

# Memorandum

*Serious drought.  
Help Save Water!*

**To:** WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations

**Date:** August 31, 2016

**File:** P3000-0413

**From:** ANGELA SHELL  
Chief  
Division of Procurement and Contracts



**Subject:** **360-DAY FOLLOW-UP RESPONSE FOR ARCHITECTURAL AND ENGINEERING CONTRACTING PROCESS AUDIT**

The Division of Procurement and Contracts (DPAC) has attached the 360-Day Follow-up Response to the Final Audit Report-Architectural and Engineering Contracting Process Audit dated February 13, 2013. A&E successfully completed the implementation of the new A&E Consultant Selection Process along with the remaining identified recommendations for the DPAC.

If you have any questions regarding the status report, please contact Esther Morris at (916) 227-5782.

Attachment: 360-Day Follow-up Response to Final Audit Report

c: Jim Davis, Division Chief, Division of Project Management  
Carrie Bowen, District Director, District 7  
Laurie Berman, District Director, District 11  
Esther Morris, Assistant Division Chief, DPAC  
John Neri, A&E Coordinator, DPAC

**Audits and Investigations (A&I) - Post 360 Day Follow-up Response to Final Audit Report**

Audit Name: Audit of the A & E Contracting Process

Audit No. P3000-0413

Auditee: Division of Procurement and Contracts

A&I Audit Recommendation	Auditee Response to Final Audit Report	Estimated Completion Date	Staff Responsible	A&I Analysis
<b>Audit Report Finding # 1</b>				
<b>List Finding Here <u>A&amp;E Consultant Selection Process Needs Stronger Controls</u></b>				
<p>1.1 Audits recommend that the Division of Procurement and Contracts (DPAC) partner with the Division of Project Management to formalize its existing A&amp;E Contract Management Guidelines Issue No. 12-001 titled, "Makeup of Consultant Committee" into a Caltrans policy.</p>	<p>The revised A&amp;E Contract Management Guidelines, "Consultant Selection Committee" (Issue No. 12-001-R1) dated May 4, 2016, include procedures and requirements for serving on a selection panel. These guidelines are updated as needed to provide clarity and consistency and used when Districts are evaluating available subject matter experts to serve on selection panels. Conversion of these guidelines into a policy will not strengthen the evaluation process; however, DPAC continues to review selection panels submitted by Districts or Headquarters Divisions to ensure consistency with current guidelines. DPAC continues reinforcing the need for the Districts and Headquarters Divisions to adhere to the guidelines.</p>	<p>Completed 5/4/2016</p>	<p>Esther Morris</p>	
<p>1.2 Audits recommend requiring DPAC coordinators to discuss and document significant scoring variances with the Selection Committee.</p>	<p>In the new initial consultant selection process, DPAC requires individual scoring with supporting strengths and weaknesses that reference the SOQ document section or page number that supports the strength or weakness.</p> <p>In the new final consultant selection process, DPAC requires individual scoring, followed by a group strengths and weaknesses discussion that is documented and used for consensus final ranking.</p>	<p>Completed 4/18/2016</p>	<p>Esther Morris</p>	
<p>1.3 Audits recommend that Selection Committee members' initial and final evaluation notes and scoring sheets be collected by the de-briefer and submitted to DPAC.</p>	<p>DPAC's selection process includes members' initial and final evaluation notes and scoring sheets to be collected and submitted to DPAC. The initial selection processes will retain individual strengths and weaknesses notes and scoring sheets, and the final selection will retain individual scoring sheets, the groups strengths and weaknesses discussion captured by the de-briefer for each consultant and the final ranking.</p>	<p>Completed 4/18/2016</p>	<p>Esther Morris</p>	
<p>1.4 Audits recommend that DPAC require all documentation pertaining to the selection process be retained in DPAC's contract files, along with how the interview questions were weighted, for a specific period of time that is in accordance with DPAC's record retention requirements.</p>	<p>Documentation pertaining to the selection process is retained in contract files. Refer to 1.2 above.</p>	<p>Completed 4/18/2016</p>	<p>Esther Morris</p>	
<p>1.5 Audits recommend that employees writing the interview questions be required to keep the questions in a secure location until the time they are distributed to the panel members and submit signed Code of Ethical Conduct forms to DPAC.</p>	<p>Questions development guidance has been developed for employees writing the interview questions, and requires that questions be kept confidential and in a secure location until the day of the interview.</p> <p>All members must complete and sign the Conflict of Interest and Confidentiality of Information Certification Forms, complete the Department of Justice State Office Ethics Training Course bi-annually and submit the Ethics Training Certificate to DPAC.</p>	<p>Completed 7/27/16</p>	<p>Esther Morris</p>	
<p>1.6 Audits recommend observers be prohibited from participating in the evaluation interview with the Selection Committee unless there is a valid business reason. If a valid reason exists, it should be documented and the observer should also be required to sign a Code of Ethical Conduct form.</p>	<p>DPAC has implemented internal procedures for considering observers that are required to attend.</p>	<p>Completed 8/10/16</p>	<p>Esther Morris</p>	

**Audits and Investigations (A&I) - Post 360 Day Follow-up Response to Final Audit Report**

Audit Name: Audit of the A & E Contracting Process

Audit No. P3000-0413

Auditee: Division of Procurement and Contracts

**Audit Report Finding # 2**

**List Finding Here Missing Required Consultant Evaluations**

<p>2.1 Audits recommend that DPAC continue issuing non-compliance reports on a monthly basis to the Deputy District Directors or Headquarters Division Chiefs for evaluations that are overdue.</p>	<p>DPAC continues to send Contract Evaluation Status Reports to the Consultants Services Unit Office Chiefs. For overdue evaluations, DPAC notifies the Deputy District Directors and Headquarters Division Chiefs.</p>	<p>Completed 1/10/14</p>	<p>Phillip Rodriguez/John Neri</p>	
<p>2.2 Audits recommend that DPAC incorporate consultant evaluations into the A&amp;E consultant selection process.</p>	<p>The A&amp;E Consultant Selection Process includes scoring of consultant past performance evaluations.</p>	<p>Completed 4/18/2016</p>	<p>Esther Morris</p>	

**Audit Report Finding # 3**

**List Finding Here Missing Document and Approval Signatures**

<p>3.1 Audits recommend that DPAC ensures all pertinent documentation is included in the contract files and properly approved.</p>	<p>DPAC has developed an A&amp;E Contract Analyst Checklist for use by the contract analyst that details the contract documents that are required to be included in the contract file. DPAC also performs a peer review of the procurement documents to ensure that the contract file is complete and all documents are properly approved. DPAC management will perform updates as needed to the A&amp;E Contract Analyst Checklist to describe all required documents.</p>	<p>Completed 1/28/14</p>	<p>Phillip Rodriguez/John Neri</p>	
<p>3.2 Audits recommend that DPAC document their review and approval of the Selection Committee Participation Memo.</p>	<p>The A&amp;E Contract Analyst Checklist was updated on January 8, 2014, to reflect the approval of the Selection Committee Participation Memo with a copy to be placed in the contract file.</p>	<p>Completed 1/28/14</p>	<p>Phillip Rodriguez/John Neri</p>	
<p>3.3 Audits recommend that DPAC ensure all exceptions or changes in the contract are documented in the contract file.</p>	<p>DPAC has revised the A&amp;E Contract Analyst Checklist described in the response to recommendation 3.1 on 1/21/14, to address this finding. The A&amp;E Contract Analyst Checklist has been revised to document revisions/changes/exceptions and directions to include this documentation and applicable approvals in the contract file.</p>	<p>Completed 1/28/14</p>	<p>Phillip Rodriguez/John Neri</p>	
<p>3.4 Audits recommend that DPAC ensure all files are retained in accordance with the Records Retention Policy and are available for review.</p>	<p>DPAC has a Records Retention Policy. DPAC's Policy Unit is responsible for maintaining this policy. DPAC has updated the A&amp;E Contract Analyst Checklist described in the response to recommendation 3.1, to include an item confirming that the contract analyst has completed the procurement and archived the contract files in accordance with the current Records Retention Policy. The updated A&amp;E Contract Analyst Checklist was shared with the DPAC Contract Analyst(s) and a copy of the checklist has been posted on the shared drive for accessibility. DPAC's files are available for review by all staff by using an "out card" for documenting the removal and replacement of archived files.</p>	<p>Completed 4/28/14</p>	<p>Phillip Rodriguez/John Neri</p>	

**Audits and Investigations (A&I) - Post 360 Day Follow-up Response to Final Audit Report**

Audit Name: Audit of the A & E Contracting Process

Audit No. P3000-0413

Auditee: Division of Procurement and Contracts

**Audit Report Finding # 4**

**List Finding Here Contract Management Deficiencies**

<p>4.1 Audits recommend that District Management ensure A&amp;E contracts are managed as required by the State Contracting Manual and Caltrans policies and procedures.</p>	<p>DPAC has developed an on-line A&amp;E Contract Manager Training course available at on the DPAC A&amp;E intranet site: <a href="http://onramp.dot.ca.gov/media/dpac/ae/training/Web/mod1/mod1_01.html">http://onramp.dot.ca.gov/media/dpac/ae/training/Web/mod1/mod1_01.html</a>. This course includes Caltrans' policies and procedures for the management of A&amp;E contracts and relevant A&amp;E contract management information from the State Contracting Manual. DPAC is now requiring contract manager certifications to be included with every A&amp;E contract procurement submittal. The DPAC Communications Branch is maintaining a list of certified Contract Managers that have completed the mandatory training, per DPAC Information Bulletin 14-03.</p>	<p>Completed 04/03/14</p>	<p>Phillip Rodriguez/John Neri</p>	
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**Audit Report Finding # 5**

**List Finding Here Some District Consultant Services Units are not Structured according to PMD-008**

<p>5.1 Audits recommend that DPAC and Project Management work together to make a statewide determination as to whether PMD-008 is still applicable or whether it needs to be revised. Once a determination is made, Project Management should require that all Districts comply with the revised PMD-008.</p>	<p>The Division of Project Management's directive has been revised as PMD-008R1.</p>	<p>Completed 4/7/15</p>	<p>John Neri</p>	
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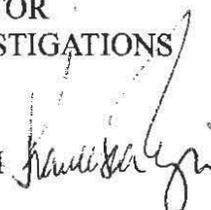
## Memorandum

*Serious drought.  
Help Save Water!*

To: WILLIAM E. LEWIS  
ASSISTANT DIRECTOR  
AUDITS AND INVESTIGATIONS

Date: August 21, 2014

File: P3000-0413

From: FRANCESCA NEGRI   
Division Chief  
Division of Procurement and Contracts

JAMES E. DAVIS  
Division Chief  
Division of Project Management

Subject: **180-DAY STATUS REPORT FOR ARCHITECTURAL AND ENGINEERING  
CONTRACTING PROCESS AUDIT**

The Division of Procurement and Contracts has attached the 180-Day Response to the Final Audit Report - Architectural and Engineering Contracting Process Audit dated February 13, 2013. We are continuing to partner with the Division of Project Management to implement action items identified in the audit responses.

Attachments:

- (1) 180-Day Response to Final Audit Report
- (2) DPAC Information Bulletin (IB 14-03)

If you have any questions regarding the status report, please contact John Neri at (916) 919-2450.

c: John Neri, Acting Assistant Division Chief, Division of Procurement and Contracts  
Phillip Rodriguez, Branch Chief, Division of Procurement and Contracts

WILLIAM E. LEWIS

August 21, 2014

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bc: Kelly Takigawa, Assistant Division Chief, Division of Procurement and Contracts  
Jennifer Burnett, Office Chief, Division of Procurements and Contracts  
Sabrina McGlothin, Branch Chief, Division of Procurements and Contracts

SM/PR

**Audits and Investigations (A&I) - 180 Day Response to Final Audit Report**

Audit Name: Audit of the A & E Contracting Process

Audit No. P3000-0413

Auditee: Division of Procurement and Contracts

**Audit Report Finding # 1**

**List Finding Here A&E Consultant Selection Process Needs Stronger Controls**

A&I Audit Recommendation	Auditee Response to Final Audit Report	Estimated Completion Date	Staff Responsible	A&I Analysis
<p>1.1 Audits recommend that the Division of Procurement and Contracts (DPAC) partner with the Division of Project Management to formalize its existing A&amp;E Contract Management Guidelines Issue No. 12-001 titled, "Makeup of Consultant Committee" into a Caltrans policy.</p>	<p><i>Existing guidelines for A&amp;E selection panels, which have been in place since 1991, include procedures and requirements for serving on selection panels. These guidelines are updated as needed to provide clarity and consistency and used when Districts are evaluating available subject matter experts to serve on selection panels. The current version of these guidelines is dated March 13, 2012. Conversion of these guidelines into a policy will not strengthen the evaluation process; however, DPAC continues to review selection panels submitted by Districts or Headquarters Divisions to ensure consistency with current guidelines. DPAC continues reinforcing the need for the Districts and Headquarters Divisions to adhere to the guidelines.</i></p>	<p align="center">On-going</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>1.2 Audits recommend requiring DPAC coordinators to discuss and document significant scoring variances with the Selection Committee.</p>	<p><i>DPAC has developed a new A&amp;E Consultant Selection Process that will include consensus scoring. Since the selection panel will build consensus and develop one score for each consultant, this will eliminate scoring variances from the selection panel. The Pilot Procurement started in January 2014 with four (4) contracts in District 8. The Pilot Procurement is continuing in District 4 and District 43.</i></p>	<p align="center">4/1/2015</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>1.3 Audits recommend that Selection Committee members' initial and final evaluation notes and scoring sheets be collected by the de-briefer and submitted to DPAC.</p>	<p><i>DPAC has developed a new A&amp;E Consultant Selection Process that will include members' initial and finalize evaluation notes and scoring sheets to be collected and submitted to DPAC.</i></p>	<p align="center">4/1/2015</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>1.4 Audits recommend that DPAC require all documentation pertaining to the documentation pertaining to the selection process be retained in DPAC's contract files, along with how the interview questions were weighted, for a specific period of time that is in accordance with DPAC's record retention requirements.</p>	<p><i>As part of the revisions to the A&amp;E Consultant Selection Process (see response to recommendation 1.2), questions will be submitted to DPAC for retention in the contract file.</i></p>	<p align="center">4/1/2015</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>1.5 Audits recommend that employees writing the interview questions be required to keep the questions in a secure location until the time they are distributed to the panel members and submit signed Code of Ethical Conduct forms to DPAC.</p>	<p><i>As part of the revisions to the A&amp;E Consultant Selection Process, questions are provided to the consultant before the interview, so security is not an issue. Also, refer to response to recommendation 1.2.</i></p>	<p align="center">4/1/2015</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>1.6 Audits recommend observers be prohibited from participating in the evaluation interview with the Selection Committee unless there is a valid business reason. If a valid reason exists, it should be documented and the observer should also be required to sign a Code of Ethical Conduct form.</p>	<p><i>DPAC is in the process of updating A&amp;E Contract Management Guidelines, "Makeup of Consultant Committee" (Issue No. 12-001). The update will target two (2) areas: 1. If any observer is attending the evaluation interview, there must be a valid business need and documentation provided to DPAC to place in the contract file. 2. The observer must complete and sign the Conflict of Interest and Confidentiality of Information Certification Forms.</i></p>	<p align="center">9/30/2014</p>	<p align="center">Phillip Rodriguez/John Neri</p>	

**Audits and Investigations (A&I) - 180 Day Response to Final Audit Report**

**Audit Name: Audit of the A & E Contracting Process**

**Audit No. P3000-0413**

Auditee: Division of Procurement and Contracts

**Audit Report Finding # 2**

**List Finding Here Missing Required Consultant Evaluations**

<p>2.1 Audits recommend that DPAC continue issuing non-compliance reports on a monthly basis to the Deputy District Directors or Headquarters Division Chiefs for evaluations that are overdue.</p>	<p><i>DPAC sent out the Contract Evaluation Status Report to the Consultants Services Unit Office Chiefs on April 18, 2014, with follow-up emails to the Deputy District Directors and Headquarters Division Chiefs for the evaluations, which are overdue.</i></p>	<p align="center">Completed 4/28/14</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>2.2 Audits recommend that DPAC incorporate consultant evaluations into the A&amp;E consultant selection process.</p>	<p><i>As part of the revisions to the A&amp;E Consultant Selection Process, consultant evaluations can be used during the process. Refer to response to recommendation 1.2.</i></p>	<p align="center">4/1/2015</p>	<p align="center">Phillip Rodriguez/John Neri</p>	

**Audit Report Finding # 3**

**List Finding Here Missing Document and Approval Signatures**

<p>3.1 Audits recommend that DPAC ensures all pertinent documentation is included in the contract files and properly approved.</p>	<p><i>DPAC has developed an A&amp;E Contract Checklist for use by the contract analyst that details the contract documents that are required to be included in the contract file. DPAC also performs a peer review of the procurement documents to ensure that the contract file is complete and all documents are properly approved. DPAC management will perform updates as needed to the A&amp;E Contract Checklist to describe all required documents.</i></p>	<p align="center">Completed 1/28/14</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>3.2 Audits recommend that DPAC document their review and approval of the Selection Committee Participation Memo.</p>	<p><i>The A&amp;E Contract Checklist was updated on January 8, 2014, to reflect the approval of the Selection Committee Participation Memo with a copy to be placed in the contract file.</i></p>	<p align="center">Completed 1/28/14</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>3.3 Audits recommend that DPAC ensure all exceptions or changes in the contract are documented in the contract file.</p>	<p><i>DPAC has revised the A&amp;E Contract Checklist described in the response to recommendation 3.1 on 1/21/14, to address this finding. The A&amp;E Contract Checklist has been revised to document revisions/changes/exceptions and directions to include this documentation and applicable approvals in the contract file.</i></p>	<p align="center">Completed 1/28/14</p>	<p align="center">Phillip Rodriguez/John Neri</p>	
<p>3.4 Audits recommend that DPAC ensure all files are retained in accordance with the Records Retention Policy and are available for review.</p>	<p><i>DPAC has a Records Retention Policy. DPAC's Policy Unit is responsible for maintaining this policy. DPAC has updated the A&amp;E Contract Checklist described in the response to recommendation 3.1, to include an item confirming that the contract analyst has completed the procurement and archived the contract files in accordance with the current Records Retention Policy. The updated A&amp;E Contract Checklist was shared with the DPAC Analyst(s) and a copy of the checklist has been posted on the shared drive for accessibility. DPAC's files are available for review by all staff by using an "out card" for documenting the removal and replacement of archived files.</i></p>	<p align="center">Completed 4/28/14</p>	<p align="center">Phillip Rodriguez/John Neri</p>	

**Audits and Investigations (A&I) - 180 Day Response to Final Audit Report**

Audit Name: Audit of the A & E Contracting Process

Audit No. P3000-0413

Auditee: Division of Procurement and Contracts

**Audit Report Finding # 4**

**List Finding Here Contract Management Deficiencies**

<p>4.1 Audits recommend that District Management ensure A&amp;E contracts are managed as required by the State Contracting Manual and Caltrans policies and procedures.</p>	<p><i>DPAC has developed an on-line A&amp;E Contract Manager Training course. This course includes Caltrans' policies and procedures for the management of A&amp;E contracts and relevant A&amp;E contract management information from the State Contracting Manual. DPAC is now requiring contract manager certifications to be included with every A&amp;E contract procurement submittal. The DPAC Communications Branch is maintaining a list of certified Contract Managers that have completed the mandatory training, per DPAC Information Bulletin 14-03</i></p>	<p>Completed 04/03/14</p>	<p>Phillip Rodriguez/John Neri</p>	
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**Audit Report Finding # 5**

**List Finding Here Some District Consultant Services Units are not Structured according to PMD-008**

<p>5.1 Audits recommend that DPAC and Project Management work together to make a statewide determination as to whether PMD-008 is still applicable or whether it needs to be revised. Once a determination is made, Project Management should require that all Districts comply with the revised PMD-008.</p>	<p><i>In February 2014, the Division of Project Management shared PMD-008 with Single Focal Points in Project Delivery (and other staff) in the districts for feedback. The Division of Project Management has determined that PMD-008 is still applicable, however, it does need to be revised. Currently, revisions are being discussed and changes to the directive are being drafted.</i></p>	<p>12/31/2014</p>	<p>Phillip Rodriguez/John Neri</p>	
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# DPAC Information Bulletin

<b>Subject:</b> Contract Manager Training Responsibilities	<b>Number:</b> IB 14-03
<b>References:</b> Deputy Directive DD-112 Contract Manager Responsibilities Public Contract Code (PCC) Section 10348.5 State Contracting Manual (SCM) Volume 1, Section 9.04 Caltrans Contract Managers Handbook	<b>Date Issued:</b> April 3, 2014
	<b>Date Expires:</b> Until Superseded

**Distribution:** All Caltrans Staff Statewide

**Purpose:** This Information Bulletin provides information regarding annual mandatory Contract Manager training, adherence to training requirements, and procedures by which Contract Managers must become certified.

**Background:** Deputy Directive DD-112 Contract Manager Responsibilities, issued March 13, 2014, mandates that any Caltrans employee who functions in the role of Contract Manager must receive annual Contract Manager training.

It is the responsibility of managers and supervisors to ensure employees identified as Contract Managers complete mandatory Contract Manager training and carry out their roles and responsibilities. Contract Managers are required to complete Contract Manager training annually. The Division of Procurement and Contracts (DPAC) is responsible for the development and maintenance of required Contract Manager training.

Public Contract Code Section 10348.5 states that state agencies “shall designate at least one currently existing person or position within the state agency as a contract manager” and “every contract manager shall have knowledge of legal contractual arrangements.”

Contract Manager responsibilities are further detailed in the SCM Vol. 1, Section 9.04 Responsibilities of a Contract Manager.

The Caltrans Contract Managers Handbook, provided by DPAC and available on the intranet, is an additional resource to Contract Managers.

**Policy:** Effective immediately, any Caltrans employee who is assigned the role of Contract Manager, must annually complete mandatory Contract Manager training provided by DPAC.

**Process:** DPAC offers two types of Contract Manager training:

Type 1) For any type of contract other than Architectural and Engineering (A&E) contracts, mandatory Contract Manager training is located at:  
[http://admin.dot.ca.gov/pc/online\\_training/page1.htm](http://admin.dot.ca.gov/pc/online_training/page1.htm)

**Information Bulletin #IB 14-03**  
**Contract Manager Responsibilities**  
**April 3, 2014**

Type 2) For A&E contracts, mandatory Contract Manager training is located at:  
[http://admin.dot.ca.gov/pc/ae/training/Web/mod1/mod1\\_01.html](http://admin.dot.ca.gov/pc/ae/training/Web/mod1/mod1_01.html)

Regardless of contract type, Caltrans employees currently functioning in the role of Contract Manager for an existing, executed contract as well as newly appointed Contract Managers must:

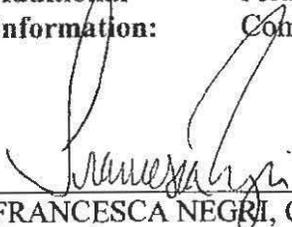
- Complete the self-paced online training module (Type 1 or Type 2)
- Complete the quiz at the conclusion of the training
- Complete and print the Contract Manager training certificate of completion
- Sign and date the printed certificate of completion
- Obtain their supervisor's signature on the printed certificate of completion
- Scan and e-mail a copy of the signed certificate of completion to:  
[DPAC.Communications@dot.ca.gov](mailto:DPAC.Communications@dot.ca.gov)
- Newly designated Contract Managers must attach a copy of their signed Contract Manager training certificate of completion to new contract requests, along with any other required documentation
- Contract Managers must recertify by repeating the process every twelve months (annually) or until no longer designated as a Contract Manager

Contract Managers who are responsible for more than one contract only need to complete the training once, annually.

DPAC will maintain a list of certified Contract Managers that have completed DPAC's mandatory Contract Manager training. The DPAC Communications Branch will send reminder notifications to Contract Managers via e-mail to alert them within 30 days of their annual certification expiration date(s). However, it is the responsibility of each Contract Manager to complete annual Contract Manager training, whether notified or not.

**Additional Information:**

Please direct any questions regarding this Information Bulletin to DPAC's Communications Branch at: [DPAC.Communications@dot.ca.gov](mailto:DPAC.Communications@dot.ca.gov)



FRANCESCA NEGRI, Chief  
Division of Procurement and Contracts

Date 4/3/2014

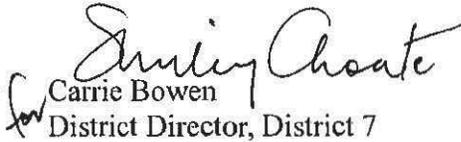
## Memorandum

*Serious drought.  
Help Save Water!*

To: William E. Lewis  
Assistant Director  
Audits and Investigation

Date: August 27, 2014

File: P3000-0413

From:   
Carrie Bowen  
District Director, District 7

Subject: **Architectural And Engineering Contracting Audit Process- Resolution of District Audit Findings .**

District 7 is providing this 180 day status report of findings as committed in the subject process audit of February 2014. We have established processes to ensure compliance with the Audit recommendations and believe this completes our obligation as outlined in the audit requirements.

Audits and Investigations finalized their audit in February 2014 and concluded that District 7 has adequate internal controls for procuring and managing A&E contracts except as outlined in two finding as follows:

Finding 2 – Missing required Consultant evaluations - District 7 addressed this finding by establishing a process to obtain and track consultant evaluations in a timely manner. For the specific requirements of this process, please see the attached memo that was issued on June 30, 2014, to all District 7 A&E Contract Managers (CMs).

Finding 4 – Various contract management deficiencies – District 7 established a process to ensure CMs are up to date on all contract requirements. This process requires that all CMs attend or take current on-line training and maintain their certificates on a yearly basis. Please see the attached memo issued to staff on June 30, 2014.

District 7 considers the recommendations to these two findings fully implemented. If you have questions or require additional documentation, please contact Alberto Angelini, Consultant Services Office Chief at 213-897-0208.

### Attachment

A&E Audit Recommendation #2 District follow-up  
A&E Audit Recommendation #4 District follow-up

Carrie Bowen, et al.  
August 27, 2014  
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C:Francesca Negri, Chief, Division of Procurement and Contracts  
James E. Davis, Chief, Division of Project Management  
Laurine Bohamera, Chief, Internal Audit and Construction Claims, A&I  
Juanita F. Baier, Internal Audit Manager, A&I  
Shirley Choate, Chief Deputy District Director, District 7  
Mike Bauer, Deputy District Director Program Project Management, District 7 (Acting)

## Memorandum

*Serious drought.  
Help Save Water!*

To: ALBERTO ANGELINI  
Office Chief-- Offices of Program Management & Consultant  
Services  
THERESA CONG  
Contract Manager -- Office of Consultant Services  
HASSAN SAFARI  
Contract Manager -- Office of Consultant Services  
JINOUS SALEH  
Contract Manager -- Office of Environmental Planning  
ALLEN CHEN  
Contract Manager -- Office of Intelligent Transportation Systems  
PENNY NAKASHIMA  
Contract Manager -- Office of Environmental Design  
TUANCHI LIU  
Contract Manager -- Office of Environmental Design  
RIMMA TEBELEVA  
Assistant Contract Manager -- Office of Consultant Services  
DAN D. HO  
Assistant Contract Manager -- Office of Consultant Services

Date: June 30, 2014

File:

From:   
GREGG MAGAZINER  
Deputy District Director, District 7  
Division of Program & Project Management

Subject: **A&E CONTRACTS AUDIT RECOMMENDATION #2 DISTRICT FOLLOW-UP**

Audits and Investigations completed an audit of the Caltrans Architectural and Engineering (A&E) process in February 2014. The scope of the audit included expired and active District 7 contracts from July of 2010 to April 2013. Audit Finding #2 related to District 7 found that contract evaluations during and after contract completion were not always provided or completed in a timely manner. The recommendation is that Contract Managers are required to complete evaluations during contract administration and at the close of each contract.

In order to manage contract evaluations, District 7's Office of Program Management and Consultant Services (OPMCS) has established a process to obtain and track consultant evaluations. OPMCS has prepared a tracking report (attached) for all contracts in the District. Contracts timelines and evaluation deadlines will be included for your information. In addition, OPMCS will provide a monthly status report and track completion of all evaluations for all contract managers. Evaluations will continue to be submitted directly to the Headquarters Division of Procurement and Contracts (DPAC) no later than 45 days after due date for interim evaluations and 60 days for final evaluations.

Thank you for your cooperation and adherence to DPAC contract procedures and requirements.

ALBERTO ANGELINI, et al.  
June 30, 2014  
Page 2 of 2

Attachment  
Tracking Report

c: Carrie Bowen, District Director  
Ali Zaghari, Deputy District Director, Division of Operations  
Ron Kosinski, Deputy District Director, Division of Environmental Planning  
Maria Quinonez, Office Chief, Office of Environmental Design, Division of Design

**District 7 A&E Contract Evaluation Tracking Report**

No	WORK TYPE	CONSULTANT	CONTRACT NUMBER	CONTRACT START DATE	CONTRACT EXPIRATION DATE	Target (T)	Target for 1 <sup>st</sup> evaluation	Target for 2 <sup>nd</sup> evaluation	Target for 3 <sup>rd</sup> evaluation	Target for 4 <sup>th</sup> evaluation	Target for 5 <sup>th</sup> evaluation	Target for 6 <sup>th</sup> evaluation	Comments	CMTs
						Actual (A)	Actual 1 <sup>st</sup> evaluation	Actual 2 <sup>nd</sup> evaluation	Actual 3 <sup>rd</sup> evaluation	Actual 4 <sup>th</sup> evaluation	Actual 5 <sup>th</sup> evaluation	Actual 6 <sup>th</sup> evaluation		
<b>PROJECT DEVELOPMENT</b>														
1	PS&E South LA County	CH2M Hill	07A2848	08/03/2010	09/30/2014	T	08/03/2011	08/03/2012	08/03/2013	11/30/2014				TC
						A	No Activity	04/26/2012	03/26/2014					
2	PS&E North LA County	Parsons	07A2912	02/10/2011	01/31/2015	T	02/10/2012	02/10/2013	02/10/2014	03/31/2015				TC
						A	11/10/2011	09/14/2012	04/08/2014					
3	SURVEYING, NORTH WEST	PENFIELD & SMITH	07A3302	03/01/2013	04/30/2016	T	03/01/2014	03/01/2015	06/30/2016					TC
						A	In progress							
4	SURVEYING, EAST	DEA	07A3303	04/01/2013	04/30/2016	T	04/01/2014	04/01/2015	06/30/2016					TC
						A	No Activity							
5	SURVEYING, SOUTH	PSOMAS	07A3304	04/01/2013	04/30/2016	T	04/01/2014	04/01/2015	06/30/2016					TC
						A	03/20/2014							
6	SURVEYING, GEOSPATIAL	RBF	07A3404	06/14/2013	06/30/2016	T	06/14/2014	06/14/2015	08/30/2016					TC
						A	No Activity							
7	DESIGN SOUTH	Transystems	07A3435	08/22/2013	08/14/2017	T	08/22/2014	08/22/2015	08/22/2016	10/14/2017				TC
						A								
8	DESIGN NORTH & VEN	HDR	07A3439	09/06/2013	08/31/2017	T	09/06/2014	09/06/2015	09/06/2016	10/31/2017				TC
						A								
<b>OPERATIONS</b>														
1	ITS	DELCAN CORP.	07A3227	06/29/2012	12/31/2016	T	06/29/2013	06/29/2014	06/29/2015	02/28/2016				AC
						A	12/31/2013							

**District 7 A&E Contract Evaluation Tracking Report**

No	WORK TYPE	CONSULTANT	CONTRACT NUMBER	CONTRACT START DATE	CONTRACT EXPIRATION DATE	Target (T)	Target for 1 <sup>st</sup> evaluation	Target for 2 <sup>nd</sup> evaluation	Target for 3 <sup>rd</sup> evaluation	Target for 4 <sup>th</sup> evaluation	Target for 5 <sup>th</sup> evaluation	Target for 6 <sup>th</sup> evaluation	Comments	GMS
						Actual (A)	Actual 1 <sup>st</sup> evaluation	Actual 2 <sup>nd</sup> evaluation	Actual 3 <sup>rd</sup> evaluation	Actual 4 <sup>th</sup> evaluation	Actual 5 <sup>th</sup> evaluation	Actual 6 <sup>th</sup> evaluation		
<b>CONSTRUCTION</b>														
1	Material Testing & Plant Inspection Services	S2	07A3125	12/15/2011	01/01/2015	T	12/15/2012	06/01/2014	12/15/2014	03/01/2016			Contract run out of funds by 04/01/2014	HS
						A	08/30/2013		N/A	N/A				
2	Inspection and CPM, VEN	MNS	07A3176	02/21/2012	02/20/2015	T	02/21/2013	06/17/2014	04/20/2015					HS
						A	06/17/2013							
3	Inspection and CPM, I-S North	RAILPROS, INC	07A3205	07/16/2012	11/30/2013	T	09/27/2013	01/30/2014					Contract run out of funds by 07/27/2013	HS
						A	04/15/2014	N/A						
4	Inspection and CPM, NORTH	Hill International, Inc.	07A3260	11/14/2012	12/31/2015	T	01/01/2014	01/01/2015	02/01/2016				Actual work started 01/01/14	HS
						A	04/15/2014							
5	Inspection and CPM, SOUTH	Hill International, Inc.	07A3261	11/14/2012	12/31/2015	T	01/01/2014	01/01/2015	02/01/2016				Actual work started 01/01/14	HS
						A	04/18/2014							
6	Inspection and CPM, I-S SOUTH	AECOM Technical Services	07A3262	11/08/2012	12/31/2015	T	01/01/2014	01/01/2015	02/01/2016				Actual work started 01/01/14	HS
						A	in progress							
7	Inspection and CPM, RT 10, 60, 71	AECOM Technical Services	07A3263	11/08/2012	12/31/2015	T	01/01/2014	01/01/2015	02/01/2016				Actual work started 01/01/14	HS
						A	04/23/2014							
8	CONSTRUCTION CLAIMS	Arcadis	07A3403	05/14/2013	06/30/2016	T	07/01/2014	07/01/2015	08/30/2016				Actual work started 07/01/13 07/27/2013	HS
						A								
9	Inspection and CPM, I-S North	RAILPROS, INC	07A3416	06/20/2013	12/31/2015	T	08/03/2014	08/03/2015	02/28/2016				Actual work started 08/03/13	HS
						A								

**District 7 A&E Contract Evaluation Tracking Report**

No	WORK TYPE	CONSULTANT	CONTRACT NUMBER	CONTRACT START DATE	CONTRACT EXPIRATION DATE	Target (T)	Target for 1 <sup>st</sup> evaluation	Target for 2 <sup>nd</sup> evaluation	Target for 3 <sup>rd</sup> evaluation	Target for 4 <sup>th</sup> evaluation	Target for 5 <sup>th</sup> evaluation	Target for 6 <sup>th</sup> evaluation	Comments	GMS
						Actual (A)	Actual 1 <sup>st</sup> evaluation	Actual 2 <sup>nd</sup> evaluation	Actual 3 <sup>rd</sup> evaluation	Actual 4 <sup>th</sup> evaluation	Actual 5 <sup>th</sup> evaluation	Actual 6 <sup>th</sup> evaluation		
1	ENV SERVICES, LA CENTRAL	Parsons	07A2270	09/07/2007	12/31/2013	T	9/2008 & 9/2009	09/07/2010	09/07/2011	09/07/2012	09/07/2013	02/28/2014		JS
						A	12/10/2008	04/29/2010	04/07/2011	10/24/2012	10/31/2013	Expired		
2	LA CO South (South of I-10)	Galvin Preservation Associates	07A2523	02/01/2009	12/31/2013	T	02/01/2010	02/01/2011	02/01/2012	02/01/2013	02/28/2014			JS
						A	05/17/2010	No Activity	No Activity	10/30/2013	Expired			
3	I-5 (Kern Co to Orange Co line)	LSA	07A2561	03/24/2009	4/31/2014	T	03/24/2010	03/24/2011	03/24/2012	03/24/2013	6/31/2014			JS
						A	05/19/2010	Limited Wrk	Limited Wrk	12/11/2013	Expired			
4	Desert Area	Jones & Stokes	07A2717	02/10/2010	12/31/2013	T	02/10/2011	02/10/2012	02/10/2013	02/28/2014				JS
						A	03/29/2011	Limited Wrk	Limited Wrk	In progress				
5	VEN	Galvin Preservation	07A2718	02/18/2010	12/31/2013	T	02/18/2011	02/18/2012	02/18/2013	02/28/2014				JS
						A	08/16/2011	Limited Wrk	12/04/2013	Expired				
6	710	Parsons	07A2719	03/30/2010	12/31/2013	T	03/30/2011	03/30/2012	03/30/2013	02/28/2014				JS
						A	04/07/2011	No Activity	11/27/2013	Expired				
7	LA Desert Area	ECORP	07A3144	12/31/2011	12/31/2014	T	12/31/2012	12/31/2013	02/28/2015					JS
						A	No Activity	No Activity						
8	High Desert Corridor District 7 & 8	Parsons	07A3145	12/31/2011	12/31/2014	T	12/31/2012	12/31/2013	02/28/2015					JS
						A	No Activity	10/29/2013						
9	Ventura Area	Galvin Preservation Associates	07A3454	01/02/2014	12/31/2017	T	01/02/2015	01/02/2016	01/02/2017	02/28/2018				JS
						A								
10	LA County Central Area	LSA	07A3451	01/02/2014	12/31/2017	T	01/02/2015	01/02/2016	01/02/2017	02/28/2018				JS
						A								
11	LA County South Area	ICF Jones & Stokes	07A3452	01/02/2014	12/31/2017	T	01/02/2015	01/02/2016	01/02/2017	02/28/2018				JS
						A								
12	I-5 (Kern Co to Orange Co line)	LSA	07A3453	01/02/2014	12/31/2017	T	01/02/2015	01/02/2016	01/02/2017	02/28/2018				JS
						A								

**District 7 A&E Contract Evaluation Tracking Report**

No	WORK TYPE	CONSULTANT	CONTRACT NUMBER	CONTRACT START DATE	CONTRACT EXPIRATION DATE	Target (T)	Target for 1 <sup>st</sup> evaluation	Target for 2 <sup>nd</sup> evaluation	Target for 3 <sup>rd</sup> evaluation	Target for 4 <sup>th</sup> evaluation	Target for 5 <sup>th</sup> evaluation	Target for 6 <sup>th</sup> evaluation	Comments	GMS
						Actual (A)	Actual 1 <sup>st</sup> evaluation	Actual 2 <sup>nd</sup> evaluation	Actual 3 <sup>rd</sup> evaluation	Actual 4 <sup>th</sup> evaluation	Actual 5 <sup>th</sup> evaluation	Actual 6 <sup>th</sup> evaluation		
PLANNING- 332 Fund														
1	HAZ WASTE, South	Stantec	07A2912	03/01/2013	03/01/2016	T	03/01/2014	03/01/2015	05/01/2016					PN
						A	04/08/2014							
2	HAZ WASTE, North	Stantec	07A2912	03/01/2013	03/01/2016	T	03/01/2014	03/01/2015	05/01/2016					TCL
						A	04/21/2014							

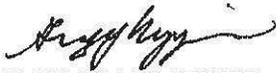
## Memorandum

*Serious drought.  
Help Save Water!*

**To:** ALBERTO ANGELINI  
Office Chief – Offices of Program Management & Consultant  
Services  
THERESA CONG  
Contract Manager – Office of Consultant Services  
HASSAN SAFARI  
Contract Manager – Office of Consultant Services  
JINOUS SALEH  
Contract Manager – Office of Environmental Planning  
ALLEN CHEN  
Contract Manager – Office of Intelligent Transportation Systems  
PENNY NAKASHIMA  
Contract Manager – Office of Environmental Design  
TUANCHI LIU  
Contract Manager – Office of Environmental Design  
RIMMA TEBBELEVA  
Assistant Contract Manager – Office of Consultant Services  
DAN D. HO  
Assistant Contract Manager – Office of Consultant Services

**Date:** June 30, 2014

**File:**

  
**From:** GREGG MAGAZINER  
Deputy District Director, District 7  
Division of Program & Project Management

**Subject:** A&E CONTRACTS AUDIT RECOMMENDATION #4 DISTRICT FOLLOW-UP

Audits and Investigations completed an audit of the Caltrans Architectural and Engineering (A&E) process in February 2014. The scope of the audit included expired and active District 7 contracts from July of 2010 to April 2013. Audit Finding # 4 related to District 7 found the following contract management deficiencies:

- Work was often allowed to begin before task orders were executed
- Payments were made for expenses without supporting documentation or for unauthorized expenses
- Payments were made for billing rates higher than the approved rates
- Payments were made for employees that were not included in the cost proposal and/or before the personnel request was approved
- Employee check verification was not provided
- Contractors were allowed to continue working without a valid certificate of insurance

The Audit Report recommends that A&E contracts be managed according to Caltrans policies and procedures.

District 7's Office of Program Management and Consultant Services (OPMCS) has established a process to ensure Contract Managers are up to date on all contract requirements. This includes maintaining documentation that all Contract managers attend or take on-line training that is current. For example, newly developed training is described in DPAC Information Bulletin (IB 14-03) "*Contract Manager Training Responsibilities*" issued April 3, 2014. Contract managers will take training available through the Headquarters Division of Procurement and Contracts (DPAC) and maintain their certificates on a yearly basis.

In addition to a training certificate, IB 14-03 details State Contracts Manual Volume I, Section 9.04 - *Responsibilities of a Contract Manager*. The *Contract Managers Handbook*, provided by DPAC and available through the intranet, is an additional resource to Contract Managers.

Attachment

DPAC Information Bulletin – Contract Manager Training Responsibilities

- c: Carrie Bowen, District Director  
Ali Zaghari, Deputy District Director, Division of Operations  
Ron Kosinski, Deputy District Director, Division of Environmental Planning  
Maria Quinonez, Office Chief, Office of Environmental Design, Division of Design



Administration: Division of Procurement and Contracts

## DPAC Information Bulletin

<b>Subject:</b> Contract Manager Training Responsibilities	<b>Number:</b> IB 14-03
<b>References:</b> Deputy Directive DD-112 Contract Manager Responsibilities Public Contract Code (PCC) Section 10348.5 State Contracting Manual (SCM) Volume 1, Section 9.04 Caltrans Contract Managers Handbook	<b>Date Issued:</b> April 3, 2014 <b>Date Expires:</b> Until Superseded

**Distribution:** All Caltrans Staff Statewide

**Purpose:** This Information Bulletin provides information regarding annual mandatory Contract Manager training, adherence to training requirements, and procedures by which Contract Managers must become certified.

**Background:** Deputy Directive DD-112 Contract Manager Responsibilities, issued March 13, 2014, mandates that any Caltrans employee who functions in the role of Contract Manager must receive annual Contract Manager training.

It is the responsibility of managers and supervisors to ensure employees identified as Contract Managers complete mandatory Contract Manager training and carry out their roles and responsibilities. Contract Managers are required to complete Contract Manager training annually. The Division of Procurement and Contracts (DPAC) is responsible for the development and maintenance of required Contract Manager training.

Public Contract Code Section 10348.5 states that state agencies "shall designate at least one currently existing person or position within the state agency as a contract manager" and "every contract manager shall have knowledge of legal contractual arrangements."

Contract Manager responsibilities are further detailed in the SCM Vol. 1, Section 9.04 Responsibilities of a Contract Manager.

The Caltrans Contract Managers Handbook, provided by DPAC and available on the intranet, is an additional resource to Contract Managers.

**Policy:** Effective immediately, any Caltrans employee who is assigned the role of Contract Manager, must annually complete mandatory Contract Manager training provided by DPAC.

**Process:** DPAC offers two types of Contract Manager training:

Type 1) For any type of contract other than Architectural and Engineering (A&E) contracts, mandatory Contract Manager training is located at:  
[http://admin.dot.ca.gov/pc/online\\_training/page1.htm](http://admin.dot.ca.gov/pc/online_training/page1.htm)

## Memorandum

*Serious drought.  
Help save water!*

To: WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigation

Date: August 27, 2014

From: <sup>for</sup> LAURIE BERMAN   
District Director  
District 11

Subject: **180 DAY STATUS REPORT TO ARCHITECTURAL AND ENGINEERING  
CONTRACTING PROCESS AUDIT**

As requested, below is the 180 day Status Report to the Architectural and Engineering (A&E) contracting process audit.

### Finding 2: Missing Required Consultant Evaluations

#### Audit Recommendation

We recommend that District Management require Contract Managers to complete Evaluations as required.

We also recommend that DPAC:

1. Continue issuing non-compliance reports on a monthly basis to the Deputy District Directors or Headquarters Division Chiefs for evaluations that are overdue.
2. Incorporate consultant evaluations into the A&E consultant selection process.

#### District 11 Response

1. District 11 recognizes that the completion of contract evaluations is a Federal Code Regulation requirement (23 CFR 172.13(b)). District 11 also supports the incorporation of these evaluations for the A&E consultant selection process.
2. District 11 will commit to ensuring our Contract Managers retake the Contract Manager on-line training module as a refresher to the closeout process.
3. District 11 will develop internal controls within the Consultant Services Unit to ensure that Contract Managers are completing evaluations as required.

180 Day Status

1. Contract Manager Assistants have provided the Contract Evaluation form (ADM 2027) to all Contract Managers for the current 15 A&E active contracts. Contract Managers have completed 14 of the contract evaluations which have been submitted to DPAC. District 11 has one pending contract evaluation that is expected to be finalized and forwarded to DPAC by September 2014.
2. District 11 Contract Managers were provided with the link to the Manager on-line training module. To date, 9 of the 11 contract managers have completed the training module. It is expected that all Contract Managers will complete the training module by September 2014.
3. Contract Manager Assistants will maintain a database log of contract evaluations (ADM 2027) and will ensure Contract Managers complete them annually. District 11 is currently in the process of modifying the CSU database so we receive alerts for outstanding Contract Evaluations. Expected completion is September 2014.

Finding 4: Contract Management Deficiencies

Audit Recommendation

We recommend that District Management ensure A&E contracts are managed as required by the State Contractor's Manual and Caltrans policies and procedures.

District 11 Response

1. District 11 will commit to ensuring Contract Managers and Consultant Services Unit staff review the A&E on-line training module as a refresher to the A&E contract policies and procedures.
2. District 11 will provide each Contract Manager with a copy of the Contract Manager Handbook.
3. District 11 will develop an internal annual workshop to provide the most recent policy and procedures updates as well as reinforce the existing.
4. District 11 will monitor contract management deficiencies on a quarterly report and take corrective action where needed.

180 Day Status

1. District 11 Contract Managers were provided with the link to the Manager on-line training module. To date, 9 of the 11 contract managers have completed the training module. It is expected that all Contract Managers will complete the training by September 2014. Consultant Services Unit Staff have completed this module.
2. District 11 Consultant Services Unit (CSU) has provided a copy of the "Contract Managers Handbook" and "Tips for the Caltrans Contract Manager" to all District 11 A&E Contract Managers.
3. District 11 Consultant Service Unit coordinated a meeting with A&E Contract Managers on February 21, 2014, to provide them with the A&E contracting process audit findings as well as the response to the findings. CSU also coordinated a meeting on March 26, 2014, with DPAC to provide information regarding the new A&E Selection Pilot Procurement Process.
4. District 11 has modified the CSU database (Contract Management System) to provide an alert when Insurance Certificates have expired. To date all executed Insurance Certificates have been collected and filed in all 15 A&E Contracts. The database is in the process of being modified so we receive alerts for outstanding Contract Evaluations. Expected completion is September 2014.

Please contact America Hernandez, Consultant Services Unit Manager at (619) 688-3302 if you have any questions or need additional information.

c: Ross Cather, Deputy District Director, Program Project Management, District 11  
Francesca Negri, Chief Division of Procurement and Contracts  
John Neri, Acting Assistant Division Chief, A&E DPAC  
Kim T. Smith, Senior Environmental Planner, D11 A&E Contract Manager  
Kevin Hovey, Senior Environmental Planner, D11 A&E Contract Manager  
Al Ochoa, Senior TE Civil, D11 A&E Contract Manager  
Jayne Dowda, Senior TE Civil, D11 A&E Contract Manager  
Kazim Mamdani, Senior TE Civil, D11 A&E Contract Manager  
Shawn Rizutto, Senior TE Civil, D11 A&E Contract Manager  
Mark Parra, Senior TE Civil, D11 A&E Contract Manager  
David Nagy, Senior Environmental Planner, D11 A&E Contract Manager  
Pedro Maria Sanchez, TE Civil, D11 A&E Contract  
Amir Etezadi, Senior TE Civil, D11 A&E Contract Manager  
Stephen Alvarez, Senior Landscape Architect, D11 A&E Contract Manager

WILLIAM E. LEWIS  
August 27, 2014  
Page 4

America Hernandez, Consultant Services Unit Manager

*"Provide a safe, sustainable, integrated and efficient transportation system  
to enhance California's economy and livability."*