

# INSPECTOR GENERAL

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Independent Office of Audits and Investigations

## Presentation of Annual Summary of Findings and Recommendations

July 1, 2022 – June 30, 2023

Deputy Inspector General – Lindsay Harris , CISA, CIGE



# 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...

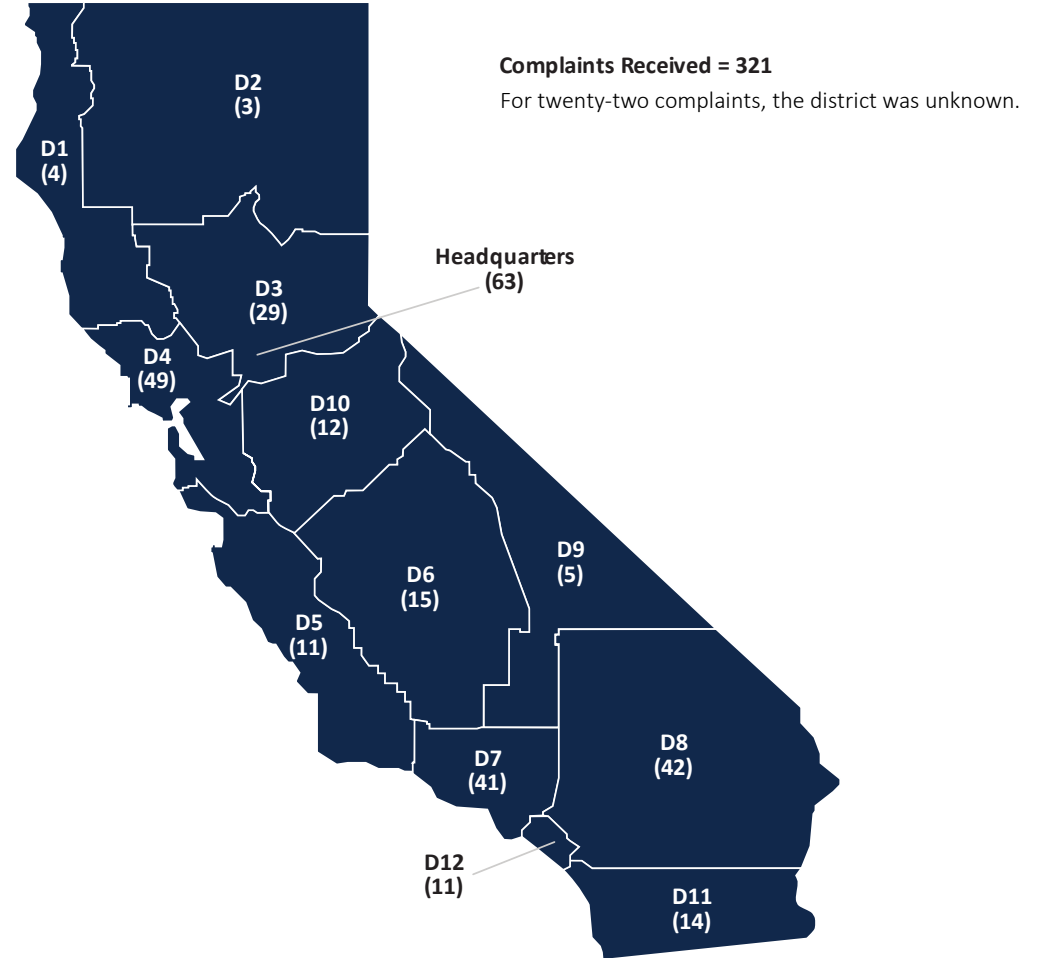
- **Performance audits** – assess the extent to which legislative, regulatory, or programmatic goals and objectives are being achieved and determine if Caltrans has adequate controls in place to manage its programs.
- **Compliance audits** – determine whether project costs claimed and reimbursed are 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.
- **Investigations** – conduct administrative investigations concerning allegations of employee misconduct and assist external entities with their investigations.

# OVERVIEW OF INVESTIGATIONS

## INVESTIGATIONS

Complaints Received	321
Complaints Closed	216

## COMPLAINTS RECEIVED BY DISTRICT (D)



# EXAMPLES OF INVESTIGATIONS



**Assisted federal investigation of fraud, \$1.8 million in ordered restitution**



**Employee's use of controlled substance while operating state vehicle**



**Unfair hiring practices, nepotism**



**Personal use of state credit card**

# OVERVIEW OF AUDITS

## AUDITS

Audit Reports Issued	17
Recommendations	72
<b>Potential Financial Impact</b>	<b>\$9,972,940</b>

## TYPES OF AUDITS

Performance Audits & Review	4
Compliance Audits	13
• Local Agency	11
• Proposition 1B	2

# OVERVIEW OF NON-AUDIT SERVICES

## NON-AUDIT SERVICES

Architectural and Engineering Cost Proposals	133
Local Agency Indirect Cost rates	31
<b>Potential Financial Impact</b>	<b>\$8,043,740</b>

# POTENTIAL FINANCIAL IMPACT (\$18 MILLION)

## QUESTIONED COSTS

• Local Agency Compliance Audits	\$9.9 million
• <u>Proposition 1B Audits</u>	<u>\$ .0 million</u>
• <b>Total Questioned Costs</b>	<b>\$9.9 million</b>

• Total Costs Audited \$417 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	\$8.0 million
• <u>Contract Compliance Audits</u>	<u>.0 million</u>
• <b>Total Avoided Costs</b>	<b>\$8.0 million</b>

• Total Costs Reviewed \$949 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.



# 72 NEW RECOMMENDATIONS

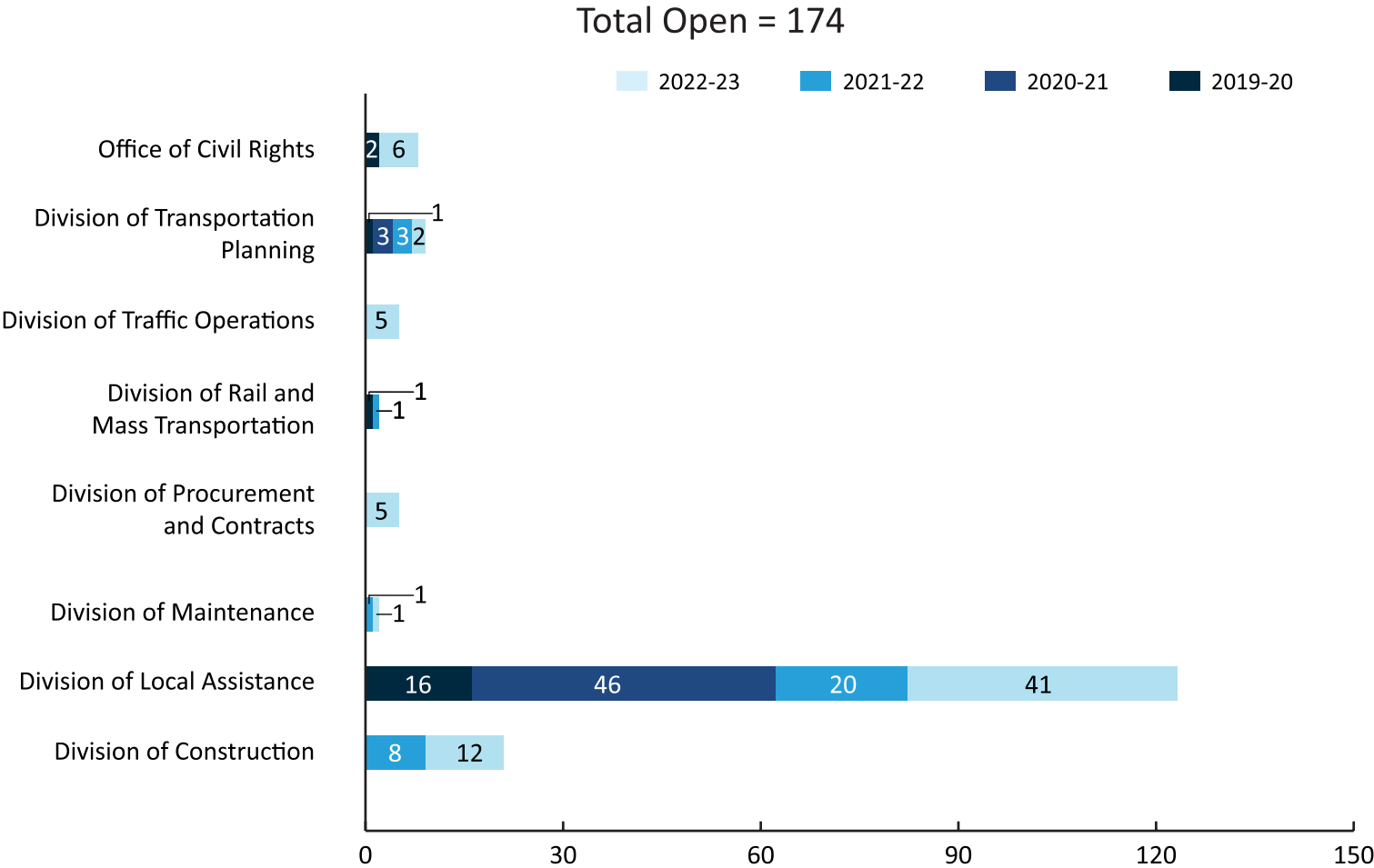
## OPEN RECOMMENDATIONS

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



# QUESTIONS?

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