



# INSPECTOR GENERAL

California Department of Transportation

## City of Bakersfield

### Project Compliance Audit



**Independent Office of Audits and Investigations**

**Bryan Beyer**, Inspector General  
**Matt Espenshade**, Chief Deputy

May 2025  
24A.PJCT05



## Inspector General

California Department of Transportation

Bryan Beyer, Inspector General

Matt Espenshade, Chief Deputy

May 1, 2025

Tony Tavares  
Director  
California Department of Transportation  
1120 N Street  
Sacramento, CA 95814

### **Final Report — City of Bakersfield, Project Compliance Audit**

Dear Director Tavares:

On behalf of the Independent Office of Audits and Investigations (IOAI), the California Department of Finance, Office of State Audits and Evaluations (Finance) completed its audit of the City of Bakersfield (City). Finance audited the costs that the City incurred related to four project phases of the City's multiphase Centennial Corridor Project totaling \$136,736,845, which were reimbursed by the California Department of Transportation (Caltrans). Finance also audited the project deliverables and benefits.

Enclosed is the final report, which includes the City's response to the draft report. The final report is a matter of public record and will be posted on our website.

In accordance with Government Code section 14460(d)(2), IOAI reports the status of audit findings and recommendations on an annual basis to the Governor, the Legislature, and the California Transportation Commission. Therefore, IOAI will collaborate with Caltrans twice a year to assess the corrective actions taken on audit recommendations.

If you have any questions regarding this report, please contact our office at (916) 323-7111.

Sincerely,

Matt Espenshade, CFE  
Chief Deputy Inspector General

Gavin Newsom, Governor

Independent Office of Audits and Investigations  
P.O. Box 942874, MS-2 (916) 323-7111  
Sacramento, CA 94274-0001 <https://oig.dot.ca.gov>

Tony Tavares  
May 1, 2025  
Page 2

cc: Michael Keever, Chief Deputy Director, California Department of Transportation  
Michael Navarro, District Director, District 6, Caltrans  
Ben Shelton, Audit Chief, Internal Audits Office, Caltrans  
Zachary Meyer, Director of Public Works, City of Bakersfield  
Gary Hallen, Assistant City Manager, City of Bakersfield  
Randy McKeegan, Finance Director, City of Bakersfield  
Luis Topete, Assistant Director of Public Works, City of Bakersfield  
Rodney Whitfield, Director of Financial Services, Federal Highway Administration  
Grace Regidor, Transportation Finance Specialist, Financial Services, Federal Highway  
Administration

24A.PJCT05



## **City of Bakersfield**

Project Numbers 0600000484, 0618000019, and 0618000213

Report No. 24-2660-102  
April 2025

### **Team Members**

Cheryl L. McCormick, CPA, Chief  
Jennifer Arbis, Assistant Chief  
Marilyn Standing Horse, CPA, Assistant Chief  
Humberto E. Cervantes, Manager  
Joshua Mortimer, Supervisor  
Sydney Carrera, Lead  
John Yang

Final reports are available on our website at <https://oreports.dof.ca.gov/report.html>.

You can contact our office at:

California Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

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Gavin Newsom ■ Governor

915 L Street ■ Sacramento CA ■ 95814-3706 ■ [www.dof.ca.gov](http://www.dof.ca.gov)

Transmitted via e-mail

April 30, 2025

Bryan Beyer, Inspector General  
Independent Office of Audits and Investigations  
California Department of Transportation  
1120 N Street  
Sacramento, CA 95814

**Final Report—City of Bakersfield, California Department of Transportation Project Audits**

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Bakersfield (City) projects listed below, California Department of Transportation (Caltrans) Audit Number 24A.PJCT05:

<u>Project Number</u>	<u>Project Name</u>
0600000484	Kern River Bridge Improvements/Mainline
0618000019	Belle Terrace Operational Improvements
0618000213	Bakersfield Freeway Connector

The enclosed report is for your information and use. The City's response to the report finding is incorporated into this final report. The City agreed with our finding. We appreciate the City's assistance and cooperation during the engagement, and its willingness to implement corrective actions. This report will be placed on our website.

If you have any questions regarding this report, please contact Rick Cervantes, Manager, or Joshua Mortimer, Supervisor, at (916) 322-2985.

Sincerely,

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations

cc: Matt Espenshade, Chief Deputy Inspector General, Independent Office of Audits  
Investigations  
Fabiola Torres, Deputy Inspector General, Independent Office of Audits and  
Investigations

# BACKGROUND, SCOPE, AND METHODOLOGY

## BACKGROUND

The California Transportation Commission (CTC), upon appropriation by the Legislature, allocates state funds to the California Department of Transportation (Caltrans) to implement various programs.

Caltrans' Local Assistance Program oversees more than \$1 billion of state and federal funds made available annually to over 600 cities, counties, and regional agencies for the purpose of improving their transportation infrastructure or providing transportation services. This funding comes from various federal and state programs specifically designed to assist the transportation needs of local agencies.<sup>3</sup>

The City of Bakersfield (City) received \$235.9 million for four phases of the multi-phase Centennial Corridor Project, to construct a new alignment and provide route continuity for State Route 58 from Cottonwood Road on State Route 58 to Interstate 5.<sup>4</sup> The programs for the projects are described in the text box. The four phases are as follows:

- **0600000484 Kern River Bridge Improvements:** \$108.5 million in NCIIIP and \$4.9 million in PNRS. This project is considered Centennial Corridor Phase 1. Construction for this project is complete, and the project is operable. The City was required to provide an 11.47 percent and a 20 percent non-Federal match under NCIIIP and PNRS, respectively.

### **PROGRAM DESCRIPTIONS**

**NCIIP:** The National Corridor Infrastructure Improvement Program (NCIIP) is a discretionary program for highway construction projects within corridors of national significance.<sup>1</sup>

**PNRS:** The Projects of National and Regional Significance (PNRS) program provides funding for high-cost transportation infrastructure and facilities that provide for critical national economic and transportation needs.<sup>1</sup>

**SHOPP:** Funding for State Highway Operation and Protection Program (SHOPP) projects is a mixture of federal and state funds, including the Road Maintenance and Rehabilitation Account created by Senate Bill (SB) 1. Projects included in the program shall be limited to capital improvements relative to the maintenance, safety, operation, and rehabilitation of the state highway system that do not add new capacity to the system.<sup>2</sup>

**STIP:** The State Transportation Improvement Program (STIP) is the biennial five-year plan adopted by CTC for future allocations of certain state transportation funds for state highway improvements, intercity rail, and regional highway and transit improvements.<sup>1</sup>

**TCEP:** The Trade Corridor Enhancement Program (TCEP) provides funding for infrastructure improvements on federally designated Trade Corridors of National and Regional Significance, on California's portion of the National Highway Freight Network, as identified in California Freight Mobility Plan, and along other corridors that have a high volume of freight movement.<sup>1</sup>

<sup>1</sup> Excerpts obtained from the Caltrans Transportation Funding Opportunities Guidebook June 2022 <https://dot.ca.gov/-/media/dot-media/programs/local-assistance/documents/guide/funding-guidebook.pdf>.

<sup>2</sup> Excerpt obtained from CTC's website <https://catc.ca.gov/programs/state-highway-operation-and-protection-program>.

<sup>3</sup> Excerpt obtained from the Caltrans Local Assistance website <https://dot.ca.gov/programs/local-assistance/>.

<sup>4</sup> Excerpt obtained from the City's website <https://www.bakersfieldcity.us/562/Centennial-Corridor>.



- **0618000019 Belle Terrace Operational Improvements:** \$34.3 million in SHOPP. This project is considered Centennial Corridor Phase 2. Construction for this project is complete, and the project is operable.
- **0618000213 Bakersfield Freeway Connector:** \$25 million in TCEP. This project is considered Centennial Corridor Phase 3. Construction for this project is not complete, but the project is operable. The City was required to provide at least a 30 percent match of private, local, federal, or state funds.
- **0600000484 Mainline:** \$63.2 million in STIP. This project is considered Centennial Corridor Phase 4. Construction for this project is not complete, but the project is operable.

## SCOPE

As requested by Caltrans's Independent Office of Audits and Investigations, the California Department of Finance, Office of State Audits and Evaluations, audited the projects described in the Background section of this report. The *Summary of Projects Reviewed*, including the audit periods and the reimbursed expenditures, is presented in Appendix A.

The audit objectives were to determine whether:

1. The project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria.
2. Project deliverables/outputs were consistent with the project scopes and schedules.
3. Benefits/outcomes were achieved and reported in accordance with applicable requirements.

Only project 0618000213 had reporting requirements for benefits/outcomes.

The City's management is responsible for ensuring accurate financial reporting; compliance with executed project agreements, federal and state regulations, and applicable program guidelines; and the adequacy of its job cost system to accumulate and segregate reasonable, allocable, and allowable expenditures. Caltrans and CTC are responsible for the state-level administration of the programs.

## METHODOLOGY

In planning the audit, we gained an understanding of the projects and respective programs and identified relevant criteria by interviewing Caltrans and City personnel, and reviewing the executed project agreements and amendments, Federal/Caltrans/CTC program guidelines, and applicable federal and state requirements.

We conducted a risk assessment, including evaluating whether the City's key internal controls significant to our audit objectives were properly designed, implemented, and operating effectively. Key internal controls evaluated focused on procurement; progress payment preparation (i.e., contractor invoices); reimbursement request preparation; review and approval processes for contractor, change orders, and consultant



expenditures; project deliverables/outputs completion; and project benefits/outcomes reporting. Our assessment included conducting interviews with City personnel, observing processes, and testing transactions related to contract procurement, construction and consultant expenditures, project deliverables/outputs, and project benefits/outcomes.

Additionally, we assessed the reliability of data from the City's Summary of Costs worksheets which uses data generated from its accounting system, NaviLine. To assess the reliability of data, we interviewed City personnel, reviewed system controls, examined existing reports, traced to source documents, and performed data testing. We determined the Summary of Costs worksheets data was sufficiently reliable to address the audit objectives. Lastly, we determined verification of other data from NaviLine was not necessary because other sufficient evidence was available to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methods are detailed in the Table of Methodologies.

**Table of Methodologies**

Audit Objective	Methods
<p><b>Objective 1:</b> To determine whether the project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria.</p>	<ol style="list-style-type: none"> <li>1. Selected two construction contracts based on quantitative significance. Determined if the contracts were appropriately advertised and awarded to the lowest, responsible bidder by interviewing key personnel and reviewing procurement records such as bid advertisements, time and date stamped bids, bid analyses, and awarded contracts, and comparing to relevant criteria.</li> <li>2. Selected one consultant contract based on quantitative significance. Determined if the contract was awarded based on demonstrated competence and professional qualifications by interviewing key personnel and reviewing procurement records such as request for qualifications advertisement, scoresheets, interview evaluation documents, and awarded contracts, and comparing to relevant criteria.</li> <li>3. Determined if selected reimbursed contractor and consultant costs were allowable, project-related, incurred within the audit period, and supported by reviewing accounting records, contract and consultant invoices, reimbursement claims, and canceled checks, and comparing to relevant criteria. All vendor invoices were selected from each project's most quantitatively significant reimbursement claims. <ul style="list-style-type: none"> <li>o For project 0600000484 Phase 1, six contractor and five consultant invoices were selected.</li> <li>o For project 0618000019, four contractor invoices were selected.</li> <li>o For project 0618000213, eight contractor invoices were selected.</li> <li>o For project 0600000484 Phase 4, eight contractor and eight consultant invoices were selected.</li> </ul> </li> </ol>

Audit Objective	Methods
	<ul style="list-style-type: none"> <li>For projects 0600000484 Phase 1 and 0618000213, determined if selected match costs were allowable, project-related, incurred within the audit period, and supported by reviewing contractor invoices and reimbursement claims, and comparing payment transactions from the Summary of Costs worksheets with reimbursed amounts.</li> <li>Selected one contract change order (CCO) from each project based on quantitative significance. Determined if selected CCOs were within the scope of work, incremental, supported, completed within the audit period, and properly approved by reviewing awarded contracts, CCOs, CCO logs, and contractor correspondence, and comparing to relevant criteria.</li> <li>For all projects, evaluated whether duplicate payments occurred by reviewing invoices and performing an analytical procedure within the Summary of Costs worksheets to determine whether vendor invoices were claimed for reimbursement more than once.</li> </ul>
<p><b>Objective 2:</b> To determine whether the project deliverables/outputs were consistent with the project scopes and schedules.</p>	<ul style="list-style-type: none"> <li>For projects 0600000484 Phase 1 and 0618000019, determined whether project deliverables/outputs were consistent with the project scopes and schedules by interviewing key personnel and reviewing photographs and contract acceptance forms, and comparing to relevant criteria.</li> <li>For projects 0618000213 and 0600000484 Phase 4, determined whether the progress of the project deliverables/outputs were consistent with the project scopes and schedules by interviewing key personnel and reviewing photographs, and comparing to relevant criteria.</li> <li>For project 0618000213, determined whether significant reporting provisions were completed as required by interviewing key personnel and reviewing progress reports, and comparing to relevant criteria.</li> </ul>
<p><b>Objective 3:</b> To determine whether benefits/outcomes were achieved and reported in accordance with applicable requirements.</p>	<ul style="list-style-type: none"> <li>For project 0618000213, determined whether benefits/outcomes were achieved and adequately reported by interviewing key personnel, reviewing progress reports, and reviewing the Caltrans Performance Measurement System and Kern Council of Governments traffic data, and comparing to relevant criteria.</li> </ul>

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

## CONCLUSION

Based on the procedures performed and evidence gathered, we obtained reasonable assurance the project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria.

We also obtained reasonable assurance the project deliverables/outputs were consistent with the project scopes and schedules. However, the Completion Report for project 0618000213 was not submitted, as described in Finding 1.

Additionally, for project 0618000213, the City did not report actual benefits/outcomes, as described in Finding 1; therefore, it is unknown whether benefits/outcomes were achieved.

## FINDINGS AND RECOMMENDATIONS

### **Finding 1: Project Completion Report Not Submitted and Benefits/Outcomes Were Not Reported as Required**

For project 0618000213, the City did not submit a Completion Report to Caltrans within six months of the project opening to the public in February 2024. The Completion Report was due in August 2024 and had not been submitted as of the end of audit fieldwork in January 2025. The City stated that project 0618000213 was its first experience with TCEP funding and relied on Caltrans to request the required reports. Therefore, the City was not aware of the Completion Report requirement.

The City is responsible for submitting the Completion Report, which includes reporting on project benefits/outcomes. SB 1 Accountability and Transparency guidelines, section D (Follow-Up Accountability), subsection 1 states within six months of construction contract acceptance or the project becoming operable, whichever comes sooner, the implementing agency shall provide a Completion Report to Caltrans on the scope of the completed project, its estimated final cost, estimated schedule, and project benefits as compared to those included in the executed project agreements. Additionally, the Completion Report shall describe the methodologies and assumptions used to evaluate how the project benefits were calculated as compared to the methodologies and assumptions used in the executed project agreements.

By not reporting on whether the benefits/outcomes were achieved, Caltrans, CTC, and other interested parties would not know whether the project met its intended goals.

### **Recommendations:**

- A. Coordinate with Caltrans to facilitate the submission of the Completion Report for project 0618000213, including the evaluation of project benefits/outcomes achieved.
- B. Review the funding program guidelines for all projects to clearly understand the reporting requirements.

The following acronyms are used throughout Appendix A.

- California Department of Transportation: Caltrans
- National Corridor Infrastructure Improvement Program: NCIIIP
- Projects of National and Regional Significance: PNRs
- State Highway Operation and Protection Program: SHOPP
- State Transportation Improvement Program: STIP
- Trade Corridor Enhancement Program: TCEP

## Summary of Projects Reviewed

Project Number	Reimbursed Costs	Project Status	Expenditures in Compliance	Deliverables/Outputs Consistent	Benefits/Outcomes Achieved	Benefits/Outcomes Adequately Reported	Page
0600000484 Phase 1	\$23,179,589	C	Yes	Yes	N/A	N/A	A-1
0618000019	\$34,259,394	C	Yes	Yes	N/A	N/A	A-2
0618000213	\$21,784,769	I	Yes	No	U	No	A-3
0600000484 Phase 4	\$57,513,093	I	Yes	Yes	N/A	N/A	A-4

### Legend

C = Construction is complete, and the project is operable.

I = Project is operable but does not have construction contract acceptance.

N/A = Not applicable; reporting of benefits/outcomes is not a requirement.

U = Unknown; the required Completion Report has not yet been submitted.

**Project Number:** 0600000484

**Project Name:** Centennial Corridor Phase 1: Kern River Bridge Improvements

**Program Name:** NCIIIP and PNRS

**Project Description:** Construct new bridges across Truxtun Avenue and the Kern River for the future westbound exit to Mohawk Street and widen the existing eastbound bridges at the Kern River and Truxtun Avenue to accommodate the future Centennial Corridor (State Route 58) mainline.

**Audit Period:** November 26, 2018 through April 24, 2023 for audit objective 1<sup>5</sup>  
November 26, 2018 through May 27, 2021 for audit objectives 2 and 3<sup>6</sup>

**Project Status:** Construction is complete and the project is operable.

#### Schedule of Costs

Category	Reimbursed Costs
Utility Relocation	\$ 6,275,592
Construction Engineering	1,662,104
Construction	15,241,893
<b>Total Costs</b>	<b>\$ 23,179,589</b>

#### Results:

##### Compliance—Costs

The project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria. Additionally, the match requirement was met.

##### Deliverables/Outputs

The construction phase of the project was completed in May 2021. At the end of our fieldwork in January 2025, project deliverables/outputs were consistent with the project scope and schedule.

##### Benefits/Outcomes

This project does not have a reporting requirement for benefits/outcomes.

<sup>5</sup> The audit period includes reimbursement claims 29 through 37 and the end date reflects the billing period end date of reimbursement claim 37 submitted to and approved by Caltrans. The audit period did not include reimbursement claims prior to claim 29.

<sup>6</sup> The audit period end date reflects the Notice of Completion date.

**Project Number:** 0618000019

**Project Name:** Centennial Corridor Phase 2: Belle Terrace Operational Improvements

**Program Name:** SHOPP

**Project Description:** Demolish the existing Belle Terrace Overcrossing and replace it with a structure that meets Caltrans' current vertical clearance requirements and also improve northbound State Route 99 to eastbound State Route 58 traffic flow by reconstructing and widening the freeway connector structure.

**Audit Period:** March 21, 2018 through November 23, 2022 for audit objective 1<sup>7</sup>  
March 21, 2018 through July 8, 2021 for audit objectives 2 and 3<sup>8</sup>

**Project Status:** Construction is complete and the project is operable.

#### Schedule of Costs

Category	Reimbursed Costs
Construction Capital	\$ 34,259,394
<b>Total Costs</b>	<b>\$ 34,259,394</b>

#### Results:

##### Compliance—Costs

The project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria.

##### Deliverables/Outputs

The construction phase of the project was completed in July 2021. At the end of our fieldwork in January 2025, project deliverables/outputs were consistent with the project scope and schedule.

##### Benefits/Outcomes

This project does not have a reporting requirement for benefits/outcomes.

<sup>7</sup> The audit period end date reflects the billing period end date of the last reimbursement claim submitted to and approved by Caltrans.

<sup>8</sup> The audit period end date reflects the contract acceptance date.

**Project Number:** 0618000213

**Project Name:** Centennial Corridor Phase 3: Bakersfield Freeway Connector

**Program Name:** TCEP

**Project Description:** Reconstruct the westbound to southbound connector ramp at the State Route 58/State Route 99 interchange and move the southbound State Route 99 entrance to the Ming Avenue off-ramp and construct a barrier-separated connector ramp to Ming Avenue.

**Audit Period:** June 27, 2018 through April 6, 2023 for audit objective 1<sup>9</sup>  
June 27, 2018 through January 24, 2025 for audit objectives 2 and 3<sup>10</sup>

**Project Status:** Project is operable, but construction is not complete.

#### Schedule of Costs

Category	Reimbursed Costs
Construction Engineering	\$ 377,145
Construction Contract	21,407,624
<b>Total Costs</b>	<b>\$ 21,784,769</b>

#### Results:

##### Compliance—Costs

The project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria. Additionally, the match requirement was met.

##### Deliverables/Outputs

The project has been operable since February 2024. At the end of our fieldwork in January 2025, project deliverables/outputs were consistent with the project scope and schedule, except for the Completion Report. See Finding 1.

##### Benefits/Outcomes

Actual project benefits/outcomes were not reported as required; therefore, achievement is unknown. See Finding 1.

<sup>9</sup> The audit period end date reflects the billing period end date of the last reimbursement claim submitted to and approved by Caltrans.

<sup>10</sup> The audit period end date reflects the end of audit fieldwork date.



Expected Benefits/Outcomes Reported in Progress Reports	Actual Benefits/Outcomes Reported in the Completion Report	Benefits/ Outcomes Achieved
Increased throughput, reliability and safety.	Not Reported.	Not Reported.
Congestion reduction.		
Key transportation bottleneck relief.		
Interregional freight movement benefits.		
Carbon dioxide reduction.		
Local economic stimulus and job creation.		

**Project Number:** 0600000484

**Project Name:** Centennial Corridor Phase 4: Mainline

**Program Name:** STIP

**Project Description:** Construct the freeway between State Route 99 and the Westside Parkway.

**Audit Period:** June 26, 2019 through November 3, 2023 for audit objective 1<sup>11</sup>  
June 26, 2019 through January 24, 2025 for audit objectives 2 and 3<sup>12</sup>

**Project Status:** Project is operable, but construction is not complete.

#### Schedule of Costs

Category	Reimbursed Costs
Construction Engineering	\$20,000,000
Construction Contract	37,513,093
<b>Total Costs</b>	<b>\$57,513,093</b>

#### Results:

##### Compliance—Costs

The project costs were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria.

##### Deliverables/Outputs

The project has been operable since February 2024. At the end of our fieldwork in January 2025, project deliverables/outputs were consistent with the project scope and schedule.

##### Benefits/Outcomes

This project does not have a reporting requirement for benefits/outcomes.

<sup>11</sup> The audit period end date reflects the billing period end date of the last reimbursement claim submitted to and approved by Caltrans.

<sup>12</sup> The audit period end date reflects the end of audit fieldwork date.





# BAKERSFIELD

THE SOUND OF *Something Better*

April 14, 2025

California Department of Finance  
Office of State Audits and Evaluations  
915 I Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

RE: Confidential Draft Report—City of Bakersfield, California Department of Transportation Project Audits:  
Confirmation of Receipt and Intent to execute suggested actions

Dear Cheryl L. McCormick and Staff:

The City of Bakersfield Public Works Department (City) acknowledges receipt of the Confidential Draft Report for Project Numbers 0600000484, 0618000019, and 0618000213 dated March 25<sup>th</sup>, 2025.

In alignment with the report's recommendations, City staff have coordinated with Caltrans to support the submission of the Completion Report for Project 0618000213, and a submission has been completed.

Thank you.

Sincerely,



Zachary Meyer, Public Works Director

cc: Luis Topete, Paul Archer