Metropolitan Transportation Commission

Regional Network Management Committee

February 13, 2026 **Agenda Item 2b**

Contract Change Order - Clipper® System and Organization Controls (SOC) 1 and SOC 2 Type 1 Audit: Cubic Transportation Systems, Inc. (Cubic) ($309,366)

Subject:

Request for approval of Contract Change Order with Cubic to conduct SOC 1 and SOC 2 Type 1 audit on the Next Generation Clipper System. ($309,366).

Background:

Following the launch of Next Generation Clipper, it is important that third-party SOC audits (System and Organization Controls) are performed on the new system to provide assurance that strong internal controls are in place to protect customer data and ensure financial reporting integrity. The current contract requires Cubic to undergo an annual Statement on Standards for Attestation Engagements (SSAE) audit to report on Cubic's internal controls related to the operation of the Clipper system. Since the standard timing of an SSAE audit spans May to the following April, with an audit report delivered in late summer, staff deems it prudent to ensure strong controls and processes are in place during the early months of the launch of the Next Generation Clipper system and that we receive the SOC 1 and SOC 2 Type 1 reports ahead of the first annual SSAE audit report's delivery in August or September 2027. These SOC audits are in addition to the annual SSAE audit and are considered an off-cycle audit request.

The SOC 1 audit reviews and reports on an organization's internal controls relevant to financial statements. The audit focuses on financial controls and assures safe handling of financial information.

The SOC 2 audit reviews and reports on an organization's internal controls relevant to the Trust Services Criteria framework (security, availability, confidentiality, processing integrity, privacy of customer data). The audit focuses on data security controls and demonstrates strong infosec practices.

In September 2025, Cubic provided an initial proposal of the SOC 1 and SOC 2 audits. This proposal was revised with reduced Cubic labor hours after discussion with MTC staff. The revised proposal included several audit options, including the option for performing SOC 1 and SOC 2 Type 1 audit with delivery of the audit report 75 days after completion of customer transition. This is MTC's preferred option and has been priced at $309,366. Baker Tilly, Inc. will be subcontracted by Cubic to perform the audit and generate the subsequent reports.

The Clipper Executive Board recommended approval for this request at its meeting on December 15, 2025.

Cubic is not a small business enterprise (SBE) nor is its subcontractor, Baker Tilly, Inc.

Issues:

None identified.

Recommendations:

Staff recommends that the Regional Network Management Committee approve a Change Order with Cubic in the amount of $309,366 for the purpose of conducting SOC 1 and SOC 2 Type 1 audits on the Next Generation Clipper system.

Attachments:

- Attachment A: Request for Committee Approval - Summary of Proposed Change Order

Andrew B. Fremier

Request for Committee Approval

Summary of Proposed Change Order

Contractor (or "Consultant"):	Cubic Transportation Systems, Inc. (Cubic) San Diego, CA
Work Project Title:	System and Organization Controls (SOC) 1 and SOC 2 Type 1 Audit
Purpose of Project:	The purpose of this project is to perform SOC audits on the Next Generation Clipper System to verify that strong internal controls are in place to protect customer data and ensure financial reporting integrity.
Brief Scope of Work:	Cubic will sub-contract Baker Tilly to perform SOC 1 and SOC 2 Type 1 audits on the Next Generation Clipper System and generate audit reports within 75 days of customer transition completion
Project Cost Not to Exceed:	$309,366 for Fiscal Year 2025-26 Total Contract value including amendments before this change order is $435,875,464 Total Contract amount with this amendment is $436,184,830
Funding Source:	Regional Measure 2 Operating

Motion by Board:	That the Executive Director or designee is authorized to negotiate and enter into a Contract Change Order with Cubic for the purposes described above and in the Regional Network Management Committee Summary Sheet dated February 13, 2026 and that the Chief Financial Officer is authorized to set aside $309,366 for such Contract Change Order.
Regional Network Management Committee:	
	Candace Andersen, Chair
Approved:	February 13, 2026