



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 4c
Bay Area Metro Center
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San Francisco, CA 94105
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Memorandum

TO: Operations Committee

DATE: May 5, 2017

FR: Executive Director

W. I. 2700

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

Background

In May 2012, the MTC Operations Committee approved a contract change order with 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. 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, FY 2014-15, and FY 2015-16. Each year, these audits provide an attestation report to state that management controls were tested as effectively meeting risk management objectives.

Cubic is neither a disadvantaged business enterprise (DBE) nor a small business enterprise (SBE) and currently has no subcontractors.

This item was approved by the Clipper® Executive Board on April 17, 2017.

Recommendation

Staff recommends that the Committee authorize the Executive Director or his designated representative to negotiate and enter into a contract change order amendment with Cubic for services as described in this memorandum, in an amount not to exceed \$200,000.



Steve Heminger

SH:ck

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REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order Amendment

Work Item No.: 310-2700

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 provide 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 Change Order 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: Funds available in the FY 2016-17 MTC agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order amendment with Cubic Transportation Systems, Inc. for the purposes described herein and in the Executive Director's memorandum dated May 5, 2017; and that the Chief Financial Officer is authorized to set aside \$200,000 for such change order amendment.

Operations Committee:

Dave Cortese, Chair

Approved: Date: May 12, 2017