

Independent Office of Audits And Investigations

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July 16, 2021

Ms. Janice Benton
Acting Deputy Director
Project Delivery

Mr. Cory Binns
Deputy Director, Maintenance and Operations
California Department of Transportation
1120 N Street
Sacramento, CA 95814

Dear Ms. Benton and Mr. Binns:

Final Report – Construction and Maintenance Zone Enhanced Enforcement Program

Enclosed is the Independent Office of Audits and Investigations' final audit report on the Department of Transportation's (Caltrans) Construction Zone Enhanced Enforcement Program (COZEEP) and Maintenance Zone Enhanced Enforcement Program (MAZEEP). The report is a matter of public record and will be posted on the IOAI's website. It will also be included in the Inspector General's Annual Report.

A detailed Corrective Action Plan (CAP) addressing the findings and recommendations is due from Caltrans within 60 days from receipt of this letter. The CAP should include milestones and target dates as applicable. Subsequent to the submission of the 60-day CAP, updated CAPs will be due every six months until all planned actions have been implemented.

We thank you and your staff for their assistance provided during this audit. If you have any questions, please contact Tami Gill, Audit Manager, at 916-764-8251 or tami.gill@dot.ca.gov or Diana Antony, Chief Deputy Inspector General, at 916-204-0845 or diana.antony@dot.ca.gov.

Sincerely,

ORIGINAL SIGNED BY

RHONDA L. CRAFT

Inspector General

Mr. Cory Binns
May 3, 2021
Page 2

Enclosure

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Mitch Weiss, Executive Director, California Transportation Commission
Rodney Whitfeld, Director of Financial Services, Federal Highway Administration
Toks Omishakin, Director, Caltrans
Michael Keever, Acting Chief Deputy Director, Caltrans
Ramon Hopkins, Chief, Division of Construction, Caltrans
Sergio Aceves, Chief, Division of Maintenance, Caltrans

Rhonda L. Craft, Inspector General

Divisions of Construction and Maintenance Zone Enhanced Enforcement Programs Audit

Background

The Independent Office of Audits and Investigations (IOAI) completed an audit of the California Department of Transportation's (Caltrans) Construction Zone Enhanced Enforcement Program (COZEEP) and Maintenance Zone Enhanced Enforcement Program (MAZEEP). The purpose of this audit was to determine if COZEEP and MAZEEP had adequate internal controls over the administration of the contracts with the California Highway Patrol (CHP), identify any weaknesses in the process, and make recommendations for improvement. The audit did not include a review of the CHP process over COZEEP and MAZEEP programs.

Based on our audit, Caltrans overpaid CHP for services by not consistently validating source documents. Additionally, current COZEEP and MAZEEP forms to request and validate CHP services could be improved and should be maintained to support invoice payments.

Key Findings


The audit identified the following internal control weaknesses within the contract administration of the COZEEP and MAZEEP process:

- Inconsistent validation of CHP invoices against Caltrans source documents which resulted in duplicate payments.
- Hourly rate, benefits, and overhead charges for CHP personnel were not verified by Caltrans staff.
- Forms used for the COZEEP and MAZEEP services do not include all pertinent data fields.
- Source documents for MAZEEP work were not always maintained.

Key Recommendations

Headquarter Divisions of Construction and Maintenance should:

- Ensure transactions billed statewide are reviewed to determine if additional duplicate payments were made and if so, seek reimbursement; develop and implement written standard invoice review procedures to reconcile CHP invoices properly; and verify that the published billing rate is reasonable and based on actual costs.
- Obtain necessary information from CHP to determine if hourly rates included overhead and benefits and seek reimbursement; update the Cancellation Form (CEM-2103) to include a field for mileage; and update the Daily Report Form (CEM-2101 and MTC0107) to include a justification for increase/changes to the hours and signature of Caltrans official's acknowledgment.



California Department of Transportation
Divisions of Construction and
Maintenance Zone Enhanced
Enforcement Programs

FINAL AUDIT REPORT

P4000-0412

JULY 2021



PREPARED BY:

Independent Office of Audits and Investigations – MS 2

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P4000-0412

Table of Contents

SUMMARY1

BACKGROUND1

OBJECTIVES2

SCOPE.....2

METHODOLOGY3

CONCLUSION.....3

VIEWS OF RESPONSIBLE OFFICIALS.....4

FINDINGS AND RECOMMENDATIONS.....5

**FINDING 1 – Inconsistent Validation of CHP Invoices Against Caltrans
 Source Documents Which Resulted in Duplicate Payments.....5**

**FINDING 2 – Hourly Rate, Benefits, and Overhead Charges for CHP
 Personnel Were Not Verified by Caltrans Staff.....8**

**FINDING 3 – Forms Used for the COZEEP and MAZEEP Services Do Not
 Include All Pertinent Data Fields.....9**

ATTACHMENT A Current Process Flow Chart

ATTACHMENT B – Caltrans’ Response

SUMMARY, BACKGROUND, OBJECTIVES, SCOPE, METHODOLOGY, AND CONCLUSION

SUMMARY

The Independent Office of Audits and Investigations (IOAI) completed an audit of the California Department of Transportation's (Caltrans) Construction Zone Enhanced Enforcement Program (COZEEP) and Maintenance Zone Enhanced Enforcement Program (MAZEEP) as requested by the former Caltrans Director. The purpose of this audit was to determine if COZEEP and MAZEEP had adequate internal controls over the administration of the contracts, identify any weaknesses in the process, and make recommendations for improvement.

Our audit identified weaknesses within the COZEEP and MAZEEP process. Caltrans paid the California Highway Patrol (CHP) invoices without consistently reviewing proper source documents and verifying the hourly rates, benefits, and overhead charges. In addition, forms do not capture key information, and Caltrans source documents were not always maintained to support CHP invoices.

BACKGROUND

In February 2019, the former Caltrans Director requested an audit of COZEEP and MAZEEP to be performed by IOAI after the CHP announced allegations of fraudulent activity related to overtime charges for the safety services provided to Caltrans workers during construction and maintenance projects. The audit was specific to the controls in place at Caltrans over the administration of the COZEEP and MAZEEP process. Accordingly, the audit did not include a review of the CHP process over COZEEP and MAZEEP programs. Additionally, as noted in Finding 2, due to the CHP's ongoing investigation, we were not able to access their billing and payroll records.

One way that Caltrans provides a safe transportation system for workers and users is to contract with CHP to provide traffic control and safety in the Caltrans work zones. There are currently three Interagency Agreements with CHP to provide traffic control and safety in the work zones. This audit focuses on Interagency Agreements related to the Construction and Maintenance agreements (COZEEP and MAZEEP) for the construction of highway projects and management of public traffic for statewide maintenance activities. The Project Delivery Zone Enhanced Enforcement Program (PDZEEP) was not part of our review.

The headquarter Divisions of Construction and Maintenance manage the COZEEP and MAZEEP contracts and set policy for their programs in the 12 districts statewide. Each district is responsible for their use of CHP services; this includes requesting services, documenting work performed, and reviewing and approving invoices prior to payment.

OBJECTIVES

The objectives of the audit were to determine whether:

- Adequate internal controls are in place over the administration of COZEEP and MAZEEP contracts.
- COZEEP and MAZEEP policy and procedures are followed when requesting CHP services and are in accordance with the contract agreement.
- Payment for services were supported and processed in accordance with the contract agreement.

SCOPE

The audit scope includes Caltrans interagency agreements with the CHP - COZEEP contracts 54A0070 and 54A0081 and MAZEEP contract 56A0430. The audit covered the period of July 1, 2015, through end of fieldwork. See Table 1 and 2 below for contract details.

Table 1

COZEEP - Construction Contract		
Closed - Contract No. 54A0070		
Contract Period	Contract Amount	Expenditures
July 1, 2015 - June 30, 2018	\$97,000,000	\$68,767,217
Final expenditure amount was provided by the Division of Accounting		
Current - Contract No. 54A0081		
Contract Period	Contract Amount	Expenditures
July 1, 2018 - June 30, 2021	\$97,000,000	To be Determined ¹
¹ Invoices were selected for review from this contract. Final expenditures will be known after contract end date.		

Table 2

MAZEPP - Maintenance Contract

Closed - Contract No. 56A0430		
Contract Period	Contract Amount	Expenditures
October 1, 2015 - September 30, 2018	\$67,000,000	\$ 64,498,825
Current - Contract No. 56A0567		
Contract Period	Contract Amount	Expenditures
October 1, 2018 - September 30, 2021	\$72,000,000	-
Current contract invoices were not billed at the start of the audit; therefore, this contract was reviewed for language content only. No expenditures were recorded.		

We conducted our audit from March 8, 2019, through November 4, 2019. Changes after these dates were not tested, and accordingly, our conclusions do not pertain to changes arising after November 4, 2019.

METHODOLOGY

We selected three out of 12 districts for testing based on the analysis of COZEPP and MAZEPP expenditures and number of transactions. While our review was limited to the three selected districts, the general process for using COZEPP and MAZEPP services is followed in all 12 districts.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CONCLUSION

Based on our audit, Caltrans overpaid CHP for services by not consistently validating source documents. Additionally, current COZEPP and MAZEPP forms to request and validate CHP services could be improved and should be maintained to support invoice payments.

This report is intended as information for Caltrans management. The report is a matter for public record and will be placed on the IOAI's website, which can be viewed at <https://ig.dot.ca.gov>.

VIEWS OF RESPONSIBLE OFFICIALS

We requested and received a written response to our findings from Caltrans. See Attachment B.

FINDINGS AND RECOMMENDATIONS

Based on our review of three of 12 districts, our audit identified the following internal control weaknesses within the contract administration of the COZEEP and MAZEEP process:

- Inconsistent validation of CHP invoices against Caltrans source documents which resulted in duplicate payments.
- Hourly rate, benefits, and overhead charges for CHP personnel were not verified by Caltrans staff.
- Forms used for the COZEEP and MAZEEP services do not include all pertinent data fields.
- Source documents for MAZEEP work were not always maintained.

FINDING 1 – Inconsistent Validation of CHP Invoices Against Caltrans Source Documents Which Resulted in Duplicate Payments

The Caltrans District Coordinators (Coordinators)¹ do not always properly review the CHP invoice package prior to processing payment. As a result, Caltrans overpaid CHP \$59,829 (COZEEP \$23,391 and MAZEEP \$36,438) for duplicate transactions tested. See Tables 3 and 4 for details.

Caltrans requests COZEEP and MAZEEP services by submitting a Task Order form to CHP. On the day CHP provides services, a Daily Report is completed by CHP and Caltrans staff, both parties receive a copy. The Daily Report is a critical document which substantiates the CHP services were provided. The Daily Report includes the hours worked, vehicle mileage, Expenditure Authorization/Daily Report number, CHP officer(s) name(s), and CHP area number. This information is important as it is used by the district to support approval of the CHP invoice. See Attachment A – Process Flow Chart, which depicts the COZEEP and MAZEEP process in detail.

The Coordinators receive an invoice package from CHP for COZEEP and MAZEEP services. The invoice package consists of the CHP invoice, invoice detail summary sheets, and CHP's copy of the Daily Report. The Coordinators rely on the CHP's copy of the Daily Report to process the CHP invoice instead of using Caltrans Daily Report copy. For example, one district performs a comparison using the Caltrans original Daily Report compared to the CHP invoice prior to payment. However, if

¹ District staff processing COZEEP/MAZEEP invoices for payment.

the Caltrans Daily Report was not maintained, the CHP's copy of the Daily Report is used. The other two districts rely on the CHP's Daily Report copy to process payments. Our audit found instances where the CHP's Daily Report copy was modified without justification or explanation and submitted twice for payment. The fields changed on the original Daily Report included the service dates or the CHP area number.

Our review consisted of analyzing CHP invoice detail summaries, which are spreadsheets prepared by CHP to support the invoice amount. The invoice detail summary includes the same information contained in the Daily Report and the CHP officers' hourly rate and vehicle mileage rate. The data from the invoice detail summary was combined and sorted by the beginning and ending mileage, which is unique to each vehicle. Potential duplicate transactions² were identified, and a sample was selected for testing. See charts below.

Table 3

COZEEP	District 3 Marysville	District 4 Oakland	District 7 Los Angeles	TOTAL
Total number of transactions of invoices provided	10,759	27,601	15,582	53,942
Number of potential duplicate transactions	12	17	42	71
Dollar amount of potential duplicates	\$9,289	\$ 11,617	\$41,272	\$62,178
Number of transactions tested	6	10	22	38
Dollar amount of tested transactions (A)	\$4,399	\$ 7,675	\$21,469	\$33,543
Test results (transactions confirmed to be duplicates)	3	3	19	25
Dollar amount of test results (B)	\$2,042	\$2,982	\$18,367	\$23,391
Percentage of tested transactions confirmed duplicates (Amount) (B/A)	46%	39%	86%	70%

Out of the 38 transactions tested, 25 were confirmed to be duplicate payments.

² A transaction represents a CHP Officer and a corresponding work shift on a particular date.

Table 4

MAZEPP	District 3 Marysville	District 4 Oakland	District 7 Los Angeles	TOTAL
Total number of transactions of invoices provided	10,764	15,129	30,215	56,108
Number of potential duplicate transactions	33	18	111	162
Dollar amount of potential duplicates	\$22,088	\$11,053	\$89,549	\$122,690
Number of transactions tested	6	7	32	45
Dollar amount of tested transactions (A)	\$4,826	\$4,681	\$26,931	\$36,438
Test results (transactions confirmed to be duplicates)	6	7	32	45
Dollar amount of test results (B)	\$4,826	\$4,681	\$26,931	\$36,438
Percentage of tested transactions confirmed duplicates (Amount) (B/A)	100%	100%	100%	100%

All 45 tested transactions were confirmed to be duplicate payments.

District Divisions of Maintenance did not consistently retain the Task Orders and Daily Reports in accordance with record retention requirements. District Division of Construction engineers maintain the Task Orders and Daily Reports in their project files and did not consistently provide to the Coordinators for invoice processing. As a result, Coordinators cannot reconcile CHP invoices with Caltrans support documents. In addition, Coordinators do not have written desk procedures to properly review and process CHP invoices.

State Administrative Manual (SAM) section 20060 states, "State agency heads, by reason of their appointments, are accountable for activities carried out in their agency. This responsibility includes the establishment and maintenance of a system of internal control, and effective and objective ongoing monitoring of the internal controls within the agency."

Because the CHP invoice review process used by the Coordinators does not use Caltrans source documents, the Coordinators are not able to identify discrepancies between the invoiced amount and the Caltrans Daily Report copy.

RECOMMENDATIONS

- Review transactions billed statewide and determine if additional duplicate payments were made and seek reimbursement.
- Develop and implement written standard invoice review procedures to reconcile CHP invoices properly. Procedures should include retaining Caltrans source documents for Coordinator's invoice reconciliation.
- Consider scanning source documents or establishing an automated system to document and complete required forms.
- Ensure Coordinators responsible for processing invoices are trained on procedures.

CALTRANS RESPONSE

Caltrans concurs with the finding and recommendations. Please see Attachment B for details of the response and action plan.

FINDING 2 – Hourly Rate, Benefits, and Overhead Charges for CHP Personnel Were Not Verified by Caltrans Staff

Caltrans may have paid for benefits and overhead included in both the hourly rate and the total amount invoiced. The hourly rate is applied against the total hours worked for each officer/sergeant. The benefit and overhead rates are added to the total officer/sergeant payable amount. This total amount is invoiced to Caltrans.

The COZEEP and MAZEEP contracts (54A0070 and 56A0430) require Caltrans to reimburse CHP for actual and incurred costs, however Caltrans staff did not verify each officer/sergeant's hourly rate invoiced by CHP or validate if the CHP benefit and overhead cost is already included in the hourly rate.

Caltrans does not have a process to obtain payroll records from the CHP. As a result, Caltrans staff is uncertain if benefits and overhead were included in the hourly rate. Without verification of the officer/sergeant actual hourly rates, Caltrans could have reimbursed CHP for incorrect amounts.

We attempted to obtain payroll records from CHP to verify officer's billed hourly rates to Caltrans. However, due to the CHP's own internal ongoing investigation, they were unable to provide these documents prior to the completion of this audit. Although we are not auditing the CHP, the COZEEP and MAZEEP contracts state that "Caltrans... shall have access to any books, records, and documents of CHP that are pertinent to the contract for audits, examinations, excerpts, and transactions, and copies thereof shall be furnished if requested." The CHP further stated that after their investigation was complete, Caltrans could have access to these documents.

During the course of the audit, the current contracts (54A0081 and 56A0567)

were amended to use the CHP officer and sergeant published hourly rates. Having a published rate that includes benefits and overhead should streamline the review process as Caltrans will only have to verify two rates. The published rate is an hourly rate determined by CHP for officer and sergeant classifications, subject to increases. Using the pre-determined published rate calculated by the CHP will eliminate the need for Caltrans to verify the payroll records with actual labor costs. According to Caltrans, they performed a review of the published rate and determined it was reasonable. We did not audit Caltrans methodology of their review. As noted above, we did not have access to CHP's payroll records.

RECOMMENDATION

Work with CHP to obtain necessary information (i.e., payroll records) to determine if the hourly rate billed included overhead and benefits and seek reimbursement if overpayments were made. In addition, we recommend the Division of Construction and Division of Maintenance Contract Managers ensure the published rate is reasonable and based on actual costs.

CALTRANS RESPONSE

Caltrans generally concurs with the finding and recommendations. Please see Attachment B for details of the response and action plan.

ANALYSIS OF CALTRANS RESPONSE

IOAI acknowledges Caltrans's validation of the published rate with CHP and reiterates the importance of determining whether overhead and benefits were included in the hourly rate and seek reimbursement if overpayments were made.

FINDING 3 – Forms Used for the COZEEP and MAZEEP Services Do Not Include All Pertinent Data Fields

COZEEP and MAZEEP Cancellation Form (CEM- 2103) and Daily Report Forms (CEM-2101 and MTC-0107) do not capture key information to properly record and support CHP service charges. Specifically:

The Cancellation Form does not include instructions. As a result, it was not always filled out correctly. For example, the applicable cancellation fees were not always identified. Additionally, the form is missing a field to record mileage. There may be instances when a request for CHP service is cancelled less than 24 hours prior to the service date. If the officer still shows up, CHP is reimbursed mileage and four service hours. Without a complete Cancellation Form that includes mileage information, Caltrans could not verify if the CHP invoiced amounts are correct.

COZEEP contract 54A0070 states, in part, "Caltrans agrees to reimburse the CHP at actual hourly and mileage rates in effect at the time service is provided."

Furthermore, MAZEEP contract 56A0430 states that “Services satisfactorily rendered and approved by Caltrans Contract Manager, upon receipt and approval of invoices, Caltrans agrees to compensate contractor for actual allowable costs incurred....”

Daily Reports do not have an approval field for increased hours to capture justification for changes to the original Task Order request. For example, in comparing the Task Order’s requested service hours to the actual hours worked on the Daily Report, we noted increases in the actual number of COZEEP services hours. According to Caltrans officials, there are circumstances when the CHP service hours requested on the Task Order are increased, however there is no explanation or acknowledgment on the Daily Report to support the increases. Without the additional information on the Daily Report, Caltrans is unable to verify if increases were approved and services were actually provided.

Daily Reports do not include shift information (regular or overtime) to support labor charges invoiced. The hourly rates for regular shifts are higher than overtime because employee benefits are included. Without the shift information on the Daily Reports, Caltrans cannot determine if the labor rate being charged is correct.

SAM section 20060 outlines, “State agency heads, by reason of their appointments, are accountable for activities carried out in their agency. This responsibility includes the establishment and maintenance of a system of internal control.... Such responsibility also includes documenting the system, communicating system requirements to employees, and ensuring that the system is functioning as intended....”

RECOMMENDATIONS

Update the Cancellation Form (CEM-2103) to include instructions for filling out the form and a field to include mileage.

Revise the Daily Report Form (CEM-2101 and MTC 0107) to include a justification for increases/changes to the hours on the Task Order and signature of a Caltrans official as acknowledgment.

Include CHP officer’s shift information (regular or overtime shift) on the Daily Report Form (CEM-2101 and MTC0107).

Develop instructions to complete the forms and communicate the changes to Caltrans staff.

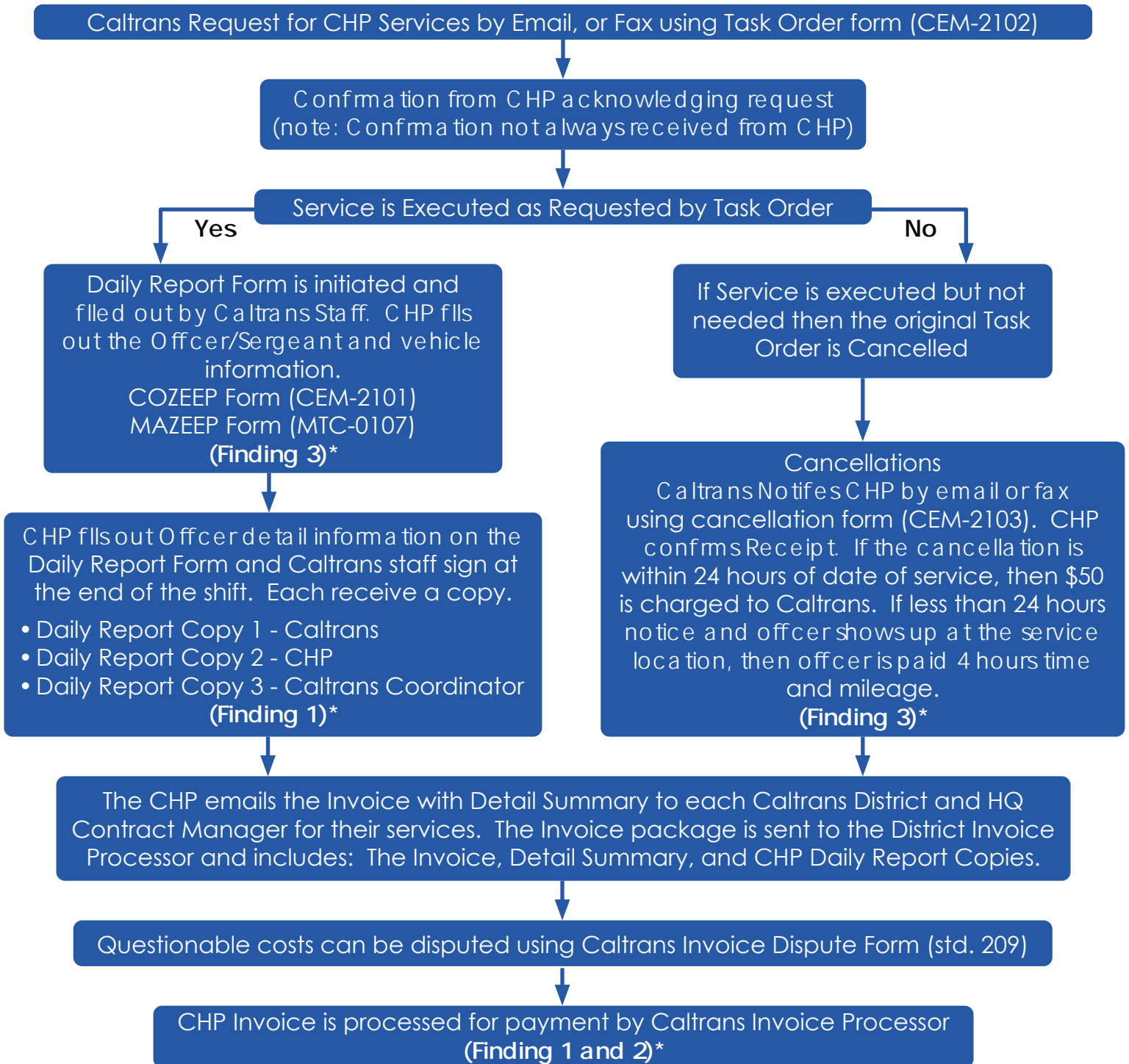
CALTRANS RESPONSE

Caltrans concurs with the finding and recommendations. Please see Attachment B for details of the response and action plan.

ATTACHMENT A

Attachment A - Current Process Flow Chart

Construction Zone Enhancement Enforcement Program (COZEEP) and Maintenance Zone Enhancement Enforcement Program (MAZEEP Request for California Highway Patrol Services (CHP)



Legend: Invoice processor is the COZEEP or MAZEEP Coordinator

*Internal Control Weaknesses Identified. See Specific Finding.

ATTACHMENT B – CALTRANS' RESPONSE

Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs (COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Construction (DoC)

Audit Report Finding # 1

Inconsistent Validation of CHP Invoices Against Caltrans Source Documents, Which Resulted in Duplicate Payments

IOAI Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible
<p>1.1 Review transactions billed statewide and determine if additional duplicate payments were made and seek reimbursement.</p>	<p>Caltrans HQ DoC is directing all Districts to review past billings for any duplicate invoices starting in fiscal year '19/20 and will seek reimbursement where duplicate payments are identified.</p>	<p>31-Dec-20</p>	<p>Amjad Obeid - Subject Matter Expert (SME) Blair Anderson - Office Chief</p>
<p>1.2 Develop and implement written standard invoice review procedures to reconcile CHP invoices properly. Procedures should include retaining Caltrans source documents for coordinator's invoice reconciliation.</p>	<p>Caltrans HQ DoC is in the process of developing a written standard invoice review procedure to be transmitted via a new "COZEEP Procedures Update" Construction Procedure Directive (CPD). Task to be completed by July 1, 2020.</p> <p>Training to be completed by September 30, 2020.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>
<p>1.3 Consider scanning source documents or establishing an automated system to document and complete required forms.</p>	<p>Caltrans HQ DoC will include scanning source documents as part of the new "COZEEP Procedures Update" CPD which will direct Resident Engineer (RE) to scan, retain and share COZEEP reconciliation documents (daily reports, task orders, and cancellation forms) once completed. REs to e-mail scanned copy to COZEEP Coordinator.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>

Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs (COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Construction (DoC)

<p>1.4 Ensure Coordinators responsible for processing invoices are trained on procedures.</p>	<p>Caltrans HQ DoC is in the process of developing training for COZEEP coordinators on the newly developed procedures.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>
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Audit Report Finding # 2
Hourly Rate, Benefits, and Overhead Charges for CHP Personnel Were Not Verified by Caltrans Staff

IOAI Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible
<p>2.1 Work with CHP to obtain necessary information (i.e., payroll records) to determine if the hourly rate billed included overhead and benefits and seek reimbursement if overpayments were made.</p>	<p>The Caltrans/CHP COZEEP /MAZEEP Inter-Agency Service Agreement amended to simplify the billing rates using one rate for officers and one rate for sergeants, which should reduce the variability of past billing rates, and the past need to verify actual hourly wage rates for all officers. Caltrans meets quarterly with CHP to partner and discuss COZEEP related issues, we can monitor and discuss any future billing rate issues that may arise.</p>	<p>31-Dec-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>
<p>2.2 Division of Construction and Division of Maintenance Contract Managers ensure the published rate is reasonable and based on actual costs.</p>	<p>Caltrans HQ concurs with the validity of this recommendation and has validated the published rates against MAZEEP and COZEEP billings. The amended Caltrans / CHP COZEEP Inter- Agency Service Agreement represents validated billing rates (see response 2.1).</p>	<p>Completed</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>

Audit Report Finding # 3

Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs
(COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Construction (DoC)

Forms Used for the COZEEP and MAZEEP Services Do Not Include All Pertinent Data Fields

IOAI Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible
<p>3.1 Update the Cancellation Form (CEM 2103) to include instructions for filling out the form and a field to include mileage.</p>	<p>Caltrans DoC HQ is directing REs to send cancellation forms to CHP Coordinators for signature following verbal or written cancellation communications.</p> <p>COZEEP/MAZEEP Cancellation Form (CEM-2103) will be revised to add a column for mileage incurred by officers due to cancellations. The updated training shall cover this change.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>
<p>3.2 Revise the Daily Report Form (CEM 2101 and MTC0107) to include a justification for increases/changes to the hours on the Task Order and signature of a Caltrans official as acknowledgement.</p>	<p>Caltrans HQ DoC is directing the Caltrans inspectors shall notify the RE of the COZEEP extended hours with the justification on their daily diary. The RE shall initial the hours on the inspector's daily diary and the signed COZEEP Daily Report (CEM-2101). The updated training shall cover these directives.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>

Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs (COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Construction (DoC)

<p>3.3 Include CHP officer's shift information (regular or overtime shift) on the Daily Report Form (CEM 2101 and MTC0107).</p>	<p>COZEEP services are to be provided at overtime rate and not at straight time. Caltrans HQ is directing the Caltrans inspectors shall notify the RE of the COZEEP hours on their daily diary. The Resident Engineer shall note and initial COZEEP hours performed on the inspector's daily report and the signed COZEEP Daily Report (CEM-2101). The updated training shall cover these directives.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>
<p>3.4 Develop instructions to complete the forms and communicate the changes to Caltrans staff.</p>	<p>Revised instructions and procedures to complete forms will be communicated to Caltrans staff in updated training.</p>	<p>30-Sep-20</p>	<p>Amjad Obeid - SME Blair Anderson - Office Chief</p>

Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs
(COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Maintenance

Audit Report Finding # 1

Inconsistent Validation of CHP Invoices Against Caltrans Source Documents, Which Resulted in Duplicate Payments

IOAI Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible
1.1 Review transactions billed statewide and determine if additional duplicate payments were made and seek reimbursement.	Caltrans HQ Division of Maintenance (DOM) is directing all Districts to review any duplicate invoices starting fiscal year 19/20 and will seek reimbursement where duplicate invoices are identified.	31-Dec-20	Theresa Drum - SME Joel Allen - Office Chief
1.2 Develop and implement written standard invoice review procedures to reconcile CHP invoices properly. Procedures should include retaining Caltrans source documents for coordinator's invoice reconciliation.	DOM will develop training for District MAZEEP Coordinators using District 3's procedure as a guide. Task to be completed by July 1, 2020, then training will be provided at the Maintenance Training Academy/online.	30-Sep-20	Theresa Drum - SME Joel Allen - Office Chief
1.3 Consider scanning source documents or establishing an automated system to document and complete required forms.	Caltrans HQ is in the process of drafting guidance for supervisors to scan and save daily reports and cancellation forms once completed.	30-Sep-20	Theresa Drum - SME Joel Allen - Office Chief
1.4 Ensure Coordinators responsible for processing invoices are trained on procedures.	DOM will develop training for District MAZEEP Coordinators using District 3's procedure as a guide. Task to be completed by July 1, 2020, then training will be provided at the Maintenance Training Academy/online.	30-Sep-20	Theresa Drum - SME Joel Allen - Office Chief

Audit Report Finding # 2

Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs (COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Maintenance

Hourly Rate, Benefits, and Overhead Charges for CHP Personnel Were Not Verified by Caltrans Staff

IOAI Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible
<p>2.1 Work with CHP to obtain necessary information (i.e., payroll records) to determine if the hourly rate billed included overhead and benefits and seek reimbursement if overpayments were made.</p>	<p>The Caltrans/CHP COZEEP /MAZEEP Inter-Agency Service Agreement amended to simplify the billing rates using one rate for officers and one rate for sergeants, which should reduce the variability of past billing rates, and the past need to verify actual hourly wage rates for all officers.</p>	<p>31-Dec-20</p>	<p>Theresa Drum - SME Joel Allen - Office Chief</p>
<p>2.2 Division of Construction and Division of Maintenance Contract Managers ensure the published rate is reasonable and based on actual costs.</p>	<p>Caltrans HQ concurs with the validity of this recommendation and has validated the published rates against MAZEEP and COZEEP billings. (See response 2.1)</p>	<p>Completed</p>	<p>Theresa Drum - SME Joel Allen - Office Chief</p>

Audit Report Finding # 3

Forms Used for the COZEEP and MAZEEP Services Do Not Include All Pertinent Data Fields

IOAI Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible
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Independent Office of Audits and Investigations (IOAI) Audit Response to Draft Report



Audit Name: Construction and Maintenance Zone Enhanced Enforcement Programs (COZEEP and MAZEEP)

Audit No. P4000-0412

Auditee: Division of Maintenance

<p>3.1 Update the Cancellation Form (CEM 2103) to include instructions for filling out the form and a field to include mileage.</p>	<p>Caltrans HQ DOM is directing supervisors to ensure that the cancellation form sent to the CHP coordinator for signature will follow the verbal or written communications. DOM agrees that mileage should be added to the CEM-2103 as there have been instances where CHP arrived at the jobsite and their detail had been cancelled, but they would be entitled to mileage. Division of Construction would need to modify the form because they are the owner. The updated training shall cover this portion.</p>	<p>30-Sep-20</p>	<p>Theresa Drum - SME Joel Allen - Office Chief</p>
<p>3.2 Revise the Daily Report Form (CEM 2101 and MTC0107) to include a justification for increases/changes to the hours on the Task Order and signature of a Caltrans official as acknowledgement.</p>	<p>Caltrans HQ DOM is directing the Maintenance supervisors to ensure that they sign the MAZEEP daily report at the end of every shift. The updated training shall cover these directives.</p>	<p>30-Sep-20</p>	<p>Theresa Drum - SME Joel Allen - Office Chief</p>
<p>3.3 Include CHP officer's shift information (regular or overtime shift) on the Daily Report Form (CEM 2101 and MTC0107).</p>	<p>MAZEEP services are to be provided on overtime. In rare circumstances, officer could be working straight time. DOM will update the MTC0107 to indicate if the shift is regular or OT. The updated training shall cover these directives.</p>	<p>30-Sep-20</p>	<p>Theresa Drum - SME Joel Allen - Office Chief</p>
<p>3.4 Develop instructions to complete the forms and communicate the changes to Caltrans staff.</p>	<p>Revised instructions to complete these forms will be communicated to Caltrans staff via updated training.</p>	<p>30-Sep-20</p>	<p>Theresa Drum - SME Joel Allen - Office Chief</p>