

Corrective Action Plan

Capitol Corridor Joint Powers Authority, P1575-0053

Incurred Cost Audit

Issued: April 6, 2018

CAP Due Date: April 30, 2018

Finding	Recommendation	Responsible Program(s)/Division(s)	Proposed Corrective Action (Include Time Lines)
<p>FINDING 1 – Noncompliance with Agreement’s Requirements.</p> <p>Capitol Corridor Joint Powers Authority (Capitol Corridor JPA) did not adhere to the contractual requirements stipulated in the Interagency Transfer Agreement (Agreement) with the California Department of Transportation (Caltrans). As a result, we are disallowing \$30,443 (\$22,553 in marketing and \$7,890 in administration costs) of costs billed to Caltrans. Specifically, we noted the following issues:</p> <ul style="list-style-type: none"> • Capitol Corridor JPA entered into a contract via a Management Decision Document (MDD) with Corey, Canapary & Galanis (CCG) with an effective date of January 1, 2016. Capitol Corridor JPA billed Caltrans \$19,151 for work on the CCG contract that was performed in May 2015 and invoiced on December 2, 2015, prior to the effective start date of the contract. Capitol Corridor JPA did not safeguard assets and work performed did not have proper authorization, therefore, the billed costs are disallowed. • Travel costs were billed to Caltrans at rates higher than the rates allowed per the Agreement. We found \$1,500 of administration costs and \$164 of marketing costs billed were in excess of the allowed travel reimbursement rates. Therefore, these costs are disallowed. • Vehicle repairs and maintenance costs totaling \$2,242 were billed to Caltrans for vehicles owned by Bay Area Rapid Transit (BART). Capitol Corridor JPA was unable to provide any source documentation to support the need for the vehicles or usage to substantiate the costs applicability to Capitol Corridor JPA. Therefore, these costs are disallowed. • Capitol Corridor JPA billed Caltrans \$7,386 in unallowable costs (\$3,238 of marketing and \$4,148 of administration costs). The costs consisted of meals for staff meetings and board meetings, meals while on non-travel status, a microwave and operations related costs and are disallowed. 	<p>We recommend Capitol Corridor JPA to:</p> <ul style="list-style-type: none"> • Reimburse Caltrans \$30,443 for the disallowed costs identified above. • Establish procedures to ensure that costs for services and goods are within the contractual requirements. • Ensure contract managers or those in similar positions are aware of contract terms, proper invoice review, and contract management practices 	<p>Division of Rail and Mass Transportation</p>	<ol style="list-style-type: none"> 1) CCJPA will establish procedures to ensure that costs for services and goods are within the contractual requirements and will provide Caltrans with copies of these procedures by June 30, 2018. 2) CCJPA will train and ensure contract managers or those in similar positions are aware of contract terms, proper invoice review, and contract management practices. 3) CCJPA will provide Caltrans with a copy of CCJPA’s revised travel reimbursement procedures that are in compliance with the state’s travel reimbursement requirements by June 30, 2018. 4) CCJPA will provide Caltrans with a copy of the lease for the new vehicle by June 30, 2018 and will make vehicle log sheets available to Caltrans upon request. 5) Caltrans will waive reimbursement of \$19,151 for the Corey, Canapary & Galanis contract. 6) Caltrans will waive reimbursement of \$2,242 for vehicle repairs to a CCJPA-utilized vehicle. 7) Caltrans will waive reimbursement of \$3,237.92 for costs of printing recovery coupons as a necessary marketing cost for rail operations. 8) CCJPA is required to reimburse Caltrans the amount of \$1,500 for disallowed administration travel costs and \$164 of disallowed marketing travel costs. 9) CCJPA is required to reimburse Caltrans the amount of \$4,012 for costs of meals for staff meetings, board meetings, and meals while on non-travel status. 10) CCJPA is required to reimburse Caltrans the amount of \$136 for a microwave oven.

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<p>FINDING 2 – Lack of Proper Procurement Practices</p> <p>Capitol Corridor JPA lacked procurement policies and procedures and did not maintain supporting documentation for the procurements of professional services work as required by the Agreement, and state and federal regulations. See Table I on next tab for a summary of deficiencies noted. We found that Capitol Corridor JPA relied partly on BART’s procurement policies and procedures when procuring contracts, but used them only as a guide rather than adopting them as Capitol Corridor JPA policies and procedures. In addition, Capitol Corridor JPA’s staff stated that they could not provide most of the documentation to support the procurements because the information was retained in their Outlook email communication that had not been saved. Without documented procurement policies and procedures, Capitol Corridor JPA cannot support that they have selected the most qualified consultants at a fair and reasonable price.</p>	<p>We recommend Capitol Corridor JPA:</p> <ul style="list-style-type: none"> • Establish and follow written procurement policies and procedures in conformance with state and federal requirements. Alternatively, Capitol Corridor JPA can fully adopt BART’s procurement policies and procedures rather than use as a guide. • Maintain all project and contract information in a centralized location outside of Outlook and retain the information in accordance to the contract record retention requirement. • Train staff on proper procurement practices in compliance with state and federal rules and regulations and the Agreement’s requirements and communicate the importance of retaining the records for future audit or review purposes. • Take Caltrans, Division of Local Assistance online Procurement A&E Contracts training, at http://www.dot.ca.gov/hq/LocalPrograms/AE/index.htm 	<p>Division of Rail and Mass Transportation</p>	<p>11) CCJPA will establish and follow written procurement policies and procedures in conformance with state and federal requirements or fully adopt BART’s procurement policies and procedures and provide copies of these policies and procedures to Caltrans by June 30, 2018.</p> <p>12) CCJPA will maintain all project and contract information in a centralized location outside of Outlook and retain the information in accordance to the contract record retention requirement.</p> <p>13) CCJPA will train staff on proper procurement practices in compliance with state and federal rules and regulations and the Agreement’s requirements and communicate the importance of retaining the records for future audit or review purposes.</p> <p>14) CCJPA contract management staff will take Caltrans, Division of Local Assistance online Procurement A&E Contracts training at http://www.dot.ca.gov/hq/LocalPrograms/AE/index.htm and provide copies of employee certification to Caltrans by June 30, 2018. All contract management staff will undertake annual recertification of this training.</p>
<p>FINDING 3 – Lack of Internal Control on Tracking Sponsorship Tickets Received</p> <p>Capitol Corridor JPA did not have a process in place to track the disposition of game tickets received as part of their sponsorship agreement with the Athletics Investment Group LLC (d.b.a The Oakland Athletics). Per the agreement, the sponsor was to receive 154 tickets and two field visits to various Oakland Athletics games for marketing. Capitol Corridor JPA distributed some of the tickets but were unable to provide any record showing who received the tickets, and if or how they were given to benefit marketing. If ‘giveaways’ received through sponsorship agreements are not properly tracked, Capitol Corridor JPA cannot support that the ‘giveaways’ are used for the intended purpose.</p>	<p>We recommend Capitol Corridor JPA implement a process to track the distribution of any marketing giveaways to support who they are given to and the purpose.</p>	<p>Division of Rail and Mass Transportation</p>	<p>15) CCJPA will establish and follow a process to track the distribution of any marketing giveaways to support who they are given to and the purpose. CCJPA will provide this process to Caltrans by June 30, 2018.</p>

Deficiencies in Procurement Records

Requirement	Conifer Creative	ADC Partners	HDR Engineering
Documentation to support all proposals were received before the deadline, e.g. date/time stamped or logged to support date/time of receipt.	No	No	No
Independent cost estimate prepared prior to acceptance of proposals.	No	No	No
Evidence of proposed price/cost being analyzed.	No	No	No
Evidence of proposed profit being negotiated.	No	No	No
Evaluation scoresheets used to score proposals received were retained.	No	Yes	Yes
Verification that winning bidder was not suspended or debarred.	No	No	No
Request for proposal lacked a statement that a second round of evaluations would be conducted between the top three firms to determine the final selection.	No	Yes	Yes
Evaluation scoresheets were not dated to so it could not be determined when the evaluations were performed.	No	Yes	Yes
Executed contracts included a performance start date that was before the date the same contracts were executed.	No	No	Yes
Procurement lacked justification to support source	Yes	No	Yes