

**Audit Office
Finding Summary**

Fiscal Year 16/17

Audit No.	Title	Finding	Finding	Risk (1 to 5)	Addressed /Corrected
HSR 15-129	Right-of-Way Engineering and Survey Support Services	1	Classification rates unsupported	1	Corrected
		2	Indirect cost rates misstated	2	Corrected
		3	Other direct cost rates not at actual or State Travel guidelines	1	Addressed
15-04	Year-End Close Fiscal Year 2014/15	A	No budgetary plan for encumbrances.	3	Addressed
		B	Year-end revision/correction entries had no description of error	2	Addressed
		C	Error identification process not systematic	2	Addressed
		D	Not all accounts reconciled	1	Addressed
		E	Policy/procedural manuals not available	1	Addressed
		F	Revolving fund not reconciled within 30 days, as required	1	Addressed
		G	Reconciliations missing supporting documentation	1	Addressed
		H	Accounts payable outstanding eight months after year end	1	Addressed
		I	Employee accounts receivable not actively being collected	1	Addressed
		J	Year-end work plan was not customized for the Authority	1	Addressed
		K	No documented methodology for GAAP adjustment	1	Addressed
15-172	Geotechnical Site Investigation Services	1	Subconsultants could not support loaded hourly rate	2	Addressed
		2	Subconsultants actual hourly rates not proposed	2	Addressed
		3	Subconsultants hourly billing rates identified	1	Addressed
		4	Independent consultant proposed as employee	1	Addressed
		5	Incorrect prevailing wage determination proposed	1	Addressed
		6	Indirect cost rates identified	1	Addressed
		7	Indirect cost rates unsupported	1	Addressed
		8	Other direct costs proposed not supported	1	Addressed
		9	Other direct costs did not conform to State Travel guidelines	1	Addressed
		10	Four subconsultants did not provide documentation	1	Addressed
15-08	Valley Fever Mitigation and Oversight		No findings reported		N/A
15-09	Procurement Follow-Up	1	Corrective actions implemented, but purchases remain untimely	2	Addressed

Fiscal Year 15/16

Audit No.	Title	Finding	Finding	Risk (1 to 5)	Addressed /Corrected
HSR 15-01	Project and Construction Management CP 4	1	Proposed hourly rates were misstated.	2	Corrected
		2	Classification rates/ranges misstated	1	Corrected
		3	Hourly rates unsupported	1	Corrected
		4	Overhead rates misstated	2	Corrected
		5	Overhead rates unsupported	2	Corrected
		6	Billing rates proposed	1	Corrected
		7	Other direct cost rates misstated	2	Corrected
		8	Other direct cost unsupported	1	Corrected
		9	Other direct costs did not conform to State Travel guidelines	1	Corrected
		10	Other direct costs proposed not necessary for contract	1	Corrected
		11	Replacement employee identified	1	Corrected

Fiscal Year 15/16

Audit No.	Title	Finding	Finding	Risk (1 to 5)	Addressed /Corrected
14-01	Right-of-Way Parcel Acquisition	1	No comprehensive revision process for policies and procedures	2	Addressed
		2	Lack of centralized authority responsible for strategic planning	2	Addressed
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	Corrected
		2	Hourly rates misstated	1	Corrected
		3	Classification rates/ranges misstated	2	Corrected
		4	Classifications proposed with no named employees	1	Corrected
		5	Billing rates supported	2	Corrected
		6	Actual costs supported	2	Corrected
		7	Classifications unsupported	1	Corrected
		8	Classifications proposed are subconsultants	1	Corrected
		9	Other direct cost rates unsupported	1	Corrected
		10	Other direct costs did not conform to State Travel guidelines	1	Corrected
		11	Mathematical errors in rate calculations	1	Corrected
		12	No supporting documentation provided	2	Corrected
14-06	Prompt Payment Act Follow Up Review	1	Penalty calculation was not always accurate	2	Addressed
		2	Late Payment reporting not representative of when penalty incurred.	1	Addressed
	State Leadership Accountability Act Report		Report submitted per legislative deadline		N/A
14-07	DB Stipend and Alternative Technical Concepts	1	3 of 4 stipend payments did not have complete documentation	2	Addressed
		2	No process to determine net value of accepted ATCs	2	Addressed
HSR 15-108	Environmental Services for Merced to Fresno Project Section	1	Indirect cost rates misstated	2	Addressed
		2	Hourly rates misstated	1	Corrected
		3	Classification rate misstated	1	Corrected
		4	Classifications unsupported	1	Corrected
		5	Independent consultants proposed as employees	1	Corrected
		6	Other direct costs not proposed to be reimbursed at actual cost	1	Corrected
		7	Other direct costs did not conform to State Travel guidelines	1	Corrected
HSR 15-107	Environmental Services for Fresno to Bakersfield Project Section	1	Indirect cost rates misstated	2	Corrected
		2	No supporting documentation provided	1	Corrected
		3	Hourly rates misstated	1	Corrected
		4	Classification rates misstated	1	Corrected
		5	Classification ranges misstated	1	Corrected
		6	Mathematical errors in rate calculations	1	Corrected
		7	Overtime rates proposed in error	1	Corrected
		8	Proposed labor and indirect rates currently unsupported	1	Corrected
		9	Classification unsupported.	1	Corrected
15-02	Contract Management Follow-Up	1	Lack of structured management process for oversight of CM	4	Addressed
		2	Uncoordinated responsibilities	3	Addressed
		3	Lack of complete documentation of contract files when xfr'd	3	Addressed
		4	Rework not considered in advance	2	Addressed
		5	Insurance provisions not always managed	1	Addressed

Fiscal Year 14/15

Audit No.	Title	Finding	Finding	Risk (1 to 5)	Addressed /Corrected
13-03	Federal Railroad Administration Drawdown and Reimbursement	1	Regional Consultant invoices not submitted for payment timely	2	Addressed
		2	Right of Way invoice not paid within 3 days of FRA funds received	2	Addressed
		3	Payment of invoices exceeds 45 days	2	Addressed
		4	Invoices received by Contract Manager, not Accounting	2	Addressed
		5	Design-Build invoices not submitted for payment timely	2	Addressed
		6	Regional Consultant invoices not reviewed timely	2	Addressed
		7	Inconsistent date received for paper vs electronic invoices	1	Addressed
	Public Records Act	1	Draft procedures do not document reimbursement guidelines	1	Addressed
		2	Draft PRA policy doesn't specify 10-day requirement per Civil Code	1	Addressed
HSR 13-81	Preaward: Project Construction Mgmt CP 2-3	1	Proposed overhead rates misstated	3	Corrected
		2	Proposed other direct costs overstated	2	Corrected
		3	Employee pay rates misstated	2	Corrected
		4	Subcontractor pay and overhead rates unsupported	1	Corrected
		5	Proposed classification rates/ranges overstated	1	Corrected
		6	Contradictory payment provision/missing provision.	1	Corrected
		7	Rates miscalculated on cost proposal	1	Corrected
		8	Proposed employees/classifications won't be utilized	1	Corrected
		9	Home office overhead rate doesn't apply	1	Corrected
		10	Employees subject to prevailing wage not identified	1	Corrected
HSR 13-64	Postaward: Right of Way Engineering & Surveying	1	Proposed overhead rates misstated	2	Corrected
		2	Employee pay rates misstated	2	Corrected
		3	Subcontractor pay and overhead rates unsupported	1	Corrected
		4	Subcontractors identified employees to be included on proposal	1	Corrected
		5	Proposed employees no longer employed by contractor	1	Corrected
		6	Necessary fiscal provision not included in draft agreement	1	Corrected
HSR 13-67	Postaward: Right of Way Engineering & Surveying	1	Proposed overhead rates misstated	2	Corrected
		2	Employee pay rates misstated	2	Corrected
		3	Necessary fiscal provision not included in draft agreement	1	Corrected
		4	Employee pay rate unsupported	1	Corrected
14-04	Year-End Close Process	1a	Written supporting documentation	3	Addressed
		1b	Supervisory review and approval	3	Addressed
		1c	Reconciliation of general ledger accounts	3	Addressed
		1d	Final year-end file maintenance	2	Addressed
		2	GAAP supplemental report	3	Yes
14-03	Contract Management	1	Insufficient process implementation	4	Not Yet
		2	Uncoordinated responsibilities	4	Not Yet
		3	Lack of documentation	3	Not Yet
		4	Rework undefined	3	Not Yet
		5	Monitoring of all contract provisions	2	Not Yet

Fiscal Year 14/15

Audit No.	Title	Finding		Risk (1 to 5)	Addressed /Corrected
		No.	Finding		
HSR 14-39	Regional Consultant - Burbank to Anaheim	1	Proposed hourly rates oversated.	2	Corrected
		2	Proposed classification rates/ranges overstated.	1	Corrected
		3	Hourly rates/ranges unsupported.	1	Corrected
		4	Proposed hourly rates overstated.	2	Corrected
		5	Vacant classifications.	1	Corrected
		6	Proposed overhead rates misstated.	2	Corrected
		7	Contracted workers proposed as employees.	2	Corrected
		8	Unsubstantiated overtime rates.	1	Corrected
		9	Unsupported other direct costs proposed	1	Corrected
		10	Supported billing rates only.	1	Corrected
		11	Other direct costs did not conform to State Travel guidelines	1	Corrected
		12	Other direct costs should not have been proposed.	2	Corrected
HSR 14-42	Regional Consultant - Palmdale to Burbank	1	Proposed hourly rates overstated.	2	Corrected
		2	Proposed classification rates/ranges overstated.	2	Corrected
		3	Unsupported classifications.	2	Corrected
		4	Hourly rates unsupported.	2	Corrected
		5	Vacant classifications.	1	Corrected
		6	Supported billing rates only.	1	Corrected
		7	Subcontractor proposed invalid classifications	1	Corrected
		8	Subcontractor proposed overhead could not be supported.	2	Corrected
14-42 contin	Regional Consultant - Palmdale to Burbank	9	Proposed overhead rates misstated.	2	Corrected
		10	Contracted workers proposed as employees.	2	Corrected
		11	Unsubstantiated overtime rates.	1	Corrected
		12	Unsupported other direct costs proposed	1	Corrected
		13	Other direct costs did not conform to State Travel guidelines	1	Corrected
14-05	Procurement	14	Other direct costs unsupported should not have been proposed.	1	Corrected
		1	Purchase orders not registered in state system (6)	3	Corrected
		2	Budget Office verification of funds at request, not at purchase	2	Corrected
		3	59% of purchase reviewed not processed & appoved w/in timeframe	2	No
		4	Duplicate approvals by Contract Manager and IT Manager	2	Will Not
HSR 14-66	Rail Delivery Partner	5	Review process inadequate to prevent errors	2	Addressed
		1	Vacant classifications.	1	Corrected
		2	Unsubstantiated overtime rates.	1	Corrected
		3	Hourly rates/ranges unsupported.	1	Corrected
		4	Unsupported classifications.	2	Corrected
		5	Classifications added after proposal submitted	1	Corrected
		6	Supported billing rates only.	1	Corrected
		7	Proposed overhead rates misstated	2	Corrected
		8	Proposed overhead rates unsupported	2	Corrected
		9	Other direct costs did not conform to State Travel guidelines	1	Corrected
		10	Unsupported other direct costs proposed	1	Corrected
11	Other direct costs proposed with markup	1	Corrected		

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