



March 26, 2014

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer
Janet Sutter, Executive Director
Internal Audit Department

Subject: Review of Mitigation Funding for the West County Connectors Project

Overview

The Internal Audit Department has completed a review of cooperative agreements and mitigation funding payments made to corridor cities for the West County Connectors project. Based on the review, disbursements were properly supported and in compliance with the cooperative agreements between the Orange County Transportation Authority and participating cities.

Recommendation

Receive and file the Review of Mitigation Funding for the West County Connectors Project, Internal Audit Report No. 14-508.

Background

The West County Connectors (WCC) project is a joint partnership between the Orange County Transportation Authority (OCTA) and the California Department of Transportation linking high-occupancy vehicle lanes/carpool lanes on Interstate 405 with those on State Route 22 and Interstate 605. OCTA entered into cooperative agreements with corridor cities to provide compensation for staff time related to traffic management and public safety during construction of the project. Additionally, several detour corridors will receive compensation for signal and intersection modifications, as well as pavement restoration and restriping.

Discussion

The Internal Audit Department (Internal Audit) reviewed all disbursements from inception for the six cooperative agreements with the WCC corridor cities, finding that all reimbursement requests had adequate supporting documentation and conformed to the requirements in the cooperative agreements. Furthermore, Internal Audit noted that the invoice review process included several levels of review across multiple departments.

Summary

Based on the review, disbursements to corridor cities were properly supported and in compliance with the cooperative agreements.

Attachment

- A. Review of Mitigation Funding for the West County Connectors Project, Internal Audit Report No. 14-508

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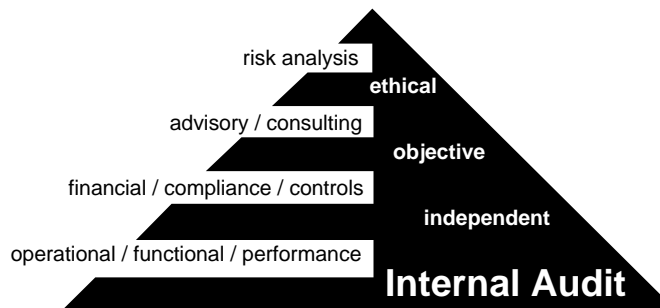
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Review of Mitigation Funding for the West County Connectors Project

Internal Audit Report No. 14-508

February 24, 2014



Internal Audit Team: Janet Sutter, CIA, Executive Director
Ricco Bonelli, CIA, Senior Internal Auditor

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Review of Mitigation Funding for the West County Connectors Project
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Conclusion

The Internal Audit Department (Internal Audit) has completed a review of cooperative agreements and mitigation funding payments made to corridor cities for the West County Connectors (WCC) project. Based on the review, disbursements were properly supported and in compliance with the cooperative agreements between the Orange County Transportation Authority (OCTA) and the participating cities.

Background

The WCC project is a joint partnership between OCTA and the California Department of Transportation (Caltrans) linking high occupancy vehicle (HOV) lanes/carpool lanes on the San Diego Freeway (I-405) with those on the Garden Grove Freeway (SR-22) and San Gabriel River Freeway (I-605) to create a seamless carpool connection amongst the three freeways. The six-mile project traverses the cities of Garden Grove, Long Beach, Los Alamitos, Seal Beach, Westminster, and the community of Rossmoor. OCTA entered into cooperative agreements with the corridor cities to provide compensation for staff time related to traffic management and public safety during construction. Additionally, several detour corridors will receive compensation for signal and intersection modifications, as well as pavement restoration and restriping.

Objectives, Scope and Methodology

The objective was to review compliance with the cooperative agreements between OCTA and participating cities for mitigation funding related to the WCC.

The methodology consisted of reviewing the cooperative agreements related to WCC mitigation funding, identifying allowable costs and other compliance requirements, performing invoice review, and contract compliance testwork on all disbursements processed. Internal Audit also documented and reviewed OCTA's process for seeking reimbursement from Caltrans for qualifying expenditures paid to the cities.

The scope was limited to the six cooperative agreements between OCTA and corridor cities related to WCC mitigation funding. The review period was from January 2010 to June 2013.

This performance audit was conducted 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.