

ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Comprehensive Transportation Funding Programs

City of Orange Environmental Cleanup Program Debris Separating Baffle Box and Connector Pipe Screens Installation Project Project No. 19-ORNG-ECP-3951

May 8, 2023



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

Distributed to: Kia Mortazavi, Executive Director, Planning
Kurt Brotcke, Adriann Cardoso, Charvalen Alacar

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Orange
May 8, 2023**

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 Orange
May 8, 2023**

Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of the Debris Separating Baffle Box and Connector Pipe Screens Installation Project (Project) of the City of Orange (City), Project Number 19-ORNG-ECP-3951, awarded by the Orange County Local Transportation Authority (OCLTA), under the Comprehensive Transportation Funding Programs (CTFP) Environmental Cleanup Program.

Based on the audit:

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

Background

Environmental Cleanup Program

The OCLTA provided funding totaling \$206,857, for construction under the Environmental Cleanup Program, Project No. 19-ORNG-ECP-3951. The Project was to install debris separating baffle box and connector pipe screens at Collins Avenue and Tustin Street. Costs incurred for the Project totaled \$258,571, of which \$206,857 was funded by the CTFP, and \$51,714 was funded by the City. The Project began on June 9, 2020, and was completed on January 21, 2021.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Orange
May 8, 2023**

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 all construction expenditures and advertising expenditures, and a haphazard sample of eight out of 29 payroll 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 right-of-way 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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Orange
May 8, 2023**

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.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Orange
May 8, 2023**

Detailed Results

Our audit disclosed the following:

Compliance with Competitive Contracting Requirements

We reviewed documentation evidencing that competitive contracting requirements were complied with.

Separate Project Fund

The City recorded costs of the Project under Project Code 30108 in the Reimbursable Capital Projects Fund (Fund 550 - CTFP) and the Sanitation & Sewer Fund (Fund 220 – Local Match).

Accounting and Cash Management Procedures

The City established adequate controls to ensure that Project funds were used only for approved Project costs. Costs charged to the Project were reviewed and approved by the project manager. Payments from OCLTA were tracked separately within the accounting system.

Project Costs and City Documentation

The City incurred costs totaling \$258,571 for the Project. The Project funding consisted of CTFP funds of \$206,857 and \$51,714 from the City. The City's required match was met. We tested expenditures totaling \$245,097, 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 by local agency personnel.

Right-of-Way Acquisition

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

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Comprehensive Transportation Funding Programs
City of Orange
May 8, 2023**

Project Completion

The Project was programmed for funding in fiscal year 2019-20, and contract work was awarded on June 9, 2020, which was prior to the end of the programmed fiscal year. The Project was completed on January 21, 2021, which was within the three-year timeframe dictated by CTFP guidelines. The final report was submitted to OCLTA on March 31, 2021, which was within 180 days after Project completion, in accordance with CTFP guidelines.