



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Outreach & Escort Inc.
2221 Oakland Road, Suite 200
San Jose, CA 95131

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you with respect to the verification of certain client trip records of Outreach & Escort Inc. for the period December 1, 2014 through June 30, 2015. The management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our assumptions and understanding of certain processes are as follows:

Processes

- Trapeze reservation system – employees independent of the accounting department take the reservation with a "creation date" generated by the system. Once a creation date is assigned to the trip, it cannot be changed, modified or deleted, per Vinodh Kanchi, IT manager.
Two different versions of Trapeze were used during period. The updated version started being used in last part of December 2014.
- At the end of each day, there are batches created that the Scheduling Analysis Team uses to coordinate the customer, vendor, vehicle and trip destination to fit both the vendor and customer requirements and logistics.
A manifest, (showing trip details) is sent to each vendor once the Scheduling Analysis Team has completed their task.
- Vendors are given details of trips performed per Outreach records every 2 or 3 days. Vendors confirm trip activity. Carol Hummel, Paratransit Support, communicates with vendors and requests that they respond to Outreach requests to confirm trip data for a specific date range. If vendor does not respond (confirm or dispute trip data) the vendor will not receive another similar confirmation request until they do, per Carol. This interim process is done to minimize any data issues and to independently verify trip data per the Outreach Trapeze database. (See Exhibit 5 for sample communications to/from vendor).

Assumptions

- If a trip is created and cannot be deleted from the system or added to the system after the fact and if the client pays for the trip per their account activity and an outside vendor is paid their fare, it is assumed that a trip took place. It does not appear to be any financial incentive for Outreach to "create" a trip that doesn't take place. It is our understanding that Outreach would get zero direct financial benefit. In any event, it is assumed that if other, pertinent data is available to support the trip, (i.e., booking creations date that is created by other independent personnel and cannot be changed or deleted) and the customer paid for the trip based on procedures performed above with the sample group, a trip took place. No exceptions noted.
- Sampling for this engagement was taken from reports given to us by Outreach. We did not perform any audit procedures on the database used or the information systems used to create it.

Procedures performed – Armanino selected a random sample (total 350- approximately 50/mo.) of trips shown on the schedule that supports the bi-monthly invoice sent to the Valley Transportation Authority (VTA). We had Outreach provide the details of the selections from the Trapeze database as follows:

For trip selected, had Outreach sort the "booking dump" details (a list of all trips taken per the Trapeze system) to provide the selected trip details (i.e., trip date, client, ID, address for leg of one-way trip). Each leg of the trip is a separate booking number so some selections are the initial leg of the trip, some are the return leg. Regardless of leg of the trip, the charges to the client are the same – one way and round trips are the same fee.

Findings – All data requested was provided. No exceptions noted, (see Exhibit 1 for list of selections summarized in 10 groups).

Procedures performed – For trip selected, had Outreach prove the Client Statement of Account covering the time period for the trip as well as the detailed record of all client's trips taken for month the selection was pulled from, (see Exhibit 2 for sample).

Findings – All trips selected had a Client Statement of Account showing the date of the selected trip on the monthly Statement of Account. Reviewed statement activity and determined that client was properly charged for trip selected and their account balance was reduced by the trip charges, (clients prepay their accounts). No exceptions noted.

For each client selected, Outreach provided the detailed daily summary produced by Trapeze (Exhibit 3). Two such summaries are produced each month – 1st – 15th and 16th – end of month. Traced these bi-monthly summaries, containing the ride selected, to VTA bi-monthly invoices. No exceptions noted.

Procedures performed – For those client trips where a start time is a "-1", (under arrival or drop-off time) determine that a trip actually took place based on client payment made for services.

Findings – A "-1" trip is a trip that is automatically given a default place holder value ("-1") by the scheduling system in a particular field (i.e., Actual Arrival/Performed times), when there is not an integrated automated AVL/GPS system that inputs the actual values.

Dispatcher inputs Arrival and/or performed times into scheduling software system. This process was needed through June 2015. The AVL/GPDS system was upgraded effective July 2015 and arrival time/depart time is automatically input. In any event, it is assumed that if other pertinent data is available to support the trip (i.e., booking creation date that is created by other independent personnel and cannot be changed or deleted) and the customer paid for the trip based on procedures performed above with the sample group, a trip took place. No exceptions noted.

Procedures performed – Traced totals on the bi-monthly invoice details (which included the sample selection) to the VTA bi-monthly invoices. Each vendor has their own bi-monthly trip summary with the total due for each vendor shown on the VTA invoice. Selected one vendor amount shown on the bi-monthly VTA invoices (for each month) and traced to vendor payment and/or vendor payment reconciliation - (see Exhibit 4).

Finding – No exceptions noted.

Procedures performed – Trace a sample of invoices for services billed to VTA to general ledger entries in Outreach accounting system.

Findings – Traced amounts on VTA invoices (two per month for 4 months) to general ledger entries to accounts receivable. No exceptions noted, (see Exhibit 6).

We are not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly we do not express such an opinion. Had we performed additional procedures, other matter might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Outreach & Escort, Inc. and is not intended to be used by anyone other than those specified parties, without the approval of management.


Armanino^{LLP}

October 13, 2016
San Jose, California