



MEMORANDUM

Date: May 7, 2015

To: William E. Lewis, Assistant Director
Audits and Investigations
Department of Transportation
P.O. Box 942874, MS-2
Sacramento, CA 94273-0001

From: Department of General Services
Real Estate Services Division

Subject: **AUDIT OF DGS' DISTRICT 7 BUILDING MAINTENANCE – ONE-YEAR STATUS REPORT**

This report is in response to the Audits and Investigations (A&I) office's request for periodic follow-up reports on the status of issues contained in Report No. P4000-0386. The report addressed recommendations to the Department of General Services' (DGS) resulting from A&I's audit of the Real Estate Services Division's (RESD) maintenance of the Department of Transportation's (Caltrans) District 7 office building. RESD's Building and Property Management Branch (BPM) provides property management services for the building.

The DGS remains fully committed to promptly and completely addressing the issues presented in A&I's report. The follow-up information is provided as a one-year status report for the two findings (Findings 1 and 3) that had not been fully addressed at the time of our six-month update in November 2014.

RECOMMENDATIONS

Finding 1: Low Staffing Levels

RECOMMENDATION: *We recommend that DGS provide the staffing levels and skills approved by the Department of Finance's Finance letter No. 9 dated February 6, 2004.*

RESPONSE:

This recommendation has been fully implemented. Specifically, BPM has sufficient trades staff to adequately maintain the District 7 office building. The staffing level includes a stationary engineer position that has been filled by BPM subsequent to our November 2014 status report.

Finding 3: No Existing Interagency Agreement Between DGS and Caltrans**RECOMMENDATIONS:**

We recommend that Caltrans and DGS determine if an interagency agreement can be executed and, if not, develop a Memorandum of Understanding. Whichever document Caltrans and DGS agree on, it should contain the following:

- 1. Clearly define the necessary services, number and classification of personnel and third party contracts required for DGS to maintain Caltrans District 7 building and equipment in a "Class A" condition.*
- 2. Clearly define the roles, responsibilities, and staff necessary for both DGS and Caltrans, along with contingencies when one of them is unable to fulfill their responsibilities as detailed in the agreement.*

RESPONSE:

BPM agrees that a written agreement detailing the roles and responsibilities for operating and maintaining the District 7 office building would be of benefit in improving operating practices. BPM uses a Service Level Agreement (SLA) for "partial services" provided to other state agencies that own their facilities. Working collaboratively with Caltrans, BPM has drafted a SLA specifically for the District 7 office building. At the time of our November 2014 status report, the SLA had been forwarded to Caltrans for review and comment. BPM is continuing to work with Caltrans on finalizing that agreement.

If you need further information or assistance on this report, please contact me at (916) 376-1695.



STEVE DURHAM, Acting Deputy Director
Real Estate Services Division

cc: Dianne Hill, Chief, BPM, DGS
Laurine Bohamera, Chief, Internal Audits, Caltrans
Juanita Baier, Audit Manager, Caltrans



MEMORANDUM

Date: November 14, 2014

To: William E. Lewis, Assistant Director
Audits and Investigations
Department of Transportation
P.O. Box 942874, MS-2
Sacramento, CA 94273-0001

From: Department of General Services
Real Estate Services Division

Subject: **AUDIT OF THE DGS' DISTRICT 7 BUILDING MAINTENANCE – SIX-MONTH STATUS REPORT**

This report is in response to the Audits and Investigations (A&I) office's request for periodic follow-up reports on the status of issues contained in Report No. P4000-0386. The report addressed recommendations to the Department of General Services' (DGS) resulting from A&I's audit of the Real Estate Services Division's (RES D) maintenance of the Department of Transportation's (Caltrans) District 7 office building. RES D's Building and Property Management Branch (BPM) provides property management services for the building.

The DGS remains fully committed to promptly and completely addressing the issues presented in A&I's report. The follow-up information is provided as a six-month status report for the three findings (Findings 1, 3 and 6) that had not been fully addressed at the time of our sixty-day update in July 2014.

RECOMMENDATIONS

Finding 1: Low Staffing Levels

RECOMMENDATION: *We recommend that DGS provide the staffing levels and skills approved by the Department of Finance's Finance letter No. 9 dated February 6, 2004.*

RESPONSE:

BPM has sufficient trades staff to adequately maintain the District 7 office building. In coordination with DGS' Office of Human Resources staff, BPM continues to actively attempt to fill the vacant stationary engineer position that was discussed in our July 2014 status report. Historically, stationary engineer positions have been difficult to fill due to the high cost of living in the Los Angeles area and the lower salary paid by the state when compared to the private sector.

Finding 3: No Existing Interagency Agreement Between DGS and Caltrans

RECOMMENDATIONS: *We recommend that Caltrans and DGS determine if an interagency agreement can be executed and, if not, develop a Memorandum of Understanding. Whichever document Caltrans and DGS agree on, it should contain the following:*

- 1. Clearly define the necessary services, number and classification of personnel and third party contracts required for DGS to maintain Caltrans District 7 building and equipment in a "Class A" condition.*
- 2. Clearly define the roles, responsibilities, and staff necessary for both DGS and Caltrans, along with contingencies when one of them is unable to fulfill their responsibilities as detailed in the agreement.*

RESPONSE:

BPM agrees that a written agreement detailing the roles and responsibilities for operating and maintaining the District 7 office building would be of benefit in improving operating practices. BPM uses a Service Level Agreement (SLA) for "partial services" provided to other state agencies that own their facilities. Working collaboratively with Caltrans, BPM has drafted a SLA specifically for the District 7 office building. Recently, that document was forwarded to Caltrans for review and comment.

Finding 6: No Detailed Billing Information

RECOMMENDATION: *We recommend that DGS include and retain detailed information in all future invoices.*

RESPONSE:

This recommendation has been fully implemented. Specifically, BPM has revised its processes to ensure that detailed billing information is provided for the District 7 building. Specifically, BPM now provides additional information on the monthly services billing invoice which identifies the specific work that was performed in support of the hours billed.

If you need further information or assistance on this report, please contact me at (916) 375-4150.



SHERAL GATES, Deputy Director
Real Estate Services Division

cc: Steve Durham, Acting Assistant Deputy Director, RESD, DGS
Dianne Hill, Chief, BPM, DGS
Laurine Bohamera, Chief, Internal Audits, Caltrans
Juanita Baier, Audit Manager, Caltrans