



Agenda Item 2b

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TO: Clipper® Executive Board

DATE: April 10, 2017

FR: Carol Kuester

RE: Contract Change Order Amendment – Clipper® Program SSAE 16 Audit: Cubic Transportation Systems, Inc. (\$200,000)

Background

In May 2012, the MTC Operations Committee approved a contract change order to 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 Standards for Attestation Engagement No. 16 Report (SSAE 16 Audit). Transit operators require this as part of their annual audit, particularly as Clipper® collects an ever-larger share of their fares.

Industry leading practices recommend conducting annual audits to maintain vendor focus on controls. Transit agency auditors use these reports to reduce the required audit procedures for the transit agency financial audit process, since a significant portion of transit agency revenue is managed through Clipper®. This change order amendment (Amendment 5) will allow Cubic to engage a firm to perform the SSAE 16 Audit for FY 2017-18.

The first SSAE 16 Audit was completed in November 2013. Following completion of this report, the Change Order was subsequently amended to include SSAE 16 Audits for FY 2013-14 (Amendment 1), FY 2014-15 (Amendment 2), and FY 2015-16 (Amendment 3). This Board approved the FY 2016-17 SSAE 16 Audit (Amendment 4) in March of 2016. Each year these audits provided an attestation report to state that management controls were tested as effectively meeting risk management objectives.

Recommendation

Staff recommends that the Executive Board approve a contract change order amendment with Cubic in the amount not to exceed \$200,000 for the SSAE 16 audit for the FY 2017-18 as described above.

Carol Kuester

REQUEST FOR BOARD APPROVAL
Summary of Proposed Contract Change Order

Contractor:	Cubic Transportation Systems, Inc. San Diego, CA
Work Project Title:	Statement on Standards for Attestation Engagement No. 16 Report (SSAE 16) for FY 2017-18 (Am. #5 to CCO-159)
Purpose of Amendment:	To produce a Statement on Standards for Attestation Engagement No. 16 Report (SSAE 16) for the 2017-18 Fiscal Year.
Brief Scope of Work:	SSAE 16 audits provided an attestation report to state that management financial and information technology controls are tested as effectively meeting risk management objectives during the observation period of the report.
Project Cost Not to Exceed:	\$200,000 (this Amendment) Total contract value including amendments before this amendment = \$164,359,410 Total contract amount with this amendment = \$164,559,410
Funding Source:	TCP, STP, CMAQ, STA, Regional Measure 2 Capital, STA, Regional Measure 2 Operating
Fiscal Impact:	Funding dependent on approval of the FY 2017-18 MTC agency budget.
Motion by Board:	The Change Order Amendment with Cubic Transportation Systems, Inc., for the purposes described herein and in the Executive Director's memorandum dated April 10, 2017, is hereby approved by the Clipper® Executive Board.
Executive Board:	<hr/> Denis Mulligan, Chair
Approved:	Date: April 17, 2017