

**Audit Division
Finding Summary**

Fiscal Year 15/16

Audit No.	Title	Finding		Risk (1 to 5)	Corrected
		No.	Finding		
HSR 15-01	Project and Construction Management CP 4	1	Proposed hourly rates were misstated.	2	Yes
		2	Classification rates/ranges misstated	1	Yes
		3	Hourly rates unsupported	1	Yes
		4	Overhead rates misstated	2	Yes
		5	Overhead rates unsupported	2	Yes
		6	Billing rates proposed	1	Yes
		7	Other direct cost rates misstated	2	Yes
		8	Other direct cost unsupported	1	Yes
		9	Other direct costs did not conform to State Travel guidelines	1	Yes
		10	Other direct costs proposed not necessary for contract	1	Yes
		11	Replacement employee identified	1	Yes
14-01	Right-of-Way Parcel Acquisition	1	No comprehensive revision process for policies and procedures	2	Yes
		2	Lack of centralized authority responsible for strategic planning	2	Yes
HSR 15-34	Engineering and Environmental Services for San Francisco to San Jose and San Jose to Merced Project Sections	1	Indirect cost rates misstated	2	Yes
		2	Hourly rates misstated	1	Yes
		3	Classification rates/ranges misstated	2	Yes
		4	Classifications proposed with no named employees	1	Yes
		5	Billing rates supported	2	Yes
		6	Actual costs supported	2	Yes
		7	Classifications unsupported	1	Yes
		8	Classifications proposed are subconsultants	1	Yes
		9	Other direct cost rates unsupported	1	Yes
		10	Other direct costs did not conform to State Travel guidelines	1	Yes
		11	Mathematical errors in rate calculations	1	Yes
		12	No supporting documentation provided	2	Yes
14-06	Prompt Payment Act Follow Up Review	1	Penalty calculation was not always accurate	2	Yes
		2	Late Payment reporting not representative of when penalty incurred.	1	Yes
	State Leadership Accountability Act Report		Report submitted per legislative deadline.		N/A

Fiscal Year 14/15

Audit No.	Title	Finding		Risk (1 to 5)	Corrected
		No.	Finding		
13-03	Federal Railroad Administration Drawdown and Reimbursement	1	Regional Consultant invoices not submitted for payment timely	2	Yes
		2	Right of Way invoice not paid within 3 days of FRA funds received	2	Yes
		3	Payment of invoices exceeds 45 days	2	Yes
		4	Invoices received by Contract Manager, not Accounting	2	Yes
		5	Design-Build invoices not submitted for payment timely	2	Yes
		6	Regional Consultant invoices not reviewed timely	2	Yes
		7	Inconsistent date received for paper vs electronic invoices	1	Yes

Fiscal Year 14/15

Audit No.	Title	Finding		Risk	Corrected
		No.	Finding	(1 to 5)	
	Public Records Act	1	Draft procedures do not document reimbursement guidelines	1	Yes
		2	Draft PRA policy doesn't specify 10-day requirement per Civil Code	1	Yes
HSR 13-81	Preaward: Project Construction Mgmt CP 2-3	1	Proposed overhead rates misstated	3	Yes
		2	Proposed other direct costs overstated	2	Yes
		3	Employee pay rates misstated	2	Yes
		4	Subcontractor pay and overhead rates unsupported	1	Yes
		5	Proposed classification rates/ranges overstated	1	Yes
		6	Contradictory payment provision/missing provision.	1	Yes
		7	Rates miscalculated on cost proposal	1	Yes
		8	Proposed employees/classifications won't be utilized	1	Yes
		9	Home office overhead rate doesn't apply	1	Yes
		10	Employees subject to prevailing wage not identified	1	Yes
HSR 13-64	Postaward: Right of Way Engineering & Surveying	1	Proposed overhead rates misstated	2	Yes
		2	Employee pay rates misstated	2	Yes
		3	Subcontractor pay and overhead rates unsupported	1	Yes
		4	Subcontractors identified employees to be included on proposal	1	Yes
		5	Proposed employees no longer employed by contractor	1	Yes
		6	Necessary fiscal provision not included in draft agreement	1	Yes
HSR 13-67	Postaward: Right of Way Engineering & Surveying	1	Proposed overhead rates misstated	2	Yes
		2	Employee pay rates misstated	2	Yes
		3	Necessary fiscal provision not included in draft agreement	1	Yes
		4	Employee pay rate unsupported	1	Yes
14-04	Year-End Close Process	1a	Written supporting documentation	3	Yes
		1b	Supervisory review and approval	3	Yes
		1c	Reconciliation of general ledger accounts	3	Yes
		1d	Final year-end file maintenance	2	Yes
		2	GAAP supplemental report	3	Yes
14-03	Contract Management	1	Insufficient process implementation	4	Yes
		2	Uncoordinated responsibilities	4	Yes
		3	Lack of documentation	3	Yes
		4	Rework undefined	3	Yes
		5	Monitoring of all contract provisions	2	Yes
HSR 14-39	Regional Consultant - Burbank to Anaheim	1	Proposed hourly rates oversatated.	2	Yes
		2	Proposed classification rates/ranges overstated.	1	Yes
		3	Hourly rates/ranges unsupported.	1	Yes
		4	Proposed hourly rates overstated.	2	Yes
		5	Vacant classifications.	1	Yes
		6	Proposed overhead rates misstated.	2	Yes
		7	Contracted workers proposed as employees.	2	Yes
		8	Unsubstantiated overtime rates.	1	Yes
		9	Unsupported other direct costs proposed	1	Yes
		10	Supported billing rates only.	1	Yes

HSR 14-39 continued	Regional Consultant - Burbank to Anaheim	11	Other direct costs did not conform to State Travel guidelines	1	Yes
		12	Other direct costs should not have been proposed.	2	Yes
HSR 14-42	Regional Consultant - Palmdale to Burbank	1	Proposed hourly rates overstated.	2	Yes
		2	Proposed classification rates/ranges overstated.	2	Yes
		3	Unsupported classifications.	2	Yes
		4	Hourly rates unsupported.	2	Yes
		5	Vacant classifications.	1	Yes
		6	Supported billing rates only.	1	Yes
		7	Subcontractor proposed invalid classifications	1	Yes
		8	Subcontractor proposed overhead could not be supported.	2	Yes
		9	Proposed overhead rates misstated.	2	Yes
		10	Contracted workers proposed as employees.	2	Yes
		11	Unsubstantiated overtime rates.	1	Yes
		12	Unsupported other direct costs proposed	1	Yes
		13	Other direct costs did not conform to State Travel guidelines	1	Yes
		14	Other direct costs unsupported should not have been proposed.	1	Yes
14-05	Procurement	1	Purchase orders not registered in state system (6)	3	Yes
		2	Budget Office verification of funds at request, not at purchase	2	Yes
		3	59% of purchase reviewed not processed & approved w/in timeframe	2	Yes
		4	Duplicate approvals by Contract Manager and IT Manager	2	Not Yet
		5	Review process inadequate to prevent errors	2	Yes
HSR 14-66	Rail Delivery Partner	1	Vacant classifications.	1	Yes
		2	Unsubstantiated overtime rates.	1	Yes
		3	Hourly rates/ranges unsupported.	1	Yes
		4	Unsupported classifications.	2	Yes
		5	Classifications added after proposal submitted	1	Yes
		6	Supported billing rates only.	1	Yes
		7	Proposed overhead rates misstated	2	Yes
		8	Proposed overhead rates unsupported	2	Yes
		9	Other direct costs did not conform to State Travel guidelines	1	Yes
		10	Unsupported other direct costs proposed	1	Yes
		11	Other direct costs proposed with markup	1	Yes

Legend	
Level 1	Low risk, however deserves attention.
Level 2	Medium-Low risk,
Level 3	Medium risk, requires attention.
Level 4	High risk, requires immediate attention.
Level 5	Authority at risk of violating law.