

2023-124 AUDIT SCOPE AND OBJECTIVES

Local Streets and Roads Program—State and Local Oversight

The audit by the California State Auditor will provide independently developed and verified information related to state and local oversight of the Local Streets and Roads Program (LSRP). The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Select six cities receiving LSRP funds—two with populations over 100,000; two with populations between 50,000 and 100,000; and two with populations under 50,000—and do the following:
 - (a) Evaluate each city's process to prioritize the projects submitted for LSRP funds, including the extent to which equity was a component of that decision-making.
 - (b) Determine each city's most and least common usages for LSRP funds.
 - (c) Determine whether the cities are submitting annual expenditure reports to the California Transportation Commission (Commission) as required.
 - (d) To the extent possible, determine the impact additional SB 1 funding has had on local street and road infrastructure, and evaluate whether the city's spending is consistent with the program's rules and purpose.
3. Evaluate the process the Commission uses to determine whether cities and counties are eligible for LSRP funding. Specifically, assess the extent to which:
 - (a) The process for cities and counties to apply for LSRP projects is transparent and promotes accountability for cities' and counties' use of LSRP funds.
 - (b) The formula in state law defines and requires an equitable distribution of funding.
4. Determine whether the Controller distributes funds to all cities and counties on the eligibility list in accordance with state law.
5. Calculate the total funds distributed by the LSRP through the most recently completed funding cycle and whether all available funds were distributed. If there were insufficient funds for all approved projects, determine how funding adjustments were made.
6. Assess the extent of the oversight provided by state entities, including the Controller and Commission, by doing the following:
 - (a) Determine whether the Controller is auditing local jurisdictions to ensure that they are meeting maintenance-of-effort requirements.
 - (b) Assess whether the Controller is able to take action, or has taken action, against local jurisdictions that do not comply with maintenance of effort requirements.

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- (c) Determine whether local entities are reporting to the Commission as required and what actions, if any, the Commission has taken or could take to address any lack of reporting.
- 7. Determine whether state entities provided flexibility to cities and counties on the use of this program during the pandemic, the extent of any actions taken, and whether state entities are still providing such flexibility.
- 8. Review and assess any other issues that are significant to the audit.