

# Clipper<sup>®</sup> Executive Board

January 27, 2020

Agenda Item 2b

## Clipper<sup>®</sup> Contract Change Order Amendment — Clipper<sup>®</sup> Program SSAE 18 Audit: Cubic Transportation Systems, Inc. (\$200,000)

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**Subject:** Request for approval of a Contract Change Order Amendment – Clipper<sup>®</sup> Program SSAE 18 Audit: Cubic Transportation Systems, Inc. (Cubic) (\$200,000).

**Background:** In May 2012, the MTC Operations Committee approved a contract change order (CO 159) 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. 18 Report (SSAE 18 Audit). This change order amendment (Amendment 7 to CO 159) will allow Cubic to engage a firm to perform an SSAE 18 Audit for FY 2019-20.

Industry best practices recommend conducting annual audits to maintain a vendor's focus on controls. Article III.G of the Clipper Amended and Restated Memorandum of Understanding (MOU) requires that the Contracting Agency provide such audit. 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 Board approved the FY 2018-19 SSAE 18 Audit (Amendment 6) in April 2018.

This contract change order amendment was contemplated and \$230,000 was set aside for this purpose in the Two-Year Clipper Operating Budget and Work Plan approved by the Board on March 19, 2019.

**Issues:** None

**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 18 audit for FY 2019-20, 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. 18 Report (SSAE 18) for FY 2019-20 (Am. #7 to CO-159)

Purpose of Project: To produce a Statement on Standards for Attestation Engagement No. 18 Report (SSAE 18) for the 2019-20 Fiscal Year.

Brief Scope of Work: SSAE 18 audits provide an attestation report to state that management's financial and information technology controls are tested as effectively meeting risk management objectives during the observation period of the report. This Amendment adds funds to an already existing Change Order.

Project Cost Not to Exceed: \$200,000 (this Change Order Amendment)  
Total contract value including amendments before this amendment = \$172,878,112  
Total contract amount with this amendment = \$173,078,112

Funding Source: STP, CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating, Regional Measure 3, SB1 State of Good Repair

Fiscal Impact: Funds available in the FY 2019-20 MTC agency budget

Motion by Board: That the Contract Change Order Amendment with Cubic Transportation Systems, Inc., as described herein and in the Clipper Executive Director's January 27, 2020 memorandum, is hereby approved by the Clipper Executive Board.

Clipper Executive Board:

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Denis Mulligan, Chair

Approved: January 27, 2020