

# LYNX Board Audit Committee Agenda



Central Florida Regional Transportation Authority

455 N. Garland Ave.

2nd Floor Board Room

Orlando, FL 32801

Board Date: 12/8/2005





Time: 10:00 AM

## 1. Call to Order

## 2. Approval of Minutes

-  Approval of October 27, 2005 Audit Committee Minutes (pg. 2-3)



## 3. Audit Agenda Items


- A.  Update on Proposed Revisions to Administrative Rules (pg. 4)
- B.  Compensation and Classification Study Presentation (pg. 5)
- C.  LYNX Cost Allocation Model (Funding Formula) and Potential Dedicated Funding Sources (6)
- D.  Paratransit Operations Update (pg. 7)

## 4. Review of Board Package: 12/8/2005

### Information Items

(For Review Purposes Only - No action required)

- E.  Amalgamated Transit Union Local 1596 Pension Plan Update (pg. 8)
- F.  Orange County Audit of LYNX' Travel Expenditures (pg. 9 - 29)

- Attachment 

**LYNX**  
**Central Florida Regional Transportation Authority**  
**Monthly Board Audit Committee Meeting**

**PLACE:**     **LYNX Central Station**  
                  **455 N. Garland Avenue**  
                  **Board Room, 2<sup>nd</sup> Floor**  
                  **Orlando, FL 32801**

**DATE:**       **October 27, 2005**

**TIME:**       **10:00 a.m.**

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<b>Audit Committee Members in Attendance:</b> Osceola County Commissioner Atlee Mercer, Chair Seminole County Chair, Carlton Henley, Vice Chair Orange County Commissioner, Homer Hartage City of Orlando, Roger Neiswender	<b>Not in Attendance:</b> FDOT Secretary, George Gilhooley Mayor Buddy Dyer, City of Orlando
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**1. Call to Order**

The meeting was called to order at 10:10 a.m.

**2. Approval of Minutes**

**Motion:** Vice Chair Henley moved to approve the minutes of the September 25, 2005, Audit Committee Meeting, Chairman Mercer seconded, and the motion passed unanimously.

Chairman Mercer welcomed Orange County Commissioner Homer Hartage to the Audit Committee.

**3. Audit Agenda Items**

**A. Proposed Revisions to Administrative Rules** – Albert Bustamante, legal counsel for LYNX, provided an update to the Board on proposed revisions to LYNX Administrative Rules 1 through 8. The amendments and changes to the Administrative Rules are more precise in some areas and bring more detail to others, particularly to the procurement area. These Administrative Regulations will go the LYNX Board in December for adoption.

**B. Amalgamated Transit Union Local 1596 Pension Plan** – Sylvia Mendez, LYNX Chief Administrative Officer, introduced Jill Hanson, the Plan’s attorney since 1989 who addressed the Board and introduced Tom Lapins, Chairman of the Board of Trustees, Scott Bauer, Pension Plan Administrator with the Pension Resource Center. Ms. Hanson informed the Board that Actuary Theora Braccialarghe would not be present due to their offices having sustained extensive damages with Hurricane Wilma.

Ms. Hanson gave a summary of LYNX’ Collective Bargaining Unit pension plan. A discussion ensued regarding the structure of the Board of Trustees and the defined contribution rate for the plan’s participants. The Committee shared concerns on the structure of the Board of Trustees and accountability to the agency. Ms. Hanson made assurances to

the Committee that the Board of Trustees relationship with LYNX was a partnership. A discussion followed on long-term financial impacts of the pension plan. Linda Watson noted that LYNX staff is giving more attention to the pension plan which includes providing quarterly reports to the LYNX Board, briefing the LYNX Board prior to any decisions, and providing an overview of the plan to new LYNX Board members during orientation.

**C. ACCESS LYNX Overview** – Bill Hearndon, Manager ACCESS LYNX, provided an update to the Committee on Medicaid, noting the American Health Care Association (AHCA) funding and the impact HMO's will have to Medicaid transportation services. A discussion ensued on assessing the impacts to customers with lesser services by county then an overall analysis. Albert Bustamante discussed coordination efforts on service delivery with the providers. Linda Watson informed the Committee that staff is working on eligibility and renewal issues over the next three months.

Bill Hearndon provided an update to the Committee on the contract for paratransit services with MV Transportation. A discussion ensued on renewal options with the contract and circumstances and impacts brought about over the last two years by hurricanes. One option may be to lease vehicles to the provider upfront from LYNX.

Jon Monson, Chief Executive Officer for MV Transportation, provided the Committee a historical overview of all paratransit services with LYNX to date, noting current performance measures with on-time performance reached an all time high of 87%. Also, the average call hold time is at a record low of below three minutes. Mr. Monson also provided the Committee with the challenges faced over the last year and one-half. A discussion followed, and it was determined that staff will meet with MV and counsel, returning with recommendations to the Committee at the December 8<sup>th</sup> LYNX Board meeting on how to best meet these challenges.

**D. LYNX Operations Center (LOC) – Presentation** – Bert Francis, LYNX Chief Financial Officer, gave a briefing and advised the Committee that a change order dealing with several issues to the construction contract will be coming before the LYNX Board at the December 8<sup>th</sup> meeting.

The original scope for the project was \$35.6 million in 2002. In 2003 the project was down sized largely in the maintenance area to a 200 bus operating facility (from 250) and a maintenance facility of 250 buses (from 450). The maintenance building original design was scaled back by 40%. In the timeframe that followed to current there have been escalating costs in raw materials from permitting delays as well as delays due to hurricanes.

Staff will be asking for a \$3.84 million change order. The breakout of funding for this amount is \$400,000 from Seminole Capital funds, Orange County \$1.532 million (one time capital swap) and a State Urban Development Grant for \$1.932 million.

The meeting ended at approximately 12-noon, no comments on informational items due to time.

# LYNX Board Audit Committee Agenda

## Audit Committee Agenda Item #3.A

**To:** LYNX Board Of Directors

**From:** Sylvia Mendez  
CHIEF ADMINISTRATIVE OFFICER

**Phone:** 407.841.2279 ext: 3129

**Item Name:** Update on Proposed Revisions to Administrative Rules

**Date:** 12/8/2005

**In October, 2005, Mr. Albert Bustamante, General Counsel to the Board, provided a brief overview of proposed changes to the Administrative Rules. Since then Mr. Bustamante and Sylvia Mendez, Chief Administrative Officer have met with individual Board members to discuss the proposed adjustments and to obtain direction. The revised recommended rules will be available at the audit committee meeting, and Mr. Bustamante will present a summary of the comments and revised recommendations at the meeting.**

# LYNX Board Audit Committee Agenda

## Audit Committee Agenda Item #3.B

**To:** LYNX Board Of Directors

**From:** Sylvia Mendez  
CHIEF ADMINISTRATIVE OFFICER  
Desna Hunte  
(Technical Contact)

**Phone:** 407.841.2279 ext: 3129

**Item Name:** Compensation and Classification Study Presentation

**Date:** 12/8/2005

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The Compensation and Classification Study approved by the Board in May, 2005 has been completed. Ms. Carolyn Long, lead project person with Management Advisory Group, (MAG) will be presenting the study at the Audit Committee meeting. Ms. Long will discuss the study objectives, the methodology utilized in the study and the recommendations being made for implementation in January 2006. An action item to implement the recommendations is included as a Board Action Item.

# LYNX Board Audit Committee Agenda

## Audit Committee Agenda Item #3.C

**To:** LYNX Board Of Directors

**From:** Bert Francis II  
CHIEF FINANCIAL OFFICER  
Blanche Sherman  
(Technical Contact)

**Phone:** 407.841.2279 ext: 3047

**Item Name:** LYNX Cost Allocation Model (Funding Formula) and Potential Dedicated Funding Sources

**Date:** 12/8/2005

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Sharon Greene & Associates will be presenting the final results of the LYNX Cost Allocation Study to the LYNX Audit Committee.

# LYNX Board Audit Committee Agenda

## Audit Committee Agenda Item #3.D

**To:** LYNX Board Of Directors

**From:** **Lisa Darnall**  
Chief Operating Officer  
**William Hearndon**  
(Technical Contact)  
**Randolph Cantor**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 3036

**Item Name:** Paratransit Operations Update

**Date:** 12/8/2005

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Staff will present updates and discuss many issues from the past year, including:

- Dialysis facilities paying for additional costs associated with traveling beyond the closest facility
- HMO Non-Emergency Transportation (NET)
- Analysis of not providing Medicaid NET services
- Status of advertising on paratransit vehicles
- Use of paratransit advertising revenues
- Restructuring of the paratransit eligibility process
- MV's request for additional fuel relief

# LYNX Board Audit Committee Agenda

## Audit Committee Information Item #.E

**To:** LYNX Board Of Directors

**From:** Sylvia Mendez  
CHIEF ADMINISTRATIVE OFFICER  
Desna Hunte  
(Technical Contact)

**Phone:** 407.841.2279 ext: 3129

**Item Name:** Amalgamated Transit Union Local 1596 Pension Plan Update

**Date:** 12/8/2005

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### Plan Update:

Board of Trustees Meeting: The last meeting was held on November 8, 2005. The investment monitor presented a report for the period ending September 30, 2005. He reported that the fund had a total market value of \$47,820,700. The total fund earned \$1,596,836 and received \$917,554 in net contributions for a total increase in value of \$2,514,390.

The request for proposals (RFP) for Third Party Administrative services was received. The Trustee Board received three proposals for the Administrative services currently provided by Pension Resource Center and five proposals for the Investment Consulting Services currently provided by Merrill Lynch. The trustees will meet in December to review the proposals and select the provider.

### Board of Trustees Appointments:

Mr. Bob Doane was confirmed as the new Chairperson to the Trustees Board representing the union and Blanche Sherman was nominated and confirmed as the secretary to the board.

### Disability Provision:

No response was received from the Actuary to address the board concerns regarding the cost impact to the plan as a result of the revised disability language provisions. A response is expected by the next board meeting.



# LYNX Board Audit Committee Agenda

## Audit Committee Information Item #.F

**To:** LYNX Board Of Directors

**From:** Linda Watson  
CHIEF EXECUTIVE OFFICER  
Sylvia Mendez  
(Technical Contact)

**Phone:** 407.841.2279 ext: 3017

**Item Name:** Orange County Audit of LYNX' Travel Expenditures

**Date:** 12/8/2005

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### **Background**

The Orange County Office of the Comptroller (Comptroller) conducted a review of LYNX' travel expenditures for the period of October 1, 2001 to September 30, 2002, which resulted in recommendations for improvements in LYNX' procedures. Since then, the Comptroller conducted a follow-up review testing the status of recommendations during the period October 1, 2004 through February 28, 2005. The follow-up comments are attached.

**FOLLOW-UP OF THE LIMITED  
REVIEW OF THE CENTRAL  
FLORIDA REGIONAL  
TRANSPORTATION AUTHORITY'S  
(d.b.a. LYNX)  
TRAVEL EXPENDITURES**

**Report by the  
Office of County Comptroller**

**Martha O. Haynie, CPA  
County Comptroller**

County Audit Division

J. Carl Smith, CPA  
Director

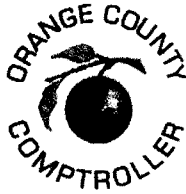
Christopher J. Dawkins, CPA  
Deputy Director

Lisa A. Fuller, CIA, In-Charge Auditor  
Renee Anderson, Staff Auditor

**Report No. 364  
October 2005**

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**OFFICE OF THE COMPTROLLER**

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**ORANGE  
COUNTY  
FLORIDA**

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County Audit Division  
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Post Office Box 38  
Orlando, FL 32802-0038  
Telephone: 407-836-5775  
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October 18, 2005

Richard T. Crotty, County Mayor  
And  
Board of County Commissioners

We have conducted a follow-up of the limited review of the Central Florida Regional Transportation Authority's (d.b.a. LYNX) travel expenditures (Report number 322). Our original audit included the period of October 1, 2001 to September 30, 2002. Testing of the status of the previous Recommendations for Improvement was performed for the period October 1, 2004 through February 28, 2005. Our follow-up audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following the recommendations is a summary of the current status as determined in this review.

During our review, we noted that all of the previous Recommendations for Improvement were fully implemented or partially implemented. **We commend** Lynx and the County for their efforts. We appreciate the cooperation of the personnel of LYNX during the course of the audit.

A handwritten signature in cursive script that reads "Martha O. Haynie".

Martha O. Haynie, CPA  
County Comptroller

c: Ajit Lalchandani, County Administrator  
Atlee Mercer, Osceola County Commissioner, Chairman of the LYNX Board  
of Directors  
Linda S. Watson, Executive Director, LYNX

**IMPLEMENTATION STATUS OF  
PREVIOUS RECOMMENDATIONS  
FOR IMPROVEMENT**

**FOLLOW-UP OF THE LIMITED REVIEW OF LYNX TRAVEL EXPENDITURES  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

1.	We recommend LYNX officials request an opinion from the Florida Commission on Ethics to determine if any improper gifts were received by those attending the dinners and transportation provided at the 2002 APTA Conference.	✓			
2.	We recommend LYNX revise its travel policies to require employees and Board members to attend training sessions offered during normal business hours.	✓			
3.	We recommend the policies be revised to include the following:				
A)	Specifically requiring Board members to adhere to all travel and rules of conduct policies;	✓			
B)	Restricting an employee or Board member to only accepting meals that are paid as part of the conference registration;	✓			
C)	Requiring employees and Board members to sign the ethics policy to acknowledge they have read it and understand it;		✓		
D)	Combining the rules of conduct policies in a single document/manual; and	✓			
E)	Requiring all rules and procedures relating to the rules of conduct to be approved by the Board.	✓			
4.	We recommend that LYNX implements a process to monitor the number of individuals approved for conference and seminar travel.	✓			

**FOLLOW-UP OF THE LIMITED REVIEW OF LYNX TRAVEL EXPENDITURES  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

5.	We recommend that, as part of its annual budget preparation, LYNX incorporates employee attendance estimates at scheduled training events into travel and training cost determinations.	✓		
6.	We recommend that LYNX enhances enforcement of its travel policy by performing the following:			
A)	Ensure that payments are only made for expenses supported by travel authorizations signed by the appropriate parties. Authorizations should be attached to corresponding checks held on file;	✓		
B)	Ensure that payments are only made for travel expenses supported by an expense statement;	✓		
C)	Ensure vendor invoices or receipts support all travel expense payments;	✓		
D)	Consider the use of a mileage log for employees to record local trips. Also, LYNX should consider developing a chart of standard mileages for frequently traveled destinations; and	✓		
E)	Limit the number of personnel authorized to approve travel requests and discontinue the use of signature stamps.	✓		
<b>RECOMMENDATION FOR IMPROVEMENT – ORANGE COUNTY</b>				
1.	We recommend the County considers adding provisions in its agreement with LYNX to provide greater accountability.	✓		

# INTRODUCTION



## INTRODUCTION



Follow-Up of the Limited  
Review of LYNX Travel  
Expenditures

### Scope and Methodology

The audit scope was limited to an examination of the status of the previous recommendations for improvement from the Limited Review of the Central Florida Regional Transportation Authority's (d.b.a. LYNX) Travel Expenditures (Report number 322). Testing of the status of the previous recommendations was performed for the audit period October 1, 2004 through February 28, 2005.

To determine if the prior audit recommendations had been implemented, partially implemented, or not implemented, the following audit methodology was used:

We interviewed LYNX personnel to ascertain the status of the previous recommendations.

We obtained and reviewed the draft opinion that LYNX requested and received from the Florida Commission on Ethics.

We reviewed LYNX's revised Travel and Code of Conduct policies to determine whether the recommended revisions were included.

We selected a sample of employees as well as all Board members to verify whether they had signed the ethics policy acknowledging that they read it and understood its contents.

We scanned LYNX Board minutes to determine whether the LYNX Board had approved the rules and procedures relating to the rules of conduct.

We reviewed supporting documentation for LYNX's travel budget and travel reports presented to the Board to determine whether LYNX implemented a process to budget for and monitor the number of individuals approved for conference and seminar travel.

We selected a sample of travel expenditures and reviewed supporting documentation to determine whether LYNX enhanced enforcement of their travel policy.

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## INTRODUCTION



Follow-Up of the Limited  
Review of LYNX Travel  
Expenditures

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We compared the Service Funding Agreement between Orange County and LYNX for fiscal year 2004-2005 to the agreement in effect for fiscal year 2001-2002 to determine whether provisions were added to provide greater accountability. We also met with personnel from Orange County's Office of Management & Budget to determine how they are ensuring LYNX complies with the added provisions.

**FOLLOW-UP TO PREVIOUS  
RECOMMENDATIONS FOR  
IMPROVEMENT**

## RECOMMENDATIONS FOR IMPROVEMENT



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

### 1. LYNX Officials Attending Dinners Provided by Outside Firms Should Request Guidance From the Florida Commission on Ethics

In the prior audit, we noted that certain LYNX officials attended several dinners while at the 2002 APTA conference in Las Vegas, including limousine transportation, sponsored by contractors that had previously done business with LYNX and/or potentially could do business with LYNX in the future. We noted there was a possibility these gifts could violate Florida Ethics Laws.

The Florida Commission on Ethics (COE) is the state agency charged with investigating and issuing public reports on complaints of breaches of the public trust by public officers and employees. Obtaining an opinion from the COE is the only authoritative means to establish whether an ethics violation occurred, although in this case, it appears a violation may not have occurred.

**We Recommend** LYNX officials request an opinion from the Florida Commission on Ethics to determine if any improper gifts were received by those attending the dinners and transportation provided at the 2002 APTA Conference.

#### **Status:**

Implemented. LYNX officials received a draft advisory opinion from the Florida Commission on Ethics stating that LYNX officials did not receive prohibited gifts when they accepted dinners and transportation from entities associated with the public transportation industry while attending the national conference. Due to complaints received by the Commission regarding this matter, a formal investigation was initiated by the Commission. This investigation found that no probable cause existed and the investigation was closed. The Commission never issued a final draft, as Lynx did not request one.



**2. LYNX Should Revise Travel Policies to Require Travelers to Attend Sessions During Normal Business Hours**

Outside media reported and documented certain officials and employees of LYNX who traveled to the APTA meeting in Las Vegas, Nevada, in September of 2002, participating in what appeared to be personal activities during conference hours. Travel policies should address situations such as this to prevent it from occurring in the future.

**We Recommend** LYNX revise its travel policies to require employees and Board members to attend training sessions offered during normal business hours.

**Status:**

Implemented. LYNX revised their travel policy to state that travelers shall make the most efficient and appropriate use of their time to assure LYNX receives the maximum benefit from their travel, and shall limit personal, recreational and other non-business activity to non-business hours.

**3. LYNX Ethics Policy Should Be Enhanced**

In our prior audit, LYNX had revised its ethics policy by issuing an interim policy detailing gifts that can and cannot be obtained during the regular course of business. Relating to this, we had the following concerns:

- A) The policy does not specifically apply to Board members, although it does state the policy applies to "others authorized to act on behalf of LYNX".
- B) The policy allows LYNX employees to accept meals at conference activities; it does not restrict an employee from only accepting meals that are paid as part of the conference registration. As such, it does not specifically prohibit an employee from accepting gratuities that are offered as an exclusive benefit.

## RECOMMENDATIONS FOR IMPROVEMENT



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

- C) The ethics policy does not require employees and Board members to sign and attach a statement to acknowledge they have read and understand it.
- D) Various policies and internal procedures within LYNX address certain areas essential to a strong corporate governance. These policies are not included in a single document that is easy to access by employees, Board members, and agents of LYNX.
- E) LYNX's procedures do not require all rules and procedures relating to the rules of conduct to be approved by the Board.

**We Recommend** that policies are revised to include the following:

- A) Specifically requiring Board members to adhere to all travel and rules of conduct polices;
- B) Restricting an employee or Board member to only accepting meals that are paid as part of the conference registration;
- C) Requiring employees and Board members to sign the ethics policy to acknowledge they have read it and understand it;
- D) Combining the rules of conduct policies in a single document/manual; and
- E) Requiring all rules and procedures relating to the rules of conduct to be approved by the Board.

### **Status:**

- A) Implemented. LYNX revised their Code of Conduct and Travel Policy to state that they apply to all Board Members, officers, and employees of LYNX.
- B) Implemented. LYNX revised their Code of Conduct to only allow the acceptance of meals and incidental

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## RECOMMENDATIONS FOR IMPROVEMENT



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

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entertainment when offered on an occasional or sporadic basis in a professional or social event and when the value is less than \$25. Section 112.3148, Florida Statutes, permits the acceptance of gifts with a value \$100 or less.

- C) Partially Implemented. LYNX revised their policies to require employees and Board members to sign the Code of Ethics to acknowledge they have read it and understand it. We found that all current Board members and the sample of ten administrative employees reviewed had signed the acknowledgement. In addition, prior to the commencement of our review, LYNX had performed their own review to identify administrative employees that had not signed the ethics acknowledgement. LYNX noted six administrative employees that had not signed the acknowledgement and have subsequently obtained the appropriate signatures. However, none of the union employees have signed the acknowledgement, as it is not currently required in their contract. LYNX will address this issue again with the union at the next Labor/Management meeting.

**We Again Recommend** LYNX requires all employees (administrative and union) and Board members to sign the ethics policy acknowledgement.

**Management's Response:**

We concur. LYNX Management has requested all employees to sign the acknowledgment of LYNX' Ethics Policy, including the Union employees. Once again, the request for signature was presented to the ATU Local 1596 Union during a Labor-Management Committee meeting. Although some union employees have signed the acknowledgment form, the Union is not in support of this effort. Therefore, LYNX is currently seeking legal advise in this regard, in order to determine if and how to implement mandatory signature.

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**RECOMMENDATIONS  
FOR IMPROVEMENT**



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

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- D) Implemented. LYNX developed a Code of Conduct policy that places the rules of conduct in a single document.
- E) Implemented. The Board adopted the Code of Conduct and Travel Policy at the Board meeting conducted on January 23, 2003.

**4. LYNX Should Develop a System to Track the Number of Employees Attending Training Conferences**

Twenty-one individuals from LYNX attended the APTA's Las Vegas conference. Seven attendees' travel authorizations were approved by the executive director's signature or signature stamp; eleven were approved by the operations director, and three by other LYNX personnel. A centralized system to monitor the number of individuals approved to attend the conference did not exist.

**We Recommend** that LYNX implements a process to monitor the number of individuals approved for conference and seminar travel.

**Status:**

Implemented. As a part of the annual budget process, LYNX estimates the travel needs for personnel in various divisions. Also, on a monthly basis the Board is provided with a monthly travel report.

**5. LYNX Should Include Training Attendance Estimates in Annual Budget Preparations**

LYNX budget procedures only provide for each department to request an amount for travel in their annual budget request. Specific positions with estimated travel are not provided.



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**RECOMMENDATIONS  
FOR IMPROVEMENT**



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

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**We Recommend** that, as part of its annual budget preparation, LYNX incorporates employee attendance estimates at scheduled training events into travel and training cost determinations.

**Status:**

Implemented. LYNX has incorporated attendance and cost estimates into the annual budget.

**6. LYNX Should Enhance Enforcement of its Travel Policy**

During our prior audit of travel expenditures, we noted the following:

- A) Thirty-one percent (28 of 89) of the applicable expenditures reviewed were not supported by an individual's travel authorization. Additionally, four authorizations present had not been approved by a supervisor.
- B) Six percent (7 of 109) of the expenditures reviewed were not supported by the employee's travel statement.
- C) Twelve percent (38 of 308) of the line item costs comprising the expenditures reviewed were not supported by an invoice or receipt. Additionally, invoices attached to LYNX checks were not always consistent with the expense being paid.
- D) We noted that mileages were routinely not itemized on travel expense statements. Instead, a mileage total with no locations identified or a description such as "local trips" was provided. Also, the authority does not have a schedule of uniform distances to frequently traveled destinations.

**RECOMMENDATIONS  
FOR IMPROVEMENT**



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

- E) Travel authorizations for four attendees to the APTA's Las Vegas conference were approved with the executive director's signature stamp.

**We Recommend** that LYNX enhances enforcement of its travel policy by performing the following:

- A) Ensure that payments are only made for expenses supported by travel authorizations signed by the appropriate parties. Authorizations should be attached to corresponding checks held on file;
- B) Ensure that payments are only made for travel expenses supported by an expense statement;
- C) Ensure vendor invoices or receipts support all travel expense payments;
- D) Consider the use of a mileage log for employees to record local trips. Also, LYNX should consider developing a chart of standard mileages for frequently traveled destinations; and,
- E) Limit the number of personnel authorized to approve travel requests and discontinue the use of signature stamps.

**Status:**

- A) Implemented. We reviewed a sample of 10 travel expenditures that occurred during the audit period and found all 10 were supported by travel authorizations signed by the appropriate parties. The authorizations were attached to the corresponding checks on file.
- B) Implemented. All reviewed travel expenditures were supported by a properly completed and approved expense statement.
- C) Implemented. All reviewed travel expenditures were supported by vendor invoices and/or receipts.

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**RECOMMENDATIONS  
FOR IMPROVEMENT**



Follow-Up of the Limited Review  
of LYNX Travel Expenditures

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- D) Implemented. LYNX considered the use of a mileage log for employees to record local trips as well as a chart of standard mileages for frequently traveled destinations; however LYNX has opted not to utilize either of these tools.
  
- E) Implemented. The revised Travel Policy limits the authorizations of travel to the Executive Director and Directors (local only). We found that the 10 travel expenditures reviewed were authorized by appropriate personnel and original signatures were present.

**FOLLOW-UP TO PREVIOUS  
RECOMMENDATION FOR  
IMPROVEMENT – ORANGE COUNTY**



**1. The County Should Consider Including Additional Provisions in its LYNX Agreement**

The County's agreement with LYNX details the authority's responsibilities in terms of the operational aspects of providing public transportation. However, we noted that travel, dealing with fraud allegations, and ethics issues (included as part of the overall corporate governance of the authority) are not addressed.

**We Recommend** the County considers adding provisions in its agreement with LYNX to provide greater accountability.

**Status:**

Implemented. The County added provisions in its agreement with LYNX to provide greater accountability. The agreement requires LYNX to submit an annual travel budget with each annual funding request in addition to quarterly training and travel expenditure reports. Also, the agreement now requires LYNX to maintain a code of ethics and a fraud policy. Further it requires LYNX to provide training to new board members on travel policy and procedures.