



**September 12, 2018**

**To:** Finance and Administration Committee

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

Janet Sutter, Executive Director  
Internal Audit

**Subject:** Audit of State Transportation Improvement Program Planning,  
Programming and Monitoring Program, Program  
Fiscal Year 2015-2016

### **Overview**

As required by agreement with the California Department of Transportation, an independent audit of the State Transportation Improvement Program Planning, Programming and Monitoring Program project has been completed by the professional accounting firm of BCA Watson Rice LLP. The audit found that project funds were used in conformance with Article XIX of the California State Constitution.

### **Recommendation**

Receive and file as an information item.

### **Background**

The State Transportation Improvement Program (STIP) is a multi-year capital improvement program of transportation projects on and off the California State Highway System, funded with revenues from the Transportation Investment Fund and other funding sources. The Planning, Programming and Monitoring Program (PPM) is defined as “the project planning, programming and monitoring activities related to development of the Regional Transportation Improvement Program and the STIP required by Government Code Section 14527, et. seq. and for the monitoring of project implementation...”

The Orange County Transportation Authority (OCTA) entered into Fund Transfer Agreement No. PPM16-6071(113) (Fund Transfer Agreement) on July 1, 2015, with the California Department of Transportation for reimbursement of its PPM

project in an amount not to exceed \$831,000, from monies appropriated in fiscal year 2015-16, for local assistance. In accordance with the Fund Transfer Agreement, an independent audit is required to provide assurance that the project funds were used in conformance with Article XIX of the California State Constitution.

***Discussion***

The audit found that STIP PPM project funds were used in conformance with Article XIX of the California State Constitution. The audit also found that the Schedule of Program Costs presents fairly, in all material respects, the revenue received and costs incurred by OCTA under the Fund Transfer Agreement.

***Summary***

An independent audit of the STIP PPM project has been completed by the professional accounting firm of BCA Watson Rice LLP. The detailed audit scope and results are included in the audit report at Attachment A.

***Attachment***

- A. Orange County Transportation Authority, State Transportation Improvement Program Planning, Programming and Monitoring Program, Program Fiscal Year 2015-2016, Agreement No. PPM16-6071(113)

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