

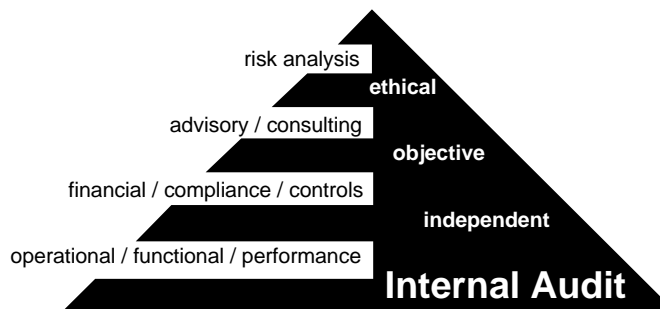
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Comprehensive Transportation Funding Programs

City of Anaheim Arterial Capacity Enhancements Program Brookhurst Street Widening Project No. 11-ANAH-ACE-3502

October 8, 2018



Performed by: Gabriel Tang, CPA, Principal Internal Auditor
Janet Sutter, CIA, Executive Director

Distributed to: Adriann Cardoso, Department Manager, Planning
Joseph Alcock, Christina Moore

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Anaheim
October 8, 2018**

Table of Contents

Conclusion	1
Background	1
Objectives, Scope, and Methodology	2
Detailed Results	4

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Anaheim
October 8, 2018**

Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of the Brookhurst Street Widening Project (Project) of the City of Anaheim (City), Project Number 11-ANAH-ACE-3502, 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

Arterial Capacity Enhancements Program

OCLTA provided funding for construction under the Arterial Capacity Enhancements Program (Program), Project No. 11-ANAH-ACE-3502. The Project was to widen Brookhurst Street from Ball Road to Katella Avenue. Costs incurred for the Project totaled \$9,165,209, of which \$2,963,136 was funded by the CTFP and \$6,202,073 was funded by the City and other sources. The Project began on June 11, 2013, and was completed on March 21, 2016.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Anaheim
October 8, 2018**

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 requirement.
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 15 expenditures, representing 25 percent of 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Anaheim
October 8, 2018**

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Anaheim
October 8, 2018**

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 Measure M2 Competitive Fund (Fund 274).

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 \$9,165,209 for the Project. The Project funding consisted of CTFP funds of \$2,963,136, and \$6,202,073 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 25 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 Project began on June 11, 2013, and was completed on March 21, 2016, which is within the three-year timeframe dictated by CTFP guidelines. The final report was submitted to OCLTA on August 3, 2016, which is within 180 days after Project completion.