

Memorandum

*Serious drought.
Help Save Water!*

To: LAURINE BOHAMERA, Chief
External Audits - Contracts
Audits and Investigations

Date: January 5, 2016

File: P2505-0056
P2505-0057

ORIGINAL SIGNED BY:

From: AMARJEET S. BENIPAL
District 3 Director

Subject: PROPOSITION 1B AUDIT REPORT – COUNTY OF EL DORADO

This memorandum serves as the California Department of Transportation's (Caltrans) corrective action resolution plan for the Proposition 1B (Prop 1B) Corridor Mobility Improvement Account (CMIA) funds on the US 50 High-Occupancy Vehicle Lanes Corridor Project, Phase 1 and Phase 2A, per Audit Report dated September 2, 2015.

The audit report found that for Finding 1, "Incorrectly Billed California Highway (CHP) personnel Costs", the County incorrectly billed for CHP personnel costs on Cooperative Agreement No. 03-0488. The audit report recommended that the County reimburse Caltrans \$20,593 for the incorrectly billed costs and the County agreed to the finding. Subsequent to the audit findings, the County submitted a refund check in the amount of \$18,843, which represents the following:

Phase 1 – Revised Final Invoice Number 16 (Agreement 03-0351): \$7,355
Phase 2A - Revised Final Invoice Number 10 (Agreement 03-0488): \$11,488*
\$18,843

*Phase 2A Final Invoice 10 included a project change order cost of \$9,105, which is a CMIA expense, therefore the net County reimbursement is \$20,593 - \$9,105 = \$11,488

The audit report found that for Finding 2, "Reimbursement Request Before Vendor Payments", for Cooperative Agreement No. 03-0351, the County requested reimbursement from Caltrans before paying the vendor invoices. The audit report recommended that the County implement policies and procedures to ensure that when billing under reimbursement agreements, vendors be paid by the County prior to requesting reimbursement from Caltrans. The County agreed to the finding. County Management has informed staff of the requirement and the billing procedures have been revised.

The audit report found that for Finding 3, "Lack of Written Procurement Policies for Construction and Consultant Service Contracts", the County does not have written policies and procedures for construction and consultant service contracts that are in compliance with state and federal regulations. The audit report recommended that the County implement written policies and procedures for the procurement of construction and consultant service contracts funded with

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state or federal funds are in compliance with state and federal regulations. The County agreed to the finding, and has updated all contract templates to reflect requirements of the Local Assistance Procedures Manual specifically as it relates to mandatory fiscal and federal provisions.

The audit report found that for Finding 4, "Unsubmitted Quarterly Delivery Reports (QDR) and Untimely Final Delivery Report (FDR)", the County did not submit the QDRs for Phases 1 and 2A to Caltrans in accordance with the CTC program guidelines and the County did not submit the FDRs for the projects in a timely manner. The audit report recommended that the County submit QDRs and FDRs as required by the CTC program guidelines. The County agreed to the finding and has added direction to prepare and submit Quarterly Delivery Reports (QDR) and Final Delivery Reports (FDR) to its' "Design and Project Management Guidelines" for future projects. The instructions include direction to designate a person responsible for the reporting and to document the assignment. QDRs will not be submitted for these projects since construction is complete. The FDR for Phase 1 was approved November 7, 2014 and the FDR for Phase 2A was approved on November 14, 2014.

The County will implement the actions listed above on the findings immediately on all current and future County sponsored projects. District 3 has reviewed and verified the County's progress to resolve the Findings.

If you have any questions, please contact Clark Peri, Project Manager, District 3 Program/Project Management, at (916) 825-8168.

- c: Kate Sampson, Assistant Director, Administration and Finance, County of El Dorado
- Stephen Maller, Deputy Director, California Transportation Commission
- Teresa Favila, Assistant Deputy Director, California Transportation Commission
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