

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**



Comprehensive Transportation Funding Programs

**City of Fullerton
Regional Traffic Signal Synchronization Program
Placentia Avenue Signal Synchronization
Project No. 12-FULL-TSP-3611**

October 8, 2018



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Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of the Placentia Avenue Signal Synchronization Project (Project) of the City of Fullerton, Project Number 12-FULL-TSP-3611, awarded by the Orange County Local Transportation Authority (OCLTA) under the Comprehensive Transportation Funding Programs (CTFP).

Based on the audit:

- Costs charged to the Project were reasonable, allocable, eligible, and adequately supported, and the City met the required Project match.
- The City adhered to competitive bidding requirements for the selection of contractors under the Project.
- The City's accounting and cash management procedures were adequate to ensure that Project funds were used only for costs chargeable to the Project.
- The Project was completed within the timeframe dictated by CTFP guidelines.
- The City established and maintained a separate cost center for the Project.
- The City submitted the final report to OCLTA within 180 days of the Project completion date as required by CTFP guidelines.

Background

Regional Traffic Signal Synchronization Program

OCLTA provided funding for construction and engineering under the Regional Traffic Signal Synchronization Program (Program), Project No. 12-FULL-TSP-3611. The Project was to coordinate traffic signals on Placentia Avenue between State College Boulevard in the City of Anaheim, and State College Boulevard in the City of Brea. Costs incurred for the Project totaled \$419,402, of which \$335,522 was funded by the CTFP and \$83,880 was funded by the City and other sources. The initial phase of the Project began on December 18, 2012, and was completed on January 29, 2016. The final phase of the Project began on May 6, 2014, and was completed on July 22, 2016.

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Objectives, Scope, and Methodology

The objectives were to determine whether:

1. Costs charged to the Project were reasonable, allocable, eligible, and adequately supported and the City met the required Project match, as applicable.
2. The City complied with competitive contracting requirements.
3. The City's accounting and cash management procedures were adequate to ensure that Project funds were used only for costs chargeable to the Project and were tracked separately within the accounting system.
4. The Project was completed, and the final report submitted, within the timeframe dictated by CTFP guidelines.
5. Records and documentation related to the Project were adequately maintained.

The scope is limited to the Project. The methodology included the following procedures:

1. We reviewed the Project agreement to obtain an understanding of the Project and CTFP requirements.
2. We obtained and reviewed Project contract files to verify evidence of competitive bid procedures.
3. We identified fund accounting procedures used by the City to account for Project revenues and expenditures.
4. We reviewed Project financial records to determine that proper accounting and cash management procedures were followed.
5. We obtained a detailed listing of Project expenditures from the general ledger and determined whether the City met the required Project match, as applicable. We tested a haphazard sample of ten expenditures, representing 56 percent of all Project costs. For the expenditures tested, we determined whether the expenditures were properly supported, approved, recorded, and in compliance with the contract and CTFP guidelines. Since the sample was non-statistical, conclusions are limited to the sample items tested.

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6. For construction phase work performed by local agency forces, we determined if the decision that local agency forces could perform the work more cost effectively or timely than a contractor was documented in accordance with CTFP guidelines.
7. For right-of-way acquisition costs, we reviewed supporting documentation for compliance with CTFP guidelines, and we reviewed to ensure that excess parcels acquired with Program funds were properly accounted for and any net proceeds from disposal of these parcels were returned in proportion to the amount of Measure M2 funds used in the purchase.
8. We reviewed documentation of the Project start date and completion date to determine whether the Project was completed within the three-year timeframe required by CTFP guidelines, or whether there was evidence of approval for an extension to the timeframe. We also reviewed the final report date to determine that the City submitted the final report to OCLTA within 180 days of Project completion, as required by CTFP guidelines.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Detailed Results

Our audit disclosed the following:

Compliance with Competitive Contracting Requirements

We reviewed documentation provided by the City evidencing that competitive contracting requirements were complied with.

Separate Project Fund

The City recorded costs of the Project in the Capital Project Fund (Fund 74).

Accounting and Cash Management Procedures

The City established adequate controls to ensure that Project funds were used only for approved Project costs and were tracked separately within the accounting system.

Project Costs

The City incurred costs totaling \$419,402 for the Project. The Project funding consisted of CTFP funds of \$335,522, and \$83,880 from the City and other sources. We found that haphazardly sampled costs charged to the Project were reasonable, allocable, eligible, and adequately supported, and the required 20 percent Project match was met.

Use of Local Agency Forces

No construction phase work was performed by local agency personnel.

Right-of-Way Acquisition

No right-of-way was acquired for the Project.

Project Completion

The initial phase of the Project began on December 18, 2012, and was completed on January 29, 2016, which is within the five-year timeline approved for the Project. The final report was submitted to OCLTA on July 12, 2016, which is within 180 days after Project completion.

The final phase of the Project began on May 6, 2014, and was completed on July 22, 2016, which is within the three-year timeframe dictated by CTFP guidelines. The final report was submitted to OCLTA on December 15, 2016, which is within 180 days after Project completion.