



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 4e
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105
TEL 415.778.6700
WEB www.mtc.ca.gov

Memorandum

TO: Operations Committee

DATE: May 4, 2018

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 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 Standards for Attestation Engagement No. 16 Report (SSAE 16 Audit). Article III of the Clipper® Amended and Restated Memorandum of Understanding requires MTC, as the Contracting Agency, to provide such audit. Transit operators require this as part of their annual audits.

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 SSAE16 Audit for Fiscal Year (FY) 2012-13.

The first audit was completed in November 2013. The change order was subsequently amended to include SSAE 16 Audits for FY 2013-14 through FY 2017-18. Each year, these audits produced an attestation report to state that management controls were tested as effectively meeting risk management objectives. This change order amendment (Amendment 6) will allow Cubic to engage a firm to perform the SSAE 16 Audit for FY 2018-19.

Cubic is neither a disadvantaged business enterprise nor a small business enterprise and currently has no subcontractors.

This item was approved by the Clipper® Executive Board on April 16, 2018.

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 in an amount not to exceed \$200,000 for the SSAE 16 audit for FY 2018-19 as described above.



Steve Heminger

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 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 Change Order 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, Regional Measure 2 Capital, STA, Regional Measure 2 Operating

Fiscal Impact: \$200,000 is available in the FY 2017-18 Clipper® 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 4, 2018; 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 11, 2018