



FACT SHEET

Independent Office of Audits and Investigations

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CONSTRUCTION CONTRACT MANAGEMENT AUDIT

BACKGROUND

The California Department of Transportation (Caltrans), Independent Office of Audits and Investigations completed a Construction Contract Management Audit. The purpose of the audit was to evaluate the adequacy of internal controls over contract management for construction projects and to determine whether Caltrans is in compliance with the established construction policies, procedures, and guidelines.

KEY FINDINGS

Our audit disclosed that policies and internal control procedures related to construction contract management are generally adequate. However, we identified areas where Division of Construction and districts can improve. Specifically, we found:

- Safety policies and procedures were not consistently followed.
- Contract management procedures were not performed.
- Overpayments to contractors.
- Inadequate oversight over a construction project.

KEY RECOMMENDATIONS

We recommended:

- Division of Construction work with the districts to clarify safety requirements for emergency contracts.
- North Region Construction Management and District 7 Division of Construction Management:
 - Monitor construction personnel to ensure that construction safety and contract management procedures are performed and documented.
 - Ensure Resident Engineers (RE) are reviewing Extra Work Bills to confirm that they are supported and properly calculated to avoid overpayments.
 - Take necessary steps to recover the overpayments from the contractors.
 - Ensure that field office engineers organize project files in accordance with filing requirements of section 5-102(A) of the Manual.
- District 7 Division of Construction ensure construction contracts are properly managed by trained and experienced REs, and payments are only made in accordance with contract terms.

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