

Memorandum

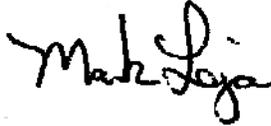
*Flex your power!
Be energy efficient!*

To: DEPUTY DISTRICT DIRECTORS, Construction
DEPUTY DIVISION CHIEF, Structure Construction
CONSTRUCTION MANAGERS
SENIOR CONSTRUCTION ENGINEERS
RESIDENT ENGINEERS

Date: December 30, 2009

File: Division of Construction
CPD 09-14

From: MARK LEJA
Chief
Division of Construction



Subject: Resident Engineer Daily Reports and Monthly Pay Quantity Verification

The Office of Audits and Investigations recently conducted an audit to examine compliance with contract administration procedures. Audit findings indicated a lack of complete compliance with two important procedures—filing of resident engineers' daily reports (form CEM-4501) and independent verification of monthly pay quantities (form CEM-4801).

Section 5-004, "Resident Engineer's Daily Report," of the *Construction Manual* requires the resident engineer to make a daily report on CEM-4501 (separate from the Assistant Resident Engineer's Daily Report, form CEM-4601), include the pertinent information requested, and file the report in the project records. This requirement also applies to oversight and consultant-administered contracts. Without all resident engineers' daily reports, the following risks exist:

- A newly assigned resident engineer might not have knowledge of important discussions and agreements with the contractor.
- The potential of fraud increases.
- The transparent accountability of the contract administration process expected for Caltrans and public review suffers.

Section 5-101, "Forms Used for Contract Administration," of the *Construction Manual* assigns CEM-4801, "Quantity Calculations," as the basic source document for most contract item quantity calculations. The form has a signature line for a reviewer to sign or initial and date to provide evidence that an independent reviewer has verified the monthly pay quantity. Without an independent review of the monthly payment of bid items, mistakes may go uncorrected and the risk of fraud increases.

This bulletin is a reminder of the importance of filing complete and up-to-date resident engineer daily reports and ensuring that an independent reviewer verifies each monthly pay quantity with a signature. Construction engineers should ensure resident engineer compliance with both procedures by providing periodic reminders and reviews of the project records.

If you have questions please contact Perry Mayer, Division of Construction, at (916) 653-2032 or Perry_Mayer@dot.ca.gov.