



Memorandum

DATE: August 12, 2016

TO: David Kwalwasser, Contract Manager

FROM: Paula Rivera, Audit Office

CC: Finance and Audit Subcommittee of the Board
Jeff Morales, CEO
Domonique Wilson, Contract Analyst

SUBJECT: Pre-Award Review HSR 15-129

The California High-Speed Rail Authority's (Authority) Audit Office has completed its review of the draft agreement and the cost proposals for Right-of-Way Engineering and Survey Support Services, RFQ HSR15-129, between the Authority and O'Dell Engineering, Inc.

The scope was limited to reviewing the draft agreement and the cost proposals dated June 3, 2016. The objectives of the review were to determine if the necessary fiscal provisions were incorporated in the draft agreement and if the proposed costs are reasonable and in compliance with the Code of Federal Regulations Title 48, Chapter 1, Part 31, for the purpose of accepting contract progress billings.

Except as noted in the following paragraph, our review was conducted in accordance with Government Auditing Standards for attestation engagements as issued by the Comptroller General of the United States. A review is substantially less in scope than an examination for which the objective is to express an opinion. Accordingly, this review report expresses no such opinion.

The Authority's Audit Office has not undergone a peer review as required by the Government Auditing Standards due to the recent formation of the Audit Office and the lack of a body of work to be reviewed. The Audit Office is not yet eligible for a peer review for the reasons stated.

Based on the review of the cost proposals and the draft agreement, except as discussed in the following "Issues and Recommendations" section, no material deficiencies came to our attention.

This report is intended for the information and use of the management of the Authority. However, this report is a public document and its distribution is not limited.

ISSUES AND RECOMMENDATIONS

Issue 1

The hourly rates were unsupported for the following proposed classifications:

Classification	Proposed Rate/Range	Firm
Rodman/Chainman	\$32.78	ESP Surveying, Inc.
4 th Period Apprentice	\$26.22	ESP Surveying, Inc.

Recommendation: The Contract Manager should verify the proposed rates before starting work on the project or remove the classifications that cannot be supported from the cost proposal.

Issue 2

The following proposed indirect cost rates were misstated:

Firm	Proposed	Evaluated
ESP Surveying, Inc.	199.51%	205.86%
O'Dell Engineering, Inc.	134.46%	109.25%
Praxis Consolidated International, Inc.	215.64%	122.38%

Recommendation: The Contract Manager should have the cost proposal revised to reflect the evaluated indirect cost rates.

Issue 3

The cost proposal did not specify that miscellaneous printing and reproduction costs will be reimbursed at actual cost, and travel and vehicle expenses (per diem, mileage, parking, & rental car) will be reimbursed in accordance with the State of California Travel policy and guidelines for the following firms:

- O'Dell Engineering, Inc.
- Bennett Engineering Services, Inc.
- ESP Surveying, Inc.
- Praxis Consolidated, International, Inc.

Recommendation: The Contract Manager should have the cost proposal revised to reflect the printing and reproduction costs will be reimbursed at actual cost and the travel and vehicle expenses will be reimbursed in accordance with the State of California Travel policy and guidelines.