



October 23, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501

Overview

The Internal Audit Department has completed an audit of the design and construction management contracts for the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project. Based on the audit, oversight controls are in place and operating effectively and contract compliance and invoice review controls are generally adequate; however, one recommendation was made to enforce the pre-approval requirement for other direct costs not included in the contract schedule.

Recommendation

Direct staff to implement the recommendation provided in Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation, is implementing the Interstate 5 (I-5) Improvement Project between State Route 73 and El Toro Road. The I-5 Improvement Project will add one general purpose lane in each direction on I-5 between Avery Parkway and Alicia Parkway, extend the second high-occupancy vehicle lane from El Toro Road to Alicia Parkway, re-establish auxiliary lanes, and construct new auxiliary lanes at various locations. In addition, the I-5 Improvement Project will reconstruct the Avery Parkway and La Paz Road interchanges, improve several existing on- and off-ramps, and

convert existing and proposed carpool lanes for continuous access. Construction is underway in three segments, with Segment 2 extending from south of Oso Parkway to south of Alicia Parkway. The budget for the Oso Parkway to Alicia Parkway segment (project) is \$196,167,000, and the current forecast at completion is \$230,346,000. The project is in the construction phase, with current forecast estimating completion in October 2024.

OCTA entered into Agreement No. C-8-1418 with HDR Construction Control Corporation, effective March 1, 2019, for construction management (CM) support services for the project. The agreement is a time and expense contract with a maximum cumulative payment obligation of \$15,786,082. Effective November 7, 2014, OCTA entered into Agreement No. C-3-2091 with TranSystems Corporation for the preparation of plans, specifications, and estimates for the project. The agreement is a firm-fixed price contract for \$13,167,744.

Discussion

The CM contract requires consultants to obtain prior approval from the program manager for other direct costs that are not included in the contract schedule; however, program manager approval was consistently obtained after the cost had been incurred. Internal Audit recommended that management enforce the pre-approval requirement for other direct costs not included in the contract schedule. Management indicated that it would remind the consultant about the pre-approval requirement and make every effort to ensure inclusion of all potential other direct costs in the contract schedule.

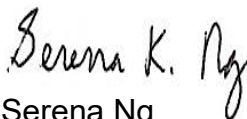
Summary

Internal Audit has completed an audit of the design and construction management of the Oso Parkway to Alicia Parkway segment of the Interstate 5 Improvement Project and offered one recommendation for improvement.

Attachment

- A. Interstate 5 Improvement Project: Oso Parkway to Alicia Parkway Design and Construction Management, Internal Audit Report No. 25-501

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