State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

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To: CLARK PAULSEN
Chief
Division of Accounting

Date: July 31, 2013

File: P3010-0623

REVISED

From: WILLIAM E. LEWIS
Assistant Director
Audits and Investigations

Subject: **AUDIT OF ENTERPRISE FINANCIAL INFRASTRUCTURE SYSTEM PROJECT DATA**

Audits and Investigations (A&I) completed an audit of the California Department of Transportation's (Caltrans) project control process to determine whether adequate policies, procedures and controls exist over project set up and modification, and whether the resulting financial data recorded in the new Enterprise Financial Infrastructure System (E-FIS) accounting system, also known as Advantage, is accurate. The audit also determined whether project information and financial data were accurately transferred from Caltrans' prior accounting system, the Transportation Accounting Management System (TRAMS), to Advantage.

We performed our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. The audit covered the period of July 1, 2008, through June 30, 2010 and focused on internal controls for setting up and modifying projects; and the conversion of projects from TRAMS to E-FIS. The audit was conducted from September 27, 2011, through October 26, 2012.

The objectives of the audit were to determine whether:

- Policies and procedures exist for project initiation and modification in E-FIS.
- Established policies and procedures are followed.
- Project setup is properly authorized, structured and budgeted.
- Financial data was transferred accurately from TRAMS to E-FIS, with an emphasis on capital outlay support projects funded by Proposition 1B's Corridor Mobility Improvement Account (CMIA) and other non-State Highway Account funds.
- Project data was converted accurately from TRAMS to E-FIS with an emphasis on capital outlay support projects funded by CMIA and non-State Highway Account funds.
- New projects established in E-FIS are accurate.
- Project cost reports by fund source are available and accurate.

Our audit disclosed that policies, procedures and internal control over the Department's project setup and modification processes and the resulting data recorded and processed in E-FIS are generally adequate. In addition, project information and financial data, in general, were accurately transferred from TRAMS to E-FIS.

During the audit, we noted deficiencies related to the accuracy of reporting by InfoAdvantage, the adequacy of training for staff, the treatment of rejected project set up and modification documents in E-FIS, and the charging of labor costs to overhead at year-end. These deficiencies were either already being addressed by the E-FIS Taskforce established by the Division of Accounting, or were not material. As a result, the deficiencies were not considered to be reportable findings and will be discussed during the exit conference.

If you have any questions about the audit, please contact Douglas Gibson, Audit Manager, at (916) 323-7915, or Laurine Bohamera, Chief of Internal Audits and Construction Claims, at (916) 323-7107.

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