

## **2010-122 AUDIT SCOPE AND OBJECTIVES—California Department of Transportation's (Caltrans) Capital Outlay Support (COS) Program**

The audit by the Bureau of State Audits (bureau) will provide independently developed and verified information related to the Caltrans' COS program and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review and evaluate Caltrans' organizational structure as it relates to the planning, development, management, delivery, and oversight of capital outlay projects to determine the following:
  - a. The impact the organizational structure has on the exchange of information between various divisions of the COS program.
  - b. The extent to which the organizational structure allows for a cohesive and comprehensive review of project delivery from a project's initial budget through completion of work.
  - c. Whether the responsibility for the management and completion of key tasks is placed at the appropriate level within Caltrans.
  - d. The extent to which program-level responsibilities are diffused or fragmented.
3. Review and evaluate Caltrans' process for determining its annual COS budget to assess how the budgets for the program of projects and individual projects fit into the COS budget request. More specifically, determine if the resources requested in the fiscal year 2010-11 budget are supported by the capital outlay projects and all projects are included in the appropriate program of projects.
4. Review Caltrans' plans or processes for staffing and overseeing the COS program at headquarters and at a sample of districts to determine the relationship between staffing levels and the capital programs in those districts.
5. Determine whether Caltrans utilizes best practices to manage its COS program and projects at its headquarters and at the sample of district offices. This determination should include, but not be limited to, Caltrans' use of project schedules, project support budgets, technology, software, and regular evaluations of budgeted and actual project expenditures.
6. At a sample of district offices, perform the following steps on a sample of projects that support Caltrans fiscal year 2010-11 budget:

- a. Identify the extent to which there are cost overruns on the COS projects selected for review. To the extent possible, determine the cause of any support cost overruns to include a specific evaluation of the accuracy of the initial estimates for support budgets and whether any projects not initially included or approved for the budget were subsequently charged to it.
  - b. Review and evaluate Caltrans' time charging policies and practices on COS projects to determine whether staff accurately charge time to the projects.
  - c. Determine whether the amounts planned for expenditure, and the amounts actually spent, on each phase of the support work are reasonable.
  - d. Compare Caltrans' planned and actual staffing levels and costs to industry workload standards and norms, or to an independent consultant's estimate of staffing levels and costs.
  - e. Determine whether a framework or process for evaluating the validity and efficiency of staffing requests for COS-type projects exists (e.g., one that provides a standard number of hours to perform various types of COS activities).
7. Review and assess any other issues that are significant to the COS program.