



Connecting Our Community.

ADMINISTRATIVE & FINANCE COMMITTEE - REVISED

MONDAY, FEBRUARY 10, 2014 – 11:00 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 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

B. ANNOUNCEMENTS/PRESENTATIONS

1. Next Committee Meeting: Monday, March 10, 2014, at 11:00 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 CONFLICTS 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 – January 13, 2014 | 2 |
| 2. Receive & File Forward Fuel Purchase Program Update for February 2014 | 5 |
| 3. Recommend to Board of Directors, Receive and File Construction Progress Report No. 25 through January 23, 2014 – sbX E Street Corridor BRT Project | 9 |
| 4. Recommend to Board of Directors, Receive and File Internal Audit Services Status Update | 22 |
| 5. Recommend to Board of Directors, Receive and File Omnitrans' Fiscal Year Ended June 30, 2013 Audit Reports | 35 |
| 6. Consider Schedule Change for Monthly Committee Meeting - Discussion | |

F. REMARKS AND ANNOUNCEMENTS

G. ADJOURNMENT



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San Bernardino, CA 92411
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ITEM # E1

**ADMINISTRATIVE & FINANCE COMMITTEE
MINUTES
JANUARY 13, 2014**

A. CALL TO ORDER

The Administrative & Finance Committee meeting was called to order by Committee Chair Pat Morris at 11:01 a.m. on January 13, 2014.

Committee Members Present

Mayor Pat Morris, City of San Bernardino – Committee Chair
Mayor Paul Eaton, City of Montclair
Council Member Frank Gonzales, City of Colton
Mayor Ed Graham, City of Chino Hills
Mayor Ray Musser, City of Upland
Council Member Dick Riddell, City of Yucaipa
Mayor Pro Tem John Roberts, City of Fontana
Mayor Walt Stanckiewicz, City of Grand Terrace
Mayor Pro Tem Alan Wapner, City of Ontario

Committee Members Not Present

Mayor Pro Tem Paul Foster, City of Redlands
Supervisor Gary Ovitt, County of San Bernardino

Omnitrans Administrative Staff Present

Scott Graham, Interim CEO/General Manager
Diane Caldera, Interim Director of Operations
Marge Ewing, Director of Human Resources
Sam Gibbs, Director of Internal Audit Services
Jacob Harms, Director of IT
Anna Rahtz, Acting Director of Planning & Development Services
Don Walker, Director of Finance
Wendy Williams, Director of Marketing
Andres Ramirez, sbX Construction Manager
Jim Deskus, sbX Project Analyst
Maurice Mansion, Treasury Manager
Dennice Raygoza, Senior Contract Administrator

B. ANNOUNCEMENTS/PRESENTATIONS

The next Committee Meeting is scheduled Monday, February 10, 2014, at 11:00 a.m.

C. COMMUNICATION FROM THE PUBLIC

There were no comments from the public.

D. POSSIBLE CONFLICT OF INTEREST ISSUES

None

E. AGENDA ITEMS

1. Approve Administrative & Finance Committee Minutes of November 12, 2013

M/S (Gonzales/Stanckiewicz) that approved the minutes of the November 12, 2013 Committee meeting. Member Eaton abstained. Motion unanimous by remaining members present.

2. Receive & File Forward Fuel Purchase Program Update for January 2014

Director of Finance Walker provided the Forward Fuel Purchase Update for January, reporting that 150,000 gallons of Compressed Natural Gas are hedged on the New York Mercantile Stock Exchange through Morgan Stanley. For January, the spot market price closed slightly higher than the hedged price, creating a monthly gain on the hedge position of \$13,225. Through January 2014, there has been a total loss of \$21,620 recognized on settled hedge positions, with an unrecognized gain of \$49,900 for the months of February through June 2014.

This item is to receive and file.

3. Receive & Forward to Board of Directors, Construction Progress Report No. 23-24 through December 25, 2013 – sbX E Street Corridor BRT Project

sbX Construction Manager Ramirez presented a detailed PowerPoint of progress at each station along the sbX Corridor and of the Vehicle Maintenance Facility (VMF). As of December 25, 2013, the VMF was about 30 percent complete, with work progressing on all buildings since that time. And, at December 25, 2013, the sbX corridor was over 90 percent complete with construction in the final stages. Testing is ongoing at all the stations along the corridor. Project remains within the projected budget of \$191.7M, with \$142.2M expended to date, and a \$189.7 estimated cost at completion. Lost time injuries remain at zero with more than 389,000 man hours logged.

This item was received by the Committee and will be forwarded to the Board of Directors for receipt and file.

4. Recommend to Board of Directors, San Bernardino Transit Center Property Exchange to Result in Property Line Adjustments.

Acting Director of Planning Anna Rahtz explained that this request is to approve the exchange of small portions of property between Omnitrans and the San Bernardino Associated Governments (SANBAG) at Rialto and E Street in San Bernardino. Omnitrans needs a small corner of property currently owned by SANBAG for the San Bernardino Transit Center. Similarly, SANBAG needs a small strip of property adjacent to the railroad tracks currently owned Omnitrans for the Downtown San Bernardino Passenger Rail Project. This will be an even exchange, is a benefit to both agencies, and was approved by the Federal Transit Administration.

M/S (Musser/Stanckiewicz) that recommended to the Board of Directors the approval of a proposed property exchange between Omnitrans and SANBAG to effectuate a property line adjustment for the benefit of the San Bernardino Transit Center bus facility and the Downtown San Bernardino Passenger Rail Project (DSBPRP):

1. Deed real property to SANBAG being a portion of Lot 1, Block 11 of Map of Rancho San Bernardino, in the City of San Bernardino.
2. Deed real property to SANBAG being a portion of Parcel 1 of Parcel Map No. 1266, in the City of San Bernardino.
3. Accept real property from SANBAG being a portion of Lot 1, Block 11 of Map of Rancho San Bernardino, in the City of San Bernardino.

The Administrative & Finance Committee meeting adjourned at 11:28 a.m. The next Administrative & Finance Committee Meeting is scheduled for Monday, February 10, 2014, at 11:00 a.m., with location posted on the Omnitrans website and at Omnitrans' San Bernardino Metro Facility.

Prepared by:

Vicki Dennett, Assistant to CEO/General Manager



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ITEM # E2

DATE: February 10, 2014

TO: Committee Chair Patrick Morris and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, Interim CEO/General Manager

FROM: Donald Walker, Director of Finance

**SUBJECT: DIRECTOR OF FINANCE'S REPORT ON FORWARD FUEL
PURCHASES FOR FEBRUARY 2014**

FORM MOTION

Receive and file Director of Finance's report on forward fuel purchases for February 2014. This program was implemented on May 6, 2009, to increase the predictability of Omnitrans costs and reduce operational uncertainty in the event of dramatic fuel price increases in the open market.

BACKGROUND

This report is submitted in order to comply with the requirements of the Omnitrans Forward Fuel Purchase Policy and Procedure. The report highlights activities taken under the Board action of November 2011 authorizing staff to hedge up to 150,000 gallons per month of CNG on the NYMEX exchange through Morgan Stanley. The report includes a summary of the hedge that has been established, an estimate of the monthly variance to be recognized in the Agency's financials, and may include articles on significant matters that have impacted the market for CNG. The current hedge fixes the price of approximately 45% of the Agency's natural gas through June 2014. Staff will make a recommendation on whether or not to extend the hedge within the next four months.

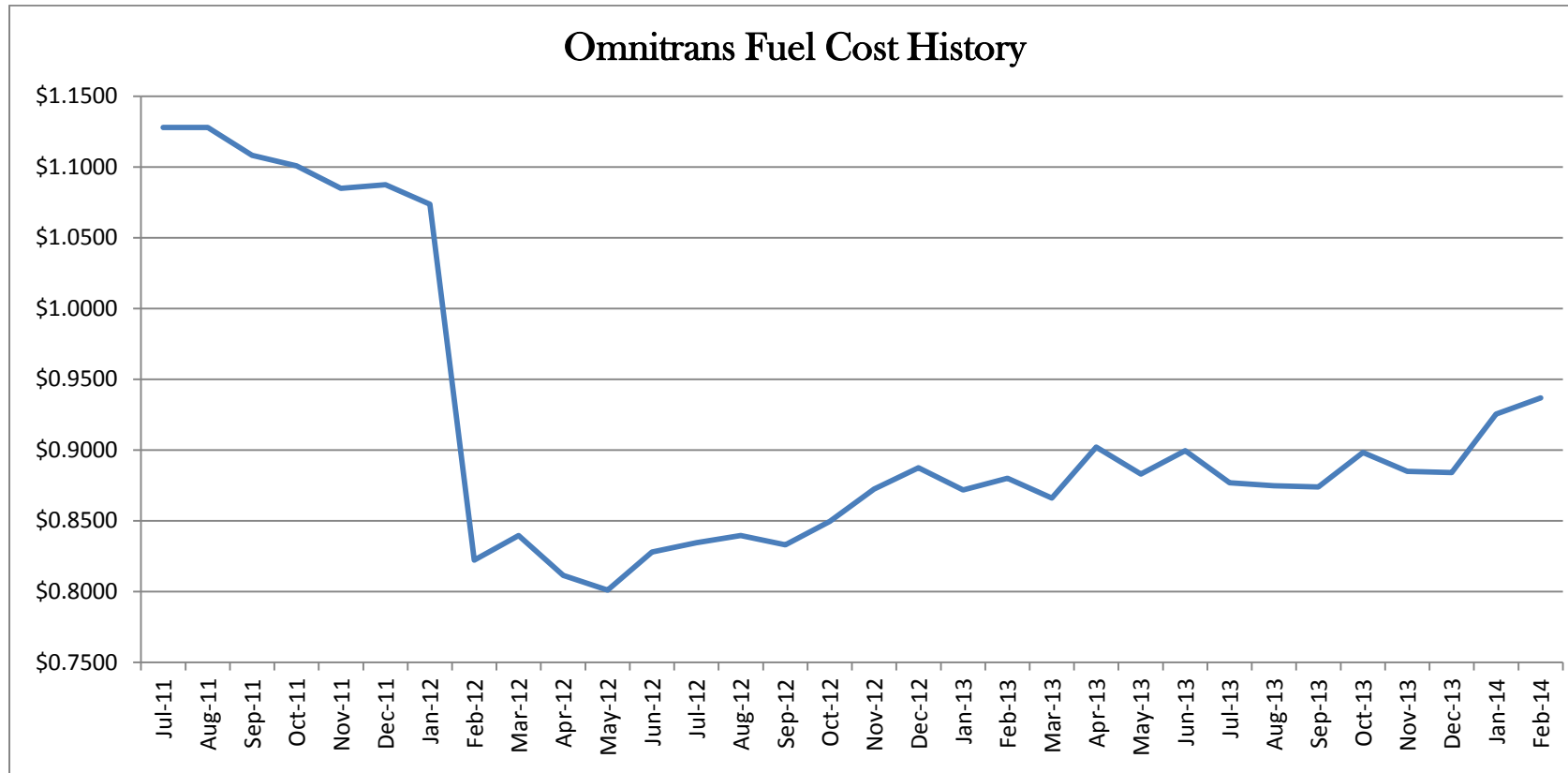
Omnitrans has increased its fuel budget from \$.88 to \$.92 for FY2014, as CNG prices in the market have increased. The February 2014 contract closed above the hedge price. The Agency will record a profit on our futures position for the month of February and that gain will offset a portion of the fuel costs that will be reflected in the Agency's Expense Summary for January 2014.

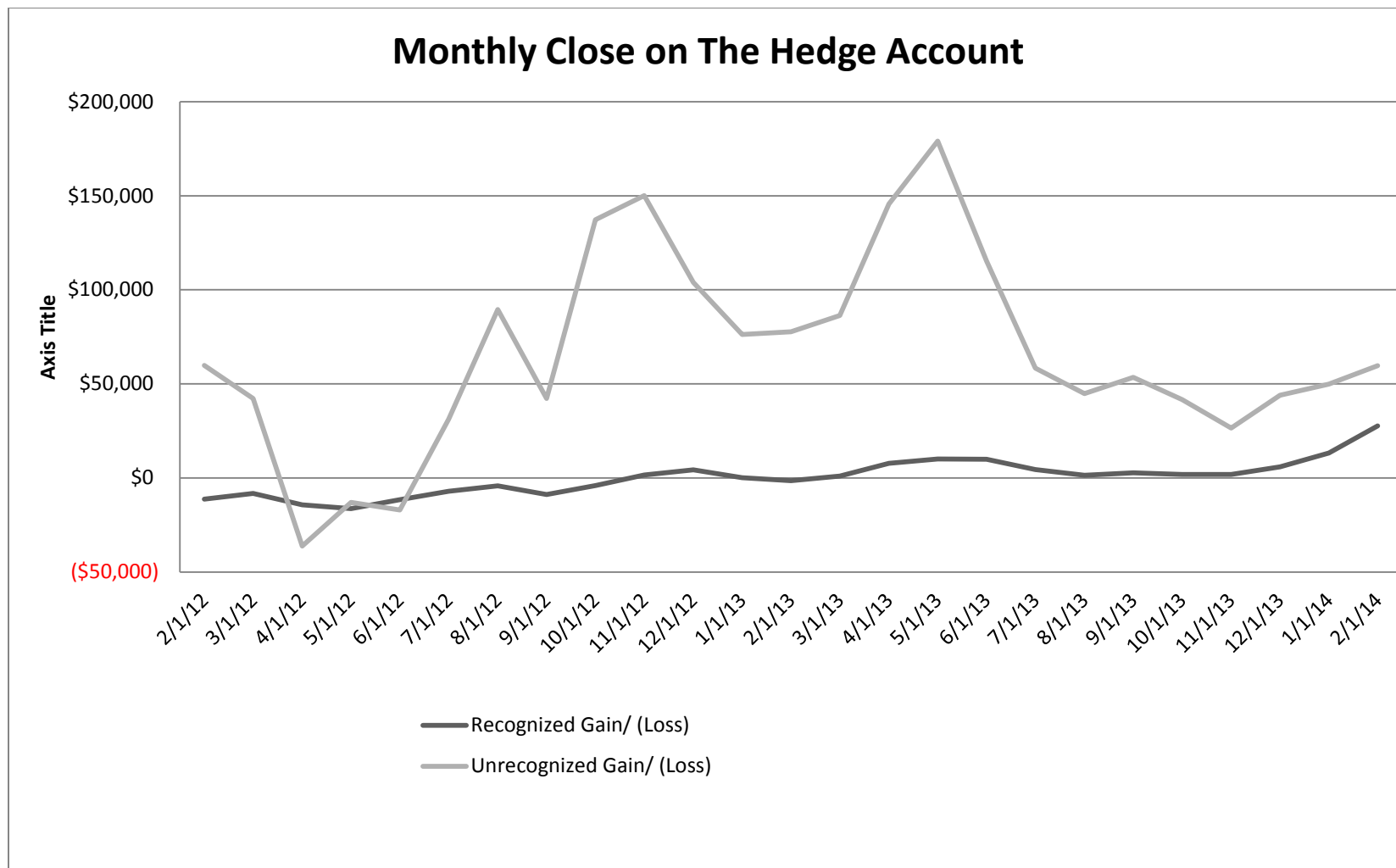
The net price that will be used for Omnitrans' February 2014 fuel purchase is \$0.9370 per gallon. This includes CNG at the So Cal Index price, the gain on the hedge position, liquefaction, delivery, and sales tax. (Note: We do not hedge the index differential. The gain on the hedge is based on the Henry Hub index. Clean Energy prices our deliveries off the SoCal index. In

February, the SoCal Index settled slightly below Henry Hub.) This price is after recognition of the monthly gain on the hedge position in the amount of \$27,600.

Omnitrans will recognize a loss in the CNG account of approximately \$5,766 in the month of February 2014. Omnitrans has recognized a total gain of \$5,980 on settled hedge positions; February 2012 through February 2014. The Agency has an unrecognized gain of \$59,700 on positions that remain open; March 2014 through June 2014. The forward market is anticipating that CNG fuel prices in the near future will remain above the price levels of the Omnitrans hedge.

PSG:dw







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ITEM # E3

DATE: February 10, 2014

TO: Committee Chair Patrick Morris and
Members of the Administrative & Finance Committee

THROUGH: P. Scott Graham, Interim CEO/General Manager

FROM: Andres Ramirez, sbX Construction Manager

SUBJECT: **CONSTRUCTION PROGRESS REPORT NO. 25 THROUGH
JANUARY 23, 2014 - sbX E STREET CORRIDOR BRT PROJECT**

FORM MOTION

Receive and recommend to the Board of Directors for receipt and file Construction Progress Report No. 25 for the sbX E Street Corridor BRT Project through January 23, 2014.

BACKGROUND

This is Construction Progress Report No. 25 for the sbX E Street Corridor Project.

CONCLUSION

Receive and recommend to the Board of Directors for receipt and file Construction Progress Report No.25 for the sbX E Street Corridor BRT Project through January 23, 2014.

PSG:AR

Attachment



sbX E Street Corridor Bus Rapid Transit (BRT) Project

Construction Progress Report No. 25

As of January 23, 2014

Submitted By:

JACOBS

Contractor:	sbX Corridor - Griffith/Comet VMF – USS Cal Builders
Contractor Contract No.:	IPMO11-5
Project Manager:	Roger Hatton, P.E.
Resident Engineer	Karim Varshochi, P.E. (Corridor) Anni Larkins, P.E. (VMF)
Omnitrans Construction Manager:	Andres Ramirez Construction Manager



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I. PROJECT STATUS SUMMARY

A. Project Description – sbX Corridor

The sbX E Street Corridor BRT Project is a 15.7-mile-long transit improvement project that will connect the northern portion of the City of San Bernardino with the City of Loma Linda. Over the past four years, the sbX E Street Corridor Bus Rapid Transit (BRT) Project has evolved as the highest priority corridor identified in the System-Wide Transit Corridor Plan for the San Bernardino Valley.

The Refined LPA includes:

- 15.7 mile corridor
- 5.4 miles of exclusive center-running BRT lanes
- 10.3 miles of mixed flow BRT operation
- 16 BRT station locations, 6 center stations and 10 curbside stations
- 23 station boarding structures
- 4 park-and-ride facilities with a total of 610 parking spaces
- Transit signal priority (TSP) applications at select key intersections

B. Summary Status Update (Accomplishments) – sbX Corridor

- Continued to install art glass and station glass at all stations.
- Completed installation of platform pavers at Baseline station north bound.
- Completed roof panels at Baseline stations north and south bound.
- Continued testing station systems for integration into overall BRT system.
- Continued testing of electrical equipment for stations and traffic signals.
- Connected power to the traffic signal at Anderson and Court Street.
- Continued installing signage and striping for the entire project.

C. February Work – sbX Corridor

- Complete the relocation of Cross Connect on the north side of Hospitality Lane, west of Hunts Lane.
- Complete all final striping Kendall.
- Complete all testing required for Level One.
- Complete systems start up and integration.

D. Project Description – Vehicle Maintenance Facility (VMF)

The Omnitrans' Vehicle Maintenance Facility is a 4.4-acre facility maintaining and servicing the Omnitrans' bus fleet, comprised of over 160 buses. Modifications to Omnitrans' facility include the demolition of a bus washing station, removal of abandoned underground fuel tanks and new construction of a bus washing

system, a new Genset building, a three-lane CNG fueling station, and re-configuring the bus parking area. Modifications to the maintenance building are made in order to accommodate Omnitrans' 60-foot articulated bus fleet.

E. Summary Status Update (Accomplishments) – Vehicle Maintenance Facility (VMF)

- Completed most of the backfill of the UST excavation; completion pending final verification of soil volumes.
- Placed slurry around pit walls inside Maintenance Building A. Formwork and reinforcing steel installation for the pit walls and surrounding slab is ongoing.
- Completed slab-on-grade removal at the old Building B, and started grading and excavation for new buildings B and C.
- Completed removal of the 600-gallon diesel UST.
- Completed excavation and placement of reinforcing steel for new booster pump pad.
- Startup and testing of the new thirty-yard compactor, including final inspection, training, and turnover was completed.
- Received delivery of the new compressors in late December 2013.

F. February Work – Vehicle Maintenance Facility (VMF)

- Complete concrete placement for the new bus lift pits in Maintenance Building A.
- Relocate the buffer tanks and start grading and excavation for the new Fuel Facility (Building C), and the sewer line reroute work pending execution of that change order.
- Excavation and grading for the new Bus Wash Facility (Building B) has started.
- Complete construction of the new booster pump and enclosure, and complete the water point of connection at the compressor room.
- Install the new compressors and resume work at the new battery room.

II. PROJECT SCHEDULE

The CM team and Contractors are using the latest scheduling tools (Primavera V. P6), available to manage the project schedule.

Due to the actual field conditions (E Street Corridor and the VMF), many construction activities needed re-sequencing, resulting in several revisions in the baseline schedules submitted. As a proactive approach, the CM team has created an internal schedule as a guiding tool used to monitor and manage the construction progress.

A. Summary of Project Schedule – sbX Corridor

The Omnitrans CM team and Contractor attended a DRB hearing regarding the schedule. The DRB directed Contractor to resubmit a schedule to include all actual dates for all work completed. Contractor is due to submit this new schedule by the first week of February.

Once this occurs, the CM team will review and submit comments to the DRB members for their review and comment.

Summary of Project Schedule – Vehicle Maintenance Facility (VMF)

The Contractor resubmitted a combined October/November 2013 Monthly Schedule Update (UP04R), with a data date of November 4, 2013, on January 8, 2014. The schedule update shows the project behind schedule, with approximately (+/-) 219-calendar days of negative float projecting a Substantial Completion Date in early/mid July 2014. The resubmittal is under review.

On October 28, 2013, the Contractor formally submitted a Time Impact Evaluation (TIE) for impacts incurred through the turnover of the existing Building C (on September 19, 2013). The TIE is under evaluation and it is expected that negotiations will start in mid/late January 2014.

The Contractor and CM are meeting weekly to update schedule progress and to assess upcoming work and durations, and potential risks, to ensure further delays can be avoided.

III. REQUESTS FOR INFORMATION (RFIs), SUBMITTALS, AND NON-CONFORMANCE REPORTS (NCRs)

A. sbX Corridor

To date, the CM team has met the required timelines and no delay has come about as a result of submittal and RFI responses.

Total RFIs – 973	Total Submittals – 824	Total NCRs - 26
Total Open – 10	Total Open – 42	Total Open - 7

Weekly RFI meetings are held every Tuesday morning.
Weekly NCR meetings are held every Thursday morning.

B. Vehicle Maintenance Facility (VMF)

To date, the CM team has met the required timelines and no delay has come about as a result of submittal and RFI responses.

Total RFIs – 165	Total Submittals – 305	Total NCRs – 11
Total Open – 5	Total Open – 5	Total Open – 3

IV. SAFETY

The project team considers safety to be the utmost priority. As such, the entire project team works towards a “no-lost time” goal on a daily basis.

sbX Corridor - As of December 25, 2013 there are 384,385 “no-lost time” hours.
VMF - As of December 25, 2013 there are 10,913 “no-lost time” hours.

V. PROJECT BUDGET AND COST**TOTAL PROGRAM BUDGET**

BUDGET AS OF DECEMBER 31, 2013

Approved Budget	\$191,706,000
Cost to Date	\$145,618,922
Estimate to Complete	\$ 43,978,294
Estimate at Completion	\$189,597,216

SBX CORRIDOR PROJECT COSTS - AS OF DECEMBER 31, 2013

	CURRENT AUTHORIZED	CURRENT INVOICES PAID	REMAINING CONTRACT BALANCE
JACOBS	\$11,852,647	\$8,499,946	\$3,352,701
PARSONS	\$18,097,876	\$16,841,587	\$1,256,289
GRIFFITH/COMET	\$83,885,030	\$69,761,425	\$14,123,605
TOTAL	\$113,835,553	\$95,102,958	\$18,732,595

VMF CORRIDOR PROJECT COSTS - AS OF DECEMBER 31, 2013

	CURRENT AUTHORIZED	CURRENT INVOICES PAID	REMAINING CONTRACT BALANCE
STV Inc.	\$1,418,132	\$1,188,925	\$229,207
USS Cal Builders	\$11,471,646	\$3,758,379	\$7,713,267
Total	\$12,889,778	\$4,947,304	\$7,942,474

SBX CORRIDOR CONTRACT TIME

Activity	Days	Date
Notice to Proceed		11/21/11
Calendar Days per Original Contract	730	
Original Completion Date		12/21/13
Calendar Days Completed as of January 22, 2014	734	
CCO Time Extension to Date	0	
Required Completion Days/Date as of January 22, 2014	-32	12/21/13
Forecasted Completion Date as of January 22, 2014		TBD*
Percent Time Elapsed	104%	

VMF CONTRACT TIME

Activity	Days	Date
Notice to Proceed		12/10/12
Calendar Days per Original Contract	425	
Original Completion Date		02/08/14
Calendar Days Completed as of January 22, 2014	408	
CCO Time Extension to Date	0	
Required Completion Days/Date as of January 22, 2014	17	02/08/14
Forecasted Revenue Start Date as of January 22, 2014		04/30/14
Percent Time Elapsed	96%	

*** CONSTRUCTION COMPLETION DATE WILL BE AVAILABLE UPON COMPLETION OF THE SCHEDULE UPDATE.**

CHANGE ORDERS**SBX CORRIDOR CONTRACT CHANGE ORDERS - As of January 22, 2014**

Change Order Status	Amount Approved
Approved Change Orders	\$18,735,410.00
Pending Change Orders	\$416,253.00
Potential Change Orders	\$1,575,000.00
Total	\$20,726,663.00

VMF CONTRACT CHANGE ORDERS - As of January 22, 2014

Change Order Status	Amount
Approved Change Orders	\$802,154.60
Pending Change Orders	\$271,753.62
Potential Change Orders	\$2,407,724.22
Total	\$3,481,632.44

Note: Currently, pricing for Potential Change Orders are estimated based on Rough Order of Magnitude pending designer plans or final submittal of pricing by the Contractor.

Upon the approval of the final to date schedule, an analysis will be completed to determine the effect of the change orders on the scheduled completion date.

VI. Project Photographs

SBX CORRIDOR PROGRESS PHOTOS



1. Loma Linda - Anderson West Station.



2. Baseline Station

VMF PROGRESS PHOTOS



1. Removal of the 600 Gallon Underground Diesel Tank (Last of Underground Tanks removed from VMF Property – 8 Tanks Total).



2. Placing Rebar and Installing Formwork for Bus Lift Pits in Maintenance Facility (Building A).

IPMO/sbX Project Cost Report
Period Ended 12/31/13

Description	Current Budget	Expenditures		Remaining Budget	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
		\$	%				
BRT Construction	84,637,000	69,837,768	82.5%	14,799,232	18,797,381	88,635,149	(3,998,149)
Vehicle Maintenance Facility (VMF) Construction	8,131,000	3,758,379		4,372,621	11,385,802	15,144,181	(7,013,181)
Vehicles - Design & Manufacturing	16,628,000	14,800,861	89.0%	1,827,139	1,537,869	16,338,730	289,270
ROW Acquisition Services	10,357,000	10,940,793	105.6%	(583,793)	964,334	11,905,127	(1,548,127)
3rd Party Utilities Design & Relocation	1,003,000	978,937	97.6%	24,063	127,180	1,106,117	(103,117)
BRT Design	17,849,400	16,841,587	94.4%	1,007,813	9,495	16,851,082	998,318
VMF Design	1,007,600	1,203,325	119.4%	(195,725)	492,607	1,695,932	(688,332)
Other Professional, Technical & Management Services	34,020,000	27,257,272	80.1%	6,762,728	10,663,626	37,920,898	(3,900,898)
SUB-TOTAL	173,633,000	145,618,922		28,014,078	43,978,294	189,597,216	(15,964,216)
Unallocated Contingency	18,073,000	-		18,073,000	2,108,784	2,108,784	15,964,216
TOTAL	191,706,000	145,618,922	76.0%	46,087,078	46,087,078	191,706,000	-

**IPMO/sbX Project
Through 12/31/13**

Standard Cost Category (SCC)	Description	Approved Current Budget	Expenditures		Remaining Budget	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
			\$	%				
10	GUIDEWAY & TRACK ELEMENTS	19,725,000	16,417,324	83.2%	\$ 3,307,676	\$ 3,129,184	\$ 19,546,508	\$ 178,492
10.02	Guideway: At-grade semi-exclusive (allows cross-traffic)	\$ 18,353,000	14,509,810	79.1%	\$ 3,843,190	\$ 2,773,225	\$ 17,283,035	\$ 1,069,965
10.03	Guideway: At-grade in mixed traffic	\$ 1,372,000	1,907,514	139.0%	\$ (535,514)	\$ 355,959	\$ 2,263,473	\$ (891,473)
20	STATIONS, STOPS, TERMINALS, INTERMODAL	14,917,000	11,762,028	78.8%	\$ 3,154,972	\$ 2,574,051	\$ 14,336,079	\$ 580,921
20.01	At-grade station, stop, shelter, mall, terminal, platform	14,917,000	11,762,028	78.8%	\$ 3,154,972	\$ 2,574,051	\$ 14,336,079	\$ -
30	SUPPORT FACILITIES: YARDS, SHOPS, ADMIN. BLDGS	\$ 8,131,000	3,758,378	46.2%	\$ 4,372,622	\$ 11,385,803	\$ 15,144,181	\$ (7,013,181)
30.02	Light Maintenance Facility	\$ 4,265,000	2,920,260	68.5%	\$ 1,344,740	\$ 8,740,759	\$ 11,661,019	\$ (7,396,019)
30.05	Yard and Yard Track	\$ 3,866,000	838,118	0.0%	\$ 3,027,882	\$ 2,645,044	\$ 3,483,162	\$ 382,838
40	SITework & SPECIAL CONDITIONS	34,271,000	23,639,475	69.0%	\$ 10,631,525	\$ 7,019,122	\$ 30,658,597	\$ 3,612,403
40.01	Demolition, Clearing, Earthwork	\$ 4,741,000	329,366	6.9%	\$ 4,411,634	\$ 133,428	\$ 462,794	\$ 4,278,206
40.02	Site Utilities, Utility Relocation	\$ 4,993,000	8,737,099	175.0%	\$ (3,744,099)	\$ 2,540,146	\$ 11,277,245	\$ (6,284,245)
40.05	Site structures including retaining walls, sound walls	\$ 90,000	72,224	80.2%	\$ 17,776	\$ 571,642	\$ 643,866	\$ (553,866)
40.06	Pedestrian / bike access and accommodation, landscaping	\$ 6,925,000	2,912,744	42.1%	\$ 4,012,256	\$ 2,007,246	\$ 4,919,990	\$ 2,005,010
40.07	Automobile, bus, van accessways including roads, parking lots	\$ 3,601,000	3,808,073	105.8%	\$ (207,073)	\$ 439,276	\$ 4,247,349	\$ (646,349)
40.08	Temporary Facilities and other indirect costs during construction	\$ 13,921,000	7,779,969	55.9%	\$ 6,141,031	\$ 1,327,384	\$ 9,107,353	\$ 4,813,647
50	SYSTEMS	\$ 16,727,000	18,997,878	113.6%	\$ (2,270,878)	\$ 1,528,425	\$ 20,526,303	\$ (3,799,303)
50.02	Traffic signals and crossing protection	\$ 10,810,000	6,093,816	56.4%	\$ 4,716,184	\$ 404,220	\$ 6,498,036	\$ 4,311,964
50.05	Communications	\$ 4,210,000	7,930,137	188.4%	\$ (3,720,137)	\$ 498,130	\$ 8,428,267	\$ (4,218,267)
50.06	Fare collection system and equipment	\$ 1,707,000	4,973,925	291.4%	\$ (3,266,925)	\$ 626,075	\$ 5,600,000	\$ (3,893,000)
	Pending Change Orders					\$ 1,979,236	\$ 1,979,236	\$ (1,979,236)
	Risk					\$ 2,694,540	\$ 2,694,540	\$ (2,694,540)
	Construction Subtotal (10-50)	93,771,000	74,575,083	79.5%	\$ 19,195,917	\$ 30,310,361	\$ 104,885,444	\$ (11,114,444)
60	ROW, LAND, EXISTING IMPROVEMENTS	\$ 6,532,000	\$ 6,006,388	92.0%	\$ 525,612	\$ 959,604	\$ 6,965,992	\$ (433,992)
60.01	Purchase or lease of real estate	\$ 6,327,000	5,841,458	92.3%	\$ 485,542	\$ 919,534	\$ 6,760,992	\$ (433,992)
60.02	Relocation of existing households and businesses	\$ 205,000	164,930	80.5%	\$ 40,070	\$ 40,070	\$ 205,000	\$ -
70	VEHICLES	\$ 16,628,000	\$ 14,800,861	89.0%	\$ 1,827,139	\$ 1,537,869	\$ 16,338,730	\$ 289,270
70.04	Bus	\$ 15,448,000	14,800,861	95.8%	\$ 647,139	\$ 630,821	\$ 15,431,682	\$ 16,318
70.06	Non-revenue vehicles	\$ 250,000	-	0.0%	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
70.07	Spare parts	\$ 930,000	-	0.0%	\$ 930,000	\$ 907,048	\$ 907,048	\$ 22,952
80	PROFESSIONAL SERVICES	56,702,000	50,236,590	88.6%	\$ 6,465,410	\$ 11,170,460	\$ 61,407,050	\$ (4,705,050)
80.01	Preliminary Engineering	\$ 12,921,000	12,876,525	99.7%	\$ 44,475	\$ 17,502	\$ 12,894,027	\$ 26,973
80.02	Final Design	\$ 7,261,000	6,949,913	95.7%	\$ 311,087	\$ 492,209	\$ 7,442,122	\$ (181,122)
80.03	Project Management for Design and Construction	\$ 15,997,000	10,998,706	68.8%	\$ 4,998,294	\$ 3,723,996	\$ 14,722,702	\$ 1,274,298
80.04	Construction Administration & Management	\$ 6,632,000	8,499,946	128.2%	\$ (1,867,946)	\$ 4,392,703	\$ 12,892,649	\$ (6,260,649)
80.05	Professional Liability and other Non-Construction Insurance	\$ 1,112,000	-	0.0%	\$ 1,112,000	\$ 500,000	\$ 500,000	\$ 612,000
80.06	Legal; Permits; Review Fees by other agencies, cities, etc.	\$ 10,596,000	10,911,500	103.0%	\$ (315,500)	\$ 1,319,050	\$ 12,230,550	\$ (1,634,550)
80.07	Surveys, Testing, Investigation, Inspection	\$ 1,463,000	-	0.0%	\$ 1,463,000	\$ 25,000	\$ 25,000	\$ 1,438,000
80.08	Start up	\$ 720,000	-	0.0%	\$ 720,000	\$ 700,000	\$ 700,000	\$ 20,000
	Subtotal (10-80)	\$ 173,633,000	\$ 145,618,922	83.9%	\$ 28,014,078	\$ 43,978,294	\$ 189,597,216	\$ (15,964,216)
90	UNALLOCATED CONTINGENCY	18,073,000	-	0.0%	\$ 18,073,000	\$ 2,108,784	\$ 2,108,784	\$ 15,964,216
	Subtotal (10-90)	191,706,000	145,618,922	76.0%	\$ 46,087,078	\$ 46,087,078	\$ 191,706,000	\$ -
100	FINANCE CHARGES	-	-	-	\$ -	\$ -	\$ -	\$ -
	TOTAL PROJECT COST (10-100)	191,706,000	145,618,922	76.0%	\$ 46,087,078	\$ 46,087,078	\$ 191,706,000	\$ -

ITEM # E4

DATE: February 10, 2014

TO: Committee Chair Patrick Morris and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, Interim CEO/General Manager

FROM: Samuel Gibbs, Director of Internal Audit Services

SUBJECT: INTERNAL AUDIT SERVICES STATUS UPDATE

FORM MOTION

Recommend to the Board of Directors for receipt and file status update on the Agency's Internal Audit Services audit program as of December 30, 2013.

BACKGROUND

The Department of Internal Audit Services (DIAS) is providing a status update to the Administrative and Finance Committee and the Board of Directors in accordance with the FY 2014 Annual Audit Plan. Staff will continue to work with Omnitrans' management to assess management practices, identify risk, and provide fair and objective assessments with reports submitted regularly for the Committee's review.

CONCLUSION

In accordance with the FY2014 risk assessment and audit plan submitted to the Board of Directors on September 4, 2013, the following audits were completed as part of the FY 2014 risk assessment and audit plan:

- Procurement System Review (PSR)
- Employee Recreation Committee
- P-Card
- BCI Procurement Protest
- York Procurement Protest
- EES Procurement Protest
- Epic Landscape Services Protest
- Quality Assurance Audit
- Preparation for Triennial Review
- Succession Planning
- SAP and IT
- Non-Quality Related sbX assessments



Omnitrans Department of Internal Audit Services

Audit Workplan Update December 2013

Auditor Name: Dr. Samuel Gibbs
Audit Date: December 30, 2013

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INTRODUCTION

Background

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. The DIAS will help Omnitrans accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The DIAS shall carry out independent and objective audits and reviews to accomplish its mission. The approach to audits and reviews are outlined in the Agency's annual audit plan.

The FY 2014 audit workplan recommended 10 areas for audit engagements, 16 areas for monitoring, and six areas for possible audit engagements. From July 2013 to December 2013, four audits were conducted; under special projects there was the review of four procurement protests; the FY 2014 workplan called for detailed preparation throughout the Agency for the upcoming triennial review; there was daily involvement and follow-up for the sbX quality assurance and construction activities; and time was spent assisting with SAP system integration follow-up.

Purpose

Internal Audit Services is providing a status update to the Interim CEO/GM, the Administrative and Finance Committee and the Board of Directors in accordance with the FY 2014 Annual Audit Plan. The understanding is, all elements of the audit plan might not be addressed within a given timeframe, and completion is dependent on available resources. Provided is an overview of audit activities from July 2013 until December 2013. Staff will continue to work with Omnitrans' management to assess management practices, identify risk, and provide fair and objective assessments, with reports submitted regularly for the Interim CEO/GM's and Committee's review.

Recommended Areas for Audit Resources

According to the FY 2014 workplan, risk can be mitigated by conducting audit engagements in the following areas:

- Construction quality audits and reporting
- Construction close-out audits
- Succession Planning, including performance management and employee development
- Information technology
- Grant Process
- sbX construction timelines, milestones, and invoicing
- Construction change order process
- The institutionalization of the SAP platform in three areas: knowledge sharing, improvement in production operation, and business integration.

- PSR reviews and audits to follow up on corrective actions to the 22 deficiencies
- Preparations for upcoming Financial Management Oversight (FMO) and Triennial review from the FTA

Audit Resources were allocated

In accordance with the FY 2014 risk assessment and audit plan completed on June 24, 2013 and submitted to the Board of Directors on September 4, 2013, audit resources were applied in the following areas (please note this list is a highlight and not an exhausted representation of all areas where resources were used):

- Procurement System Review (PSR)
- Employee Recreation Committee
- P-Card
- Braughton Construction, Inc. Procurement Protest
- York Risk Services Group Procurement Protest
- Environmental Equipment Supply Procurement Protest
- Epic Landscape Services Procurement Protest
- Los Angeles Armor Transport
- Quality Assurance Audit
- Preparation for Triennial Review
- Succession Planning
- SAP and IT
- Non- Quality Related sbX assessments

The FY 2014 audit workplan provided recommended areas for audit engagements and brief overviews in each area for risk mitigation.

Procurement System Review (PSR)

There were three areas relating to the PSR that were recommended for audit follow-up in the FY 2014 plan: training only, reviews, and audits.

Procurement Review- the Agency's procurement process was audited by the FTA in April 2013 and there were 60 elements reviewed, 32 were deemed non deficient, 22 deficient and 6 not applicable. The Department of Internal Audit Services will continue to randomly evaluate the effectiveness of the procurement processes and provide support to ensure that the controls are strengthened.

PSR Reviews and Audits- Follow up on the areas identified as deficient during the PSR. Some follow up called for reviews while others suggested full audits.

Procurement System Review (PSR) Details- Continued to perform random audits using the guidelines provided by the FTA for a PSR. Procurement System Review (PSR) audit included follow-up on procurement contracts. The review included an evaluation of spot checks,

checklists, and proper price and price/cost analysis. It was determined that all requirements were complied with as recommended by the FTA.

Inspection results

Training only. The corrective action for the following areas was the requirement that training be conducted within 30 days of the final report for: Independent Cost Estimates, Brand Name Restrictions, Written Procurement Selection Procedures, Price Quotations [Small Purchases], Adequate Competition- Two or More Competitors, Bid Opening [Sealed Bid], Piggybacking, and Clauses. A grid was created that listed the training and included completion dates and sign-off.

Reviews. The corrective action consists of reviews to validate compliance (in some cases compliance is the validation of training) in the following areas: Contract Administration System, Price Quotations [Small Purchases], Clear, Accurate and Complete Specifications, and Adequate Competition- Two or More Competitors, Piggybacking, and Clauses

Audits. Audits were completed in the following areas: Award to Responsible Contractors, Fair and Reasonable Price Determination [Micro-Purchases], Evaluation [RFP], Sole Source If Other Award Is Inadequate, Cost Analysis Required [Sole Source], Evaluation of Options, Written Record of Procurement History, Exercise of Options, Out of Scope Changes, and Time and Materials Contracts.

Overall Evaluation. It is my opinion based on the interviews conducted, observations, and audits of contracts, purchase orders, and change orders that Omnitrans has complied with all corrected actions recommended by FTA. Some information relating to Time and Material Contracts is still being reviewed by the FTA and Omnitrans' staff.

Employee Recreation Committee (ERC)

FY 2014 called for internal audit to conduct ongoing random and routine audits on the ERC activities and financial management process. Below are the findings and recommendations from the audit conducted July 16, 2013:

Finding

- The ERC received income from the revenue generated through the vending machines at both East and West Valley; ERC leadership is reviewing the increase in machine breakdowns and the request for reimbursements.
- Check stubs for all checks written since April 2012 until June 2013 were accounted for (checks 1991-2017), and all funds balanced.
- Reviewed bank statements for April 2012 through June 2013, and matched the deposits to the deposit stubs. All deposits were made in a timely manner for the amounts listed on the stubs.
- All recommendations from prior audits or reviews were complied with 100%.

- The minutes from the last meeting in January 2013 were requested and received. The next ERC meeting is scheduled for the third week of October 2013. Current minutes from the fall meeting were posted on the ERC bulletin board.
- An ongoing concern with the membership is members requesting and obtaining tickets at a cost to the ERC, and then that member does not attend the event.
- Terrence Gipson, President of the club, will be speaking with the vending machine vendor to request a healthier, fresher assortment of food in the machine. This will help to promote wellness in line with the objectives of the Agency.

Overview and Recommendations

I have found a complete willingness on the part of the leadership of the ERC to conduct business appropriately and follow all recommendations made during prior audit and reviews. All previous recommendations have been implemented. There were no additional recommendations during this engagement.

P-Card

Conduct biannual reviews of P-Card use within compliance of applicable laws, regulations, and Agency policy 3000.

Findings

- During the time under review, approximately \$190,000.00 was spent using a P-Card. Of the \$190,000.00 spent, \$80,000 was spent by Maintenance, leaving \$110,000.00 for all other departments. Maintenance does conduct more vendor business than other departments, but should review whether all the transactions were necessary on a P-Card. The Procurement and Maintenance departments have worked together to establish contracts for these purchases where applicable.
- The purchase of gift card and gift certificates needs to be reviewed. The policy as written states that these purchases are not authorized. However, the P-Card Procedure does not exempt P-Cards for the purchase of gift certificates and gift cards. During the period under review many departments used P-Card to purchase gift certificates. Currently, a mechanism is in place that provides adequate checks and balances. The departments do have logs to account for the receipt and distribution of all gift cards and gift certificates. Policy and Procedures Directive needs to be aligned to ensure proper compliance
- P-Card was used by a department to purchase eight embroidered jackets for a total of \$460.08. The P-Card was also used to purchase cell phone accessories and other computer related accessories, which should be acquired through the IT department. This practice has been corrected.
- The CEO/GM has been given the authorization from the Board to exceed the \$2,500.00 limited on individual P-Cards as needed. There were the two cases that required this

authorization; both were deemed to be in compliance: August- Maintenance \$4,862.00, Operations \$2,814.00

Overview and Recommendations

The P-Card process and procedures should be discussed regularly to ensure each user is familiar with its proper use. Ongoing education and recommended changes to the policy and procedures are encouraged. This ensures that the policy and employee knowledge are consistent with business needs and values. It is recommended that the P-Card policy is reviewed and updated by Finance to meet the current business needs.

Protest Panel

Internal Audit served as the lead on the ad hoc agency protest review panel (APRP) from July 2013 to December 2013 on four protests. The APRP responsibility is included in the audit workplan under Procurement support. The four protests were York Risk Services Group, Inc. (York), Braughton Construction, Inc. (BCI), Environmental Equipment Supply (EES), and Epic Pest Control & Landscape.

(Please note that all comments from the four protesting entities are written in the original manner in which they were presented)

York

Grounds for Protest

1. York contends that Omnitrans violated purchasing procedures outlined in RFP-HR13-182, Item S. regarding a conflict of interest and violations of Federal Transit Administration laws and regulations (Circular 4220.1F, k Page VI-5, 11/01/2008, 1, a and b) regarding conflicts of interest. These conflicts of interest resulted in Omnitrans releasing a RFP for TPA services when it had two optional extension years with York.

Response:

RFP-HR13-182, Section I, Instructions to Proposers § S – Conflict of Interest, “Firms are obligated to fully disclose to Omnitrans in writing of Conflict of Interest issues as soon as they are known to the firm. All disclosures must be disclosed at the time of Proposal submittal.”

The Panel found that the proposal submitted by Pacific Claims Management was in compliance with this requirement. Upon conclusion of the RFP evaluation process, a determination was made by members of Omnitrans’ Senior Leadership Team to amend contract HR12-04 with Occlink to remove oversight services from the scope of work

should the Board accept the recommendation to award contract HR13-182 to Pacific Claims Management.

Further, the Panel found that per the terms and conditions of RFP-HR11-8, Sections 5-6, included as part of the agreement with York, Omnitrans has the unilateral right to exercise options, but is under no obligation to do so.

2. York contends that the grounds upon which the RFP process was initiated were flawed as a financially interested party was included in the review process that led to the RFP, which resulted in an award to an affiliate of the financially interested party.

Response:

The Panel found no evidence to support this allegation. The decision to issue RFP-HR13-182 was made by the Omnitrans senior leadership team and was exclusively based on increased costs and escalating actuarial.

3. York contends that Pacific Claims Management, through Occlink, had an unfair advantage by consulting privately with Omnitrans about York's work with exposure to neither comments nor the ability to defend any criticism of York. Through its affiliate, Occlink, Pacific Claims Management had continuous access to all claims files through incumbent York's claims system. Lastly, Pacific Claims Management through Occlink had an unfair advantage by having access to private information regarding pricing.

Response:

All relevant information necessary to develop a technical approach/methodology was made available to all interested parties in the RFP-HR13-182, Attachment A, Scope of Work, and subsequent addendums. Proposals submitted by Keenan and Intercare both ranked higher than York. Therefore, the Panel did not find any evidence of an unfair advantage.

4. Finally, York contends that the entire evaluation process was tainted from the time Occlink and Jerry Laval began auditing and reviewing York's files.

Response:

It is a fundamental principle of public agencies to evaluate proposals against the criteria stated in the solicitation and not outside influences. The Panel verified that all proposals submitted in response to RFP-HR13-182 were evaluated exclusively by Omnitrans' staff.

Outcome and Recommendation

In conclusion, York has not presented sufficient evidence to substantiate its claim that Omnitrans violated purchasing procedures. As a result, the Panel upholds the recommendation to award contract HR13-182 to Pacific Claims Management.

Broughton Construction, Inc. (BCI)

Grounds for Protest

The purpose of this review was to evaluate the release, information, and selection process of IFB SAS12-17R2, for installation of an emergency diesel generator and construction of a block wall enclosure. HCI was selected as low bidder because the apparent low bidder BCI was deemed unresponsive because they failed to produce the appropriate bid bond or cashier check as instructed.

Response:

A review was made of Section II Instruction to Bidding Forms, which stated “The bidder shall complete all forms and submit the documentation identified below (referring to A, B, C, D, E, F, G, and H). The bid may not contain exceptions to or deviations from requirements of this IFB (referring to Section I, J). Scan and attach the required documents listed and checked below in your eBid (referring to the forms below the comments, not the check or Bid Bond). No comments in Section II are inconsistent with the expectations that the Bid Bond or a cashier check for not less than 10% should be presented before the deadline of the bid.

Outcome and Recommendation

BCI was fairly deemed unresponsive and the award made to the next responsive bidder HCI. There were not any justifiable reasons to overturn Omnitrans’ procurement decision.

Environmental Equipment Supply (EES)

Grounds for Protest

The letter of protest stated that EES was protesting bid IFB-MNT14-01 INDUSTRIAL CHEMICAL and the determination that your company was deemed non-responsive. The understanding was that the bid was determined to be non-responsive because EES failed to submit Tech Data Sheets. EES indicated that the failure to submit Tech Data Sheets was based on the perception that this information would be required from the low bidder when samples and test trials began.

Response:

After review of the bid package and addendum number 2, it is the opinion of the review panel that the information was very explicit that the manufacturers’ tech data sheet for all chemical types and manufacturers’ tech data sheets for all dispenser types, were required as part of the bid. Therefore, failure to provide the requested information with the bid would be cause to be considered as non-responsive.

Outcome and Recommendation

Environmental Equipment Supply has not presented sufficient evidence to substantiate its claim that the failure to produce the requested documentation was not grounds to be deemed non-responsive. As a result, the review panel upholds the Procurement department's recommendation to deem EES non-responsive to bid IFB-MNT-14-01.

Epic Pest Control & Landscape

Grounds for Protest

The letter of protest stated that Epic was protesting bid IFB-MNT14-13 Landscaping Services, based on the premise that R.P. Landscape & Irrigation should be deemed non-responsive, because they lack the proper licenses.

Response:

After review of the bid package and the State of California Pesticide regulation, it is determined that the work being performed would be covered under the Maintenance Gardner Pest Control Business License, and requires a QAC B, which is in compliance with California requirements. It is the opinion of the review panel that R.P. Landscape & Irrigation possesses the proper licenses required to fulfill the requirements of this contract.

Outcome and Recommendation

Epic Pest Control & Landscape Services, Inc. has not presented sufficient evidence to substantiate its claim R.P. Landscape & Irrigation is deficient regarding licenses. As a result, the review panel upholds the Procurement department's recommendation to recommend award of contract MNT14-13 to R. P. Landscape and Irrigation.

Quality Assurance Audit

A comprehensive quality program was written to administer quality control to the construction phase of the sbX project. The QA Manager will conduct onsite quality audits and report the results monthly. DIAS will monitor the QA activities which will include periodic site visits.

Resource Allocation

The Quality Assurance (QA) Manager Tim Chowdhury was on leave for more than 50% of this period. The QA work was supported by Hector Rojas and increased field work by Samuel Gibbs. The activities included site visits, document audits, and reviews of the field inspection sheets. Additionally, the Project Management Oversight Contractor (PMOC) conducted a comprehensive review of the Agency's and Jacobs' QA process.

Outcome and Recommendation

The QA process was strained due to Tim Chowdhury's medical leaves. Adjustments were made to address the required fieldwork, as a result the basic QA requirements were met, and the PMOC review did not reveal any areas of deficiency. The project is nearing completion and additional time is required to monitor the QA activities. The QA Manager reports to the Internal Audit Department.

Preparation for the Triennial Review

A part of the Internal Audit Department's responsibility is to ensure that the Agency is prepared for external audits. During the months of July, August, September, and October the pre-work for the Agency's upcoming triennial review was completed; this review is scheduled for early January 2014. The pre-work required overseeing the collection of documents and information by each department in the Agency. Once all the information was collected, it had to be compiled into a report format and forwarded to the consultant team who will be conducting the site visit. The information that was gathered was very comprehensive, because it covered every area of the Agency's operations.

Succession Planning

The Agency is tasked with developing a comprehensive succession plan that includes elements of performance management, employee development, and mentoring. The success of these initiatives is reliant on the full participation of each department director and their management staff.

Resource Allocation

Omnitrans received a workforce development grant in July 2013 for \$340,000.00. This grant is to help the region introduce individuals to the opportunities in transit. A committee was formed to explore the potential options. The programs being proposed are a refined hiring process for coach operators, an internship program, and a program to help employees advance their careers.

SAP and IT

Conduct audits to review license and security levels on the network. An additional review will be performed addressing the safeguard of confidential information. An audit will be performed to measure the effectiveness of SAP implementations. Internal Audit will look into contracting an IT auditor and billing it to the SAP contract. Additionally, the help desk and other portions of the IT department have been outsourced since July 7, 2010. The proposed engagements with IT will include the monitoring of IT security such as passwords, security levels, and delegations of duties (no one IT employee should have exclusive access to all levels of the IT infrastructure). Additionally, in FY 2014, emphasis will be placed on implementing a management dashboard,

Capability Maturity Model Integration (CMMI) process improvement, and a project proposal and management system. Some of the responsibilities for IT monitoring might be delegated to consultants or contract help.

Resource Allocation

Resources have been allocated to assist with improving SAP system stability. The Internal Audit Department led the charge to improve system reliability during the landscape review conducted by SAP in April 2013. There are still opportunities for knowledge sharing, ongoing system support, and continued training.

Non Quality Related sbX assessments

In addition to overseeing the QA process for the sbX project, the Internal Audit Department is involved in other aspects of the sbX planning. These responsibilities are part of safeguarding Agency assets as outlined in the audit charter approved by the Board of Directors on January 9, 2008. The involvement includes but is not limited to safety, security, asset management, maintenance and operations, test and commission, and ridership forecasts.

ITEM # E5

DATE: February 10, 2014

TO: Committee Chair Patrick Morris and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, Interim CEO/General Manager

FROM: Donald Walker, Director of Finance

SUBJECT: OMNITRANS' FISCAL YEAR ENDED JUNE 30, 2013 AUDIT REPORTS

FORM MOTION

Recommend to the Board of Directors, receive and file the following audit reports for fiscal year ended June 30, 2013:

- Annual National Transit Database Reporting (NTD)
- Statement of Auditing Standards Letter (SAS 114)
- Generally Accepted Government Auditing Standards (GAGAS) Report
- Transportation Development Act (TDA) and Single Audit Reports
- Proposition 1B Report
- Comprehensive Annual Financial Report

SUMMARY

As a recipient of federal, state, and local funding, Omnitrans is required to have an annual audit conducted by independent auditors in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit also included fifteen tasks contained in San Bernardino Associated Governments (SANBAG) Transportation Development Act 2005 Compliance Guide.

- The NTD was established by Congress to be the Nation's primary source for information and statistics on the transit systems of the United States. Recipients or beneficiaries of grants from the Federal Transit Administration (FTA) under the Urbanized Area Formula Program (§5307) or Other than Urbanized Area (Rural) Formula Program (§5311) are required by statute to submit data to the NTD.
- The SAS 114 letter establishes standards and provides guidance on the auditor's communication with those charged with governance in relation to an audit of financial statements. The standards and guidance applies regardless of an entity's governance structure

or size. Particular considerations apply where all of those charged with governance are involved in managing an entity. *Those charged with governance* means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For entities with a Board of Directors, this term encompasses the term *Board of Directors* or *Audit Committee* used elsewhere in generally accepted auditing standards.

- The GAGAS Report establishes reporting standards and provides guidance for financial audits conducted in accordance with generally accepted government auditing standards (GAGAS). For financial audits, GAGAS incorporates the American Institute of Certified Public Accountants (AICPA) field work and reporting standards and the related statements on auditing standards (SAS).
- The TDA report is a requirement by California Code of Regulations, Title 21, sections 6661 and 6751. Local Transportation Fund and State Transit Assistance Fund recipients must submit a fiscal audit report to the State Controller's Office annually and within 180 days after the end of the fiscal year. The audit report shall be conducted in accordance with generally accepted auditing standards and include a compliance certification with the TDA.

Each year, the Federal Government provides over \$400 billion in grants to State, local and tribal governments, colleges, universities and other non-profit organizations (non-Federal entities). The Single Audit Act of 1984 (with amendment in 1996) and OMB Circular A-133 ("Audits of State, Local Governments, and Non-Profit Organizations") provide audit requirements for ensuring that these funds are expended properly.

- The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the \$19.9 billion available to Transportation, \$3.6 billion dollars was allocated to PTMISEA to be available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement.
- The financial statements for fiscal year ended June 30, 2013 are presented in the Comprehensive Annual Financial Report (CAFR) along with comparative financial information for the year ended June 30, 2012. The audit expresses a professional opinion as to whether the financial statement prepared by management with the Board of Directors' oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Since fiscal year 2005, Omnitrans has received an "unqualified opinion" on its financial statements.

A Comprehensive Annual Financial Report for FY2013 will be submitted to the Government Finance Officers Association (GFOA) for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant

accomplishment by an Agency and its management. Omnitrans was awarded a Certificate of Achievement for it FY1998, FY1999, FY2000, FY2006, FY2007, FY2008, FY2009, FY2010, FY2011, and FY2012 CAFRs.

PSG:dw