

**FORENSIC
ACCOUNTING AUDIT
OF THE COLUMBIA
RIVER CROSSING
PROJECT**

SCOPE AND OBJECTIVES

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STATE OF WASHINGTON



JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

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Why a Forensic Accounting Audit of the Columbia River Crossing Project?

The 2013-15 Transportation Budget (ESSB 5024) called for a forensic audit of the Interstate 5/Columbia River Crossing project to investigate possible misuse of public funds. JLARC was authorized to contract with the State Auditor's Office to conduct the audit.

What Is a Forensic Accounting Audit?

A forensic accounting audit is an audit that specifically looks for whether there has been financial misconduct or abusive or wasteful activity.

Columbia River Crossing Project Background

According to the Washington State Department of Transportation (WSDOT), the proposed project was to improve safety and congestion in the five-mile segment of I-5 between State Route 500 in Vancouver, Washington, and Victory Boulevard in North Portland, Oregon. The Department's proposed project scope was to replace the existing interstate bridge, make improvements to five miles of I-5, extend light rail to downtown Vancouver, and improve bicycle and pedestrian facilities.

WSDOT and the Oregon Department of Transportation (ODOT) completed an analysis of the transportation needs in the Portland/Vancouver corridor in 1999. The analysis recommended a "multi-faceted" approach to address the safety and congestion issues, including a recommendation for new highway and transit capacity over the Columbia River.

In 2005, WSDOT began a partnership with ODOT, the Federal Highway Administration, and various local jurisdictions to develop a "long term, comprehensive solution for five miles of Interstate 5 between Portland and Vancouver."

The proposed project was estimated to cost between \$3.1 and \$3.5 billion, with the bridge comprising \$2.05 billion, Oregon roadway and interchanges \$595 million, and Washington roadway and interchanges \$435 million.

The State Auditor's Office reports the project has spent \$168 million to-date, with 82% of expenditures for architectural and engineering (A&E) services. The 2013-15 Biennium transportation budget did not provide funding to continue the project.

Study Scope

JLARC will contract with the State Auditor's Office (SAO) to conduct a forensic accounting audit of the Interstate 5/Columbia River Crossing project. The SAO audit will be conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The primary focus of SAO's audit will be expenditures for architectural and engineering services (A&E). The audit will determine whether the state has been overcharged for A&E services, charged for services that are beyond the scope of the original contract, or charged for unauthorized services.

Study Objectives

The SAO will examine the following:

- 1) Were contract task orders within the scope of the original contract?
- 2) Did work charged agree with contract task orders?
- 3) Were there charges for unusual or excessive hours or expenditures?
- 4) How have labor, profit, and overhead rates increased since 2004?
- 5) Were labor rate increases capped by contract?
- 6) Did labor rate increases conform to contract caps?
- 7) Did labor, profit, and overhead rates charged conform to contract rates?
- 8) Did the overhead rate charged agree to the A&E firm's audited overhead rate?
- 9) Has WSDOT been directly charged for administrative staff that are in the overhead rate?

Timeframe for the Study

The State Auditor's Office will report the results of its forensic audit by April 2014.

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