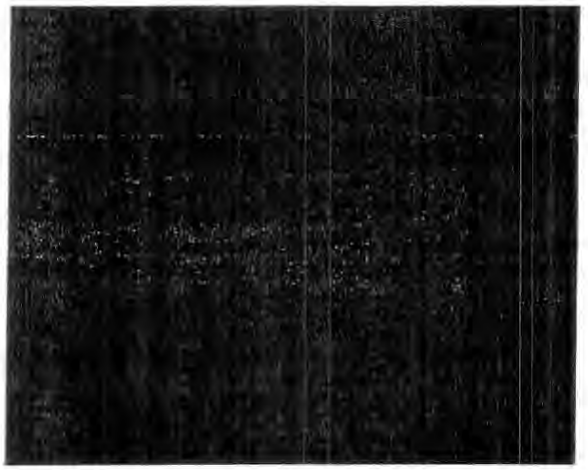
Financial Integrity Review and Evaluation (FIRE)

California Division Construction Contractor Payments Process Review



07-09

May 31, 2007

- no observations individually identified.

California Division
Construction Contractor Payments Process Review

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I. Background

These process reviews were performed to fulfill, in part, the requirements of the FIRE Program established via FHWA Order 45601a. Performance of these reviews and other oversight activities are necessary to support FHWA's annual certification of the adequacy of the internal and financial controls in place to support the agency's financial statements. A team comprised of FHWA and Caltrans finance and engineering personnel conducted 41 reviews. During the site visits, team members interviewed employees of the local agency associated with the project as well as Caltrans employees, and reviewed project records.

II. Purpose of the Review

The purpose of this review was to evaluate and test the internal controls related to the financial aspects of construction contractor payments.

III. Approach

This review was conducted in two phases. Phase I, conducted exclusively by the FHWA review team, included an evaluation of Caltrans internal controls and Federal compliance related to construction contractor payments, identified in Caltrans, *Local Assistance Procedures Manual (LAPM), Processing Procedures for Implementing Federal and/or State Funded Local Public Transportation Projects* dated June 6, 2006 and Caltrans Construction Manual dated July 2001.

Phase II of the review included site visits to the local agencies responsible for administering and completing the construction of the projects included in the random sample. The site visits included interview questions and document reviews addressing the following areas of construction contractor payments:

(a) Project Estimate and Approval
(b) Payment of Estimates
(c) Processing of Change Orders
(d) Completion & Final Acceptance.

IV. Scope

Risk assessments conducted in 2006 determined that the locally administered projects presented a higher risk; therefore, it was concluded that the team would focus on local projects during this review of construction contractor payments.

Data received from the State consisted of 845 locally administered projects which provided the foundation for the random sampling. The data was analyzed and validated by the review team. In order to achieve an acceptable confidence level, 41 projects were reviewed.

This construction contract payment review included any aspects involving the approval and payment of the contractor invoice, the processing of change orders, and the completion and final acceptance of the work. Forty-one (41) active local agency projects for which Caltrans received Federal reimbursement between 7/1/06 and 1/8/07 were reviewed by teams consisting of FHWA and Caltrans personnel. One pay estimate from each of those projects was reviewed. Source documentation was reviewed on the items that where paid on each estimate selected.

The interviews covered the following topic areas or processes:

- Approval of the plans specification and estimate
- Bid Letting Process
- Award of Contract
- Determination of Construction Project Personnel Needs
- Construction Diaries
- Pay Estimates
- Source Documentation
- Construction Change Orders
- Material Certifications
- Project Files
- Project Finals Process within the Area Office
- Project Finals Review Process with in Operations Support
- Construction Measurement and Payment (CM&P) System Features
- Records Retention

V. Review Team

FHWA

Brenda Bryant	Director, Financial Services
Sandra Garcia-Aline	Director, Field Operations
Ada Lehner	Financial Manager
Nancy Bobb	Major Projects Program Manager
Jeff Blais	Financial Specialist
Mary Cunningham	Financial Specialist
Tasia Papajohn	Financial Specialist
Veneshia Smith	Financial Specialist
Jacob Waclaw	Field Operations Engineer

Caltrans

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Office of Local Assistance – District 1	
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Office of Local Assistance – District 2	
John Pederson	Local Assistance Engineer
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Office of Local Assistance - District 4	
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David Wang	Local Assistance Engineer

Office of Local Assistance – District 8

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Carol Green	Transportation Engineer

Office of Local Assistance - District 9

Tom Meyers	District Engineer
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Office of Local Assistance – District 10

Nabil Hassan	District Engineer
Yousef Yousef	District Engineer

Office of Local Assistance – District 11

Tony Tomera	Local Assistance Engineer
Don Pope	Local Assistance Engineer

Office of Local Assistance – District 12

Alan Williams	Local Assistance Engineer
Samir Soliman	Local Assistance Engineer

VI. Findings and Recommendations

Findings were identified in (5) out of the fourteen (14) topic areas/processes that were reviewed, and recommendations were made. Please see attachment B on page 21 of this report for the Construction Contractor Payments Review Interview Questionnaire. The findings and recommendations are as follows:

Question 4. Are project field records adequately maintained to support quantities submitted for payment? (i.e. certified payroll)

Finding 1: Underpayment of wages due to inaccurate recording of labor hours

Discrepancies between the labor hours worked and the hours recorded on extra work tickets (included on the invoice under review) for two employees, and the number of hours paid per the certified payroll were discovered and brought to the contractor's attention. The discrepancies resulted in two contractor employees receiving additional compensation. (Reference 29 CFR Sections1.5 and 1.6)

Recommendation:

Caltrans needs to ensure that the local agency develops and implements policies and procedures to ensure labor compliance. Further, Caltrans should monitor the local agency's compliance with said policies and procedures.

Local agency response:

The local agency submitted a written response stating that it is standard practice during the course of construction, to incorporate the certified payroll information into the project Job File when it is received. Certified payroll spot checks are conducted during the course of the construction. The Local Agency Engineer was new at the time these discrepancies occurred, and he failed to compare the certified payroll against the published Caltrans prevailing wage rates. Instead, the Local Agency Engineer checked the certified payroll wage rates to ensure that employees were paid a reasonable union wage rate based on his own experience in the industry.

Finding 2: Underpayment of wages due to labor category misclassification.

A contractor employee was paid at an incorrect labor rate classification (Group 6 laborer, $33.64/hr) versus the correct classification rate of Group 6 operator, $44.81/hr. This error was brought to the contractor's attention. (Reference 29 CFR Sections 1.5 and 1.6)

Recommendation:

Caltrans needs to ensure that the local agency develops and implements policies and procedures in place to ensure labor compliance. Further, Caltrans needs to monitor the local agency's compliance with said policies and procedures.

Local agency response:

The local agency submitted a written response stating that it is their policy to contractually require contractors to pay union wages and to comply with State and Federal labor requirements. Pursuant to Section 1773 of the Labor Code, the contractor is required to pay Prevailing Wage Rates set by the California Department of Industrial Relations.

The local agency will ensure that in future projects, certified payroll information will be compared and verified with published Caltrans' prevailing wage rates. Further, the local agency will work with Caltrans' representatives to ensure labor compliance is enforced.

Finding 3: Incomplete project files.

The reviewers were only able to verify the payment quantity for one bid item. There were no daily inspector diaries available to the reviewers at the time of the site visit. Reviewers were unable to verify materials certifications. (Reference 23 CFR 635.122 – 123)

Recommendation:

Caltrans should ensure that local agency staff has received Contract Administration/Local Assistance training, particularly as it applies to Federal-Aid funded construction contracts.

Caltrans should work with the local agency to develop and implement internal policies and procedures for their Accounting and Procurement processes.

Caltrans should conduct inspections/reviews during the construction phase of Federal projects within the local agency, and ensure that all personnel working in the construction phase are familiar with policies and procedures, and with all recordkeeping requirements.

Local agency response:

The local agency has addressed these identified deficiencies with construction administration staff on numerous occasions since this project was completed. Also, since the reviewed project contract was completed in 2002, the local agency has sent approximately twenty engineering inspectors and senior engineering inspectors to the Caltrans sponsored Local Assistance "Resident Engineers Academy". This multi-day training provided by the University of California Berkeley, Institute of Transportation Studies and Technology Transfer Program covers in detail, quantity verification, inspector dairies, and materials certifications, among other items.

The local agency will continue to train field inspectors and senior level personnel in all the responsibilities of Resident Engineers. It is worth noting here, that it is the internal policy of the local agency's Public Works Department that only engineering inspectors who have completed the Resident Engineers Academy can be assigned to administer Federal-Aid funded construction contracts.

Finding 4: Insufficient project documentation

Inspector diaries were very thorough; however, the reviewers could only track quantities and payment for one selected item. The other selected item, asphalt paving, could not be reconciled against the truck tickets due to a change order (#1) that not only changed asphalt quantity, but also changed the way it was paid (from tons to square feet). (Reference 23 CFR 635.122)

Recommendation:

Caltrans should ensure that local agency staff has received Contract Administration/Local Assistance training, particularly as it applies to Federal-Aid funded construction contracts.

Caltrans should work with local agency to develop and implement internal policies and procedures for their Accounting and Procurement processes.

Caltrans should conduct inspections/reviews during the construction phase of federal projects within the local agency to ensure that personnel involved are familiar with policies and procedures, and with all recordkeeping requirements.

same as #32.

Finding 5: Incorrect equipment rental rates (Ref. 23 CFR 635.120)

The equipment rental rates charged by the contractor on extra work tickets #1819, #1820, #1821, and #5740 (included on the invoice under review) exceed the approved Caltrans equipment rental rates for 4/1/06 – 3/31/07.

Contractor charged in excess of approved rates for the use of a crew truck, skidsteer with hoe ram attachment, and a 590 10-wheeler. Excess charges totaled $154.44.

Recommendation:

FHWA will issue a Federal Ineligibility Notification (FIN) to recoup these inappropriately reimbursed costs totaling $67.02 ($154.44 X .4340).

Local agency response:

The local agency submitted a written response quoting the following: Article 1 of the Cal Trans boiler plate contractual agreement states: "Cal Trans Labor Surcharge and Equipment Rental Rates are hereby specifically referred to and by such reference made a part hereof". This Cal Trans boilerplate contract was incorporated into the local agency's plans and specifications for the subject project. Rather than checking the rental rates charged to the project with the Caltrans published rental rates, the local agency compared them to what seemed to be reasonable based on their practical experience in the field. The local agency has since researched the Caltrans' website and has found the Labor Surcharge and Equipment Rental Rates effective through March 31, 2008 and has printed a copy for future reference. In the future, the local agency will be checking any proposed rental charges with the published Caltrans rental rates for the region.

Finding 6: Contract administration needs improvement

The local agency was not administering the contract in accordance with generally-accepted procedures in use on federal-aid highway contracts. (Ref. 23 CFR 635.121; 49 CFR.18.33; 23 CFR 635.123)

- The elapsed contract time was not monitored; therefore, the local agency was unsure if the contract time had or had not been exceeded. The local agency felt that as long as the contractor proceeded satisfactorily the local agency did not enforce any time limitations. No liquidated damages were assessed; however this requirement does not apply to projects off of the NHS.
- Inspector diaries were not kept during most of the contract. The job was awarded June 7, 2006, and Daily Inspection Report #1 was dated October 30, 2006. The Final Inspection occurred in December 2006.
- The local agency accepted the contractor's billings without independent measurements, other than field visits to verify that the work had taken place. There were no approving signatures on the Daily Extra Work Reports submitted by the contractor, so there was no indication that quantity checks or checks of dollar amounts had been made. No documentation was found to support that any controls were in place or that any other independent

checks may have taken place.

- Although asphalt truck tickets were well-organized and recorded in a log, other source documents (weight tickets) were not available to verify some of the bid item work completed for progress payments.

Recommendation:

Caltrans Office of Local Assistance should ensure that the local agency understands the contract administration requirements and practices appropriate for federal-aid highway projects and that project files are consistently maintained.
Local agency response:

The local agency submitted a written response stating the following: When the Local Agency Engineer first took over the position of with the local agency, his project had already started. As a Civil Engineer, he had a strong understanding of construction using Improvement Plans and a good understanding of construction using contract documents and specifications. He initially spent considerable time getting himself up to speed with the plans and specifications to move the project forward; however, he was completely unaware there was a Local Assistance Procedural Manual (LAPM). His first introduction to the manual was during construction of the project. The Engineer reviewed the manual and took a one-day class on construction activities related to the LAPM. The local agency is interested in participating in future federally funded projects; therefore, it is the intent of local agency personnel to become knowledgeable with the LAPM by reading the manual, attending instructional seminars, and through practical experience. In short, the omissions noted above will not be occurring again and the local agency plans on recording and documenting all elements required in the LAPM.

Finding 7: Invoices do not provide sufficient detail to support submitted charges (Reference 29 CFR Sections1.5 and 1.6)

Invoices from the contractor are not sufficiently detailed to support submitted charges, the contractor invoice charges rates not agreed to in their consultant services contract with the local agency, and daily field reports provided to the local agency by the contractor do not tie to the invoice under review.

The 12/31/05 contractor's invoice provided by the local agency as support, in part, for the billing under review, did not include the specific dates services were rendered, detail services provided, or identify where staff traveled to provide services. The local agency was charged for 12 hours of staff (Project Director) time and mileage (36 miles). At the local agency's request, during the course of this review the contractor provided a letter certifying that their invoice was for services provided during the entire month of December 2005. However, no additional detail was provided.

Initially, the local agency included an invoice from the contractor as support for the billing under review (subsequently the local agency excluded this invoice as support). Review of this invoice indicated that the invoice lacked the specific dates services were provided, the names of the technicians providing the services, and included eleven instances of the local agency being charged for services at unapproved rates (see below).

Technician – Asphalt services (2)	$145/hour
Technician – Coring/Asphalt (2)	$145/hour
Technician – Compaction Testing/Asphalt (2)	$120/hour
Technician – Compaction Testing/Nuclear	$120.00/hour
Technician – Compaction Testing/Nuclear	$ 80/hour
Show-up/No work Performed (2)	$120/hour
Direct charges – D2726 WT/Asorp Core	$ 45/hour

In addition, daily field reports submitted to the local agency by the contractor are incomplete (i.e., arrival & departure times are not noted, approving signatures are missing, etc.) and total hours recorded on these reports do not tie to total hours charged for on the invoice under review.

Recommendation:

Caltrans should ensure that local agency documentation requirements for consultants are enhanced, formalized in consultant contracts, and that such requirements are enforced. Additionally, each invoice should be reviewed by the local agency for accuracy, timeliness, and compliance with the cost terms in the contract prior to submitting them for payment.

Local Agency Response:

With respect to the contractor invoices, State prevailing wage rules require the local agency to reimburse materials testing consultants based on the most recent prevailing wages, which the local agency has complied with. Since the time of this review, the local agency has made improvements to their approval process with a second level review process of invoices to ensure that the existing hourly rates coincide with the submitted invoices, prior to processing payments. Additionally, to ensure timely payments to contractors, the local agency is in the process of amending existing contracts to ensure that they reflect correct and current hourly rates.

Question 7. Do project diaries adequately support all time charges, work progress, time extensions, etc.?

Finding 1: Project diaries not maintained up-to-date by the Resident Engineer

Materials certifications, and certifications for work performed were signed, however, daily diaries were not available to the reviewers at the time of the site visit. (Reference: 23 CFR 635.126)

Recommendation:

Caltrans should ensure that local agency staff has received Contract Administration/Local Assistance training, particularly as it applies to Federal-Aid funded construction contracts.

Caltrans should work with local agency to develop and implement internal policies and procedures for their Accounting and Procurement processes.

Caltrans should conduct inspections/reviews during the construction phase of federal projects within the local agency to ensure that personnel involved are familiar with policies and procedures, and with all recordkeeping requirements.

Same as #3 x 4

Finding 2: Inspector's daily reports do not adequately document testing (Ref. 49 CFR 18.33)

The materials testing consultant was on-site conducting tests on 8/16/05; however, their presence is not noted on the local agency's Inspector's daily report for that day. In addition, the contractor was on-site on 8/17/05; however, it appears that an Inspector's daily report was not prepared by the local agency for that date. Consequently, there is inadequate independent verification of testing and ultimately the charges submitted by the contractor on their 11/16/05 invoice.

Recommendation:

Caltrans should ensure that daily reports are prepared and maintained in accordance with project documentation requirements in order to provide for adequate independent verification of services provided and invoiced.

Local Agency Response:

The local agency submitted a written response stating that it is standard practice to require completion of Inspector's daily reports to verify work completed by contractors. Since the time of this review, the local agency has reemphasized the importance of the information needed (e.g., arrival and departure times, approving signatures, etc.) for the daily reports and has provided additional training to the inspectors to enforce existing policies and procedures.

Finding 8: Contract administration needs improvement (Ref. 23 CFR 635.116)

The materials testing consultant provided materials testing services between 6/27/06 - 8/4/06 without a signed contract in place. Consequently, FHWA reimbursement for these costs (included on the invoice under review) constituted an improper payment per the Improper Payments Information Act of 2002. Per Sec. 2 (d)(2), "The term "improper payment"—(A) means any payment that *should not have been made* or that was made in an incorrect amount (including overpayments and underpayments) under statutory, *contractual*, administrative, or other *legally* applicable requirements." Absent a signed contract, services were performed without authorization and legally the Local agency and ultimately FHWA are not responsible for these costs.

Recommendation:

FHWA will issue a Federal Notification of Ineligibility to Caltrans in the amount of $4,177.40 ($5,221.75 x .80) to recoup funds used to reimburse these ineligible costs.

Local Agency Response:

In the future the local agency will not start work and/or receive goods without a signed contract in place. In an effort to ensure that this mistake will not happen again, the local agency held an internal staff meeting on June 29, 2007 during which staff was reminded that in accordance with the Department's policies and procedures a signed contract must be in place prior to a consultant performing services.

Question 14. Are procedures for accepting/approving and maintaining material certifications complied with? (Complies with approved QAP)

Finding 1: Materials not tested according to QAP (Caltrans Local Assistance Procedures, American Society for Testing and Materials (ASTM) standards, and 23 CFR 637.207, 209)

Asphalt was not tested in accordance with the testing frequency table 16-R in the Local Assistance Manual, which requires minimum Quality Assurance testing every 500 Tons for asphalt content and gradation and every four hours for in-place density. This job had over 2,000 Tons but the only asphalt check was to ensure that it was at the appropriate temperature.

Recommendation:

Caltrans Local Assistance should provide adequate oversight to ensure that all Local Agencies have a sufficient understanding of materials testing requirements. A process review on this subject is recommended.

Local agency response:

Local agency's Response: Thank you for pointing out these materials testing requirements. On future federally funded projects I will be requiring these Asphalt tests.

Finding 2: Materials not tested according to QAP (Caltrans Local Assistance Procedures, American Society for Testing and Materials (ASTM) standards, and 23 CFR 637.207, 209)

During the paving operations, no materials or compaction testing was done.
The asphalt quantity was sufficient to warrant in-situ asphalt compaction tests (as a minimum) and sampling of the mix to test for aggregate gradation and asphalt content. Had these tests been done as the work was progressing, the

failures that occurred after the job was done would probably have been prevented and there would have been less inconvenience to the traveling public caused by the contractor returning to remove and replace the failed areas.

Recommendation:

Caltrans Local Assistance should provide adequate oversight to ensure that all Local Agencies have a sufficient understanding of materials testing requirements. A process review on this subject is recommended.

Local agency response:

The local agency submitted a written response stating that given the relatively small quantities of asphalt that were processed and installed in one day, and the time delay of acquiring the test results, the local agency believes that the tests would not have prevented the pavement failures. Although the contractor must routinely perform tests of the asphalt mix material at the plant, it was the local agency's intent to rely on visual inspections and perform further tests when necessary as a practical matter for the small quantities of asphalt that are typically installed in by the local agency. On future Federal-aid projects, the local agency's testing practice will be consistent with Caltrans' minimum standards.

The local agency's Quality Assurance Plan (QAP) is currently being updated and will incorporate Caltrans' minimum testing standards. In addition, the local agency's standard specifications will be updated to include these same requirements. Both are expected to be completed by year-end or before the local agency's next Federal-aid project is advertised in Spring 2008. In the event Caltrans' Local Assistance Office conducts a workshop on the QAP and material testing practices, the local agency QAP could undergo further refinement.

Question 15. Does documentation exist to support materials received by inspectors?

Finding 1: Local agency provided a service pedestal (non-bid item) to the job without a PIF in place.

"Contracts for highway projects shall require the contractor to furnish all materials to be incorporated in the work and shall permit the contractor to select the sources from which the materials are to be obtained. Exception to this requirement may be made when there is a definite finding by the State transportation department and concurred in by the FHWA Division Administrator, that it is in the public interest to require the contractor to use material furnished by the State transportation department [local agency] or from sources designated by the State transportation department [local agency]." (23 CFR 635.407)

In addition, the Caltrans Local Assistance Procedures Manual, Chapter 12, section 13 states, "To be eligible for federal participation, any material (other than local natural material) purchased by the local agency and furnished to the contractor for mandatory use in the project must be acquired on the basis of competitive bidding, except when there is a finding of public interest justifying the use of another method of acquisition. The unit cost eligible for federal participation is limited to the unit cost of such material to the local agency."

Recommendation:

Caltrans should ensure that the local agency provides justification for requiring local- agency furnished materials on a project on an item-by-item basis. FHWA will issue a Federal Notification of Ineligibility to recover the cost ($3,817.13 X 26.175% = $999.13) of the service pedestal.

6. Are Federal/State/Local procedures for project supervision complied with? (RE - in accordance w/LPM)

Finding 1: Consultant selection records not retained

Although the local agency followed Caltrans' Local Assistance Procedures Manual and Federal regulations when soliciting for inspection, materials testing, and construction management consultants, documentation supporting the evaluation process(es) used in hiring consultants for this project were not retained. Consequently, the reviewers were unable to assess whether participants "were given fair opportunity to be considered for award of the contract" as required under 23 CFR Section 172.5 (a)(1).

Recommendation:

Caltrans needs to ensure the Local agency's processes for evaluating consultants is formalized and that records supporting consultant evaluations and selection are retained.

Local agency response:

The local agency submitted a written response stating that it agrees to formalize written procedures for evaluating consultants by September 30, 2007 and will institute retention of consultant selection documentation immediately. These policies and procedures will follow the Caltrans' Local Assistance Procedures Manual and Federal regulations. After the proper procedures have been adopted, the local agency will forward a copy to the Caltrans District 4 Office of Local Assistance.

VII. Implementation Plan

The implementation plan would rely on agreed-upon recommendations proposed in this report. Caltrans should determine how best to implement these recommendations. To the extent appropriate, FHWA would assist Caltrans in developing the procedures, guidance, and/or processes necessary to ensure successful incorporation of recommended process improvements.

VIII. Conclusion

The California Department of Transportation (Caltrans) has adequate processes and methodologies in-place for the construction contractor payments process. Caltrans should monitor local agencies, and ensure that such processes and methodologies are adhered to.

Findings were identified in (5) out of the fourteen (14) topic areas/processes that were reviewed, and recommendations were made. They are as follows:

Source Documentation Supporting Quantities Submitted for Payment
Project Diaries Supporting Time Charges, Work Progress and Time Extensions
Acceptance/Approval and Maintenance of Material Certifications
Documentation Supporting Materials Received by Inspectors
Compliance with Federal/State/Local Procedures for Project Supervision

FHWA recommends development and implementation by the local agencies of internal control policies and procedures which adhere to the Caltrans Local Assistance Procedures Manual, (LAPM), Processing Procedures for

implementing Federal and/or State Funded Local Public Transportation Projects, and Caltrans Construction Manual, and which comply with all Federal-Aid requirements. Additionally, FHWA, in collaboration with Caltrans, will develop and conduct outreach and training for local agencies to address the weaknesses identified during these reviews. This training will be conducted in the first quarter of fiscal year 2008.

Caltrans will take the lead in ensuring that corrective action is taken by the local agencies to address the above listed findings and recommendations. Caltrans will report to FHWA when corrective action has been completed.

Appendix A

List of Local Projects Randomly Selected For Review

	FPN	Agency Code Loc	District	State
1	3816001	County of Mendocino	1	01281504L
2	5909006	County of Plumas	2	02453074L
3	5915029	County of Colusa Treasurer	3	03928173L
4	5002102	City of Sacramento	3	03928554L
5	6005009	Sacramento Regional Transit District	3	03452114L
6	5479003	City of Elk Grove	3	030L0304L
7	61018	County of Placer	3	03450074L
8	5925032	County of El Dorado	3	03928342L
9	5037007	City of Chico	3	03928272L
10	5014024	City of Alameda	4	04924172L
11	5124022	City of Mountain View	4	04924353L
12	5114011	City of Sonoma	4	04924388L
13	5137032	City of Richmond	4	04924185L
14	5937078	County of Santa Clara Roads/Airport	4	04923783L
15	6249014	City of Suisun	4	04924124L
16	05936050	County of Santa Cruz	5	05927217L
17	5208055	City of Clovis	6	06927631L

18	5173013	City of Fowler	6	06927651L
19	6303002	Alameda Corridor East	7	074U1534L
20	5006282	City of Los Angeles	7	074U3224L
21	5006341	Treasurer City of Los Angeles	7	07932111L
22	30002	County of Ventura	7	074U1914L
23	5111029	County of Whittier	7	07932189L
24	6287001	California Science Center	7	07931439L
25	5953415	Los Angeles County Treasurer	7	074U3274L
26	5953464	Los Angeles County Treasurer	7	07932570L
27	5360002	City of Lawndale	7	074U2074L
28	5449013	City of Highland	8	08924811L
29	6049007	Southern California Association of Governments	8	08294443L
30	5420007	City of Rancho Cucamonga	8	08924624L
31	6053065	San Bernardino Associated Govs. (SANBAG)	8	08924895L
32	5184007	City of Tehachapi	9	09955095L
33	5094005	City of Vacaville	10	10955566L
34	5059120	City of Modesto	10	10956401L
35	5059118	City of Modesto	10	10956399L
36	5939010	Merced County	10	10106424L
37	5938123	County of Stanislaus	10	104A2374L
38	5308005	City of Carlsbad	11	11955586L
39	5429006	City of Santee	11	11956023L
40	5004151	The City of San Diego	11	11956308L
41	5063095	City of Santa Ana Public Works	12	12931750L

Appendix B

Construction Contractor Payments Review Interview

Project estimate and approval - Caltrans/DLAE

1
Is the process/regulations for ensuring that the contract award is by competitive means vs. another approved method being followed?

2
Is the process for ensuring that the plans, specifications, and estimates have been approved prior to the State requesting project authorization to obligate funds being followed?

3
Does the project agreement contain provisions for the non federal match?

Payment of Estimates - Local Agencies

4
Are project field records adequately maintained to support quantities submitted for payment? (i.e. certified payroll)

5
Is the procedure submission and approval of final payments being followed?

6
Has an independent review been performed with respect to change orders/claims?

7
Do project diaries adequately support all time charges, work progress, time extensions, etc.?

Processing of Change Orders - Local Agencies

8
Are change orders approved at the project level?

9
Are change orders approved at the central office level?

10
Are change orders locally funded?

11
Are change orders Federally funded?

12
Are adjustments or other changes satisfactorily addressed?

13
Are project time charges, work progress, time extensions, etc., subjected to further review and approval?

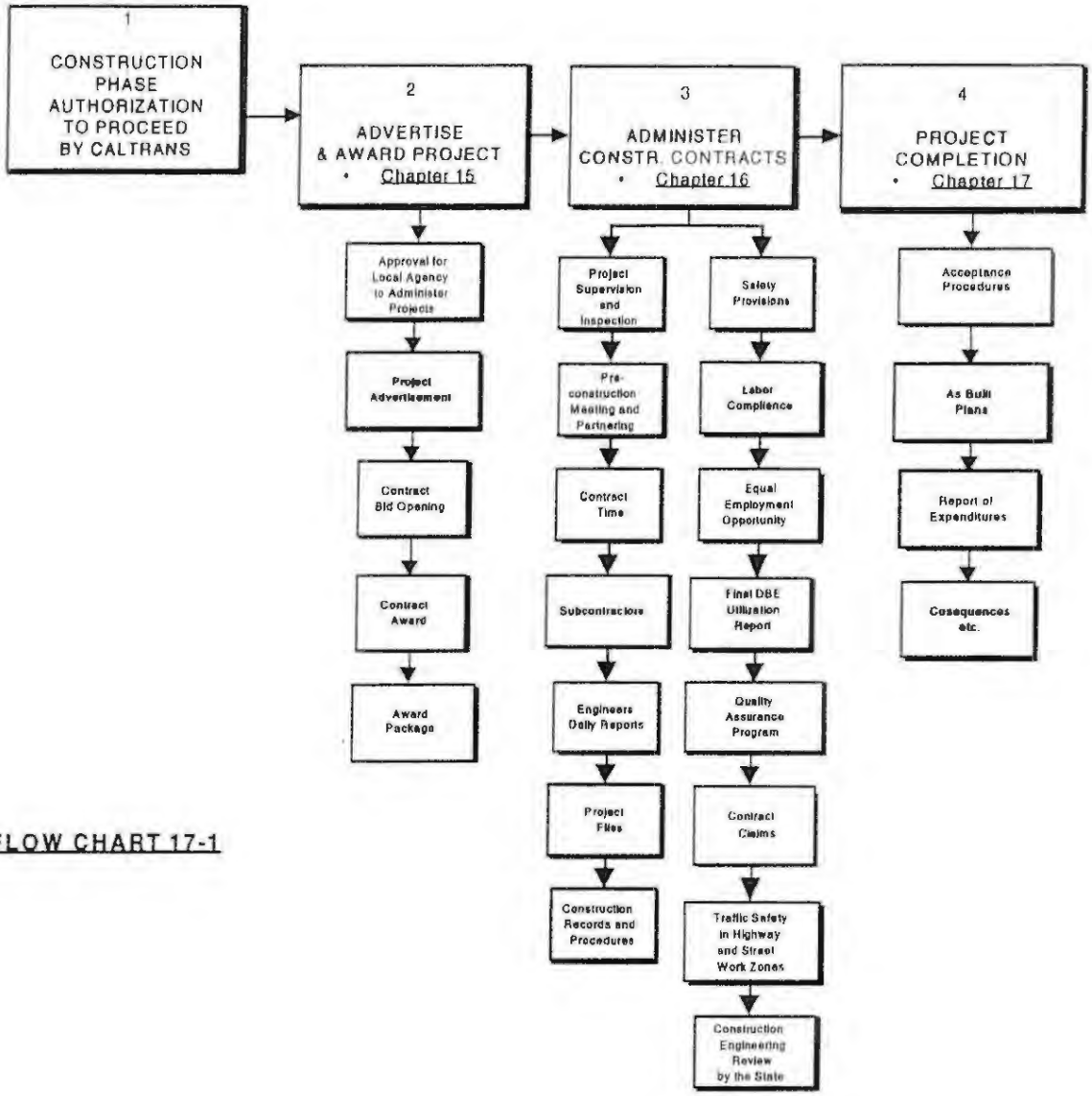
Completion & final acceptance - Local Agencies

14
Are procedures for accepting/approving and maintaining material certifications complied with?
(complies w/ approved QAP)

15
Does documentation exist to support materials received by inspectors?

Appendix C

Construction Contract Administration Flow Chart



FLOW CHART 17-1