. Scott Graham
CEO/General Manager
August 9, 2018

Initiative 1-Operating Cost Efficiencies

- Reduction of fuel cost by switching from LNG to CNG

LNG cost = \$3.7M

CNG cost = \$2.8M

.9M

LCFS Credits = \$1.5M

- Total savings approximately \$2.4M
- 56% of Paratransit Buses have transitioned to CNG fuel

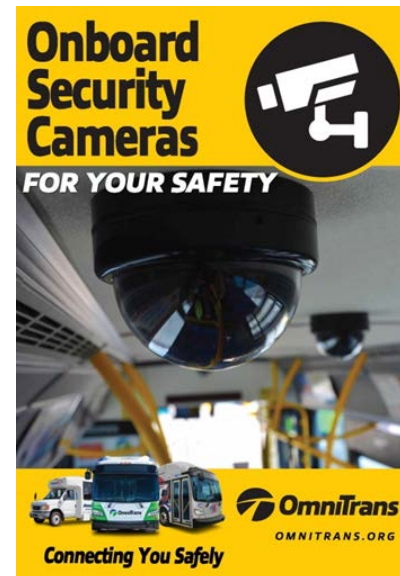
Initiative 2 - Special Transit Services

- Two new STS Partners
 - City of Chino Hills
 - Loma Linda Adult Day Health Care
- Call for Projects – Approved 4/3/18 BOD
- Pass/Web Online Tool



Initiative 3 - Safety and Security

- Monthly Meetings w/Cities
- Harassment Bus Cards
- Safety Ads and Campaigns
 - Not on My Watch
 - Stop the Bleed
 - Active Shooter



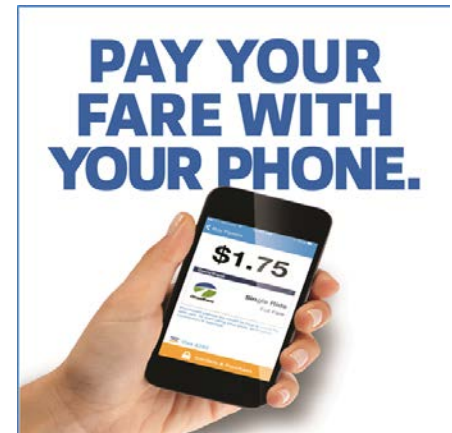
Initiative 4 - Rebuild Ridership

- Ridership
 - New service for Ontario Airport
- Partnerships
 - Amazon Tripper Service
 - Autoclub Speedway
- Amenities
 - Premium Shelters
 - Solar lights for stops
 - New TSA Approved trash cans



Initiative 5 - Technology Optimization

- New Pilot Projects
 - Mobile Fare
 - Mobile Fare Validation
 - Paratransit Voice Over Internet Protocol (VOIP)
 - UHF Radio Extender
 - Shoretel Upgrade
- Business Process Improvements
 - Single sign on for all buses
 - Virtual Private Network (VPN) Service
 - Scope of Work (SOW) for Plant Management (PM)/Enterprise Asset Management (EAM)



Initiative 6 - Passenger Rail

- Director of Rail hired in June 2017
- Application for ID Code for Arrow Service complete (SBCX)
- Operation Lifesaver Public Safety Campaign
 - Conducted by Metrolink, SBCTA
- RFP -Three Party O&M Agreement – est. release date FY19
 - Marsh identified as insurance broker
 - Scheduled for September Board of Directors Meeting
- Proposed legislation to Board of Directors changing Omnitrans from JPA to Special Transit District



Initiative 7 - Employee Advancement

- Leadership Development Academy
 - Insight Strategies
 - Director Track
 - Manager Track
- E-Recruitment System
- Faster Application process
 - Increase HR headcount – (1) HR application specialist
 - Inter-departmental group working to evaluate Coach Operator hiring process.



THANK YOU

ITEM # E3

DATE: August 9, 2018

TO: Committee Chair Sam Spagnolo and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Samuel Gibbs, Director of Internal Audit Services

SUBJECT: ANNUAL INTERNAL AUDIT WORKPLAN AND SCHEDULE FY2019

FORM MOTION

Receive and forward to the Board of Directors the Fiscal Year 2019 Annual Internal Audit Workplan (Attachment A) and Schedule (Attachment B).

BACKGROUND

The Department of Internal Audit Services was approved by the Omnitrans Board of Directors on January 9, 2008. Internal Audit Services has been providing services to Omnitrans since April 2008. One of the responsibilities assigned to the Director of Internal Audit Services is to conduct a risk assessment of the Agency annually and develop a workplan which includes audit engagements and activities for mitigation of risk.

ANALYSIS

Internal Audit Services helps Omnitrans accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Workplan outlines the audit activities to mitigate the potential risk identified by the assessment. Mitigation will consist of a mixture of audit engagements, strengthening of internal controls, and an evaluation of policies and procedures.

CONCLUSION

Receive and forward to the Board of Directors the Annual Internal Audit Workplan and Schedule FY2019.

PSG:SG

Attachments: A: FY19 Workplan
B: FY19 Schedule
C: Audit Engagement Procedures



OmniTrans Department of Internal Audit Services

Internal Audit Report 18-10

Annual Audit Workplan

Auditor Name: Samuel Gibbs, PhD

Audit Date: July 1, 2018

Risk Assessment
July 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INTERNAL AUDIT ATTRIBUTES	
Purpose	3
Organizational, Independence, Structure, and Resources	4
RISK ASSESSMENT	
Standards of Audit Practices	5
Audit Frequencies	5
Process and Methodology	6
Risk Domains	7
Scheduled Audit Engagements for FY 2019	9

INTERNAL AUDIT ATTRIBUTES

Purpose

Mission

Omnitrans established the Department of Internal Audit Services (DIAS) to strengthen internal controls and to promote the economy, efficiency and effectiveness of Omnitrans operations. The mission of the DIAS is to provide independent, objective assurances of Omnitrans' operations. The DIAS will help Omnitrans accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, controls, and the governance processes. The DIAS shall carry out independent and objective audits and reviews to accomplish its mission.

Goals and Objectives

DIAS is an internal service organization which assists Omnitrans management in ensuring:

- Omnitrans operates in accordance with Omnitrans procedures and applicable laws and regulations.
- Risks are appropriately identified and managed.
- Programs, plans, and objectives are achieved.
- Adequate and effective systems of internal controls are in place.
- Important financial, managerial and operating information is accurate, reliable, and timely.
- Omnitrans' contract and contract change order audits are conducted in a timely manner.
- Quality and continuous improvement are fostered in Omnitrans' control process.
- Significant legislative or regulatory issues impacting Omnitrans are recognized and addressed appropriately.
- Omnitrans' assets and resources are adequately safeguarded, and Omnitrans' operations are managed economically, efficiently and effectively.

DIAS participates and cooperates with management to ensure that Omnitrans successfully achieves its mission.

Organizational, Independence, Structure, and Resources

DIAS is given complete independence by Omnitrans' executive management in using its resources, in selecting an area to be audited and the methodology to be used, and in determining the conclusions and recommendations resulting from its work. The Director of DIAS reports directly to the Chief Executive Officer/General Manager with a dotted line to the Administrative and Finance Committee of the Board of Directors.

DIAS shall submit written audit reports to the CEO/General Manager, Deputy CEO/General Manager, and to the Board of Director's Administrative and Finance Committee, as needed.

All Omnitrans departments, programs, functions, systems, contracts, and activities are subject to audits by DIAS. DIAS shall initiate audit activities based on assessed risk, legislative mandates and regulations, and in response to requests from Omnitrans Board of Directors, CEO/General Manager, Deputy CEO/General Manager, and department directors. DIAS auditors and staff shall have complete and unrestrictive access to all books, records, documents, reports, plans, contracts, and other relevant materials, as well as to all Omnitrans personnel and its third-party contractors. Omnitrans management and staff shall cooperate fully with DIAS auditors during discharge of their duties, to include a prompt reply to DIAS audit reports findings and recommendations, in accordance with Omnitrans' audit charter.

RISK ASSESSMENT

Standards of Audit Practices

In conducting this risk assessment, DIAS auditors adhered to the professional standards outlined in the Government Audit Standards promulgated by the Comptroller of the United States, and the International Institute of Internal Auditors (IIA), (e.g., *Standards for Professional Practice*).

What is Risk?

Risk can be defined as the combination of the probability of an event and its consequences. In simple terms, risk can be seen as a combination of the chance that something may happen and the degree of damage or loss that may result if it does occur.

What is Risk Management?

Risk management is the process of recognizing risk and developing methods to both minimize and manage the risk. This approach requires the development of a method to identify, prioritize, treat (deal with), control and monitor risk exposures. In risk management, the process is followed where the risks are assessed against the likelihood (chance) of them occurring and the severity or amount of loss or damage (impact) which may result if they do happen.

The annual internal audit risk assessment is intended to demonstrate:

- The breadth and depth of audit activities addressing financial, operational, strategic, and compliance of the Agency in relation to the associated risk;
- Accountability for our resources; and
- The progress in our efforts to continually improve the Agency's Internal Audit program.

It is the intent to convey a current sense of the Agency's internal control environment and the extent to which regular audit activities are assessing controls, addressed proactively through advisory services, or investigated as a result of issues raised.

Frequency Performed

Risk Assessments with a Workplan shall be performed annually, or as directed by the Administrative and Finance Committee of the Board of Directors, CEO/General Manager, or Deputy CEO/General Manager. Audit engagements will be conducted as outlined in the Workplan schedule according to the potential for weakened internal control or increased risk.

Process and Methodology

It is the responsibility of Omnitrans' management to identify, assess, and manage risk. It is Internal Audit's responsibility to facilitate the identification and assessment of risk and to monitor and report on how well Omnitrans is managing risks. All organizations face risks, which are defined as those events, actions, or inactions that could cause key business objectives not to be achieved. An organization typically implements internal controls, anticipates and plans for disruptions, develops Risk Management Programs, and engages in other mitigation activities to manage risks. Recognizing both the enormity of Omnitrans' projects, programs, and activities, as well as the constraints of Internal Audit resources, Internal Audit maximizes its effectiveness by engaging in an annual risk assessment process to establish the priorities of the department for the upcoming fiscal year.

The process involves consideration of all potential risks facing Omnitrans in pursuing its strategies with risks broken down into appropriate headings (e.g. strategic, operational, financial, human resources, legal/regulatory and technological), and identified with the designated departments.

All risks should be clearly defined together with the controls that currently exist to manage them. An assessment of the adequacy of the present control system will avoid duplication of resources because several of the identified risks may already prove to be effectively controlled.

Risk will be determined by performing the following evaluations:

- Interview with the Director and all key personnel in each operating department.
- A recap of all previous internal and external audits over the last 24 months.
- The use of self-assessment risk review list of questions provided by the FTA specifically designed to address risk in transit.
- A review of the Agency's strategic objectives.

It is essential that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that the proposed action is taken to remedy such inadequacies.

Internal Audit Services will undertake the identification of risks. Input will be obtained from the individual operating departments to ensure that all risks have been taken into account, and essential risk and control issues have not been overlooked.

The CEO/General Manager will review and initial off on all audits/engagements within thirty (30) days of the report.

Risk Domains

The risks facing the Agency today can be classified into domains that Enterprise Risk Management (ERM) recognizes:

Strategic:

The Strategic domain is risk related to the ability of the organization to grow and expand. Examples include customer relations, ridership, planned growth, new projects, and any change in governance structure as a result of planned growth. This process includes an evaluation of the alignment of the Agency's strategies to the actual activities of the Agency; additionally, how will the strategies and activities be measured? The Agency's Management Plan has been tied to the 2017-2020 Strategic Plan. The FY 2019 Management Plan will provide a set of actions to align the efforts of the Omnitrans' Senior Leadership Team in its decision-making and execution of strategies to the multi-faceted needs and desires of the region. It is an example of the type of strategic business actions used to improve business operations. This involves evaluating products and services, examining labor performance, procurement costs, delivery processes and customer satisfaction. The CEO/General Manager, Deputy CEO/General Manager, and the Senior Leadership Team (SLT) integrated the 12-month Management Plan into the three-year Strategic Plan for implementation in FY 2019. It serves as the basis for evaluation of progress and performance on the Strategic Plan in FY 2019.

Operational:

The Operational domain (the term operation, in this case, is not referring to vehicle operations) is derived from the organization's core business, including its systems, practices, policies, and procedures. Examples include procurement and planning policies. The Senior Leadership Team has developed a dashboard which includes strategic initiatives taken from the Fiscal Year 2019 Management Plan. The strategic initiatives will be reviewed monthly by the Senior Leadership Team. The progress of the strategic initiatives will be reported to the Board of Directors quarterly.

Financial:

The Financial domain deals with risk related to the organization's ability to acquire, raise, or access capital, as well as the costs associated with the transfer of risk (insurance and the use of consultants). Examples might include federal, state, and local funding. The Financial domain also consists of the activities associated with securing funds that are passed through the Agency to a sub-recipient. Additionally, the Agency has to determine the risk appetite versus the potential savings for all forms of insurance. Finance has to define and maintain the right risk management strategy for a public agency while optimizing the potential savings. Staff continues to look for cost-cutting opportunities by evaluating all aspects of administration and operations.

Risk Assessment
July 2018

Human Resources:

The Human Resources domain relates to the risk associated to recruiting, retaining and managing the workforce. Examples include workers' compensation, FMLA, employee turnover, absenteeism, and discrimination. The Agency has emphasized succession planning, skills inventory, training and development to improve the internal applicant base. The average age of the Agency's workforce is 49. The average employee length of service is 11 years with the average age of retirement at 64 years old and 20 years of service. Human Resources has adopted a plan to address the retirement of key personnel. The ultimate goal is to develop new innovative programs to attract and retain quality employees. Success will be measured by the Agency's ability to keep service on the street and reduce lost service and unplanned overtime. During FY 2018 the Agency contracted a consultant, Insight Strategies, Inc. to aide with the implementation of a Leadership Development Academy. A preliminary review of the proposed Leadership Development Academy indicates a strong commitment from all Directors will be necessary.

Legal/Regulatory:

The Legal/Regulatory domain is risk related to transit statutory and regulatory compliance. Examples include the changes in internal policies as a result of the changes in the FTA Circular 4220.1F, and adherence to changes in reporting filtered down to the Agency from the FTA. The FTA has emphasized Buy America, Procurement best practices, construction project management, and management of grants three years or older. All Office of Management and Budget (OMB) federal grant circulars have been combined into 2 CFR Part 200. Title 2 CFR Part 200 may be referred to as the new super circular, Uniform Grant Guidance (UGG), Uniform Guidance (UG), or 2CFR200.

Technological:

The Technology domain is risk associated with equipment, devices, and reporting systems. Examples include new fare box equipment and the continued integration of the Enterprise Resource Planning (ERP) system. The Department of Internal Audit Services will assess additional vulnerability associated with a complex Information Technology Department. The Internal Audit Department will continue to assess the institutionalization of the ERP system. This fiscal year Internal Audit will continue the work with the Director of Information Technology to implement an asset management system and learning management system. Technology optimization is also strategically important. The optimization of technologies allows the Agency to increase efficiencies and improve services to internal and external customers

Scheduled Audit Engagements for FY 2019

Risk can be mitigated by conducting audit engagements or involvement in the following areas:

Monthly:

- Lost and Found (moderate)
- Force Pass Monitoring (low)
- San Bernardino Transit Center (SBTC) continued monitoring, safety and security (high)
- Cycle Counts Review (moderate)
- Mobile Fare Reporting (low)
- Financial Reviews (P-Card, SBTC Cash Funds, Fare Box Audits) (moderate)

Quarterly:

- Grant Process Management (high)
- Petty Cash (moderate)
- Armor P/U (moderate)
- Procurement Policies and Procedures follow-up (moderate)
- Safety and Security Review (Safety Checklists) (high)
- Employee Recreation Club (ERC) (low)
- Report Open Findings to CEO/GM and Deputy CEO/GM (moderate)
- OSHA Compliance Review (high)

Annually:

- Sub-recipient Grants Oversight (high)
- Annual Risk Assessment for FY 2020 (low)
- Annual Parts Inventory (moderate)

As Needed:

- Buy America Pre-Award and Post-Delivery Audits (moderate)
- Capital Inventory Valuation (EAM) (high)
- Procurement Protest Reviews (high)
- Workers Compensation Review (high)
- FY 2019 FTA Triennial Review Preparation (moderate)
- Review Request for Proposal Over \$150,000 (high)
- Hiring Process (high)
- Review Procurement Bid Evaluations (moderate)

Strategic

Future Funding and Growth – The Agency has to determine strategies for future funding and growth. On March 2, 2018, a draft Financial White Paper was presented to Omnitrans' Executive Committee for review and discussion. The draft document was also reviewed with San Bernardino County Transportation Authority (SBCTA) staff. The final draft was presented to the Omnitrans full Board as an information item on May 2, 2018. The Agency is addressing methods for cost containment/reductions to optimize current funding to maximize efficiencies. Full operation of pipeline gas infrastructure at both East Valley and West Valley were implemented in FY 2018. Staff will continue to look for ways to reduce cost while providing quality service. Some examples of both cost savings and environmental initiatives are: monitoring the electrical usage, water conservation, drought tolerant landscaping, transitioning paratransit vehicles from gasoline to CNG, fueling of CNG at I Street, a full review of the use electric buses, and solar storage at some of the facilities. The goal is to increase fare box recovery by reducing operating costs without negatively impacting our services and operations. This approach optimizes funding opportunities while maintaining fiscal stewardship.

Operational

Operational Audit - An operational audit is performed to evaluate current operating procedures to determine if they provide for an adequate control environment and to assess whether processes are efficient and effective ways to accomplish the goals of the project, program, or activity. Included in operational audits are general elements of both an internal control review and a compliance review.

Service Optimization - The development of strategies to address the optimization of service levels during a national decline in ridership. Omnitrans has introduced additional express services. Service optimization includes the continued high level of service at the SBCTC. The Marketing Department is also exploring ways to inform the public about the many amenities Omnitrans has to offer while strengthening business partnerships. The partnership with Amazon is an example of partnering with organizations to improve ridership while enhancing service delivery. Strengthening business partnerships include supporting the local economy by providing connections to jobs, services, and major activity centers such as health care, shopping, educational institutions, community facilities, and recreation. Daily service delivery is also a critical part of service optimization.

Buy America Reviews – Buy America reviews refer to the pre-award and post-delivery agreed-upon procedures reviews of vehicle purchases in accordance with federal Buy America regulations. The procedures are performed based on the agreement with the FTA regulations outlined in 49 CFR Part 661 and 49 CFR Part 663.

Procurement System Reviews (PSR) - Internal Audit will work with the Procurement Department to ensure staff is staying current with FTA Procurement requirements. As changes to the FTA circular are received, staff will be trained in the most efficient way for the Agency to incorporate the changes into best practices. Regular audits of the Agency's Procurement Policies

Risk Assessment
July 2018

will ensure adequate compliance with the FTA future Procurement System Reviews (PSR). In addition, all requests for proposals over \$150,000 will be reviewed by Internal Audit.

Compliance Reviews - Compliance reviews are performed to ensure that the terms and conditions of contracts, grants, memorandums of understanding, or other agreements are being followed and that there is compliance with Board-adopted policies and procedures, management policies and procedures, and applicable regulatory requirements.

Human Resources

Communication - The communication channels deal with the strategies for disseminating information internally and externally. The Agency is obligated to communicate policy and procedures consistently across all departments, and have effective methods to ensure vital information affecting all employees is communicated. Critical information must be disclosed to the CEO/General Manager, Deputy CEO/General Manager, and the Board of Directors effectively and promptly. Communication with external stakeholders is also critical. This communication is achieved through the website, monthly newsletter, blogs, Facebook, and public hearings. Leaders at every level of the Agency also ensure that important information is communicated to subordinates by having weekly meetings, ongoing one-on-ones, and tailgate meetings in Maintenance. The Agency also holds quarterly meetings to communicate department updates for management confidential staff.

Succession Planning and Management Development - Succession planning is a strategy to recognize and promote internal growth and development at every level of the organization. The succession planning process requires the full participation of each department director to “cultivate leadership”, identify potential talent, provide growth opportunities, and assign tasks of increasing responsibility. Counseling, encouragement, and direction of a director are critical to ensuring success. During FY 2018 the Agency has contracted a consultant, Insight Strategies, Inc. to aide with the implementation of a Leadership Program (LDA). Presently, the LDA is offering leadership training through a director track and a manager track. The Agency has continued the intern program into FY 2019. The program will allow for undergraduate and graduate interns to be exposed to transit, as they provide support to those departments.

Employee Recreation Club (ERC) - Conduct ongoing random and routine audits on the ERC activities and financial management process. Internal Audit acts as a check and balance for the ERC, ensuring the activities are conducted in accordance with the by-laws. The events offered by the ERC must be presented to all employees in a fair transparent manner. The minutes from the ERC meeting as well as all upcoming events are posted on the ERC communication board in the Operation’s break room.

Financial - Financial audits focus on verification of financial transactions and balances. Financial audits include the financial statement audits of Omnitrans and related legal entities, as well as other attestation audits performed by external independent certified public accounting firms to ensure compliance with funding sources ordinance or other legally mandated requirements.

Risk Assessment
July 2018

Internal Control - Internal control reviews are performed to assess whether controls in place are adequate to protect the assets and resources of Omnitrans and to ensure compliance with laws, regulations, and policies. An example is a control in place to ensure segregation of duties (SOD), which ensures a person with invoice rights, does not also have receiving rights.

Cycle Count/Inventory Control - A monthly assessment and recap of the previous month's cycle count will be performed. The standard full review will be conducted on an annual basis. Support is provided on a regular basis to ensure the minimum amount of deadline vehicles.

Cash Accountability - Internal Audit and the Finance staff will conduct both quarterly and random audits of the cash collection and counting process for the fare boxes. The counting and deposit of these funds are performed by an outside vendor. Omnitrans' staff can monitor the process by matching the GFI reports to the bank deposit slips.

- Petty Cash - Conduct monthly reviews of all petty cash funds. Review petty cash funds to ensure that transactions are conducted in accordance with the Agency's policy (approved 4-10-2006 and revised 12-15-2006).
- P-Cards - Conduct monthly reviews of P-Card use within compliance of applicable laws, regulations, and Agency Policy 3000.

Investigations and Follow-Up Activities - Internal Audit will assist with investigations and follow-up activities.

- Follow-Up Activities- Follow-up activities are undertaken to determine whether audit recommendations have been implemented or otherwise satisfactorily addressed.
- Investigations- Investigative activities will be performed in response to the complaint, allegations, or by a directive from the CEO/General Manager or Deputy CEO/General Manager.

Technology

Information Technology (IT) - Audit to review license and security levels on the network. An additional review will be performed addressing the safeguard of confidential information. The audit will be performed to measure the effectiveness of SAP implementations. Internal Audit will look into contracting an IT auditor to conduct system reviews.

Sub-Recipient Monitoring and Reviews - Sub-recipients are organizations who receive FTA funds passed to them through Omnitrans, which acts as the primary grantee. In this capacity, Omnitrans' staff is responsible for providing oversight to the sub-recipient. The Special Transportation Services (STS) Department has an assigned representative who does follow up with the sub-recipients using site visits, checklists, and reports. The site visits are conducted annually will begin in August and are completed by the end of September.

Risk Assessment
July 2018

Environmental Initiatives - The Omnitrans Mission Statement states the Agency will service our customers in an environmentally friendly manner. Omnitrans' staff is committed to researching ways we can conserve water, reduce electricity usage, continuously take advantage of low emission vehicles, and recycle and salvage our waste appropriately. To this means, the Agency reclaims a percentage of the water used for the bus wash at both facilities; we have changed landscaping to drought tolerant designs; installed electric charging stations, and is researching the use of electric buses. The Agency was approved in FY 2018 for a Mobile Source Air Pollution Reduction Review Committee (MSRC) grant, which provided funding toward the replacement of sixty-six (66) Cummins CNG NZ (Near Zero) engines. All future bus purchases will come equipped with the NZ engines. Additionally, we began CNG fueling at both East and West Valley in FY 2018.

Preparation for Rail Service - After a quantitative review, estimating annual operations and maintenance costs and taking into account additional full time employees that would be needed to manage the new Redlands Passenger Rail Project (RPRP) service, a study concluded that Omnitrans was designated as the managing agency of the Maintenance of Equipment and Rail Operations. A Director of Rail and a Rail Compliance Officer have been hired by Omnitrans and are taking steps for integrating the rail operations into the Agency. Internal Audits will work with the Rail Department to determine what role will be required of the Internal Audit Department in FY 2019 and beyond.

Maintenance Parts Availability (SAP Tracking) - The proper on-hand inventory of parts is critical for managing the number of days a vehicle is out of service for maintenance. The SAP system is programmed to replenish parts according to usage. The system will automatically adjust for seasonal peaks or shifts in parts fail rates. The integrity of the inventory counts, cycle counts, and SAP system has to be monitored and adjusted for best results. The indicators for the effectiveness of the parts availability are the vehicle deadlines; how quickly buses can be repaired and returned to service.

Additional Engagements

Carry-forward audits (areas which will be addressed if time and resources allow, these audits will be conducted after all scheduled engagements are completed, see attached Workplan schedule)

This category will be dependent upon current audits that are incomplete at the end of the fiscal year-end.

Other audit engagements to be complete this fiscal year if time and resources allow

Discipline and Termination - A review will be conducted of the discipline and termination process and compliance with applicable laws, regulations, and policies.

Hiring Processes - A random review of the hiring process and compliance with applicable laws, regulations, and policies will be conducted.

Special Projects - Any activity deemed necessary by the CEO/GM, Deputy CEO/GM, or the Administrative and Finance Committee.

Follow-Up - Conduct reviews of completed audits to assess the progress and implementation of previously issued audit recommendations and management responses as required by the Professional Standards. Follow up on any material issues or deficiencies identified by internal or external engagements. All open audit findings will be reported to the CEO/General Manager and Deputy CEO/General Manager quarterly.

Conclusion

This Audit Workplan seeks to align limited audit resources with risk throughout the organization while considering prior audit efforts and other factors as outlined earlier in this report. Internal Audit will continue to refine the Risk Assessment to include emerging projects, programs, contracts, and functions. Internal Audit will also continue to assess the risk and weightings included to most accurately reflect the risk profile of the organization and to allow the greatest coverage of that risk in the annual audit planning process.

ATTACHMENT B

FY 2019 Audit Schedule																			
DEPARTMENT	ITEM/ACTION	Risk Level	R	U	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Date	Comments	
Monthly																			
	Lost and Found	M																	
	Force Pass Monitoring	L																	
	SBTC Site Visit	H																	
	Cycle Count Review	M																	
	P-Card Review	M																	
	Mobile Fare Reporting	L																	
	Fare Box Audits	M																	
Quarterly																			
	Grant Process Monitoring	H																	
	Petty Cas Funds Review	M																	
	Armor Pick Up Review	M																	
	Procurement Policies and Procedures follow-up	M																	
	Employee Recreation Club (ERC)	L																	
	OHSa Compliance	H																	
	Safety and Security Review	H																	
Annually																			
	Sub-recipient Grant Oversight	H																	
	Annau Risk Assessment and FY 2020 Workplan	M																	
	Annual Parts Inventory	M																	
	Grant Review & Update	H																	
As Needed																			
	Buy America	M																	
	Capital Inventory Valuation (EAM)	H																	
	Procurement Protest Review	H																	
	Workers' Compensation Review	H																	
	FY 2019 FTA Triennial Preparation	M																	
	Review Procurement Bid Evaluations	M																	
	Hiring Process	H																	
	Review Request for Proposal Over \$150,000																		
Additional																			
	Operation Audit	H																	
	Information Technology Audit	M																	
	Human Resource (Hiring, Discipline and Termination)	M																	
	Special Projects																		
	Follow-up																		

Audit Engagement Procedures

Purpose

The purpose of this procedure is to establish a process and set of practices for conducting audit engagements. Internal Audit shall adhere to the professional standards set forth in the Government Audit Standards promulgated by the Comptroller of the United States, and the Institute of Internal Auditors, in carrying out its responsibilities.

Overview

All Omnitrans departments, programs, functions, systems, contracts, and activities are subject to audits. Internal Audit shall initiate audit activities based on assessed risk, legislative mandates and regulations, and in response to requests from CEO/General Manager, Deputy CEO/General Manager, and Department Directors. Omnitrans management and staff shall cooperate fully with Internal Audit during discharge of their duties, to include a prompt reply to audit reports findings and recommendations.

Engagement Process

Every engagement shall follow the outlined process, except where otherwise discussed prior to the engagement.

1. Before the start of every audit engagement, the Department Director will be sent a notice of audit letter. The notice of the audit letter will define the scope of the audit; specify the entry date and any material or personnel that will be needed.
2. Internal Audit will conduct an entry meeting to discuss the scope, materials needed, and answer questions.
3. During the audit engagement, the auditors may request additional information or access to additional personnel; the director or any representative can ask questions and clarify any communication from auditors throughout the audits.
4. At the end of the engagement, the auditor will conduct an exit interview. The exit interview will provide information on findings and recommendations from the engagement. The auditor will at that time present a draft report, and if a draft is not ready, one will be presented within seven business days of the engagement.
5. The auditee will be given a minimum of seven business days after receipt of the draft report to respond to the findings and recommendations.
6. After receipt of the draft report from the auditee with their response, the auditor will prepare the final report.
7. Final reports are presented to the CEO/General Manager, Deputy CEO/General Manager, Department Director, and summarized for the Administrative and Finance Committee of the Board of Directors.

Fraud investigations or engagements of highly confidential nature may be conducted outside of these engagement procedures. There may be occasions when audit engagements might be conducted without prior notice because of the nature of the audit.

Engagement Checklist

Audit Scope

(Provide a detail scope and Objectives of the engagement)

Audit Resources:

- Annual work plan
- KPI
- Management Plan
- Trends
- Discussion with CEO/GM and Deputy CEO/GM
- Risk

Policies, Procedures, Systems, Practices

- Relative policies
- Practices

Methods

- Interviews
- Observations
- Document review
- Testing

Work Plan, Testing, Review

(Conducting the audit/review)

Exit Meeting

- Overview of finding
- Recommendations

Draft Report

Final Report

- Corrective action
- Follow timetable

ITEM # E4

DATE: August 9, 2018

TO: Committee Chair Sam Spagnolo and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Suzanne Pfeiffer, Director of Human Resources

**SUBJECT: PERSONNEL POLICY #406 – OUT OF CLASSIFICATION
ASSIGNMENTS**

FORM MOTION

Recommend to the Board of Directors the approval of the proposed policy changes to Policy 406 Out-of-Classification Assignments with an effective date of September 5, 2018.

BACKGROUND

Starting January 1, 2018, Assembly Bill (AB) 1487 adds Government Code section 20480, which prohibits an out-of-class appointment by a CalPERS contracting agency with employees serving in a limited term appointment in a vacant position from exceeding 960 hours worked within each fiscal year. This pertains to both Classic and New Members. Gov. Code section 20480 of the Public Employees' Retirement Law (PERL) defines "out-of-class appointment" to mean an appointment to an upgraded position or higher classification by an employer in a vacant position for a limited duration. A "vacant position" refers to a position that is vacant during recruitment for a permanent appointment. A vacant position does not refer to a position that is temporarily available due to another employee's leave of absence. Section 20480 also states that the compensation for an out-of-class appointment shall be pursuant to a collective bargaining agreement or a publicly available pay schedule.

This item was presented to the Administrative & Finance Committee at its' June 14, 2018 meeting and recommended to the Board of Directors for approval. Although this policy was reviewed by Legal Counsel, it was further reviewed resulting in the attached revision. Specifically addressing that out of class pay is not PERSable for employees classified as New Members (PEPRA).

FUNDING SOURCE

Any increased costs associated with the recommended action will be covered in the Fiscal Year 2019 Budget.

Department: All

Account: Salaries and Benefits

_____ Verification of Funding Source and Availability of Funds
(Verified and initialed by Finance)

CONCLUSION

With the Committee's recommendation, this item will be forwarded to the Board of Directors for approval of adopting the revisions to Personnel Policy 406 at the September 5, 2018 Board Meeting. Approval of this agenda item supports the compliance with Assembly Bill (AB) 1487 and Government Code section 20480.

PSG:SEP

Attachment: A: Policy 406



PERSONNEL POLICY MANUAL

POLICY 406 PAGE 1 OF 2

SUBJECT

Out-of-Classification Assignments

APPROVED BY OMNITRANS
BOARD OF DIRECTORS

DATE: ~~April 7, 2010~~ September 5, 2018

I. Purpose

To state Omnitrans' policy on out-of-classification assignments.

II. Scope

All Departments

III. Procedures

- A. From time to time, Omnitrans employees may be assigned duties outside of their normal classification. To qualify for out-of-classification pay, an employee must vacate their normal and customary position and take on the full duties of the new position.
- B. For appointments longer than thirty (30) calendar days, the department authority must initiate a personnel requisition with justification for the need and the duration of the out-of-class assignment. Subject to the approval by the CEO/General Manager. For appointments of less than thirty (30) calendar days, the approval of the CEO/General Manager is not required, but the Human Resources Department must be notified. For any out-of-classification assignment, a personnel action form (PAF), signed by the department authority, is required.
- C. Out-of-classification assignments resulting from industrial injuries (light duty) will be paid at a comparable point in the salary range of the assigned classification. The Workers' Compensation Third Party Administrator will determine if additional monies are due to meet statutory provisions of the law.
- D. Normally, employees who are assigned to a classification higher than their normal classification, for assignments of five consecutive work days or more, will be compensated an additional 5% or at least the minimum of the applicable compensation range.
- E. An employee who is assigned to a classification lower than their normal classification will not incur a reduction in salary.

F. If you are a represented employee, your MOU will prevail.

G. Effective January 1, 2018, all out of class assignments to a vacant position in a classification higher than an employees normal classification, other than a vacancy arising from a leave of absence, are subject to the requirements of



PERSONNEL POLICY MANUAL

POLICY 406 PAGE 2 OF 2

SUBJECT

Out-of-Classification Assignments

APPROVED BY OMNITRANS
BOARD OF DIRECTORS

DATE: ~~April 7, 2010~~ September 5, 2018

Government Code Section 20480. These out of class assignments cannot exceed 960 hours, inclusive of paid absences, in a fiscal year. This limitation applies to all employees whether classified as classic members or new members. Pursuant to Section 20480, compensation for an out of class assignment must be pursuant to a collective bargaining agreement or a publically available pay schedule.

F.H. Pay for out of class assignments is not PERSable for employees classified as New Members.

ITEM # E5

DATE: August 9, 2018

TO: Committee Chair Sam Spagnolo and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Suzanne Pfeiffer, Director of Human Resources

**SUBJECT: RECLASSIFICATION AND REVISION TO POLICY 402 SALARY
RANGES, MANAGEMENT CONFIDENTIAL CLASSIFICATIONS
FOR NON-REPRESENTED EMPLOYEES**

FORM MOTION

1. Recommend the Board of Directors approve the reclassification of an employee from the position of Fleet Analyst, Level VIII to the position of Sr. Fleet Analyst at Level VII effective September 5, 2018 and adjust the salary accordingly. The additional cost to the FY19 budget would be \$3,031.80.
2. Recommend eliminating Procedure IIIB, which allows for the CEO to increase the range to accommodate salary in lieu of providing an agency vehicle.
3. Recommend the Board of Directors approve the proposed revisions to Personnel Policy 402, Salary Ranges, Management Confidential Classifications, for Motions 1 and 2 above.

BACKGROUND

Motion #1 Upon the arrival of the Director of Maintenance, the Fleet Analyst position was recommended for evaluation based on one incumbent's assigned duties. The Position Information Questionnaire (attached) was completed by that incumbent and reviewed by the Director of Maintenance. The form was analyzed and it was determined there were increased duties in the areas of decision making, complexity and problem solving; and accountability resulting in the need to separate the Fleet Analyst into two separate positions: Fleet Analyst Level VIII and Senior Fleet Analyst Level VII.

Motion #2 After further review, it is recommended to eliminate Procedure IIIB., which allows for the CEO to increase the range to accommodate salary in lieu of providing an agency vehicle. It is no longer practice to provide agency vehicles, or cash in lieu, therefore, this language should be removed from the policy.

Motion #3 The proposed changes for Policy 402 Salary Ranges, Management and Confidential Classifications for non-represented employees includes Motion 1 adding a new title, with no increase in the number of positions, and removing Procedure IIIB, which allows for the CEO to increase the range to accommodate salary in lieu of providing an agency vehicle.

FUNDING SOURCE

Motion #1 The increased annual cost of \$3,031.80 associated with this action will be absorbed by the FY19 Maintenance Department Budget.

Future funding will be incorporated in the Fiscal Year Budget going forward.

Department: 1200

Account: Various Wages and Benefits

_____ Verification of Funding Source and Availability of Funds
(Verified and initialed by Finance)

CONCLUSION

Recommend the Board of Directors authorize the CEO/General Manager to approve the reclassification of an employee to the position of Sr. Fleet Analyst.

PSG:SEP

Attachment: A: Policy 402



PERSONNEL POLICY MANUAL

POLICY 402 PAGE 1 OF 3

SUBJECT

Salary Ranges Management Confidential Classifications

APPROVED BY OMNITRANS
BOARD OF DIRECTORS

DATE: [May 2, 2018](#) [Proposed September 5, 2018](#)

I. Purpose

To state Omnitrans' policy on salary ranges for Management and Confidential classifications.

II. Scope

All Departments

III. Procedure

- A. The Director of Human Resources is responsible for compensation administration and will modify and issue, from time to time, pay ranges and guidelines for salary adjustments as approved by the Board of Directors.

~~The CEO/GM may increase the range to accommodate salary in lieu of providing an agency vehicle when necessary.~~

Classification	Minimum	Monthly	Maximum
		Mid-Point	
<u>Level I</u> (reserved for future consideration)			
<u>Level II</u>	8,563	10,632	12,702
Director of Finance			
Director of Human Resources			
Director of Information Technology			
Director of Internal Audit			
Director of Maintenance			
Director of Marketing & Planning			
Director of Operations			
Director of Procurement			
Director of Rail Operations			
Director of Safety and Regulatory Compliance			
Director of Special Transportation Services			
<u>Level III</u>	6,995	8,666	10,338
Accounting Manager			
Contracts Manager			
Database Manager			
Development Planning Manager			
Employee Relations Manager			
Facility Manager			
Maintenance Manager			
Safety & Security Regulatory Compliance Manager			



PERSONNEL POLICY MANUAL

POLICY 402 PAGE 2 OF 3

SUBJECT

Salary Ranges Management Confidential Classifications

APPROVED BY OMNITRANS
BOARD OF DIRECTORS

DATE: [May 2, 2018](#) [Proposed September 5, 2018](#)

Service Planning Manager
Transportation Manager
Treasury Manager
Rail Compliance Officer

Level IV 6,432 7,580 8,729

Capital Projects Services Manager
Materials Manager
Network Administrator
Senior Contract Administrator
Special Transportation Services Manager
System Coordinator
Technical Services Manager

Level V 5,581 6,740 7,765

Application Developer
Application Specialist
Sr. Executive Assistant to the CEO/GM
Assistant Transportation Manager
Contract Administrator
Customer Service Manager
Dispatch Supervisor
Environmental/Occupational Health & Safety Specialist
Facility Supervisor
Fleet Safety & Training Supervisor
HR Leave Administrator
Security & Emergency Preparedness Coordinator
Maintenance Supervisor – Special Transportation Services
Marketing Manager
Network Technician
Programs Administrator – Special Transportation Services
Purchased Transportation Administrator
Safety & Regulatory Compliance Specialist
Senior Financial Analyst
Shift Supervisor
Systems Engineer
Web Designer

Level VI 4,916 5,890 6,865

Accountant
Executive Staff Assistant
Field Supervisor
Fleet Safety & Training Instructor
Human Resources Analyst



PERSONNEL POLICY MANUAL

POLICY 402 PAGE 3 OF 3

SUBJECT

Salary Ranges Management Confidential Classifications

APPROVED BY OMNITRANS
BOARD OF DIRECTORS

DATE: [May 2, 2018](#) [Proposed September 5, 2018](#)

Human Resources Specialist
Scheduling Analyst
Sales Supervisor
Stops and Stations Supervisor
Transit Technical Trainer

<u>Level VII</u>	4,487	5,378	6,268
------------------	-------	-------	-------

Contract Review Analyst
Department Senior Secretary
Dispatcher
Marketing Specialist
Planner I

[Senior Fleet Analyst](#)

<u>Level VIII</u>	3,914	4,559	5,204
-------------------	-------	-------	-------

Administrative Secretary
Client Relations Coordinator – Special Transportation Services
Fleet Analyst
Human Resources Assistant
Paratransit Eligibility Technician
Payroll Technician
Travel Trainer – Special Transportation Services
Warranty Coordinator

<u>Level IX</u>	3,224	3,767	4,308
-----------------	-------	-------	-------

Human Resources Clerk
Administrative Assistant – Special Transportation Services
Class B Technician – Special Transportation Services

Range changes occur every two years.

Performance merit increases for employees who reach the maximum of their pay range will be treated as follows:

- The employee's base pay will be brought to the maximum of their pay range;
- Any amount in excess pay, over the maximum pay range, will not be included in the employee's base pay;
- The excess amount of the merit award will be paid in a one-time lump sum.

The CEO/GM has the authority for a special merit award up to 3% of an employee's salary for work outside routine responsibilities.

ITEM # E6

DATE: August 9, 2018

TO: Committee Chair Sam Spagnolo and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Douglas L. Stanley, Director of Special Transportation Services

**SUBJECT: AUTHORIZE EXTENSION OF BROOKS REAL PROPERTY
LEASE AGREEMENT**

FORM MOTION

Recommend the Board of Directors authorize the CEO/General Manager to extend the current lease agreement for five (5) years with H&S Properties, Inc. for the Brooks Street Maintenance Facility located at 1044 Brooks Street, Ontario, California, ending no later than September 30, 2023 in a not-to-exceed amount of \$331,642.36.

BACKGROUND

On September 1, 2010, the San Bernardino County Transportation Authority (SBCTA), formerly the San Bernardino County Transportation Commission, appointed Valley Transportation Services (VTrans) as the Consolidated Transportation Services Agency (CTSA) for the San Bernardino Valley and was allocated funding by SBCTA.

VTrans entered into a five-year lease agreement with H&S Properties, Inc. on August 12, 2013. This lease will expire on September 30, 2018. The location provides a centralized maintenance facility for preventative maintenance and vehicle repairs on partnering social service agencies' specialized vehicles. The maintenance facility opened in December 2014 after approximately \$250,000 in leasehold improvements required by Americans with Disability Act (ADA) were completed.

On November 4, 2015, the SBCTA Board of Directors designated Omnitrans as the CTSA for the San Bernardino Valley. Omnitrans' Board of Directors approved Resolution No. 307-18 on July 11, 2018, transferring any remaining surplus assets of VTrans to Omnitrans. These assets included the maintenance facility lease.

Lease Period	Monthly Lease	Yearly Lease	Cost/Sq. Ft.
October 1, 2018 – September 30, 2019	\$5,119.20	\$61,430.40	\$0.79
October 1, 2019 – September 30, 2020	\$5,272.78	\$63,273.36	\$0.81
October 1, 2020 – September 30, 2021	\$5,430.96	\$65,171.52	\$0.84
October 1, 2021 – September 30, 2022	\$5,593.89	\$67,126.68	\$0.86
October 1, 2022 – September 30, 2023	\$5,761.70	\$69,140.40	\$0.89
Total 5-Year Lease		\$326,142.36	
Security Deposit		\$5,500.00	
TOTAL LEASE & DEPOSIT		\$331,642.36	

Omnitrans, as the CTSA for the San Bernardino Valley subarea, is allocated Measure I funds to improve mobility and/or coordination of transportation services for seniors and/or persons with disabilities. Funding for this lease agreement extension is available and consistent with Measure I funding requirements.

CONCLUSION

By proceeding with the recommended lease extension, Omnitrans is able to continue providing valuable preventative maintenance and repair services to current and future partnering social service agencies.

PSG:DS