

INSPECTOR GENERAL

Independent Office of Audits and Investigations

Presentation of Annual Summary of Findings and Recommendations

July 1, 2021 – June 30, 2022

Inspector General - **Bryan Beyer, CIG**

Chief Deputy Inspector General - **Diana Antony, CPA, CIG**



KEY STATUTORY REQUIREMENTS

(Government Code, sections 14460 – 14463; 14110)

- Conduct audits and reviews to ensure state and federal transportation funds are spent efficiently, effectively, economically, and in compliance with applicable state and federal requirements.
- Investigate allegations of employee misconduct.
- Review Caltrans' outreach efforts to increase procurement opportunities for small and disadvantaged business enterprises.
- Provide an annual summary of findings and recommendations to the Governor, the Legislature, and the California Transportation Commission.

WHAT WE DO...

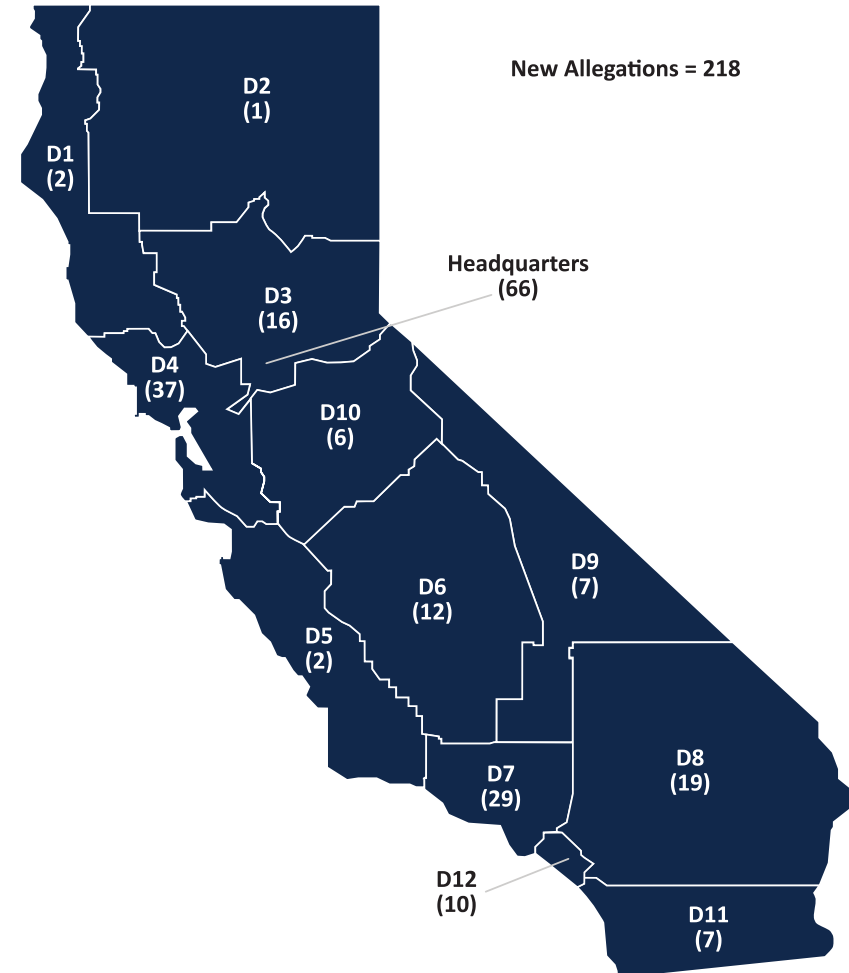
- **Performance audits** – assess the extent to which legislative, regulatory, or programmatic goals and objectives are being achieved and determine if Caltrans has adequate controls in place to manage its programs.
- **Compliance audits** – determine whether project costs claimed and reimbursed are allowable, reasonable, and adequately supported in compliance with agreement provisions, state and federal laws and regulations, and to determine whether projects delivered the expected benefits.
- **Non-audit services** – includes reviews of architectural and engineering cost proposals and reviews of local government indirect cost rate proposals.
- **Investigations** – conduct administrative investigations concerning allegations of employee misconduct and assist external entities with their investigations.

Overview of Investigations

INVESTIGATIONS

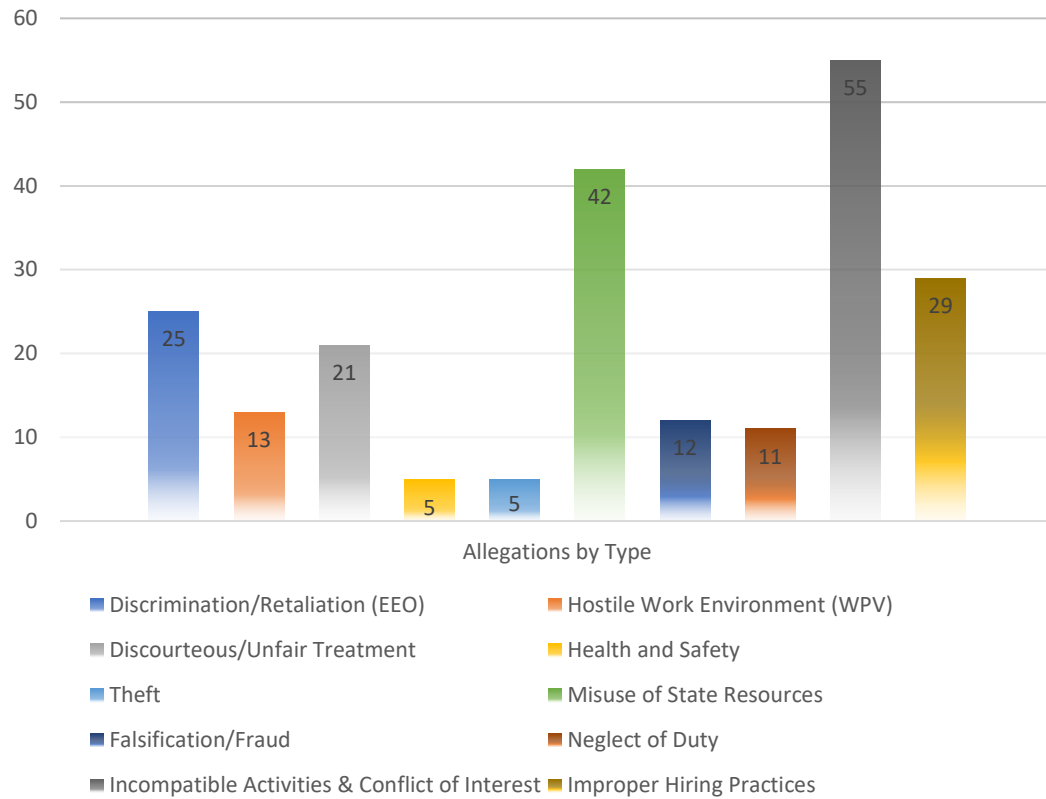
New Allegations	218
Closed Allegations	104
Allegations Substantiated	11

NEW ALLEGATIONS BY DISTRICT (D)

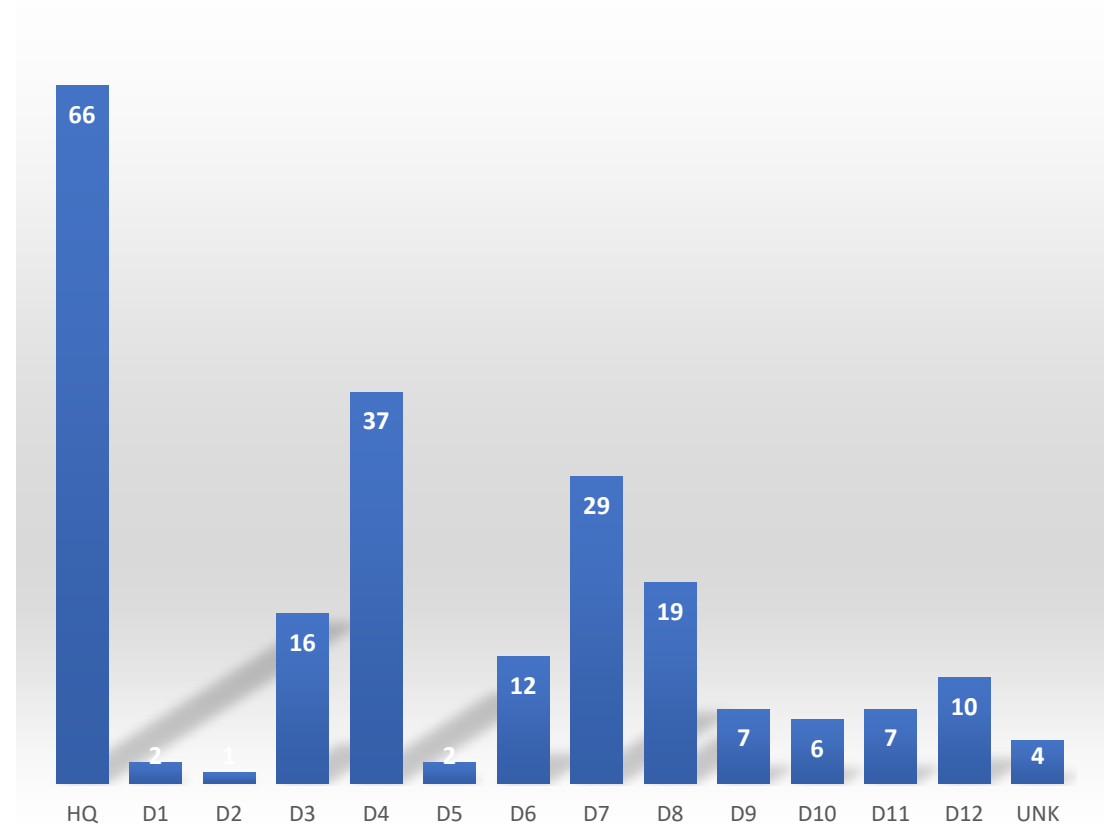


DISTRIBUTION OF THE 218 NEW ALLEGATIONS IN FISCAL YEAR 2021-22

BY TYPE



BY DISTRICT



OVERVIEW OF AUDITS

AUDITS

Audit Reports Issued	23
Recommendations	72
Potential Financial Impact	\$21 million

TYPES OF AUDITS

Performance Audits	3
Compliance Audits	20
• Local Agency	9
• Proposition 1B	4
• Contract Compliance	7

POTENTIAL FINANCIAL IMPACT OF AUDITS (\$20.6 MILLION)

QUESTIONED COSTS

- Local Agency Compliance Audits \$3.5 million
 - Proposition 1B Audits 3.4 million
 - **Total Questioned Costs** **\$6.9 million**
-
- Total Costs Audited \$437 million

Questioned costs are defined as costs that had been paid that we determined were noncompliant with state or federal statutes, regulations, or project agreements or those that were not supported by adequate documentation.

AVOIDED COSTS

- Architectural and Engineering Cost Proposals \$13.4 million
 - Contract Compliance Audits .3 million
 - **Total Avoided Costs** **\$13.7 million**
-
- Total Costs Reviewed / Audited \$918 million

Avoided costs are defined as costs that would have been paid but that we determined were noncompliant with state or federal statutes, regulations, or project agreements or those that were not supported by adequate documentation.

OVERVIEW OF NON-AUDIT SERVICES

NON-AUDIT SERVICES

Architectural and Engineering Cost Proposals	220
Local Agency Indirect Cost rates	115
Local Agency Single Audit findings' Corrective Action	16

72 NEW RECOMMENDATIONS

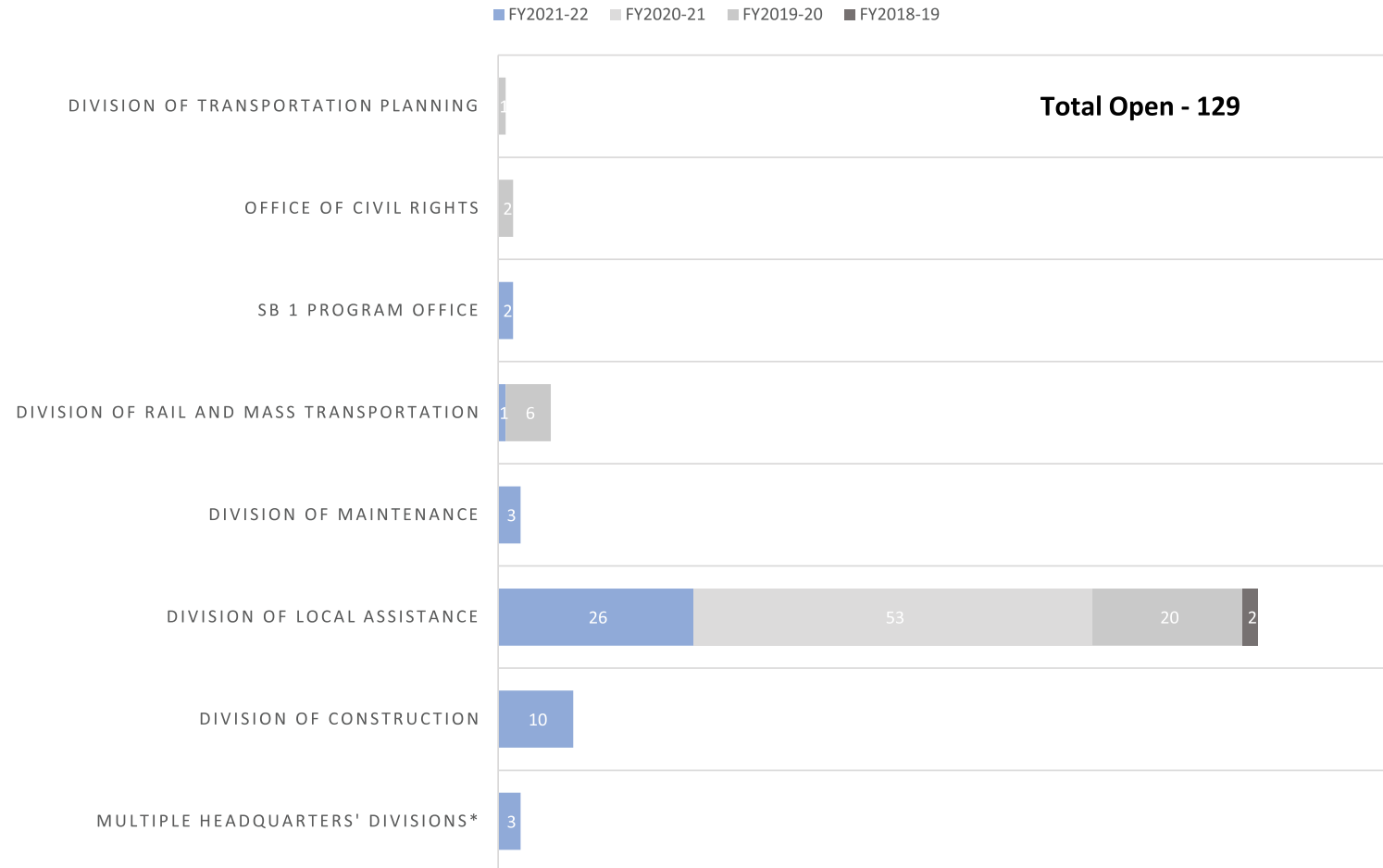
OPEN RECOMMENDATIONS

A recommendation is opened on the date the audit report is issued. The recommendation remains open until Caltrans completes the corrective action and provides IOAI with sufficient supporting evidence of the actions taken.

CLOSED RECOMMENDATIONS

A recommendation is closed after Caltrans submits a Corrective Action Plan, takes appropriate corrective action and provides IOAI with sufficient supporting evidence to demonstrate that the action was taken.

STATUS OF OPEN RECOMMENDATIONS, BY CALTRANS' RESPONSIBLE ENTITY AND FISCAL YEAR



*Three open recommendations were directed to the Division of Construction and the Division of Maintenance.

SIGNIFICANT OPERATIONAL CHANGES MADE IN 2022

Creation of the Diversity and Small and Disadvantaged Business Enterprise Team

Creation of the Financial Document Review Team (Non-audit service)

Creation of the Business Intelligence Team

AUDIT PLANNING FOR FISCAL YEAR 2022-23

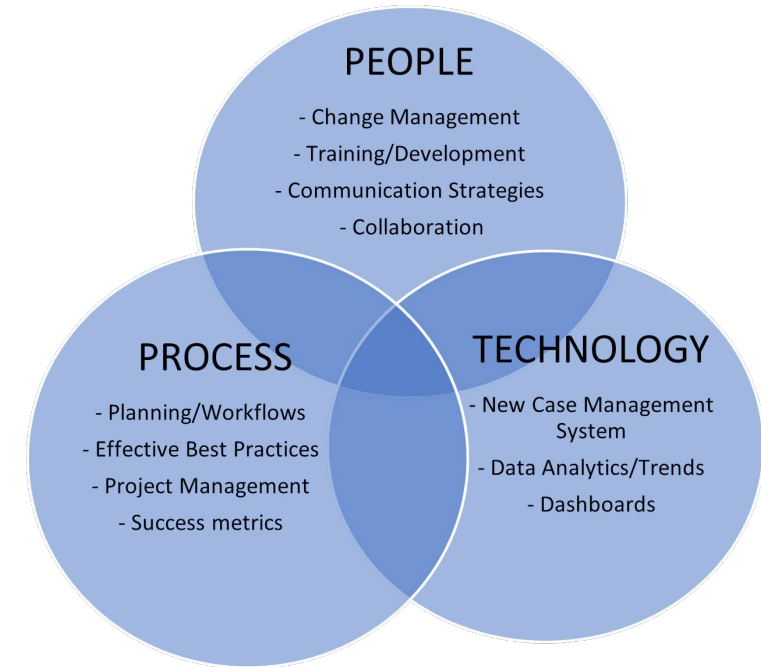
AUDIT PLAN

The 2022-23 Audit Plan identifies assignments and sets direction for IOAI for July 1, 2022, through June 30, 2023. The Audit Plan is a guiding document that is subject to change based on the availability of resources and the need to set new priorities or initiate different projects over the course of the year. The Audit Plan proposes audits and reviews that are 1) selected after an assessment of risk factors, 2) determined necessary to comply with state or federal reporting requirements, 3) mandated by state or federal law or policy, and/or 4) special request.

- Federal funding (Infrastructure Investment in Jobs Act – IJJA)
- SB 1 Performance Outcomes/Targets
- New efficiency measures implemented to achieve \$100 million in savings.
- SB 103 Outreach Efforts & Requirements
- Compliance audits, including whether the project delivered expected benefits.

2021-24 STRATEGIC PLAN:

People, Process, Technology



QUESTIONS?

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