



**January 10, 2024**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Transit Police Services, Internal Audit Report No. 24-503

### **Overview**

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of Transit Police Services. Based on the audit, the Orange County Sheriff-Coroner Department provides transit security and protection services in accordance with the contract; however, recommendations have been made to comply with contract requirements for preparation of an annual work plan and special service requests to track all costs of transit security and evaluate allocation of such costs for appropriateness, and to improve the grant reimbursement process to ensure all eligible costs are identified and reimbursed.

### **Recommendation**

Direct staff to implement four recommendations provided in Transit Police Services, Internal Audit Report No. 24-503.

### **Background**

Since 1993, the Orange County Transportation Authority (OCTA) has contracted with the Orange County Sheriff-Coroner Department (OCSA) for transit security and protection services. The original six-member Transit Police Services (TPS) team has grown, and is currently staffed with a captain, five sergeants, 25 deputy sheriffs, one investigator, one office specialist, and three canines. TPS provides patrol and security services on OCTA-owned buses, transit and operating facilities, railroad right-of-way, and land preserves.

The Security and Emergency Preparedness Department (SEP) is responsible for overseeing the operation of TPS activities and for administering the contract.

Agreement No. C-0-2330 (contract) between OCTA and OCSD was executed on May 15, 2020, for a period of five years from July 1, 2020, through June 30, 2025. Each year, the cost of services is revised for labor, overhead, and direct cost adjustments and an amendment to the contract is prepared and presented to the Board of Directors (Board) for approval. For fiscal year (FY) 2023-24, the total cost of services (maximum obligation) is set at \$11,396,565. In addition to these costs, OCTA provides all facilities and equipment reasonably necessary to carry out services and permits TPS to have exclusive use of up to 18 vehicles owned and maintained by OCTA.

### ***Discussion***

Annual work plans are not always prepared as required by the contract. Since the contract's inception on July 1, 2020, only one annual work plan has been provided and it did not include all elements specified by the contract. Internal Audit recommended management ensure annual work plans are developed and documented in accordance with the contract. Management agreed and indicated that a work plan should be published in March 2024.

TPS service costs are allocated between the Orange County Transit District Fund, the Commuter Rail Fund, and the General Fund. The allocation between these funds has not been evaluated or adjusted since inception of the contract in July 2020. In addition, costs of OCTA-provided facilities, equipment, and vehicles are not currently tracked to TPS services for purposes of evaluating the total cost of transit security. Internal Audit recommended that management implement a process to evaluate, estimate, and document the methodology of assigning TPS costs on an annual basis. In addition, management should consider implementing a process to accumulate and report all relevant costs of providing transit security. Management agreed and indicated they would collaborate with OCSD to estimate and document costs on an annual basis. In addition, management will work with Financial Planning and Analysis to consolidate TPS-associated costs by July 2024.

There is no documentation on file that enhanced patrol, security, or other special services were agreed upon between OCTA and TPS prior to any services being provided, and no cost estimates for these services were provided as required by the contract. In addition, the contract includes an annual budget amount for special services; however, special services invoices reflect rates, such as overtime rates and canine handler premium pay rates, that are not outlined in the contract and are not accompanied by support for the rates charged. Internal Audit recommended management implement procedures to document the agreement for enhanced services, including the type, time, and place for the services, and obtain a cost estimate for such services, as required by the

contract. Management should also review and reconcile invoices for the services to these documents and obtain support or include in the contract rates charged prior to authorizing payment. Management agreed and will establish procedures to better document the estimates, agreed cost, and occurrence of special services performed. Management will seek rates for services to be documented in annual contract amendments starting with the FY 2024-25 TPS contract amendment.

Lastly, OCTA did not obtain reimbursement from TSA for all eligible expenditures resulting in an under-recovery of \$13,129.29 in canine-related costs. Internal Audit recommended that management strengthen controls over canine-related expense tracking and ensure all eligible costs are identified and submitted for grant reimbursement. Management agreed to improve canine-related expense tracking and to work with the grants accounting team to recover the identified eligible costs.

**Summary**

Internal Audit has completed an audit of Transit Police Services and has offered four recommendations, which management agreed to implement or otherwise address.


**Attachment**

- A. Transit Police Services, Internal Audit Report No. 24-503

**Prepared by:**

  
Gabriel Tang  
Principal Internal Auditor  
714-560-5746

**Approved by:**

  
Janet Sutter  
Executive Director, Internal Audit  
714-560-5591

# ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



## Transit Police Services

### Internal Audit Report No. 24-503

December 5, 2023



**Audit Team:** Gabriel Tang, CPA, Principal Internal Auditor  
Janet Sutter, CIA, Executive Director

**Distributed to:** Matt Ankley, Manager, Security and Emergency Preparedness  
Jennifer Bergener, Deputy Chief Executive Officer

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

**Table of Contents**

Conclusion .....	1
Background .....	1
Objectives, Scope, and Methodology .....	3
Audit Comments, Recommendations, and Management Responses .....	5
Annual Work Plan .....	5
Tracking and Allocation of Transit Security Costs.....	6
Payments for Special Services .....	7
Canine Grant Reimbursement .....	8

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

## **Conclusion**

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of Transit Police Services (TPS). Based on the audit, the Orange County Sheriff-Coroner Department (OCSD) provides transit security and protection services in accordance with the contract; however, recommendations have been made to comply with contract requirements for preparation of an annual work plan and special service requests, to track all costs of transit security and evaluate allocation of such costs for appropriateness, and to improve the grant reimbursement process to ensure all eligible costs are identified and reimbursed.

## **Background**

Since 1993, OCTA has contracted with the OCSD for transit security and protection services. The original six-member TPS team has grown, and is currently staffed with a captain, five sergeants, 25 deputy sheriffs, one investigator, one office specialist, and three canines. TPS provides patrol and security services on OCTA-owned buses, transit and operating facilities, railroad right-of-way, and land preserves.

The Security and Emergency Preparedness Department (SEP) is responsible for overseeing the operation of TPS activities and for administering the agreement for services.

Agreement No. C-0-2330 (contract) between OCTA and OCSD was executed on May 15, 2020, for a period of five years from July 1, 2020, through June 30, 2025. For fiscal year (FY) 2020-21, the cost of regular services was set at \$10,153,040, and an additional \$443,907 was included for any special services provided for a total cost of services (maximum obligation) of \$10,596,947. Each year, the cost of services is revised for labor, overhead, and direct cost adjustments and an amendment to the contract is prepared and presented to the Board of Directors (Board) for approval. For FY 2023-24, the maximum obligation is set at \$11,396,565. In addition to these costs, OCTA provides all facilities and equipment reasonably necessary to carry out services and permits TPS to have exclusive use of up to 18 vehicles owned and maintained by OCTA.

The contract outlines requirements for the preparation of an annual work plan, weekly meetings between TPS and OCTA to discuss activities, and agreeing upon special services to be provided. Special services include enhanced patrol activities, visible intermodal protection and response operations, anti-terror anti-crime operations, explosives detection canine operations, as well as programs associated with special events.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

Dispatch and Activity Reporting

TPS is dispatched by OCTA Central Communications staff using the Intelligent Transit Management System (ITMS) bus dispatch system. If an incident requires the deputy to make a report, the deputy will place a call to OCSD dispatch and create a log of the incident and obtain a report number. Post-incident activities are also captured in manually prepared daily activity reports.

Based on daily activity reports, TPS compiles and provides a Monthly Activities Report on incidents to which TPS responded or that were reported to TPS. The SEP manager reviews the monthly activity reports from TPS and prepares and presents a quarterly Transit Police Services Report to the Chief Executive Officer.

Invoicing

Regular service costs are billed monthly at 1/12 of the annual contract amount, and are allocated 73.45 percent to fixed-route operations, 26.5 percent to rail operations, and .05 percent to the general fund for law enforcement presence at public meetings.

Monthly, OCSD prepares the regular invoice and any special invoices and sends them to SEP along with supporting reports. The invoices are reviewed and approved by the SEP manager and routed to Accounts Payable for processing.

National Explosives Detection Canine Team Program (NEDCTP)

The explosives detection canine operations are funded by the Department of Homeland Security Transportation Security Administration (TSA) NEDCTP. Agreement No. C-3-2395 (TSA agreement) between OCTA and TSA was executed for a period of four years and six months starting July 1, 2020, for a total of \$681,750 (\$151,500 annually).

NEDCTP reimburses canine handler's premium pay, training overtime costs, and canine-related expenses such as food, equipment, shelter, and health care.

**ORANGE COUNTY TRANSPORTATION AUTHORITY**  
**INTERNAL AUDIT DEPARTMENT**  
**Transit Police Services**  
**December 5, 2023**

## **Objectives, Scope, and Methodology**

The objectives were to assess and test contract administration and compliance, performance reporting, and invoice review controls cost allocation and grant reimbursement related to the agreement for provision of TPS.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.<sup>1</sup> The components and principles that were evaluated as part of this audit are:

- Risk Assessment
  - OCTA identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- Control Activities
  - OCTA deploys control activities through policies that establish what is expected and procedures that put policies into action.
- Information and Communication
  - OCTA obtains or generates and uses relevant, quality information to support the functioning of internal control.

The methodology consisted of testing compliance with contract requirements for preparation of an annual work plan, weekly meetings, and arranging special services, testing compliance with contract and procurement policy for contract cost amendments, testing regular, special services invoices and canine-related payment requests for adequate support, proper cost allocation, submission for grant reimbursement, and compliance with the agreement and payment authorization policy, testing accuracy of quarterly TPS activity reports, and testing of OCSA letter cost sheets for support and reasonable allocation methodology. The methodology also included testing compliance with contract terms requiring OCTA to provide facilities, vehicles, and equipment to TPS and tracking of such costs.

The scope was limited to Agreement No. C-0-2330, and all amendments. The scope included testing for evidence of annual work plans during the contract period from July 1, 2020, through August 31, 2023, testing for evidence of weekly meetings during the period November 28, 2022, through August 28, 2023, and evaluation of costs and tracking of OCTA-provided facilities, vehicles, and equipment. The scope also included quarterly TPS activity reports from January 2023 through June 2023, a judgmental sample of six months of regular services invoices (six invoices) and six months of special

---

<sup>1</sup> See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.



**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

services invoices (38 invoices) during the period June 2022 through June 2023 with a bias to provide coverage of year-end invoices that include overtime and vacancy credits, canine-related payment requests during FY 2022-23, and the most recent FY 2023-24 letter cost sheet and related support. Since samples were non-statistical, any conclusions are limited to the sample items tested.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

## **Audit Comments, Recommendations, and Management Responses**

### **Annual Work Plan**

---

Annual work plans are not always prepared, as required by the contract.

The contract requires OCSD to meet annually with OCTA to develop an annual work plan that includes a deployment schedule, crime trends, and strategies to enhance public safety, prevent crime, detect criminal activity, and work with the homeless and mentally ill. Since the contract's inception on July 1, 2020, only one annual work plan, for FY 2021-22, has been provided. The FY 2021-22 work plan did not include all the required elements.

#### **Recommendation 1:**

Internal Audit recommends annual work plans be developed and documented as required by the contract.

#### **Management Response:**

Management agrees with Recommendation 1. SEP, in conjunction with leadership of the TPS Bureau, have already started work to compile the annual work plan based off of 2023 data trends and expects the final work plan to be published in March 2024.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

**Tracking and Allocation of Transit Security Costs**

---

The allocation of TPS regular service costs has not been evaluated or adjusted for appropriateness. In addition, costs of OCTA-provided facilities, equipment, and vehicles are not currently tracked to TPS services for purposes of evaluating the total cost of transit security.

TPS regular service costs are currently allocated as follows:

- Orange County Transit District (Fixed Route Operations) – 73.45 percent
- Commuter Rail – 26.50 percent
- General Fund - .05 percent

There was no evidence on file to support these allocations and there is no process in place to periodically evaluate and adjust the allocations to reflect TPS activities.

Additionally, OCTA currently provides facilities, equipment, and vehicles (including maintenance and fuel costs) to TPS, as required by the contract; however, the costs are charged to bus operations and not transit security services. Operations staff responsible for the purchase, maintenance, and fueling of TPS vehicles estimate an average annual cost of \$445,752. Facility and equipment costs are not accumulated for TPS.

**Recommendation 2:**

Internal Audit recommends management implement a process to evaluate, estimate, and document the methodology of assigning TPS costs on an annual basis; this could be performed in conjunction with preparation of the annual work plan. Management should also consider implementing a process to accumulate and report all costs of providing transit security.

**Management Response:**

Management agrees with Recommendation 2. OCTA and OCSD will collaborate to estimate and document contract costs on an annual basis using the annual work plan and previous years' TPS performance data as a basis for evaluating current trends. In addition, management will work with the Financial Planning and Analysis Department to ensure the ability for each department responsible for an aspect of providing or supporting TPS, to accumulate and consolidate transit security costs for a better understanding of the overall cost of transit security. As previously mentioned, work has already begun on the annual work plan which will be used to inform service adjustments and will be used to build the upcoming TPS contract budget for the 2024-2025 contract year. Management will work with Financial Planning and Analysis to consolidate TPS associated costs and reporting by July 2024.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

**Payments for Special Services**

---

There is no documentation on file that enhanced patrol, security, or other special services were agreed upon between OCTA and TPS, and no cost estimates for these services were provided, as required by the contract.

Internal Audit tested 26 special services invoices, totaling \$220,344.56 and found no evidence that contract requirements for agreement with OCTA as to the type, time, and place of the services, and an initial estimate of costs for such services were provided as required.

In addition, the contract includes an annual budget amount for special services; however, special services invoices reflect rates, such as overtime rates and canine handler premium pay rates, that are not outlined in the contract and are not accompanied by support for the rates charged.

**Recommendation 3:**

Internal Audit recommends management implement procedures to document the agreement for enhanced services, including the type, time, and place for the services, and obtain a cost estimate for such services, as required by the contract. Management should review and reconcile invoices for the services to these documents and obtain support, or include in the contract, rates charged prior to authorizing payment.

**Management Response:**

Management agrees with Recommendation 3, and will establish procedures to better document the estimates, agreed cost, and occurrence of special services performed using the annual work plan and previous year's TPS performance data as a basis for estimating special services. Management will seek rates for services to be documented in annual contract amendments moving forward with the 2024-2025 TPS contract amendment. Work to complete Recommendation 3 should conclude by May 2024.

**ORANGE COUNTY TRANSPORTATION AUTHORITY  
INTERNAL AUDIT DEPARTMENT  
Transit Police Services  
December 5, 2023**

**Canine Grant Reimbursement**

---

OCTA did not obtain reimbursement from TSA for all eligible expenditures.

SEP management submitted FY 2021-22 monthly canine handler premium pay amounts (\$6,261.33 per month) for purposes of claiming FY 2022-23 monthly payments (\$6,466.37 per month), resulting in an under-recovery of \$2,460.48. In addition, testing identified three invoices for canine-related training costs paid during FY 2022-23 totaling \$10,668.81 that were not submitted for reimbursement. Per TSA Agreement No. C-3-2395 Section B6 and B8, "Handler's salaries during Canine Training Course training" and trainer's "time contributed in direct correlation to the training of Transportation Security Administration Explosive Detection Canine Team" are reimbursable.

**Recommendation 4:**

Internal Audit recommends that management strengthen controls over canine-related expense tracking and ensure all eligible costs are identified and submitted for grant reimbursement. Management should also review FY 2022-23 eligible expenses that were not submitted and request reimbursement.

**Management Response:**

Management agrees with Recommendation 4. Work has already begun to improve the canine-related expense tracking, with the SEP and Grants team discussing and agreeing to an enhanced invoice review process. Once established, the process will improve oversight to ensure eligible costs are identified and submitted for grant reimbursement. Starting immediately, and to be completed by the end of February 2024, management will work with the Grants team to review eligible expenses and attempt to recover the \$13,129.29.