

Metropolitan Transportation Commission
Operations Committee

February 10, 2023

Agenda Item 4c

**Clipper® Contract Change Order Amendment – Statement on Standards for Attestation
Engagement No. 18 (SSAE 18) Annual Audit of Clipper Program: Cubic Transportation
Systems, Inc. (Cubic) (\$200,000)**

Subject:

Request for approval of Clipper Contract Change Order No. 159, Amendment No. 10 – Clipper Program SSAE 18 Audit for Fiscal Year (FY) 2022-23: Cubic Transportation Systems, Inc. (\$200,000).

Background:

In May 2012, the MTC Operations Committee approved a contract change order (CO 159) to the Clipper contract 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 an SSAE 18 Audit. This change order amendment (Amendment 10 to CO 159) would allow Cubic to engage a firm to perform an SSAE 18 Audit for FY 2022-23.

Industry best practices recommend conducting annual audits to maintain a vendor's focus on controls. 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 Committee approved the FY 2021-22 SSAE 18 Audit (Amendment 9) in April 2022.

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 January 23, 2023 meeting.

Issues:


None identified.

Recommendation:

Staff recommends the Operations Committee authorize the Executive Director or designee to negotiate and enter into a change order amendment with Cubic in an amount not to exceed \$200,000, for the SSAE 18 audit for FY 2022-23, as described above.

Attachments:

- Request for Committee Approval Sheet – Summary of Proposed Change Order Amendment



Andrew B. Fremier

Request for Committee Approval

Summary of Proposed 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 (SSAE 18)
Audit for FY 2022-23 (Amendment #10 to CO-159)

Purpose of Project: To produce a SSAE 18 audit report regarding the Clipper program for
the 2022-23 fiscal year.

Brief Scope of Work: SSAE 18 audits provide an attestation report stating 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 =
\$184,191,808
Total contract amount with this amendment = \$184,391,808

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

Fiscal Impact: Funds available in the FY 2022-23 MTC agency budget.

Motion by Committee: That the Executive Director or designee is authorized to negotiate and
enter into a change order amendment with Cubic Transportation
Systems, Inc. for the purposes described above and in the Operations
Committee Summary Sheet dated February 10, 2023, and that the Chief
Financial Officer is authorized to set aside \$200,000 for such change
order amendment.

Operations Committee:

Carol Dutra-Vernaci, Chair

Approved: February 10, 2023