

**Metropolitan Transportation Commission
Operations Committee**

April 9, 2021

Agenda Item 4b

**Contract Change Order Amendment – Clipper® Program Statement on Standards for Attestation
Engagement No. 18 (SSAE 18) Audit: Cubic Transportation Systems, Inc. (Cubic) (\$200,000)**

Subject: Contract Change Order Amendment – Clipper® Program SSAE 18 Audit: Cubic (\$200,000).

Background: In May 2012, the MTC Operations Committee approved a contract change order (CO 159) 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. 18 Report (SSAE 18 Audit). This change order amendment (Amendment 8 to CO 159) would allow Cubic to engage a firm to perform the SSAE 18 Audit for FY 2020-21.

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 operators rely upon the SSAE report as part of their own annual audits, as an SSAE report can reduce the procedures required in transit 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 Committee approved the FY 2018-19 SSAE 18 Audit (Amendment 7) in February 2020.

Neither Cubic, nor its anticipated subcontractor for this work – Moss Adams LLP - are small businesses or disadvantaged business enterprises.

The Clipper Executive Board approved the proposed contract change order amendment on March 22, 2021.

Issues: None identified.

Recommendation: Staff recommends that the Committee authorize the Executive Director or designee to negotiate and enter into a contract change order amendment with Cubic in the amount not to exceed \$200,000 for the SSAE 18 audit for FY 2020-21, as described above.


Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract Change Order Amendment

Work Item No.:	310-2700
Consultant:	Cubic Transportation Systems, Inc. San Diego, CA
Work Project Title:	Statement on Standards for Attestation Engagement No. 18 Report (SSAE 18) for FY 2020-21 (Am. #8 to CO-159)
Purpose of Project:	To produce a Statement on Standards for Attestation Engagement No. 18 Report (SSAE 18) for the 2020-21 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.
Project Cost Not to Exceed:	\$200,000 (this Change Order Amendment) Total contract value including amendments before this amendment = \$173,450,489 Total contract amount with this amendment = \$173,650,489
Funding Source:	TCP, STP (FTA/FHWA) / CMAQ (OBAG 1 and OBAG 2), STA, Regional Measure 2 Capital, Regional Measure 2 Operating, Regional Measure 3, LCTOP, Fare Media and Card Fee Revenue, SB1 State of Good Repair, BATA Rehab
Fiscal Impact:	Funds available in the FY 2020-21 MTC agency budget
Motion by Committee:	That the Executive Director or 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 Operations Committee Summary Sheet dated April 9, 2021, and that the Chief Financial Officer is authorized to set aside \$200,000 for such amendment.
Operations Committee:	<hr/> Carol Dutra-Vernaci, Chair
Approved:	April 9, 2021