

Memorandum

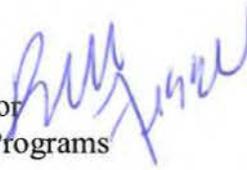
*Serious drought.
Help Save Water!*

To: WILLIAM E. LEWIS
Assistant Director
Audits and Investigations

Date: November 10, 2014

File: P1575-0022

From: BILL FIGGE
Acting Deputy Director
Planning and Modal Programs



Subject: DEPARTMENT ACTION PLAN TO INCURRED COST AUDIT –
COUNTY OF SACRAMENTO, ENGINEERING SERVICES

This memorandum serves as the California Department of Transportation's (Caltrans) corrective action plan for findings described in Audits and Investigations' Incurred Cost Audit for the county of Sacramento (County), Engineering Services, dated August 20, 2013.

*Finding 1—Request for Proposal Procurement Practices Need Significant Improvement and
Finding 5- Policy and Procedures Can be Improved:*

Consistent with the handling of similar local agency incurred cost audit findings, the Division of Local Assistance (DLA) recommends that no funds be recovered at this time for inadequate procurement practices. Rather, DLA has received Federal Highway Administration (FHWA) concurrence on a programmatic solution to include increased oversight, enhanced guidance, and training. Increased oversight is currently in place, enhanced guidance will be issued by December 2014, and training will occur by March 2015.

Finding 2— Construction Contract Administration Need Improvement:

DLA is consulting with the FHWA to determine if lack of adjusting item prices due to substantial changes in the work and poor quantity documentation should result in sanctions. DLA will meet with FHWA during November 2014 to resolve the finding and the amount of sanctions, if any, to be reimbursed by the County.

Finding 3—Professional Service Contract Administration Needs Enhancement:

DLA will review the County's contract administration procedures to ensure that the County is fulfilling the terms and conditions set forth in their consultant contracts. This review will take place in February 2015.

Finding 4-Average Labor Rates Used not Reconciled:

DLA will review the County's billing records to ensure that they are using the actual labor rates in lieu of average rates. This review will take place in February 2015.

William E. Lewis
November 10, 2014
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If you have any questions, please contact Lai Huynh in the Division of Local Assistance at 916-653-3990.

- c: Brian P Kelly, Secretary, California State Transportation Agency
- Michael J. Penrose, Director Sacramento County Department of Transportation
- Michael Tritz, Deputy Secretary for Audits and Performance Improvements, California State Transportation Agency
- Janice Richard, Director of Financial Services, Federal Highway Administration
- Andre Boutros, Executive Director, California Transportation Commission
- Malcolm Dougherty, Director, California Department of Transportation
- Kome Ajise, Chief Deputy Director, California Department of Transportation
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- Clark Paulsen, Chief, Division of Accounting, California Department of Transportation
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- Stella Liao, District Local Assistance Engineer, District 3, California Department of Transportation