



Agenda Item 2c

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TO: Clipper® Executive Board

DATE: April 9, 2018

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 for Cubic Transportation Systems, Inc. (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). Article III.G of the Clipper Amended and Restated Memorandum of Understanding (MOU) requires that the Contracting Agency provide such audit. Transit operators use this audit as part of their annual audits. Funding the audit separately and not part of the base contract gives MTC and the transit operators' access to the results subject to reasonable security precautions.

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®. The original change order, executed after contract assignment to Cubic, produced an SSAE 16 Audit for FY 2012-13. This change order amendment (Amendment 6) will allow Cubic to engage a firm to perform the SSAE 16 Audit for FY 2018-19. Each year, these audits produced an attestation report to state that management controls were tested as effectively meeting risk management objectives. This contract amendment was contemplated and is included in the Two Year Clipper® Budget and Work Plan approved by the Clipper Executive Board on February 26, 2018.

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 2018-19 as described above.



Carol Kuester

REQUEST FOR BOARD APPROVAL
Summary of Proposed Contract Change Order Amendment

Contractor:	Cubic Transportation Systems, Inc. San Diego, CA
Work Project Title:	Statement on Standards for Attestation Engagement No. 16 Report (SSAE 16) for FY 2018-19 (Am. #6 to CCO-159)
Purpose of Amendment:	To produce a Statement on Standards for Attestation Engagement No. 16 Report (SSAE 16) for the 2018-19 Fiscal Year.
Brief Scope of Work:	SSAE 16 audits produce 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 = \$ 167,049,459 Total contract amount with this amendment = \$167,249,459
Funding Source:	TCP, STP, CMAQ, STA, Regional Measure 2 Capital, STA, Regional Measure 2 Operating
Fiscal Impact:	\$200,000 is available in the FY 2017-18 Clipper® Budget.
Motion by Board:	That a contract change order amendment with Cubic Transportation Systems, Inc., for the purposes described herein and in the Executive Director's memorandum dated April 9, 2018, is hereby approved by the Clipper® Executive Board.
Executive Board:	<hr/> Denis Mulligan, Chair
Approved:	Date: April 16, 2018