

Memorandum

*Flex your power!
Be energy efficient!*

To: DENNIS T. AGAR
Division Chief
Traffic Operations

Date: October 14, 2013

File: P2530-0006

From: MARSUE MORRILL, *Marsue*
Chief, External Audits- A&E, SAR, External Contract Management
Audits and Investigations

Subject: CITY OF ROSEVILLE PUBLIC WORKS, ENGINEERING DIVISION

Attached is the audit report pertaining to the audit performed on City of Roseville Public Works, Engineering Division (implementing agency) relative to project EA#03-01.194L funded by the California Department of Transportation (Caltrans) using Proposition 1B (Prop 1B) Traffic Light Synchronization Program (TLSP) funds. The name of the project audited is "East ITS Coordination". The Prop 1B programmed amount was \$1,165,000. The audit was for the period of September 24, 2008, through January 31, 2013.

As required by the Governor's Executive Order S-02-07 and SB 88, the expenditures of bond proceeds and outcomes are subject to audit. The audits were performed by the State Controller's Office on behalf of Caltrans. You are receiving the audit report since TLSP projects are under the responsibility of Traffic Operations. Deputy Directive 100, "Departmental Responses to Audit Reports" cites responsibilities of Division Chiefs relative to audits performed. However, as this audit report did not disclose any deficiencies there is no subsequent action required on your part.

The audit concluded that:

- The implementing agency complied with applicable federal and state procurement requirements as required by Title 49, Code of Federal Regulations, Part 18, and California Public Contract Code sections 10140-10141.
- The project costs incurred and reimbursed were in compliance with the executed project baseline agreements or approved amendments thereof: state and federal laws and regulations: contract provisions, and California Transportation Commission guidelines.
- The project deliverables (outputs) and outcomes were consistent with the project scope, schedule, and benefits described in the executed project baseline agreements or approved amendments thereof.

Dennis T. Agar
October 14, 2013
Page 2

If you have any questions, please contact Luisa Ruvalcaba, Audit Manager, at (916) 323-7888.

Attachment

c: Stephen Maller, Deputy Director, California Transportation Commission
Teresa Favila, Assistant Deputy Director, California Transportation Commission
Rachel Falsetti, Division Chief, Transportation Programming
Doris M. Alkebulan, Prop 1B Specialist, Transportation Programming
Luisa Ruvalcaba, Audit Manager, Audits and Investigations
Mathew Friedman, Sr. Transportation Planner, Traffic Operations

**CITY OF ROSEVILLE
PUBLIC WORKS, ENGINEERING
DIVISION**

Audit Report

**TRAFFIC LIGHT SYNCHRONIZATION PROGRAM
PROPOSITION 1B BOND-FUNDED PROJECTS
EA No. 03-0L194L/P2530-0006**

September 24, 2008, through January 31, 2013



JOHN CHIANG
California State Controller

September 2013



JOHN CHIANG
California State Controller

September 25, 2013

MarSue Morrill, Chief
Audits and Investigations
California Department of Transportation
P.O. Box 942874
Sacramento, CA 94274-0001

Dear Ms. Morrill:

The State Controller's Office (SCO) audited the City of Roseville Public Works, Engineering Division's (implementing agency) financial management system relative to projects funded and reimbursed by Proposition 1B bond funds during the audit period of September 24, 2008, through January 31, 2013.

The SCO performed the audit in accordance with generally accepted government auditing standards and based on audit procedures performed, we determined that the implementing agency's accounting system and internal controls appear adequate to accumulate and segregate reasonable, allocable, and allowable project costs as required by Title 2, *Code of Federal Regulations*, Part 225, and California Department of Transportation (Caltrans) and Transportation Commission (Commission) program guidelines and agreements.

We audited the Proposition 1B bond-funded project "East ITS Coordination, EA No. 03-0L1914L, Project No. TLSPL-5182(039)" and determined that:

- The implementing agency complied with applicable federal and state procurement requirements as required by Title 49, *Code of Federal Regulations*, Part 18, and/or California Public Contract Code sections 10140-10141.
- The project costs incurred and reimbursed were in compliance with the executed project baseline agreements or approved amendments thereof, state and federal laws and regulations, contract provisions, and Commission guidelines.
- The project deliverables (outputs) and outcomes were consistent with the project scope, schedule, and benefits described in the executed project baseline agreements or approved amendments thereof.

Our audit did not disclose any findings.

Schedule 1 of this report is a summary of project costs programmed, approved, expended, and audited during the audit period.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, at (916) 324-6310.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/nh

cc: Jan Goto, Audit Manager
Division of Audits – Bond Unit
State Controller’s Office
Marty Namjou, Audit Manager
Division of Audits – Bond Unit
State Controller’s Office
Christina Perfino, Auditor-in-Charge
Division of Audits – Bond Unit
State Controller’s Office

Contents

Audit Report

Summary	1
Background	1
Objectives, Scope, and Methodology	2
Conclusion	3
Views of Responsible Officials	4
Restricted Use	4
Schedule 1—Summary of Project Costs Approved, Expended, and Audited	5

Audit Report

Summary

The State Controller's Office (SCO) audited the City of Roseville Public Works, Engineering Division's (implementing agency) financial management system relative to projects funded and reimbursed by Proposition 1B bond funds during the audit period of September 24, 2008, through January 31, 2013.

The SCO performed the audit in accordance with generally accepted government auditing standards and based on audit procedures performed, we determined the implementing agency's accounting system and internal controls appear adequate to accumulate and segregate reasonable, allocable, and allowable project costs as required by Title 2, *Code of Federal Regulations*, Part 225 (2 CFR 225), and California Department of Transportation (Caltrans) and Transportation Commission (the Commission) program guidelines and agreements.

We audited the Proposition 1B bond-funded project "East ITS Coordination, EA No. 03-0L1914L, Project No. TLSPL-5182(039)," and determined that:

- The implementing agency complied with applicable federal and state procurement requirements as required by Title 49, *Code of Federal Regulations*, Part 18 (49 CFR 18), and/or California Public Contract Code sections 10140-10141.
- The project costs incurred and reimbursed were in compliance with the executed project baseline agreements or approved amendments thereof, state and federal laws and regulations, contract provisions, and Commission guidelines.
- The project deliverables (outputs) and outcomes were consistent with the project scope, schedule, and benefits described in the executed project baseline agreements or approved amendments thereof.

Our audit did not disclose any findings.

Background

In accordance with Caltrans and Commission-executed project agreement(s) or approved amendments, the project "East ITS Coordination, EA No. 03-0L1914L, Project No. TLSPL-5182(039)" was programmed and approved to receive \$1,165,000 in Proposition 1B bond funds for one or more phases of work under the Traffic Light Safety program.

The implementing agency is responsible for implementation and successful completion of each project component and activities as defined in the project's baseline agreement. The project's completion date was October 6, 2010.

This audit was performed by the SCO on behalf of Caltrans (Audit Request No. P2530-0006). The authority to conduct this audit is given by:

- Interagency Agreement No. 77A0027, dated December 1, 2007, between the SCO and Caltrans, which provides that the SCO will perform audits of project expenditures that were funded and reimbursed by the Proposition 1B Bond Fund to ensure compliance with Caltrans and Commission Proposition 1B program guidelines.
- Government Code section 12410, which states, "The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment."

Objectives, Scope, and Methodology

The SCO audited the implementing agency's financial management system relative to projects funded and reimbursed by the Proposition 1B Bond Fund during the audit period of September 24, 2008, through January 31, 2013.

The objectives of our audit were to determine whether:

- The implementing agency's accounting system and internal controls were adequate to accumulate and segregate reasonable, allocable, and allowable project costs as required by 2 CFR 225, and Caltrans and Commission program guidelines, procedures, project agreements, or approved amendments.
- The implementing agency complied with applicable federal and state procurement requirements as required by 49 CFR 18, California Public Contract Code sections 10140-10141, and/or provisions stated in the contract.
- The project costs incurred and reimbursed were in compliance with the executed project baseline agreements or approved amendments thereof, state and federal laws and regulations, contract provisions, and Commission guidelines.
- The project deliverables (outputs) and outcomes were consistent with the project scope, schedule, and benefits described in the executed project baseline agreements or approved amendments thereof.

To achieve our audit objectives, we performed the following audit procedures:

- Reviewed the implementing agency's prior audits and single audit reports;
- Reviewed the implementing agency's written policies and procedures relating to accounting systems, construction project management, and contract management; and

- Interviewed employees, completed the internal control questionnaire, and performed a system walk-through in order to gain an understanding of the implementing agency's internal controls, accounting systems, timekeeping and payroll systems, and billing processes related to transportation projects; specifically, projects funded by Proposition 1B.

For the project(s) under review, we performed the following audit procedures:

- Obtained project files and reviewed preliminary information to ensure that the implementing agency complied with applicable state and federal procurement requirements;
- Obtained project expenditure reports, selected a sample of activities that were funded by Proposition 1B, and obtained and reviewed supporting documentation to ensure that project expenditures were reasonable, allocable, and allowable in accordance with Caltrans and Commission program guidelines, procedures, agreements, and applicable state and federal requirements;
- Reviewed significant contract change orders to ensure that they were properly approved and supported;
- Reviewed project final reports, close-out documents, finance letters, and baseline agreements to ensure that variances or changes to the project's scope, schedule, costs, and benefits were properly approved and supported; and
- Reviewed the project payment history file and/or invoices sent to the Caltrans accounting office to ensure that the implementing agency properly prepared and/or billed Caltrans for reimbursement of project expenditures as required by Caltrans' local assistance procedures.

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.

We did not audit the implementing agency's financial statements. We limited our audit scope to planning and performing audit procedures necessary to achieve our audit objectives.

Conclusion

We determined that the implementing agency's accounting system and internal controls appear adequate to accumulate and segregate reasonable, allocable, and allowable project costs as required by 2 CFR 225, and Caltrans and Commission program guidelines and agreements.

We audited the Proposition 1B bond-funded project "East ITS Coordination, EA No. 03-0L1914L, Project No. TLSPL-5182(039)," and determined that:

- The implementing agency complied with applicable federal and state procurement requirements required by 49 CFR 18, California Public Contract Code sections 10140–10141, and/or provisions stated in the contract.
- The project costs incurred and reimbursed were in compliance with the executed project baseline agreements or approved amendments thereof, state and federal laws and regulations, contract provisions, and Commission guidelines.
- The project deliverables (outputs) and outcomes were consistent with the project scope, schedule, and benefits described in the executed project baseline agreements or approved amendments thereof.

Our audit did not disclose any findings.

**Views of
Responsible
Officials**

We discussed our audit results with the city's representatives during an exit conference conducted on May 3, 2013. Mark Johnson, Assistant Engineer and Estela Roig, Accountant, agreed with the audit results. Mr. Johnson declined a draft audit report and agreed that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of City of Roseville Public Works, Engineering Division; Caltrans; and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

September 25, 2013

**Schedule 1—
Summary of Project Costs
Approved, Expended, and Audited
September 24, 2008, through January 31, 2013**

Project No./EA No.: P2530-0006. EA# 03-0L1914

Project Information: East IFS Coordination, EA No. 03-0L1914.. Project No. TLSPL-5182(039)

Project Financial Information:

<u>Phases Reimbursed by Prop 1B Bond Fund</u>	<u>Programmed and Approved</u>	<u>Expended</u>	<u>Audited</u>	<u>Variance</u>
Construction	\$ 1,165,000	\$ 912,414	\$ 912,414	\$ _____
Total	\$ 1,165,000	\$ 912,414	\$ 912,414	\$ _____

Project Delivery Baseline:

<u>Project Phase(s):</u>	<u>Baseline</u>	<u>Approved</u>	<u>Actual</u>
Beginning Construction	August 2008	January 29, 2009	January 29, 2009
End Construction	December 2008	December 1, 2009	November 2, 2009
Beginning Closeout	December 2009	December 30, 2009	November 2, 2009
End Closeout	January 2010	January 30, 2010	October 6, 2010

Variance is difference between expended and audited.

**State Controller's Office
Division of Audits
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<http://www.sco.ca.gov>