



# FACT SHEET

Independent Office of Audits and Investigations

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## Efficiency Measures Audit

### BACKGROUND

Senate Bill 1 (SB1), also known as the “Road Repair and Accountability Act of 2017, increases revenue for California’s transportation system by approximately \$5.2 billion annually. SB1 requires that California Department of Transportation (Caltrans) implement efficiency measures with the goal of generating at least \$100 million annually in savings to invest in maintenance and rehabilitation of the state highway system.

The Caltrans Independent Office of Audits and Investigations completed an audit on the efficiency measures for SB1. The purpose of the audit was to determine if Caltrans has internal controls in place to ensure that it meets the goal of generating at least \$100 million per year to invest in maintenance and rehabilitation of the state highway system as required by SB1. The audit was limited to the evaluation of the process, policies, procedures, and methodology used in identifying and measuring savings for the following efficiencies:

- Savings Due to Acceleration of Work
- Streamlining Environmental Reviews – National Environmental Policy Act Assignment
- Value Analysis
- Innovative Contracting Tools – Construction Manager/General Contractor

Our 2018-19 Audit Plan includes an audit with similar objectives for efficiencies not previously reviewed and an audit to determine whether the savings reported by Caltrans for year 2017-18 is supported.

### RECOGNITION

The audit determined that Caltrans programs were proactive in identifying areas of efficiencies and developing processes and procedures to comprehensively and effectively achieve the required SB1 efficiency measures.

### KEY RECOMMENDATIONS

Our audit also identified the following general recommendations to assist Caltrans in meeting SB1 efficiency requirement:

- The list of projects used to calculate savings should be complete and accurate.
- Costs associated with the efficiencies should be taken into consideration when calculating efficiency savings.
- Assumptions and costs associated with efficiency savings should be noted in the report to the California Transportation Commission (Commission).
- Efficiency savings that will not be available for investment in maintenance and rehabilitation should be separately identified in efficiency reports to the Commission.
- The Efficiency Report to the Commission should clarify when the efficiency savings are based on estimates and not actual savings.
- The Efficiency Report should include the definition of efficiency savings as adopted by Caltrans.

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