

2026-133 AUDIT SCOPE AND OBJECTIVES

Department of Transportation—State Route 710 Extension Project

The audit by the California State Auditor will provide independently developed and verified information related to the California Department of Transportation's (Caltrans) administration of the State Route 710 Extension Project. The audit's scope will include, but will not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Evaluate whether Caltrans has administered the SR-710 Sales Program in accordance with the Roberti Act and other applicable laws, including its prioritization of sales to current occupants, income-eligible buyers, Housing-Related Entities, and nonprofit entities.
3. Assess the timeliness of the sales process for both vacant and occupied properties.
4. Determine whether Caltrans properly defined and applied affordability criteria for prospective purchasers and tenants and whether documentation supports affordability determinations. In making this determination, do the following:
 - (a) Review the methodology Caltrans used to calculate the affordability of home purchase prices for eligible tenants.
 - (b) Evaluate the consistency, accuracy, transparency, and documentation supporting cost inputs Caltrans used in its affordability calculations, such as insurance and utilities.
 - (c) Assess whether Caltrans applied affordability calculations equitably.
5. Examine Caltrans' appraisal process for properties included in the SR-710 Sales Program by doing the following:
 - (a) Assess the timeliness, accuracy, and adequacy of property appraisals, including, to the extent possible, whether the comparable properties were appropriate relative to the condition of the structures.
 - (b) Determine whether Caltrans has procedures for occupants or prospective purchasers to appeal or dispute appraisal findings and assess the reasonableness of these procedures.
6. Review the roles and responsibilities of Caltrans and its real estate agents and assess whether Caltrans provided appropriate oversight. In performing this review, do the following:
 - (a) Evaluate a selection of reports of inconsistent communications and potential misconduct by Caltrans or its real estate agents and determine whether Caltrans adequately resolved such concerns.
 - (b) Determine whether sales contracts contain appropriate terms, conditions, and restrictions.
7. Assess the accuracy and support for accounting records of rent owed and paid.

8. Evaluate the processes Caltrans uses to procure and manage contracts for property maintenance services, including repairs and pest control. Specifically, do the following:
 - (a) Review a selection of contractor solicitations and determine whether Caltrans adhered to a timely and appropriate process for selecting them according to qualifications and availability.
 - (b) Assess the timeliness and accuracy of the tenant reimbursement process for maintenance-related expenses.
 - (c) Evaluate Caltrans' oversight and quality-control mechanisms for ensuring that licensed contractors perform work to appropriate standards.
 - (d) Assess the process for addressing needed improvements at vacant or hazardous properties, particularly those properties that may pose a significant danger to nearby residents.
9. Follow up on the status of prior audit findings and recommendations from the California State Auditor's 2012 audit report on the SR-710 Extension Project.
10. Review and assess any other issues that are significant to the audit.