

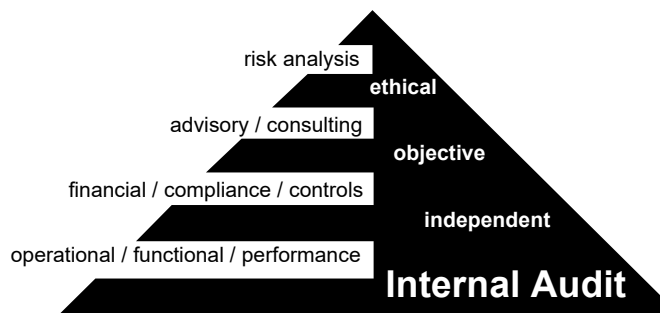
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Comprehensive Transportation Funding Programs

City of Anaheim Regional Capacity Program State College Boulevard and La Palma Avenue Intersection Project Project No. 14-ANAH-ICE-3712 Right-of-Way Phase

May 8, 2023



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Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of the State College Boulevard and La Palma Avenue Intersection Project – Right-of-Way (ROW) Phase (Project) of the City of Anaheim (City), Project Number 14-ANAH-ICE-3712, awarded by the Orange County Local Transportation Authority (OCLTA) under the Comprehensive Transportation Funding Programs (CTFP) Regional Capacity Program.

Based on the audit:

- Costs charged to the Project were reasonable, allocable, and adequately supported.
- 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 City established and maintained a separate cost center for the Project.
- The Project was encumbered and completed within the timeframes dictated by CTFP guidelines and extensions were approved in accordance with CTFP guidelines. The City submitted the final report to OCLTA within 180 days of the Project completion date, as required by CTFP guidelines.

Background

Regional Capacity Program

The OCLTA provided funding totaling \$345,666 for ROW under the Regional Capacity Program, Project No. 14-ANAH-ICE-3712. The Project was to widen State College Boulevard and La Palma Avenue and provide a second northbound and southbound left-turn lane, a second eastbound and westbound left-turn lane respectively, and a westbound shared through/right-turn lane. Costs incurred for the Project totaled \$1,024,899, of which \$345,666 was funded by the CTFP and \$679,233 was funded by the City. The ROW Phase of the Project began on April 22, 2015, and was completed on December 16, 2019.

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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.
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 encumbered, completed, and the final report submitted, within the timeframes dictated by CTFP guidelines; any extensions were approved in accordance with CTFP guidelines.
5. Records and documentation related to the Project were adequately maintained.

The scope was 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 inquired of management and identified fund accounting procedures used by the City to account for Measure M2 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 and selected a haphazard sample of five out of nine ROW expenditures for review. For the expenditures tested, we determined whether the expenditures were properly supported, approved, recorded, and consistent with the approved timeframe and in accordance with the contract and/or CTFP requirements. Since the sample was non-statistical, conclusions are limited to the sample items tested.
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 ROW acquisition costs, we reviewed supporting documentation to ensure that excess parcels acquired with Program funds were properly accounted for and any net proceeds from disposal of these parcels were returned to OCLTA in proportion to the amount of Measure M2 funds used in the purchase.

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8. We reviewed the Project start date and completion date to determine whether the Project was encumbered prior to the end of the programmed fiscal year and 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

The audit included only ROW acquisition costs of the Project, and no contractor costs were included. As a result, compliance with competitive contracting requirements was not tested.

Separate Project Fund

The City recorded costs of the Project under Unit Code K902 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. ROW costs charged to the Project were reviewed by the project manager and approved by the public works director and city council. Payments from OCLTA were tracked separately within the accounting system.

Project Costs and City Documentation

The City incurred ROW costs totaling \$1,024,899 for the Project. The Project funding consisted of CTFP funds of \$345,666, and \$679,233 in matching funds from the City. The City's required match was met. We tested expenditures totaling \$933,571, and determined the expenditures were properly supported, approved, recorded and in accordance with the contract and/or CTFP requirements.

Use of Local Agency Forces

No construction phase work was performed.

Right-of-Way Acquisition

Per inquiry with the city engineer, no excess parcels were acquired for the Project. Internal Audit obtained and reviewed the Certification of Phase Completion Report Form 10-7 and noted that the city engineer certified that the ROW Phase acquired six partial ROW parcels totaling approximately 6,358 square feet (0.15 acre). The CTFP Engineer Review Form also indicated there was no excess ROW acquired.

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Project Completion

The ROW phase of the Project was programmed for funding in fiscal year 2014-15, and the first ROW offer letter was sent on April 22, 2015, which was prior to the end of the programmed fiscal year. The Project was completed on December 16, 2019, which was within the three-year timeframe plus the two-year extension approved by the OCLTA Board of Directors. The final report was submitted to OCLTA on April 25, 2020, which was within 180 days after Project completion, in accordance with CTFP guidelines.