



**May 24, 2023**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director  
Internal Audit Department

**Subject:** Measure M2 Comprehensive Transportation Funding Programs  
Project Audits

### **Overview**

Audits have been completed of 11 projects funded through the Measure M2 Comprehensive Transportation Funding Programs. Based on audit procedures performed of projects by the cities of Anaheim, Buena Park, Irvine, Mission Viejo, Laguna Hills, and Orange, the cities complied with Comprehensive Transportation Funding Programs guidelines and costs charged to the projects were reasonable, allocable, and adequately supported. The Internal Audit Department made recommendations to improve controls in relation to audits performed of projects by the County of Orange, and the cities of Costa Mesa, Laguna Beach, and San Clemente.

### **Recommendations**

- A. Direct staff to implement one recommendation provided in the audit of the County of Orange, Regional Capacity Program, La Pata Avenue Phase II, Project No. 13 ORCO-ACE-3655, Construction Phase.
- B. Direct staff to perform follow up with the County of Orange and the cities of Costa Mesa, Laguna Beach, and San Clemente on actions taken to address recommendations made.

### **Background**

Measure M2 includes a number of competitive grant programs that provide funding for improvements to the local streets and roads network, expansion of various transit services, and cleanup of roadway storm water runoff. These programs allocate funds through a competitive process and each program has a

specific focus and evaluation criteria as outlined in the Comprehensive Transportation Funding Programs (CTFP) guidelines. The guidelines serve as the mechanism the Orange County Local Transportation Authority (OCLTA) uses to administer transit, environmental cleanup, as well as local streets and roads funding programs.

The Fiscal Year 2021-22 Internal Audit Plan included audits of selected CTFP projects. The Internal Audit Department (Internal Audit) conducted audits of 11 projects closed during the period July 1, 2020, through June 30, 2022.

### ***Discussion***

Internal Audit obtained a listing of all projects closed from July 1, 2020, through June 30, 2022, under the Regional Capacity Program (Project O), Regional Traffic Signal Synchronization Program (Project P), Transit Program (Projects S, T, and W), and the Environmental Cleanup Program (Project X). From this population, Internal Audit selected eight projects for audit. Internal Audit also selected three out of ten Community-Based Transit/Circulators projects (Project V) with reimbursements paid from July 1, 2020, through June 30, 2022, for audit.

The objectives of the audits were to determine whether projects were completed in accordance with CTFP guidelines, applications, and agreements; costs charged to the project were eligible, reasonable, and allocable; records and documentation were adequately maintained; jurisdictions complied with competitive contracting requirements; and adequate accounting and cash management procedures were employed.

### **Results**

No findings resulted from audits of selected projects by the cities of Anaheim, Buena Park, Irvine, Laguna Hills, Mission Viejo, and Orange.

Internal Audit identified discrepancies and/or overbillings related to three audited projects, failure to comply with competitive contracting requirements by one agency, and failure to comply with Americans with Disabilities Act requirements by one agency. Internal Audit also made recommendations to OCLTA management related to project mitigation costs that were incurred and reimbursed to one agency after the project completion date and beyond the Board of Directors (Board)-approved extended funding deadline.

A summary of all findings and management responses can be found in Attachment A, and the detailed reports, along with written management letters, can be found in Attachments B through L.

### ***Summary***

Audits have been completed of 11 projects funded through the CTFP. Internal Audit made recommendations to improve controls in relation to audits performed of projects by the County of Orange, and the cities of Costa Mesa, Laguna Beach, and San Clemente.

### ***Attachments***

- A. Summary of Findings and Management Responses Orange County Local Transportation Authority Measure M2 Comprehensive Transportation Funding Programs Project Audits
- B. 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
- C. Comprehensive Transportation Funding Programs, City of Buena Park, Regional Capacity Program, State Route 91/Beach Boulevard Westbound Exit Ramp Project, Project No. 13-BPRK-FST-3651, Construction Phase
- D. Comprehensive Transportation Funding Programs, City of Costa Mesa, Regional Capacity Program, Hyland Avenue at MacArthur Boulevard Intersection Improvements Project, Project No. 17-CMSA-ICE-3861, Construction Phase
- E. Comprehensive Transportation Funding Programs, City of Irvine, Regional Traffic Signal Synchronization Program, Irvine Center Drive/Edinger Avenue Signal Synchronization Project, Project No. 16-IRVN-TSP-3791
- F. Comprehensive Transportation Funding Programs, City of Laguna Beach, Community Based Transit/Circulators Program, Off-Season Weekend Shuttle, Project No. 14-LBCH-CBT-3747, Operations and Maintenance
- G. Comprehensive Transportation Funding Programs, City of Laguna Hills, Environmental Cleanup Program, Laguna Hills CPS-Mod & ARS-CL Screen Project Phase IX Project, Project No. 20-LHLL-ECP-3983
- H. Comprehensive Transportation Funding Programs, City of Mission Viejo, Regional Traffic Signal Synchronization Program, Marguerite Parkway Corridor Signal Synchronization Project, Project No. 16-MVJO-TSP-3793

- I. 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
- J. Comprehensive Transportation Funding Programs, City of San Clemente, Community-Based Transit/Circulators Program, San Clemente Rideshare Services, Project No. 16-SCLM-CBT-3841, Operations and Maintenance
- K. Comprehensive Transportation Funding Programs, County of Orange, Regional Capacity Program, La Pata Avenue Phase II, Project No. 13-ORCO-ACE-3655, Construction Phase
- L. Comprehensive Transportation Funding Programs, County of Orange, Community-Based Transit/Circulators Program, Orange County Ranch Ride, Project No. 16-ORCO-CBT-3822, Operations and Maintenance

**Prepared by:**



Gabriel Tang  
Principal Internal Auditor, Internal Audit  
714-560-5746

**Approved by:**



Janet Sutter  
Executive Director, Internal Audit  
714-560-5591