



June 28, 2017

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department

Subject: Oversight Controls and Contract Compliance Related to Agreements for Public Outreach for the West County Connectors Project, Internal Audit Report No. 17-509

Overview

The Internal Audit Department has completed an audit of oversight controls and contract compliance related to agreements with Caltrans for public outreach for the West County Connectors Project. Based on the audit, contract oversight by the project manager, compliance with contract terms by the contractor, and invoice review controls were adequate.

Recommendation

Receive and file the Oversight Controls and Contract Compliance Related to Agreements for Public Outreach for the West County Connectors Project, Internal Audit Report No. 17-509.

Background

The West County Connectors Project (Project) linked carpool lanes on the San Diego Freeway with those on the Garden Grove Freeway and the San Gabriel River Freeway to create a seamless carpool connection among the three freeways. Public outreach for the Project was provided by internal staff and two contracts with Caltrans (Caltrans). The first contract with Caltrans, Agreement No. C-7-1479, provided assistance in developing and conducting a comprehensive public outreach program during the design/pre-construction phase of the Project. The contract was a firm-fixed price agreement for the period from December 2007 through December 2009, in the amount of \$114,084.

The second contract with Caltrop, Agreement No. C-9-0252, provided assistance in developing and implementing a comprehensive public outreach program for the construction phase of the Project. This contract was a time and expense agreement for the period of March 2010 through April 2015, in the amount of \$1,250,979.

Discussion

The Internal Audit Department (Internal Audit) determined that invoices were properly approved, labor hours were adequately supported and consistent with contracted rates, subcontractor costs were adequately supported, and monthly progress reports were provided as required. In addition, Internal Audit confirmed that deliverables outlined in the agreements were provided.

Summary

Internal Audit has completed an audit of Oversight Controls and Contract Compliance Related to Agreements for Public Outreach for the West County Connectors Project, Internal Audit Report No. 17-509.

Attachment

- A. Oversight Controls and Contract Compliance Related to Agreements for Public Outreach for the West County Connectors Project, Internal Audit Report No. 17-509

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ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Oversight Controls and Contract Compliance Related to Agreements for Public Outreach for the West County Connectors Project

Internal Audit Report No. 17-509

June 7, 2017



Performed by: Gerry Dunning, CIA, CISA, CFE, Senior Internal Auditor
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Distributed to: Lance Larson, Executive Director, External Affairs
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Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of oversight controls and contract compliance related to agreements with Caltrans for public outreach for the West County Connectors Project (Project). Based on the audit, contract oversight by the project manager, compliance with contract terms by the contractor, and invoice review controls were adequate.

Background

The Public Outreach Department within the External Affairs Division is responsible for providing public communications in support of capital projects. The primary goal of a public outreach program is to inform motorists, merchants, employers, local residents, elected officials, and government agencies about construction impacts and steps that can be taken to minimize those impacts. In order to provide public outreach support for an extensive number of projects, the External Affairs Department utilizes both staff and contractors.

A supplemental goal of community outreach is to bring the concerns and challenges of community members back to the technical team to find solutions. These solutions are then shared with the community, thus providing a continuous information loop between the public and the project.

The Project linked carpool lanes on the San Diego Freeway with those on the Garden Grove Freeway and the San Gabriel River Freeway to create a seamless carpool connection among the three freeways. The six-mile Project traversed the cities of Garden Grove, Westminster, Seal Beach, Los Alamitos, and Long Beach as well as the community of Rossmore. The Project was divided into an East Segment, which began construction in September 2010, and a West Segment, which began construction in January 2011. The Project was completed in December 2014 at a total cost of \$297 million.

Public outreach for the Project was provided by internal staff and two contracts with Caltrans Corporation (Caltrans). The first contract with Caltrans, Agreement No. C-7-1479, was for assistance in developing and conducting a comprehensive public outreach program during the design/pre-construction phase of the Project. The contract was a firm fixed price agreement for the period from December 2007 through December 2009, for \$114,084.

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The second contract with Caltrans, Agreement No. C-9-0252, was for assistance in developing and implementing a comprehensive public outreach program for the construction phase of the Project. This contract was a time and expense agreement for the period March 2010 through April 2015, for \$1,250,979.

Objectives, Scope, and Methodology

The objectives were to assess the adequacy of oversight controls and contract compliance related to agreements with Caltrans for public outreach for the Project.

The methodology consisted of a review of a sample of paid invoices for evidence of proper approval and compliance with contract terms, and verification that deliverables were provided as required by the contract.

The scope was limited to the two contracts with Caltrans, Agreement Nos. C-7-1479 and C-9-0252.

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.