



Transmitted via e-mail

November 20, 2015

Ms. Laurine Bohamera, Chief
External Audits–Contracts
Audits and Investigations
California Department of Transportation
1304 O Street, Suite 200
Sacramento, CA 95814

Dear Ms. Bohamera:

Final Report—City of Madera, Proposition 1B Project Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the City of Madera's (City) Proposition 1B-funded projects listed below:

- SLPPFL09-5157(074)
- SLPPFL10-5157(077)
- SLPPFL11-5157(089)
- SLPPFL11-5157(090)
- SLPPFL13-5157(092)

The enclosed report is for your information and use. Because there were no audit observations requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or John Ponce, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Luisa Ruvalcaba, Audit Manager, Audits and Investigations, California Department of Transportation
Mr. Keith Helmuth, City Engineer, City of Madera
Mr. José Aguilar, Deputy City Engineer, City of Madera
Ms. Gina Daniels, Financial Services Manager, City of Madera

AUDIT REPORT

City Of Madera
Proposition 1B Bond Program
Projects Numbers SLPPFL09-5157(074),
SLPPFL10-5157(077), SLPPFL11-5157(089),
SLPPFL11-5157(090), and SLPPFL13-5157(092)



Project SLPPFL09-5157(074), Storey Road, Madera, CA

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

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Supervisor

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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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Office of State Audits and Evaluations
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(916) 322-2985

BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

California voters approved the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) for \$19.925 billion. These bond proceeds finance a variety of transportation programs. Although the bond funds are made available to the California Transportation Commission (CTC) upon appropriation by the Legislature, CTC allocates those funds to the California Department of Transportation (Caltrans) to implement various programs.

The \$1 billion of bond proceeds made available to the State-Local Partnership Program Account (SLPP) finance a variety of eligible transportation projects nominated by applicant transportation agencies. For an applicant transportation agency to receive bond funds, Proposition 1B requires a dollar-for-dollar match of local funds. Transportation Impact Fee funds were used to meet the match requirement.

CTC awarded \$1.128 million to the City of Madera (City), and Caltrans administered these five projects. The City's Engineering Department implemented these projects and oversaw the design and construction. The projects' scopes are consistent with the City's vision to be a well-planned city and create a safe and healthy environment. The scope of each project included rehabilitating, resurfacing, and reconstructing various arterial and collector streets within the City limits. In addition, one project included installing Americans with Disabilities Act (ADA) compliant curb returns and another included improving drainage facilities.

SCOPE

As requested by Caltrans, the Department of Finance, Office of State Audits and Evaluations, audited the following projects:

Project Name	Project Number	Audit Period	Project Status
Various Streets-3R and ADA Improvements	SLPPFL09-5157(074)	April 8, 2010 through June 12, 2012	Completed
Various Streets-3R and ADA Improvements	SLPPFL10-5157(077)	May 5, 2010 through September 20, 2012	Completed
3R and ADA-South Gateway Drive	SLPPFL11-5157(089)	December 31, 2012 through October 1, 2014	Completed
3R and ADA-D Street and Almond Avenue	SLPPFL11-5157(090)	December 31, 2012 through August 27, 2014	Completed
4th Street-Pine to K Street	SLPPFL13-5157(092)	March 22, 2013 through April 14, 2014	Completed

The audit objectives were to determine whether:

- Project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans'/CTC's program guidelines.
- Project deliverables (outputs) were consistent with the project scopes and schedules, and project outcomes were consistent with benefits described in the executed project agreements or approved amendments.

We did not assess the efficiency or effectiveness of program operations.

City management is responsible for ensuring accurate financial reporting; compliance with contract provisions, state and federal regulations, and applicable program guidelines; and the adequacy of its job cost system to accumulate and segregate reasonable, allocable, and allowable costs. CTC and Caltrans are responsible for the state-level administration of the SLPP.

METHODOLOGY

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

- Examined the project files, master agreements, program supplements, program guidelines, and applicable policies and procedures.
- Reviewed procurement records to ensure compliance with applicable state and federal procurement requirements.
- Reviewed reimbursement requests, accounting records, project billing invoices, progress payments, and cancelled checks.
- Selected a sample of claimed costs and reported match to determine if costs were project-related, properly incurred, authorized, and supported by accounting records.
- Reviewed significant contract change orders to ensure they were within the scope of the projects, properly approved, and supported.
- Verified the match requirement was met.
- Evaluated whether other revenue sources were used to reimburse expenditures already reimbursed with bond funds.
- Evaluated whether project deliverables (outputs) were completed on schedule as described in the project agreements or amendments.
- Evaluated whether project deliverables (outputs) were met by reviewing a sample of supporting documentation and conducting site visits to verify project existence.
- Evaluated whether project outcomes were consistent with the project scope and determined whether there was a system in place to report project benefits.

In conducting our audits, we obtained an understanding of the City's internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audits and determined to be significant within the context of our audit objectives are included in this report.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

RESULTS

Project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans/CTC program guidelines. In addition, the project deliverables (outputs) were consistent with the project scopes and schedules, and outcomes were consistent with benefits described in the executed project agreements or approved amendments. The *Summary of Projects Reviewed* is presented in Appendix A.

Summary of Projects Reviewed¹

Project Number	Prop 1B Claimed	Match	Project Status	Expenditures Supported?	Deliverables (Outputs) and Outcomes Met?	Appendix A Page
SLPPFL09-5157(074)	\$150,000	\$192,111	C	Y	Y	A-1
SLPPFL10-5157(077)	\$121,188	\$121,188	C	Y	Y	A-2
SLPPFL11-5157(089)	\$102,603	\$102,603	C	Y	Y	A-3
SLPPFL11-5157(090)	\$186,961	\$186,961	C	Y	Y	A-4
SLPPFL13-5157(092)	\$566,984	\$793,016	C	Y	Y	A-5

C = Complete

Y = Yes

The following acronyms are used throughout Appendix A:

California Department of Transportation – Caltrans

California Transportation Commission – CTC

City of Madera – City

Proposition 1B – Prop 1B

¹ Total project expenditures may not tie to amounts reported on the Bond Accountability Website. The City reported both participating and nonparticipating costs to Caltrans; however, only participating costs were audited and reflected in this report.

Project 074

Project Number: SLPPFL09-5157(074)

Project Name: Various Streets-3R and ADA Improvements

Program Name: State-Local Partnership Program

Project Description: Rehabilitating, resurfacing, and reconstructing roadways and installing ADA compliant curb returns within existing City right of way, providing a 15 year useful life for the pavement and pedestrian safety at street intersections. This work was done on various arterial and collector streets.

Audit Period: April 8, 2010 through June 12, 2012

Project Status: Completed

Schedule of Project Costs

Project Costs	Claimed
Prop 1B Funds	
Construction Contract	\$ 145,000
Construction Engineering	5,000
Total Prop 1B Funds	150,000
Match Funds	192,111
Total Project Costs	\$ 342,111

Audit Results:

Compliance

Claimed project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans'/CTC's program guidelines.

Deliverables

This project was completed in December 2011. At the time of our site visit, project deliverables (outputs) were consistent with the project scope and schedule, and outcomes were consistent with benefits.

Project 077

Project Number: SLPPFL10-5157(077)

Project Name: Various Streets-3R and ADA Improvements

Program Name: State-Local Partnership Program

Project Description: Rehabilitating, resurfacing, and reconstructing roadways within existing City right of way, providing a 15 year useful life for the pavement. This work was done on various arterial and collector streets.

Audit Period: May 5, 2010 through September 20, 2012

Project Status: Completed

Schedule of Project Costs

Project Costs	Claimed
Prop 1B Funds	
Construction Contract	\$ 107,917
Construction Engineering	13,271
Total Prop 1B Funds	121,188
Match Funds	121,188
Total Project Costs	\$ 242,376

Audit Results:

Compliance

Claimed project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans'/CTC's program guidelines.

Deliverables

This project was completed in December 2011. At the time of our site visit, project deliverables (outputs) were consistent with the project scope and schedule, and outcomes were consistent with benefits.

Project 089

Project Number: SLPPFL11-5157(089)

Project Name: 3R and ADA–South Gateway Drive

Program Name: State-Local Partnership Program

Project Description: Rehabilitating, resurfacing, and reconstructing existing arterial and collector City streets along S. Gateway Drive from south of 9th Street to Olive Avenue.

Audit Period: December 31, 2012 through October 1, 2014

Project Status: Completed

Schedule of Project Costs

Project Costs	Claimed
Prop 1B Funds	
Construction Contract	\$ 88,758
Construction Engineering	13,845
Total Prop 1B Funds	102,603
Match Funds	102,603
Total Project Costs	\$ 205,206

Audit Results:

Compliance

Claimed project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans'/CTC's program guidelines.

Deliverables

This project was completed in November 2013. At the time of our site visit, project deliverables (outputs) were consistent with the project scope and schedule, and outcomes were consistent with benefits.

Project 090

Project Number: SLPPFL11-5157(090)

Project Name: 3R and ADA–D Street and Almond Avenue

Program Name: State-Local Partnership Program

Project Description: Rehabilitating, resurfacing, and reconstructing existing arterial and collector City streets along “D” Street from Adell Street to Sherwood Avenue, and along Almond Avenue from Commerce Street to Schnoor Avenue.

Audit Period: December 31, 2012 through August 27, 2014

Project Status: Completed

Schedule of Project Costs

Project Costs	Claimed
Prop 1B Funds	
Construction Contract	\$ 173,637
Construction Engineering	13,324
Total Prop 1B Funds	186,961
Match Funds	186,961
Total Project Costs	\$ 373,922

Audit Results:

Compliance

Claimed project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans’/CTC’s program guidelines.

Deliverables

This project was completed in November 2013. At the time of our site visit, project deliverables (outputs) were consistent with the project scope and schedule, and outcomes were consistent with benefits.

Project 092

Project Number: SLPPFL13-5157(092)

Project Name: 4th Street–Pine to K Street

Program Name: State-Local Partnership Program

Project Description: Rehabilitating, resurfacing, and reconstructing the City streets and improving drainage facilities providing a minimum 15 year useful life for the roadway. This work was done along 4th Street from Pine Street to east of K Street.

Audit Period: March 22, 2013 through April 14, 2014

Project Status: Completed

Schedule of Project Costs

Project Costs	Claimed
Prop 1B Funds	
Construction Contract	\$ 518,207
Construction Engineering	48,777
Total Prop 1B Funds	566,984
Match Funds	793,016
Total Project Costs	\$ 1,360,000

Audit Results:

Compliance

Claimed project costs were incurred and reimbursed in compliance with the executed project agreements, state and federal regulations, contract provisions, and Caltrans'/CTC's program guidelines.

Deliverables

This project was completed in February 2014. At the time of our site visit, project deliverables (outputs) were consistent with the project scope and schedule, and outcomes were consistent with benefits.