



February 23, 2022

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director,
Internal Audit Department

Subject: Interstate 405 Improvement Project Public Outreach, Internal Audit Report No. 22-504

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of public outreach activities for the Interstate 405 Improvement Project. Based on the audit, procurements were handled in accordance with procurement policies and procedures, and contract compliance, oversight, and invoice review controls are adequate.

Recommendation

Receive and file Interstate 405 Improvement Project Public Outreach, Internal Audit Report No. 22-504, as an information item.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, is implementing the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (I-405 Project). The I-405 Project will add one general purpose lane in each direction from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that will combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605. The primary goal of the public outreach program is to inform motorists, merchants, employers, local residents, elected officials, civic organizations, and government agencies about project elements, as well as anticipated construction impacts and steps taken by OCTA and the contractor to minimize those impacts.

OCTA executed Agreement No. C-2-2053 with Simon Wong Engineering, Inc. (Simon Wong), on June 20, 2013, to develop and implement a comprehensive public outreach program for the I-405 Project, assist OCTA with providing public information through written and electronic media sources, and provide quick response and resolution to community concerns prior to, and during, the construction period. The agreement was for an initial six-year term with one, two-year option term and a maximum obligation of \$3,576,400. Due to delay of the design phase, the contract expired prior to completion of all outreach activities, with \$347,559 remaining on the contract at expiration. OCTA conducted another procurement for outreach services, and Kleinfelder Construction Services, Inc., who acquired Simon Wong in March 2018, was awarded the contract. Agreement No. C-9-1571 was executed on June 29, 2020, for an initial three-year term, with one, two-year option term and a maximum obligation of \$3,326,544.

Discussion

Staff conducted procurements of firms to develop and implement a comprehensive public outreach program for the I-405 Project in compliance with OCTA procurement policies and procedures. Staff monitors public outreach activities and monthly metric reports reflecting outreach accomplishments. Staff also reviews invoices for compliance with policies and contract provisions.

Summary

Internal Audit has completed an audit of public outreach activities for the I-405 Project.

Attachment

- A. Interstate 405 Improvement Project Public Outreach, Internal Audit Report No. 22-504

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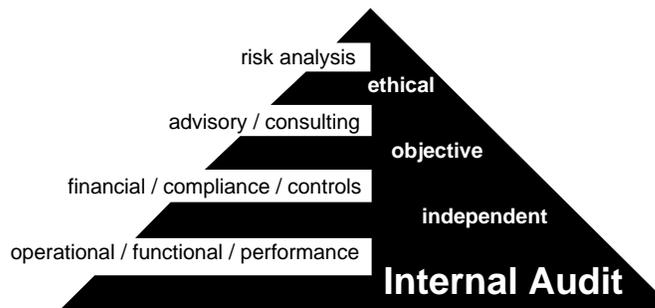
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Interstate 405 Improvement Project Public Outreach

Internal Audit Report No. 22-504

February 8, 2022



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Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of public outreach activities for the Interstate 405 (I-405) Improvement Project. Based on the audit, procurements were handled in accordance with OCTA procurement policies and procedures, and contract compliance, oversight, and invoice review controls are adequate.

Background

I-405 Project between State Route 73 and Interstate 605

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, is implementing the I-405 Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (I-405 Project). The I-405 Project will add one general purpose lane in each direction from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that will combine with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes. The primary goal of the public outreach program is to inform motorists, merchants, employers, local residents, elected officials, civic organizations, and government agencies about project elements, as well as anticipated construction impacts and steps taken by OCTA and the contractor to minimize those impacts.

OCTA executed Agreement No. C-2-2053 with Simon Wong Engineering, Inc. (Simon Wong), on June 20, 2013, to develop and implement a comprehensive public outreach program for the I-405 Project, assist OCTA with providing public information through written and electronic media sources, and provide quick response and resolution to community concerns prior to, and during, the construction period. The agreement was for an initial six-year term with one, two-year option term and a maximum obligation of \$3,576,400. Due to delay of the design phase, the contract expired prior to completion of all outreach activities, with \$347,559 remaining on the contract at expiration. OCTA conducted another procurement for outreach services, and Kleinfelder Construction Services, Inc. (Kleinfelder), who acquired Simon Wong in March 2018, was awarded the contract. Agreement No. C-9-1571 was executed on June 29, 2020, for an initial three-year term, with one, two-year option term and a maximum obligation of \$3,326,544.

Public Outreach Plans

Simon Wong prepared a comprehensive public outreach plan for the preconstruction and construction phases of the I-405 Project, and developed the plan through the use of research, established methods, effective tools, and resources. Subsequent to the preparation of the comprehensive public outreach plan, individual public outreach plans

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are developed and organized by location, each for different activities, such as demolition, detour, construction, ramp closure, etc. As of October 2021, roughly 51 individual outreach plans have been developed. The individual outreach plans include plan objectives, target audiences, communication tools, and an activity schedule. Each individual outreach plan, budget, and schedule are reviewed and approved by the project manager from the Public Outreach Department.

The project manager reviews monthly public outreach metrics reports submitted by the consultant. Performance metrics generally include the following categories: outreach accomplishments, communication tone, community events, public meetings, social media analytics, database sign-ups, e-blasts, and canvassing.

Invoice Process

The business unit analyst reviews invoices based on a standard invoice review checklist. The project manager reviews the invoice for level of effort and for the nature of work performed. If invoices are over the project manager's signing authority, the invoice is routed for signature to a manager with sufficient signing authority. Accounts Payable reviews invoices for proper signature authority prior to processing payment.

Objectives, Scope, and Methodology

The objectives were to evaluate and test procurement, contract amendment, contract compliance, outreach plan oversight, and invoice review controls related to public outreach activities for the I-405 Project.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring¹. The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Risk Assessment
 - OCTA specifies with sufficient clarity to enable the identification and assessment of risks relating to objectives.

¹ See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

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- Control Activities
 - OCTA deploys control activities through policies that establish what is expected, and in procedures that put policies into action.
- Information and Communication
 - OCTA internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components of internal control.
- Monitoring
 - OCTA evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the Board of Directors, as appropriate.

The methodology consisted of testing compliance with selected procurement policies and procedures, testing a judgmental sample of individual outreach plans and activities for evidence of approval by the project manager, assessing invoice review procedures and testing a judgmental sample of invoices for compliance with policies and contract provisions, and testing a judgmental sample of monthly metrics reports to determine whether reports are prepared in accordance with the External Affairs Project Management Manual.

The scope was limited to the I-405 Project public outreach activities and Agreement No. C-2-2053 with Simon Wong and Agreement No. C-9-1571 with Kleinfelder. The scope included public outreach plans and activities approved by the project manager for calendar years 2019 through 2021. The judgmental sample was selected to provide coverage of different types of plans, such as demolition, detour, construction, ramp closure, etc. The scope also included invoices paid from January 2020 through October 2021, and monthly metrics reports submitted during the period January 2020 through September 2021. These judgmental samples were selected to provide even coverage throughout the scope period. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

We conducted this performance audit in accordance with GAGAS. 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.