

**Audit Division  
Finding Summary  
Fiscal Year 13/14**

Audit No.	Title	Finding		Risk (1 to 5)	Corrected
		No.	Finding		
HSR 12-XX	Preaward: San Joaquin Valley Air Pollution Control Dist.	1	No support for proposed 4% administrative fee	2	Yes
		2	Prior audits identified grant funds expended outside grant period	2	Yes
HSR 13-43	Preaward: Regional Consultant - Los Angeles to San Diego	1	Necessary fiscal provision not included in draft agreement	1	Yes
		2	Proposed overhead rates overstated	2	Yes
		3	Proposed pay range overstated for one subcontractor	1	Yes
		4	Individuals named to fill classifications	1	Yes
HSR 13-44	Preaward: Regional Consultant - Bakersfield to Palmdale	1	Employee pay rates misstated	2	Yes
		2	Proposed subcontractor employee is not an employee	1	Yes
		3	Proposed overhead rates overstated	3	Yes
		4	Proposed pay ranges unsupported for one subcontractor	2	Yes
		5	Subcontractor proposed as other direct cost	2	Yes
		6	Footnotes to cost proposal are inaccurate	1	Yes
HSR 13-45	Preaward: Regional Consultant - Merced to Sacramento	1	Necessary fiscal provision not included in draft agreement	1	Yes
		2	Employee pay rates misstated	1	Yes
		3	Proposed overhead rates misstated	1	Yes
		4	Subcontractor pay and overhead rates unsupported	1	Yes
	Review of the Small Business Program	1	Small Business Performance Plan reviews not documented	2	Yes
		2	Inconsistent requirements for timing of utilization reports	1	Yes
		3	No tracking of results of small business outreach	2	3/1/2015
HSR 13-65	Postaward: Right of Way Engineering & Surveying	1	Necessary fiscal provision not included in draft agreement	1	Yes
		2	Employee pay rates misstated	2	Yes
		3	Subcontractor identified employees to be included on proposal	1	Yes
		4	Proposed overhead rates misstated	2	Yes
HSR 13-65	Postaward: Right of Way Engineering & Surveying	1	Proposed overhead rates misstated	2	Yes
		2	Employee pay rates misstated	2	Yes
		3	Subcontractor identified employees to be included on proposal	1	Yes
		4	Necessary fiscal provision not included in draft agreement	1	Yes

Fiscal Year 14/15

Audit No.	Title	Finding		Risk	Corrected
		No.	Finding	(1 to 5)	
13-003	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
	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
14-004	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
14-003	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

Fiscal Year 14/15

Audit No.	Title	Finding		Risk (1 to 5)	Corrected
		No.	Finding		
14-39	Regional Consultant - Burbank to Anaheim	1	Proposed hourly rates oversated.	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
		11	Other direct costs did not conform to State Travel guidelines	1	Yes
		12	Other direct costs should not have been proposed.	2	Yes
14-42	Regional Consultant - Palmdale to Burbank	1	Proposed hourly rates overstated.	2	Not yet
		2	Proposed classification rates/ranges overstated.	2	Not yet
		3	Unsupported classifications.	2	Not yet
		4	Hourly rates unsupported.	2	Not yet
		5	Vacant classifications.	1	Not yet
		6	Supported billing rates only.	1	Not yet
		7	Subcontractor proposed invalid classifications	1	Not yet
		8	Subcontractor proposed overhead could not be supported.	2	Not yet
		9	Proposed overhead rates misstated.	2	Not yet
		10	Contracted workers proposed as employees.	2	Not yet
		11	Unsubstantiated overtime rates.	1	Not yet
		12	Unsupported other direct costs proposed	1	Not yet
		13	Other direct costs did not conform to State Travel guidelines	1	Not yet
		14	Other direct costs unsupported should not have been proposed.	1	Not yet

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.