

Metropolitan Transportation Commission

Operations Committee

April 8, 2022

Agenda Item 4c

Clipper® Contract Change Order Amendment — Clipper® Program SSAE 18 Audit: Cubic Transportation Systems, Inc. (\$200,000)

Subject:

Request for approval of a Contract Change Order Amendment – Clipper® Program Standards for Attestation Engagement No. 18 Report (SSAE 18 Audit): Cubic Transportation Systems, Inc. (Cubic) (\$200,000).

Background:

In May 2012, the MTC Operations Committee approved a contract change order (CO 159) for Cubic to engage a firm to assess Cubic's financial and system controls associated with fare processing, financial reconciliation, cardholder support services, card fulfillment, information system operations and card account management functions. These tasks are completed via a standard approach called a Statement on SSAE 18 Audit. This change order amendment (Amendment 9 to CO 159) would allow Cubic to engage a firm to perform an SSAE 18 Audit for FY 2021-22.

Industry best practices recommend conducting annual audits to maintain a vendor's focus on controls. Article III.G of the Clipper Amended and Restated Memorandum of Understanding (MOU) requires that the Contracting Agency provide such audit. Transit agencies rely upon the SSAE report as part of their own annual audits, as an SSAE report can reduce the procedures required in agencies' own audit processes.

The first SSAE Audit under CO 159 was completed in November 2013 for FY 2012-13. CO 159 was subsequently annually amended to provide for SSAE Audits of each subsequent fiscal year. Most recently, this Board approved the FY 2020-21 SSAE 18 Audit (Amendment 8) in March 2021.

Cubic is not, nor is the subcontractor that would assist in this work, a Small Business Enterprise or a Disadvantaged Business Enterprise.

The Clipper Executive Board approved the proposed change order amendment at its March 21, 2022 meeting.

Issues:

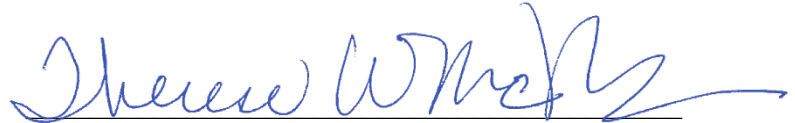
None identified.

Recommendation:

Staff recommends the Operations Committee authorize the Executive Director or designee to negotiate and enter into a contract change order amendment with Cubic in an amount not to exceed \$200,000 for the SSAE 18 audit for FY 2021-22, as described above.

Attachments:

None.



Therese W. McMillan

Request for Committee Approval

Summary of Proposed Contract Change Order Amendment

Work Item No.: 320-1221

Consultant: Cubic Transportation Systems, Inc.
San Diego, California

Work Project Title: Statement on Standards for Attestation Engagement No. 18 Report (SSAE 18) for FY 2021-22 (Am. #9 to CO-159)

Purpose of Project: To produce a Statement on Standards for Attestation Engagement No. 18 Report (SSAE 18) for the 2021-22 Fiscal Year.

Brief Scope of Work: SSAE 18 audits provide an attestation report to state that management's financial and information technology controls are effective.

Project Cost Not to Exceed: \$200,000 (this Change Order Amendment)
Total contract value including amendments before this amendment = \$181,991,808
Total contract amount with this amendment = \$182,191,808

Funding Source: STA, Regional Measure 2 Capital, Regional Measure 2 Operating, Regional Measure 3, LCTOP, Fare Media and Card Fee Revenue, SB1 State of Good Repair, BATA Rehab

Fiscal Impact: Funds available in the FY 2021-22 MTC agency budget

Motion by Committee: That the Executive Director or designee is authorized to negotiate and enter into a Contract Change Order Amendment with Cubic Transportation Systems, Inc. for the purpose described above and in the Operations Committee Summary Sheet dated April 8, 2022 and that the Chief Financial Officer is authorized to set aside \$200,000 for such amendment.

Operations Committee: _____
Carol Dutra-Vernaci, Chair

Approved: April 8, 2022