U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
CALIFORNIA DIVISION
650 Capitol Mall, Suite 4-100
Sacramento, CA 95814

November 17, 2008

IN REPLY REFER TO
HDA-CA
LAP Final Report Transmittal
Document # S52250

Mr. Will Kempton
Director
California Department of Transportation
1120 N. Street, MS-49
Sacramento, CA 95814

Dear Mr. Kempton:

The Federal Highway Administration (FHWA) is pleased to distribute the final version of the Fiscal Year (FY) 2008 Local Agency Program (LAP) Final Report. The FY08 LAP Final Report is an end-of-year assessment of actions and initiatives undertaken by FHWA Division staff in coordination with Caltrans and provides an overview of the findings identified, best practices observed, as well as an outline for future efforts to improve procedural requirements, and increase efficiencies within the Locally Administered Federal-aid program.

If you have any questions, please contact Sandra Garcia-Aline, Local Agency Programs Director, at (916) 498-5041 or via e-mail to Sandra.garcia-aline@fhwa.dot.gov.

Sincerely,

For
Gene K. Fong
Division Administrator

Enclosure

MOVING THE
AMERICAN
ECONOMY

cc: (E-mail, w/Enclosures)
Earl Seaberg, Caltrans
Kevin Pokrajac, Caltrans
Eugene Shy, Caltrans
David Tedrick, FHWA
Gary Sweeten, FHWA

DTedrick/jh

Federal Highway Administration
California Division

Local Agency Programs
FY08 Final Report

(S58716)

November 12, 2008

OUTLINE

I. Executive Summary

II. Overview

III. Requirements and Core Elements

IV. Vision

V. Status of Program

VI. Best Practices

VII. Significant Accomplishments

VIII. FY08 Program/Process Reviews

IX. FY07 Program/Process Review – Implementation Plan Follow-up

X. Program Level Initiatives

XI. Project Level Initiatives

XII. Risk Analysis

Appendix A – LAP Risk Summary Table

Appendix B – LAP Phase II Final Report – Table of Best Practices

Appendix C – LAP Phase II Final Report – Table of Findings/Observations

Appendix D – LAP Phase II Final Report – Matrix of Review Results by Project Phase and Review Question

I. Executive Summary

The Local Agency Program (LAP) Team was established in the California Division to respond to several internal and external factors which led the Division to identify the Caltrans locally administered program area as a high risk. Included in our determination was the 2006 Local Public Agency (LPA) Review by the Federal Highway Administration (FHWA) National Review Program (NRP), which self-declared the LAP nationwide as having "program weaknesses". In a memorandum dated October 25, 2007, from FHWA Administrator, Rick Capka, to Secretary of Transportation, Mary Peters, reported "one internal control material weakness", and that "the administration of the Federal-aid projects by LPAs lack a systematic or comprehensive oversight approach". As a result, FHWA HQ initiated a requirement for the Divisions to develop an action plan to outline specific efforts that would be undertaken to assess and address areas of potential concern within their respective programs. On January 31, 2008, the California Division (Division) submitted their Action Plan to HQ outlining their proposed initiatives to indentify risks within the program and seek corrective solutions for addressing those concerns.

The LAP Final Report is a synopsis of the various activities which were pursued by the Division during FY08 in an effort to address potential material weaknesses within the program area in California. In addition to addressing the items identified in the Division's Action Plan, the Final Report also describes the results from several Program/Process Reviews, the FY08 Risk Assessments and Program Analysis for each technical discipline as they relate to the LAP, as well as the program and project level initiatives accomplished. A three-year outlook is also included as part of the vision for the program, largely compiled from the information gathered as a result of this year's efforts.

There were many "best practices" identified throughout the various initiatives undertaken during FY08. The following is a list of some of the best practices that were identified in the LAP Phase II report and are encouraged to be applied on a more universal basis:

- Project records are digitized and retained for ten years after project completion.
- A Mitigation Monitoring and Reporting Record has been established to document and track mitigation recommended by the environmental document for each project.
- A Regional Standards Committee uses the Greenbook for reviewing and approving regional standard specifications and standard plans used by local agencies in Southern California.
- A requirement for retaining a biologist was included in the special provisions of the boilerplate construction contract to assist with and ensure that environmental commitments were being met.

There were many conclusions that came out of this year's efforts which have assisted in clarifying existing practices, as well as identifying areas in need of improvement. However, the Local Agency Program Review, Phase II, Final Report was the cornerstone document which assessed all aspects of the program and provided in large part the emphasis areas to be pursued in

the next few years. The following is a list of overall conclusions that resulted from this final report, and the recommended strategy to address the issue:

- LPAs are not following the guidance provided by Caltrans, the Local Assistance Procedures Manual (LAPM) and the Local Assistance Program Guidelines (LAPG); especially in the Right-of-Way (ROW) and the construction phases of project delivery. (Strategies #1 & #6)
- Caltrans does not have an adequate process to verify that the LPAs self-certification documentation ensures the project meets Federal-aid requirements. (Strategy #1)
- Caltrans oversight of the LAP is insufficient based upon the findings in the ROW and construction area, consultant services area and Intelligent Transportation Systems (ITS) area. (Strategies #1 & #6)
- Caltrans has agreed to reassess their entire oversight process and methods for determining and verifying compliance and develop a comprehensive oversight action plan. (Strategy #1)
- Insufficient justification and documentation for projects requiring a 10-year time extension are at risk for not being approved, and may lead to loss of Federal funding. (Strategy #3)

As a result of the activities accomplished in FY08, the LAP team found numerous areas in which to focus additional resources on in an attempt to facilitate process improvements. In most cases, each finding had a response strategy identified to address the issue. These response strategies were then used to establish the framework for the FY09 objectives. The following strategies outline the objectives to be accomplished as well as a breakdown of the elements to be pursued in order to achieve the objectives.

Strategy #1 – Ensure Caltrans oversight of the Local Assistance Program is comprehensive and ensures compliance with applicable federal laws and regulations.

A. Develop a Comprehensive Oversight Action Plan to implement necessary oversight changes to ensure substantial compliance is being achieved in the Local Assistance Program.

1) Work with Caltrans to document current processes for oversight, verification, and quality control of the Local Assistance Program.
2) Work with Caltrans to implement the necessary changes in oversight based on the findings of program reviews and program management activities.
3) Monitor and assist in Caltrans' effort to update and implement necessary changes to the Caltrans local agency manuals.
4) FHWA will focus on implementation in FY09, including district visits to conduct training, mini-reviews, and partnering initiatives. To provide consistency, FHWA will develop guidelines for the site visits.

Strategy #2 – Improve program management through performance measures and indicators.

A. Develop a dashboard to be used for monitoring performance measure trends

1) Pursue methods to measure improvement of the program based on strategies that have been implemented.
2) Monitor and track the performance measures to establish a baseline and trend curve.

Strategy #3 – Reduce the number of projects that are "at risk" of losing federal funding.

A. FHWA works with Caltrans to reduce the number of inactive obligations.

1) Provide Caltrans and FHWA resources to actively manage inactive obligations.
2) FHWA ensures financial and engineering staff attends quarterly Inactive Obligation meetings. Caltrans ensures resources are allocated to achieve results.
3) FHWA assigns Points of Contact (POC) in each District to continuously monitor inactive projects and assist (with District counter parts) in efforts to keep the projects progressing.
4) FHWA provides POCs and training to effectively utilize the Inactive Obligations database.

B. Provide guidance and resources to address the number of projects that are in the Preliminary Engineering (PE) phase for more than 10 years and make the 10-Year Time Extension Request Process more efficient.

1) FHWA works with Caltrans to actively monitor the projects to ensure they are progressing, and improve project delivery to reduce the number of time extensions.
2) FHWA develops standard operating procedures (D-Memo) to provide guidance to reviewers on the level of documentation needed and ensure consistency.
3) FHWA works with Caltrans to revise the request form (10-year time extension request) to contain the necessary fields and ensure a more efficient review.
4) FWHA works with Caltrans to address the global issues (i.e. streamlining measures) to ensure that project extensions can be approved.

Strategy #4 – FHWA will improve program management by effectively analyzing core program areas that could result in the identification of high risk programs that require response strategies.

A. FHWA works with Caltrans to jointly perform program analysis and risk assessments.

1) FHWA will provide Caltrans with a schedule of proposed program analysis/risk assessment meetings so that they can allocate resources where possible.

2) Caltrans will be asked to identify and provide risk areas as input to the joint program analysis/risk assessment process.
3) Review and approve project authorizations and final vouchers on all High Profile Projects and randomly sample project authorizations and final vouchers for delegated projects.

B. FHWA will work with Caltrans to conduct a program review of the Local Agency's execution of the Right of Way Uniform Act and Caltrans' oversight.

C. FHWA will work with Caltrans to follow-up on the 2007 Findings and Recommendations Action Plan and incorporate the 2008 recommendations into the database.

D. FHWA will work with Caltrans to minimize the impacts to Local Agencies while conducting Financial Integrity and Evaluation (FIRE) reviews.

1) FHWA will incorporate lessons learned from past reviews and ensure that effective communication with the local agencies is provided at the start and end of the reviews.
2) FHWA will incorporate lessons learned and improve coordination efforts with Caltrans on the FIRE reviews.

Strategy #5 – Improve the Local Agency Program through joint identification of global issues and response strategies (systemic approach).

A. FHWA will work with Caltrans to prepare program reviews that provide recommendations that get at global issues (focus on global issues).

B. FHWA will prepare an LAP Final Report in FY09 that gives FHWA and Caltrans a holistic perspective of the program instead of viewing the program through a stove-piped approach. This will assist upper managers in addressing global issues.

Strategy #6 – Improve training methods that are user friendly (goal = readily available and no cost) to provide outreach to more than 600+ agencies. This is critical as Local Agencies have limited staff and budgets.

A. FHWA will provide a link to existing web-based training that is focused on addressing corrective actions that resulted from this LAP Final Report.

B. FHWA will work with Caltrans to develop computer-based training focused to address the corrective actions that resulted from this LAP Final Report.

C. FHWA will focus on program implementation in FY09, including district visits to conduct training, mini-reviews, and partnering initiatives. To provide consistency, FHWA will develop guidelines for the site visits.

D. FHWA will work with Caltrans to develop clear construction oversight guidance for Resident Engineers.

Strategy #7 – Improve oversight functions under NEPA Assignment and environmental mitigation compliance, and promote initiatives to improve linking planning, NEPA and tribal consultation.

A. Continue to randomly sample project authorizations and final vouchers.

B. Complete the review monitoring work plan as outlined in the Section 6004 MOU.

C. Support environmental program audit activities as outlined in Section 6005 MOU.

D. Nominate and submit to HQ at least one Exemplary Human Environment Initiative (EHEI) project.

E. Identify and showcase a successful Context Sensitive Solution (CSS) project in a national forum.

F. Facilitate training and outreach on tribal consultation.

Overall, it has been a very productive year for the LAP team and extended Division staff working on the multitude of activities which directly and indirectly affect the local assistance program. The LAP team has established a relatively strong baseline knowledge of how the LPAs execute project delivery, and how Caltrans Division of Local Assistance (DLA) provides oversight of the program. As the report outlines, there are multiple areas which remain a high risk, and as such, will require further coordination and effort to resolve. In order to monitor progress in response to implementation of the strategies mentioned above, it is recommended that the Chief, Division of Local Assistance at Caltrans, and the Director of the Local Agency Programs at FHWA coordinate to ensure that progress reports are provided on a quarterly basis. However, on the positive side, Caltrans DLA appears receptive to our re-integration into the process and our attempts to provide value-added improvements to the program. In addition, there have been numerous best practices identified over the course of the FY, and they speak well to the efforts that Caltrans and the LPAs are undertaking to ensure compliance with applicable laws and regulations. As the LAP team continues to develop a solid working relationship with Caltrans, and resolves some of these issues, our focus will most likely shift from a more compliance oriented role to a more partnering and stewardship role.

II. Overview

The LAP Team was established in November 2007, out of a Division-wide reorganization, resulting from the Division Office Workforce Plan (Plan). The Plan was developed to better address the Division's ability to manage the Federal-Aid Highway Program (FAHP) and allocate resources in the State of California.

The California LAP is one of the top ten largest overall programs in the Nation. Due to the size of the program and the results of three separate program review activities, the Division identified the need to allocate additional resources to specifically manage the LAP. These three activities included the Division's Program Analysis and Risk Assessment, the Division's LPA Program Review, Phase I (FY07), and the 2006 LPA Review by the FHWA NRP. Each of the program reviews identified the LAP as a high risk area.

As a follow up to the NRP LPA review (which identified the LAP nationally as having "program weaknesses"), and the FHWA Administrator declaring that there was an "internal control material weakness" in a memorandum dated October 25, 2007, the Division developed and submitted to HQ an LAP Action Plan, dated January 31, 2008. The LAP Action Plan outlined activities which would be undertaken to address, in part, findings and recommendations identified from multiple process/program reviews which were performed in FY07 related to local programs. The action items included short-term, mid-term and long-term goals and covered almost every technical discipline. Many of the short-term action items were tracked in the Shared Unit Performance Plan System (SUPPS) and reported on a quarterly basis.

To compliment on-going activities and to assess the health of the Local Agency Program as a whole, the team performed a qualitative and/or quantitative analysis of the major programs core elements to determine and/or reaffirm areas of low, medium and high risk. This helped to determine if there are high risk areas which haven't been previously identified that may require follow-up actions in FY09.

This LAP FY08 Final Report is a synopsis of the major initiatives undertaken by the LAP team as part of the LAP Action Plan's short-term objectives. The report includes results from FY08 program/process reviews, implementation plans, program and project level initiatives as well as the FY08 program analysis/risk assessments (PA/RA). The PA/RA section includes a table highlighting the LAP core elements ranked in order of high, medium and low risk along with a risk statement and response strategy (Attachment A).

III. Requirements and Core Elements

- 23 U.S.C. 106(g)(4)(A)(i) and (ii) [as amended by SAFETEA-LU section 1904]
- OMB Circular A-133 in general and specifically:
  - Subpart D, .400(d)(2) and (3)
- 23 CFR 630.112(a)
- 49 CFR Part 18 in general and specifically:
  - 49 CFR 18.3
  - 49 CFR 18.6(a)
  - 49 CFR 18.26(b)(1) and (2)
  - 49 CFR 18.36 paragraphs (b) through (i)
  - 49 CFR 18.37(a)(1) and (2)
  - 49 CFR 18.40(a)

IV. Vision

LAP shared its team vision and mission with Caltrans:

> Vision: Program Management is a model for other FHWA Local Agency Program Teams.
>
> Mission: Program Delivery and Stewardship are efficiently and effectively managed to ensure integrity, value, and quality for system stakeholders and all of its customers.

LAP's Objectives/Accomplishments from FY08

The majority of the short-term objectives identified in the LAP Action Plan has been completed and are discussed in the body of this document. Future objectives and initiatives will be identified as a result of our ongoing efforts as well as the results of the FY08 Division Program Analysis/Risk Assessments; also addressed in this final report. The following list of short-term objectives is included to recap the items previously identified in the LAP Action Plan.

LAP shared its Short-term Objectives (1 year) with Caltrans, which include:

- Complete FY08 UPP action items (Complete)
- Complete FY08 LAP Risk Analysis (Complete)
- Review/Update Standard Operating Procedure Division Memos (D-Memos) (Complete)
- Provide High Profile Project Oversight (including Major Projects) (Complete/Ongoing)
- Complete FY08 Process/Program Reviews
    - Grants Financial Management Review for a Local Administered Project – Construction Contractor Payment Review (Complete)
    - Improper Payment Information Act (IPIA) Review (Complete)
    - Highway Performance Monitoring System (HPMS) Review (Complete)
    - Section 6004 MOU Process Review (Complete)
    - Caltrans Bridge Program Delivery Process (HBP) Review (Complete)
    - Local Agency Program Review – Phase II (Complete)
    - Consultant Contracts Program Review- Phase II (Complete)
    - ROW Business Relocations Review (Complete)
    - ROW Utilities Review (Complete)
    - Quality Assurance Review (Complete)
- Complete FY07 Process/Program Review – Implementation Plans
    - Categorical Exclusion Process Review (Complete)
    - Construction Contractor Payment Review (Complete)
    - Consultant Contracts Program Review – Phase I (Complete)
    - Environmental Commitment Compliance Process Review (Complete)
    - Hazard Elimination Safety Process Review (Complete)
    - Local Agency Program Review – Phase I (Complete)
    - Material Quality Review (Complete)
- Develop/Refine LAP Project Tracking System (Complete)
- Develop/Refine LAP Performance Measures (Complete)

- Assess/Establish LAP Training Needs for FHWA, Caltrans, and Local Public Agencies (Complete)
- Update LAPM/LAPG Manuals (Complete/Ongoing)
- Clarify HQ Guidance and Expectations/Deliverables (Complete)
- Ensure All LPA Projects Use/Track Environmental Commitment Records (Complete/Ongoing)
- Continue to Review Randomly Sampled Pre-project Authorizations Requests (E-76) (Complete/Ongoing)
- Work with Caltrans to implement the following improvements:
    - Develop and execute procedures to ensure that sub recipients monitor and enforce prompt payment requirements. (Complete)
    - Conduct a Title VI review of a sub recipient. (Complete)
    - Develop and execute procedures to investigate disability complaints regarding its sub recipient facilities. (Complete)
    - Develop procedures to improve reporting of DBE commitments on sub recipient contracts and develop performance measures to monitor improvements. (Complete)
    - Develop a system to monitor sub recipients' Americans with Disabilities Act (ADA) program responsibilities. (Complete)

LAP Short-Term Objectives for FY09

The following objectives have been identified as a result of completing multiple FY08 Program Analysis' and Program/Process Reviews. These activities have been incorporated into the Divisions FY09 Unit Performance Plan:

Strategy #1 – Ensure Caltrans oversight of the Local Assistance Program is comprehensive and ensures compliance with applicable federal laws and regulations.

A. Develop a Comprehensive Oversight Action Plan to implement necessary oversight changes to ensure substantial compliance is being achieved in the Local Assistance Program.

1) Work with Caltrans to document current processes for oversight, verification, and quality control of the Local Assistance Program.
2) Work with Caltrans to implement the necessary changes in oversight based on the findings of program reviews and program management activities.
3) Monitor and assist in Caltrans' effort to update and implement necessary changes to the local agency manuals.
4) FHWA will focus on program implementation in FY09, including district visits to conduct training, mini-reviews, and partnering initiatives. To provide consistency, FHWA will develop guidelines for the site visits.

Strategy #2 – Improve program management through performance measures and indicators.

A. Develop a Dashboard used to Monitor Performance Measure Trends

1) Pursue methods to measure improvement to the program based on strategies that have been implemented.
2) Monitor and track the performance measures to establish a baseline and trend curve.

Strategy #3 – Reduce the number of projects that are "at risk" of losing federal funding.

A. FHWA works with Caltrans to reduce the number of inactive obligations.

1) Provide Caltrans and FHWA resources to actively manage inactive obligations.
2) FHWA ensures financial and engineering staff attends quarterly Inactive Obligation meetings. Caltrans ensures resources are allocated to achieve results.
3) FHWA assigns Points of Contact (POC) in each District to continuously monitor inactive projects and assist (with District counter parts) in efforts to keep the projects progressing.
4) FHWA provides POCs and training to effectively utilize the Inactive Obligations database.

B. Provide guidance and resources to address the number of projects that are in the PE phase for more than 10 years and make the 10-Year Time Extension Request Process more efficient.

1) FHWA works with Caltrans to actively monitor the projects to ensure they are progressing, and improve project delivery to reduce the number of time extensions.
2) FHWA develops standard operating procedures (d-memo) to provide guidance to reviewers on the level of documentation needed and ensure consistency.
3) FHWA works with Caltrans to revise the request form (10-year time extension request) to contain the necessary fields and ensure a more efficient review.
4) FWHA works with Caltrans to address the global issues to ensure that project extensions can be approved.

Strategy #4 – FHWA will improve program management by effectively analyzing core program areas that could result in the identification of high risk programs that require response strategies.

A. FHWA works with Caltrans to jointly perform program analysis and risk assessments.

1) FHWA will provide Caltrans with a schedule of proposed program analysis/risk assessment meetings so that they can allocate resources where possible.
2) Caltrans will be asked to identify and provide risk areas as input to the joint program analysis/risk assessment process.

3) Review and approve project authorizations and final vouchers on all High Profile Projects and randomly sample project authorizations and final vouchers for delegated projects.

B. FHWA will work with Caltrans to conduct a program review of the Local Agency's execution of the Uniform Act and Caltrans' oversight.

C. FHWA will work with Caltrans to follow-up on the 2007 Findings and Recommendations Action Plan and incorporate the 2008 recommendations into the database.

D. FHWA will work with Caltrans to conduct FIRE reviews that minimize impacts to the Local Agencies.

1) FHWA will incorporate lessons learned from past reviews and ensure that effective communication with the local agencies is provided at the start and end of the reviews.
2) FHWA will incorporate lessons learned and improve coordination efforts with Caltrans on the FIRE reviews.

Strategy #5 – Improve the Local Agency Program through joint identification of global issues and response strategies (systemic approach).

A. FHWA will work with Caltrans to prepare program reviews that provide recommendations that get at global issues (focus on global issues).

B. FHWA will prepare an LAP Final Report that gives FHWA and Caltrans a holistic perspective of the program instead of viewing the program through a stove-piped approach. This will assist upper managers in addressing global issues.

Strategy #6 – Improve training methods that are user friendly (goal = readily available and no cost) to provide outreach to more than 600+ agencies. This is critical as Local Agencies have limited staff and budgets.

A. FHWA will provide a link to existing web-based training that is focused on addressing corrective actions that resulted from this LAP Final Report.

B. FHWA will work with Caltrans to develop computer-based training that provides focused training and other information to address corrective actions that resulted from this LAP Final Report.

C. FHWA will focus on implementation in FY09, including district visits to conduct training, mini-reviews, and partnering initiatives. To provide consistency, FHWA will develop guidelines for the site visits.

D. FHWA will work with Caltrans to develop clear construction oversight guidance for Resident Engineers.

Strategy #7 – Improve oversight functions under NEPA Assignment and environmental mitigation compliance, and promote initiatives to improve linking planning and NEPA and tribal consultation.

A. Continue to randomly sample project authorizations and final vouchers.

B. Complete the review monitoring work plan as outlined in the Section 6004 MOU.

C. Support environmental program audit activities as outlined in Section 6005 MOU.

D. Nominate and submit to HQ at least one Exemplary Human Environment Initiative (EHEI) project.

E. Identify and showcase a successful Context Sensitive Solution (CSS) project in a national forum.

F. Facilitate training and outreach on tribal consultation.

LAP Mid-Term Objectives for FY10/11

The LAP mid-term focus will be on Stewardship, Accountability, and Outreach. The LAP team will actively work with Caltrans to address accountability for stewardship, outreach, and oversight for projects and programs, including providing training as necessary. Future focus areas will be identified in part by program/process review findings, annual FHWA risk assessments, and internal Caltrans' audits. Although there will likely be additional focus areas identified, the following activities are some which are already envisioned in the mid-term:

- Each year, ensure that the total construction costs of projects do not exceed 100% of their total original allotment.
  - Strategies:
    - Improve risk management and implement from project initiation document (PID) phase to construction contract acceptance (CCA).
    - Reduce third-party conflicts during the construction phase.
    - Develop a "look back" process that takes a percentage of projects and, after those projects are closed out, examines the entire project from PSR forward to improve future delivery.
- The Local Agency Right-of-Way Program effectively balances the compliance aspects of projects while minimizing impacts to the Human Environment.
  - Ensure compliance and assess the health of the program by focusing on the areas that local agencies need assistance in delivering the program by implementing systems to address weaknesses or findings that will affect the program. In addition, participate on Quality Enhancement Joint Reviews with Caltrans to assess process performance related to the core elements.

- The Local Agency Right of Way Program has systems and controls in place to assure that compliance is being maintained; it implements innovative approaches to deliver projects in the most efficient manner; and ensures that displaced property owners are treated fairly and equitably.
    - If necessary, reviews will be conducted and topics will be selected through a risk analysis. In addition, FHWA will work with Caltrans in selecting the topic areas to be reviewed that will provide the greatest benefit to local agencies as well as facilitate the needs of Caltrans and FHWA.
- Review the self-assessments conducted by Caltrans Division of Local Assistance for environmental commitment compliance
- As needed, conduct focused process reviews in environmental commitment compliance. These reviews may be focused on certain areas of environmental analysis (e.g., Section 7, Section 106, Section 4(f)), certain Federal-aid programs, or certain Caltrans districts.
- Based on Caltrans' training plan for the NEPA Assignment Pilot Program, provide training and outreach in collaboration with the Resource Center
- Continue to work with Caltrans to develop, implement, and monitor the effectiveness of procedures to effectively collect and report DBE final payment data from its own contracts and its sub recipients' contracts.
- Continue to work with Caltrans to develop and implement procedures to ensure that sub recipients monitor and enforce prompt payment requirements.
- Continue to assist Caltrans in implementing procedures to monitor ADA/504 program requirements of sub recipients, monitor effectiveness of process to investigate complaints regarding sub recipient facilities, and develop ADA/504 sub recipient program enforcement mechanisms.

V. Status of Program

Prior to November 2007, and the establishment of a LAP team within the Division, there was very little FHWA involvement and oversight of the Caltrans Local Assistance Program. Most of the Federal oversight responsibilities were delegated to Caltrans back in the 1990s. The Division's focus was primarily on execution of the Federal-aid program as it related to Caltrans' Capital Improvement Program (CIP). It wasn't until the NRP LPA review was completed, which included California as one of the twelve surveyed states, that it was determined there was a need to pay particular attention to the execution of the LPA's Federal-aid program.

As a result, the LAP team was created in November 2007, and its main focus of assessing and addressing the health of the Caltrans Local Assistance Program was two-fold: 1) to establish a better partnership with Caltrans Division of Local Assistance by providing value-added support; and 2) provide a higher level of program accountability through a more robust compliance verification oversight role. The intent behind this approach is to re-insert FHWA's influence back into the system to assist Caltrans in the effective and efficient execution of the program, as well as act in a regulatory compliance capacity to provide better accountability and ensure the program is being implemented according to applicable Federal laws and regulations.

Although the LAP team has been assembled for less than a year, it has made significant strides in identifying the current status of Caltrans oversight of the local assistance program. For the most part, Caltrans has embraced the re-introduction of FHWA back into the process and has made a conscientious effort of including FHWA staff in technical discussions relating to LAP process improvements. For FY08, the LAP team has spent a significant amount of time and effort completing current program and process reviews and following up last year's reviews. Although project level workload is not commensurate with the workload associated with the State Programs team, it does include between 25-30 projects, including a few major projects and non-assigned projects in the environmental phase. As the team's vision and mission continue to evolve, and as FHWA gains greater understanding and perspective on how Caltrans delivers the program, the Division's focus will likely shift more towards a supportive and less compliance oriented role. Likewise, Division's involvement will probably trend towards program oversight versus project oversight.

VI. Best Practices

In FY08, the LAP team made significant progress in establishing a baseline for how the LPAs execute project delivery and how Caltrans provides verification of compliance with applicable laws and regulations. During this time, the LAP team identified many best practices that were being employed by LPAs and Caltrans which warranted acknowledgement. Some of these best practices were isolated to certain Caltrans districts or LPAs, but others were being utilized on a much larger scale. Attached is a copy of the LAP Phase II Final Report – Table of Best Practices (Appendix B).

VII. Significant Accomplishments

The LAP team pursued several program level initiatives to increase the efficiency and effectiveness of oversight and monitoring of Caltrans to ensure there is compliance with Federal regulations. One of the key outputs of the Joint Stewardship and Oversight Agreement, signed by both FHWA and Caltrans in September 2007, was the coordinated effort of collecting and monitoring performance measures. The LAP team worked closely with Caltrans to establish a mechanism for collecting and reporting out the 35 performance measures which applied either directly or indirectly to the LAP program. This information will help to establish a baseline of information on key program areas which can be used to create trends in future years. This was a major undertaking and will be used to identify future areas of concern and procedural improvements. The LAP team created or revised nine (9) Division memos to reflect current guidance which included: construction monitoring; construction inspection; experimental features; Bureau of Indian Affairs; construction change orders; telecommuting; airspace lease; consultant selection process; and the 10-year time extension request. These D-Memos, some of which had not been updated for over twenty years, can now be used as current technical references for implementing or following procedural requirements. The LAP team also established, for the first time, a training needs document to determine existing internal and external training resources and future opportunities for training where none currently exist; including the creation and use of computer-based training.

There were several project level efforts which yielded significant improvements to the way FHWA manages the oversight of the FAHP. The biggest shift in the way FHWA manages the program was with the implementation of the Joint Stewardship and Oversight Agreement, and the fundamental move towards program versus project management. Under this concept, FHWA would only review and approve non-delegated activities for High Profile Projects (HPP), including Major Projects. This effort was intended to reduce the level of oversight burden, and focus more attention on the larger, more complex and controversial projects. Caltrans would retain review and approval authority for all other projects which fall outside of this category. Although this effort applies to both LAP and CIP projects, the streamlining efficiencies which will result from this endeavor are very significant. In addition, FHWA implemented a HPP project tracking system database, so progress on any or all of the projects can be monitored.

VIII. FY08 Program/Process Reviews

In FY08, the Division undertook numerous program and process reviews to assess the health of various core program element areas. Several of these reviews touched on areas which could directly or indirectly affect the LAP team. The following is a list of reviews completed during FY08 which could have direct application to the LAP, and includes a brief overview of their objectives, findings and recommendations. In addition, some of the FY09 response strategy(s) which apply is also identified next to the title of the review.

Local Agency Program Review – Phase II (Strategy #1, 4.C, 6)

Objective: The Local Agency Program Review, Phase II was a multi-disciplinary review that gauged compliance with the LAPM and LAPG. In addition, it provided a general sense of Caltrans' oversight of local agency projects. The outcome of this review is just one element that will be utilized to identify response strategies that in turn address the National material weakness status.

Findings: The review identified the following general findings: 1) LPAs are not following the guidance provided by Caltrans, the LAPM and LAPG, especially in the ROW and the construction phases of project delivery; 2) Caltrans does not have an adequate process to verify that the LPAs self-certification documentation ensures the project meets Federal-aid requirements; 3) Caltrans oversight of the LAP is insufficient based upon the findings in the ROW and construction phases of the reviewed projects; 4) Caltrans shall reassess their entire oversight process and methods for determining and verifying compliance and develop a comprehensive oversight action plan; and 5) Caltrans DLA has committed to a schedule for updating the LAPM and LAPG consistent with the recommendations from Phase I of this review. FHWA is providing comments on the draft updates as they are made. Caltrans and FHWA meet periodically to track the progress of the updates. Overall, the Division determined from the Phase I review that the Caltrans LAPM and LAPG, and other resources provide comprehensive guidance to the LPAs. The full list of findings and observations from the report is included as Attachment C. In addition, a matrix of review results by project phase and review question is included as Attachment D.

Actions: An implementation plan will be developed in FY09 to address the findings associated with this report and will likely include the following activities: 1) Documenting Caltrans current processes for oversight, verification, and quality control of the LAP; 2) Developing a comprehensive oversight action plan to implement necessary changes to ensure that substantial compliance is being achieved in the LAP; 3) Monitoring and assisting in Caltrans efforts to update and implement necessary changes to the local programs manuals; 4) Developing and delivering focused training and information to Caltrans field staff and to the LPAs staff through webinars and other appropriate means; 5) Conducting a comprehensive re-evaluation of LAP compliance within the next five years. (Individual program reviews of the LAP will be conducted in the interim for specific areas of the program.)

Financial Integrity and Evaluation Program Review (Strategy #1, 4.D, 5, 6.D)

Objective: The purpose of the Financial Integrity and Evaluation (FIRE) Program was to conduct review(s) of the oversight program by each Federal-aid Division office in support of the FHWA annual certification of internal and financial controls to support the financial statements. If a material non-conformance exists in the financial statements, an action plan will be developed to correct and mitigate recurring non-conformance. The two major FIRE Program reviews performed in FY08 which involve LAP are described below:

- Improper Payment Information Act Review
    - Objective: This review is part of the U.S. Department of Transportation's continuing program to implement the Improper Payments Information Act of 2002 (IPIA). The purpose of the FHWA IPIA review is to estimate the amount and rate of improper payments made in the Highway Planning and Construction Program during the period March 1, 2007 through February 29, 2008, and the causes of such payments.
    - Findings: During the first two stages of the 2008 review, DOT's contractor selected a statistically representative sample of Federal payments to States (Stage 1), and related State payments and internal charges (Stage 2). The final sampling (Stage 3) involved obtaining a list of invoice line items and internal charges from documents supporting state payments. As a result of the IPIA review, no findings were identified.
    - Actions: No findings or best practices have been identified, and subsequently, no action items are necessary at this time. However, as part of the FIRE review, the IPIA review will be conducted on an annual basis and will occur again in FY09.
- Construction Contractor Payment Review
    - Objective: The FY08 Construction Contract Payment Review (CCRP) was initiated following an FHWA California Division risk assessment performed in FY07. This compliance review was performed to fulfill, in part, the requirements

of the FIRE Program, established via FHWA Order 45601.A, and is required to support FHWA's annual certification of the adequacy of the internal and financial controls in place to support the agency's financial statements. The CCPR was conducted in two phases, and it included interdisciplinary teams comprised of FHWA and Caltrans staff. Phase I, which was conducted solely by FHWA staff, included an evaluation of Caltrans internal controls and Federal legislative and regulatory compliance related to construction contractor payments. Phase II, which was conducted by FHWA and Caltrans staff, included site visits to local agencies to evaluate Federal compliance in construction contractor payments for 41 randomly selected projects. All data collected was analyzed by the FHWA review team to identify trends for areas of non-compliance and best practices.

- Findings: Concluding the Phase II review, 14 findings were identified in the following areas of local agency management of Federal-aid funds: 1) source documentation supporting quantities submitted for payment; 2) project diaries supporting time charges, work progress and time extensions; 3) acceptance/approval and maintenance of material certifications; 4) documentation supporting materials received by inspectors; and 5) compliance with Federal, State and Local procedures for project supervision.

- Actions: FHWA worked with Caltrans to ensure implementation of corrective actions to address all findings and recommendations and close out all 14 findings. FHWA, in a joint effort with Caltrans, will conduct three outreach training programs for Caltrans and local agency personnel at three strategically selected sites throughout the State based on the regions where most of the findings occurred. The training will focus in the areas where weaknesses and deficiencies were identified in the management of Federal-aid funds as follows: construction contract administration, invoice processing, audits, and indirect cost reimbursement. Based on identified risks from the 2008 reviews, FHWA determined that Construction Contractor Payment Reviews will be performed in FY 2009.

Section 6004 MOU Process Review (Strategy #7.B)

Objective: The Section 6004 MOU Process Review was intended to assure Caltrans compliance with the provisions of SAFETEA-LU Section 6004 Memorandum of Understanding (MOU), the FHWA's implementing regulations for the National Environmental Policy Act (NEPA), and Federal environmental protection laws, with respect to 6004 CEs. The long-term goal is to ensure Caltrans is successful in implementing this environmental streamlining program, without compromising compliance with Federal environmental protection laws.

Findings: The review team observed Caltrans' successful practices in implementing the program in all six performance areas, which include: 1) Compliance with governing laws, regulations and the MOU; 2) Processing projects assigned under the MOU: State identification, documentation, and review of effects; 3) Excluded projects: determination and documentation; 4) Required State resources, qualifications, expertise, standards, and training; 5) State quality control; and

6) MOU performance monitoring and quality assurance. In particular, the review team was impressed by Caltrans' outreach activities to Federal resource agencies, and with the implementation of the statewide recordkeeping system.

There were three findings of non-compliance identified in this review, in which one was project related and two were program related. The one project related finding included: Section 4(f) evaluations were not prepared for Federal-aid transportation enhancement projects in Caltrans District 3. The two program related findings included: 1) Caltrans did not provide accurate and comprehensive quarterly reports listing the assigned CEs; and 2) the signature block on the CE form did not have a place for the decision-makers to print out their names.

Actions: The final report was published in September 2008, and Caltrans will be asked to prepare an implementation plan to address the findings of non-compliance in the final report. The following recommendations will likely be incorporated into the implementation plan: 1) Caltrans shall consider FHWA's Policy Paper dated March 2005, and the new Section 4(f) regulations in 23 CFR 774.13(f) and (g), for applying Section 4(f) to projects in the Transportation Enhancements (TE) Program; 2) Caltrans shall implement QA/QC activities to ensure that the list of projects reported to the FHWA California Division on a quarterly basis is accurate and comprehensive; and 3) the signature block on the CE form shall be revised to clearly indicate the name of the person making the CE determination. As needed, the FHWA California Division will continue to work with the Resource Center to meet any identified training needs

Caltrans Bridge Program Delivery Process Review

Objective: The purpose of the Caltrans Bridge Program Delivery Process (HBP) Review was to ensure that the program delivery practices are functioning as intended for both state and local projects. The HBP review will relate to the LAP as there tends to be project delivery issues that significantly impact the ability of LPAs to deliver its bridge projects.

Findings: The HBP review is still ongoing, and the report is anticipated to be complete by the end of November 2008. As a result, the findings are still in development and unavailable for disclosure at this time.

Actions: Once the report is finalized, Caltrans will be asked to prepare an implementation plan to address the findings of non-compliance in the final report.

A/E Consultant Contracts Program Review (Strategy #1)

Objective: The A/E Consultant Contracts Program Review was intended to strengthen and formalize FHWA's oversight role in ensuring Caltrans and LPAs compliance with applicable Federal-aid highway program (FHAP) requirements associated with the consultant selection and contract administration process. Last year's program review indicated that the health of this program needed improvement. The findings of non-compliance documented in the program review may pose material weaknesses in financial accountability of consultant contract management. Currently there is no Caltrans or FHWA involvement in assuring local agencies

compliance with the Federal-aid highway requirements; local agencies self certify compliance with no verification. SAFETEA-LU Section 1904 doesn't allow State DOTs to delegate stewardship and oversight responsibilities to LPAs, however in this case, Caltrans has no mechanism to ensure compliance in this area.

Findings: The review found that Caltrans does not assure local agencies compliance with the FAHP requirements in the procurement of A/E consultants. In addition, Caltrans Division of Audits and Investigations has not met the regulatory requirements in 23 CFR 172.7, to ensure local agencies use of cognizant rates in the procurement of A/E consultants. For HPPs, including major projects, the extent of FHWA's project level involvement isn't clear due to a lack established procedures.

Actions: The D-Memo to memorialize the FHWA California Division's stewardship and oversight functions in this area is near complete. The D-Memo shall clarify when and how the FHWA California Division is involved in approving A&E consultant contracts (and any task orders tiered from master contracts) for high profile projects, including major projects, for contracts involving consultants in management roles. Caltrans' manuals and policy documents should be updated to reflect the FHWA California Division's new stewardship and oversight functions both at the program and project level. In particular, Caltrans Division of Audits and Investigations should establish a program to certify A/E consultant cognizant rates, for the A/E consultants involved in local assistance projects. Caltrans has already prepared "written procedures" under 23 CFR 172.9(a), in the LAPM, Chapter 10, and FHWA approved them.

IX. FY07 Program/Process Review - Implementation Plan Follow-up

To follow-up on program and process reviews completed during FY07, individual implementation plans were prepared in FY08 for these reviews outlining action items to address findings identified in the various program areas. In addition, FHWA worked with Caltrans Division of Local Assistance to develop a comprehensive Action/Implementation Plan (Plan) that was signed on June 1, 2008. In addition to the Plan, Caltrans developed a database to track the recommendations and corrective actions from seven reviews. This effort accomplished four significant elements: 1) it provided FHWA and Caltrans with a tool to track the recommendations and effectively close out reports, 2) it allowed both agencies to organize and prioritize the recommendations and set out a schedule of completion, 3) it provided a tool for upper management to systemically identify global issues, 4) it was effective in bridging the stovepipes of the organizations and it provided (Caltrans and FHWA) a global view of the issues, and 5) it is a tool for upper managers to effectively allocate resources.

The following are program/process reviews that had implementation plans completed in FY08.

Local Agency Program Review – Phase I

Objective: The LAP Review – Phase I, was a multi-disciplinary review of the Local Assistance Procedures Manual (LAPM) and the Local Assistance Program Guidelines (LAPG) to ensure that the manuals met federal requirements including SAFETEA-LU provisions. The intent was

to ensure that the local agencies and Caltrans have the necessary tools and controls in place to adequately administer Local Agency Projects.

Overall, the review showed that Caltrans and local agencies had adequate guidance and regulations in place to administer local agency projects. However, the review also identified the need to update the LAPM and LAPG to be consistent with recent changes in laws and regulations.

Actions: Caltrans has committed to revising the LAPM and LAPG to reflect changes associated with SAFETEA-LU by December 2008.

Environmental Commitment Compliance Review

Objective: The Environmental Commitment Compliance (ECC) process review report which was signed on August 31, 2007, set out to meet two primary objectives: 1) to verify whether environmental commitments presented in FHWA/Caltrans environmental documents are implemented throughout the design, construction and maintenance of the corresponding CIP project; and 2) to review Caltrans' Environmental Commitment Record ECR process for tracking and implementing environmental commitments through the life of the CIP project. Although Caltrans Division of Local Assistance (DLA) was not focused on specifically, information was gathered as a result of the process review survey sent out to all twelve districts.

The ECC report found that the DLA was not at the time required to adhere to Caltrans Chief Engineer's ECR memo, since the requirement was originally initiated only for Capital Improvement Projects (CIP). Although the DLA requires local agencies to certify that they have met all environmental mitigation commitments and verify compliance with periodic process reviews, it is still difficult to determine whether LPAs are actually following through with their commitments.

Actions: The ECC Implementation Plan was signed on May 7, 2008 and included the following action items: 1) conduct a mitigation measure process review in FY08/09; 2) notify Executive Directors of all Public Work Directors for all Cities and Counties in California, MPOs, RTPAs, and Local Transportation Commissions of the new requirement to provide a summary list of environmental commitments and copies of permits (completed); 3) issue LPP 07-06 Revised Preliminary Environmental Study (PES) Form, clarifying that local agencies are required to provide the DLAE with a list of all mitigation commitments and a copy of all permits (completed); 4) update LAPM Chapter 6, Environmental Procedures, requiring local agencies to provide a list of environmental commitments at the time of the CE, Draft EA, and Draft EIS, and a copy of all permits prior to advertisement for construction (completed); and 5) update the environmental screens in LP2000 database to provide for the identification of environmental commitments and permits (completed).

Hazard Elimination Safety Process Review

Objective: This process review was completed by a team comprised of Caltrans, FHWA and Ventura County personnel. The focus was on examining the current practices regarding project

development to determine efficiencies and actions for improvement taken under the current process and for timely implementation of future local Strategic Highway Safety Plan projects.

Actions: The implementation plan was signed on May 27, 2008, and included the following action items: 1) Improving database for tracking projects; 2) Accelerating project development through innovative measures; 3) Improving communication between Caltrans and local agencies, and 4) Streamlining the FTIP amendment process. The Safety Team is currently working on these first four recommendations. The projected target date for completion is October 2009 at which time the remaining recommendations will be addressed. Each recommendation has multiple milestones, some of which have already been met.

Quality Assurance Program Review

Objective: The QA program review set out to verify QA/QC improvements to seven specific areas (including local agencies' QA processes), assure compliance and Caltrans oversight is adequate, and review whether Caltrans has developed procedures to have Central materials lab review test procedures and equipment in District labs. To accomplish these objectives, the Division, jointly with Caltrans, conducted the review of five Caltrans' Districts (8, 7, 4, 10, and 3), and five local agencies (City of Redlands, County of Los Angeles, County of Solano, County of San Joaquin, and the County of Sacramento) in May 2007.

Actions: The QA program review implementation plan was completed on March 24, 2008, and included the following action items to be taken by Caltrans Division of Local Assistance: 1) issue an Local Program Procedures (LPP) for Chapter 17 of the LAPM; 2) revise the QAP to include a final materials certification requirement for local agencies; and 3) revise the QAP for local agencies to include the following statement, "The project file shall be available at the local agency administrative office for at least three years following the date of final payment".

X. Program Level Initiatives

In addition to program/process reviews performed during FY08, the Division was also involved with several other program level activities which were conducted to assist in establishing procedural and reporting clarifications/improvements. As outlined below, the following initiatives demonstrate efforts which were pursued to enhance the Division's ability to assess the current health and potential areas of future focus. In addition, some of the FY09 response strategy(s) which apply is also identified next to program level initiative as appropriate.

LAP Performance Measures – Development/Refinement (Strategy #2)

This effort was one of several tools used to assess the health of the FAHP during the Strategic Planning Process. The performance measures enable Caltrans and FHWA to continuously monitor program performance and proactively implement corrective actions when needed. In addition the measures may lead to future program/process reviews.

Based on several meetings between FHWA and Caltrans management, a process has been developed to ensure that the performance measures are being tracked and reported as required. Caltrans has prepared a report compiling all the performance measures being tracked and will be submitting the report to FHWA on a regular basis.

Standard Operating Procedure Division Memo (D-Memo) Revisions

At the beginning of FY08, an effort to revise all of the D-Memos, these memos were assessed and parceled out to the various teams within the Division for review. Many of the D-Memos were very outdated and in need of significant revisions to account for changes in Federal laws and regulations. The following D-Memos were reviewed and revised by the LAP team:

- Construction Monitoring Program
- Construction Inspection Program
- Experimental Features Program
- Bureau of Indian Affairs Program
- Construction Change Order
- Telecommuting Program
- Airspace Lease
- Consultant Selection Process
- 10-Year Time Extension Request

LAP Training Needs for FHWA, Caltrans & LPAs (Strategy #6)

At the outset of the creation of the LAP team, there was the need to develop an LAP training plan/gap analysis for FHWA, Caltrans and the LPAs. There were four objectives associated with this activity: 1) identify internal training needs, with focus on Project Oversight Managers (POMs), the leadership development advisory team (LDAT) and State and Local Program Teams; 2) identify training administered by Caltrans, LTAP, the Division, and FHWA Resource Center; 3) identify any gaps in the training and pursue efforts to help meet the training needs; and 4) develop an action plan to address the identified gaps of the training programs.

The following recommendations outline possible mitigation strategies to bridge the gaps in training: 1) Division provides a link for addressing the findings of this report; 2) provide a "training" link on Division's homepage; 3) work with the FHWA Resource Center to develop computer-based courses; and 4) pursue development of webinars focused on addressing the major findings of this review.

Civil Rights – Program Initiatives

Although the following program initiatives were conducted by the Civil Rights Team, they have direct application to the local assistance program.

- Title VI review of a sub recipient

The review was done to ensure sub recipient compliance with Title VI regulatory requirements for the provision of sub recipient programs and activities in a nondiscriminatory manner. Caltrans, as a primary recipient, is responsible for overseeing compliance of its sub recipients. It conducted its first sub recipient Title VI review of the City of Stockton Public Works Department from 6/23/08 to 6/26/08.

During the review Caltrans found a number of best practices involving a variety of bilingual practices for some written materials including newsletters, flyers, brochures and notices. Recommendations made and addressed during the review include:

- Provide Title VI and ADA training to staff
- Post equal opportunity posters displayed in public areas.
- Collect race, color, national origin, sex, and disability data regarding program participants
- Issue written Limited English Proficiency guidelines
- Implement a mechanism to check contractor Title VI compliance prior to award.

Caltrans will conduct reviews of six sub recipients annually to ensure that they are operating in a nondiscriminatory manner. If necessary, technical training will be provided to sub recipients to assist in correcting deficiencies.

As a result of this review, people receiving services from the City of Stockton Public Works Department (PWD) will know their rights to non-discriminatory treatment under Title VI and the means for seeking redress. Also, Stockton PWD will now have data to identify possible discriminatory effects of its practices; persons with limited English proficiency will receive services in a nondiscriminatory manner and measures will be taken to ensure contracts will be performed in a nondiscriminatory manner. More importantly, Caltrans has started to implement a process to ensure that its other sub-recipients correct similar deficiencies, thus ensuring their programs and activities are conducted in a nondiscriminatory manner.

- Develop procedures to investigate disability complaints regarding sub recipient facilities

Caltrans has a process to investigate ADA complaints regarding its sub recipient facilities. It investigated three complaints in FY 08. Caltrans is now redeeming its responsibilities for oversight over its sub recipients to ensure that all disability complaints regarding sub recipient facilities are investigated in a timely manner and resolved at the lowest possible level to ensure program accessibility to persons with disabilities.

- Develop procedures to improve reporting of DBE commitments on sub recipient contracts and develop performance measures to monitor improvements

Caltrans cannot track DBE commitments on sub recipient contracts. If Caltrans cannot track DBE commitments and awards closely enough (at least have a monthly running tally) to adjust contract goals it is vulnerable to a legal challenge that may result in their DBE program being enjoined. This data is needed to run a constitutionally compliant DBE program.

To address this issue, local agencies are now required to submit award packages (including DBE commitments) immediately after award. Two new performance measures were developed to track if all sub recipient contracts and DBE commitments are reported and that they are reported in a timely manner.

The California Division is the first to address sub recipient DBE data reporting that is needed to run a constitutionally compliant program. The new performance measures are considered a best practice for measuring progress in reporting local agency DBE data. Caltrans Local Assistance is using this issue to get the contract award packages (including DBE commitments) from local agencies which will provide much more tracking data on local agency contracts.

The California Division will monitor the effectiveness of this new procedure annually in December and take any necessary measures to ensure that the process is working.

- Develop a system to monitor sub recipients' ADA/504 program responsibilities

Our ADA/504 review of sub recipients shows that sub recipients do not consistently implement the five major ADA/504 program requirements: self assessment, transition plan, ADA coordinator, published grievance procedures, and compliant design standards. If Caltrans exercises very little oversight over its sub recipients, many will not have a process to address ADA complaints. They will not have a transition plan to address its ADA accessibility issues or have compliant design standards which will result in a lack of access on public pedestrian pathways for California's ever growing disabled population.

Caltrans has developed an annual submittal form to ensure that sub recipients have met each of the five ADA/504 program requirements. In FY 09 the California Division will be working with Caltrans to successfully implement this procedure. Using the primary recipient (State DOT) to monitor ADA/504 program requirements of sub recipients is considered a best practice approach to ensure local agency compliance.

At the end of each fiscal year, the California Division will monitor the number of sub recipients who meet all five ADA/504 program requirements (Stewardship Agreement performance measure). Additionally, on-line ADA/504 training for sub recipients is being developed by UC Berkeley.

ITS – Program Issues (Strategy #1)

Caltrans needs to assume the oversight and technical assistance role throughout the project life cycle. The Local Agency Program has been delegated the responsibility to ensure adequate staffing as well as technical expertise. Technical assistance to local agencies is needed in general project and process management as well as review of the SE process deliverables and technical plans. This role culminates in review and approval of the Systems Engineering Management Plan (SEMP). Currently, FHWA is performing the oversight and technical assistance role for Caltrans and is also reviewing and approving the SEMP.

Steps need to be taken by DLA to achieve success in overall ITS program management. First, adequate staffing levels need to be committed. Secondly, adequate training needs to be afforded to staff. Thirdly, DLA needs to establish a review process for the overall program to assure that all ITS projects are in compliance with the LAPG ITS procedures.

XI. Project Level Initiatives

High Profile Project Oversight (including Major Projects) (Strategy #2)

The High Profile Projects (HPP) have been identified per the established criteria in the Stewardship and Oversight Agreement. The Division's Project Oversight Managers (POM) review and approve non-delegated activities for all HPP's. The oversight activities provide input to the annual Program Analysis and Risk Assessments and help to identify areas of risk. HPPs are actively managed by POM's and tracked via the HPP database. The main benefit is a shift from project level oversight to a program management approach.

It is still too early in the process to be able to assess the tangible benefits associated with the shift to oversight of only HPPs. There are only a handful of HPPs under the purview of the LAP team, and only one of those in the construction phase (I-15 Managed Lanes Project). The team will continue to monitor the progress made under this initiative and provide status updates as appropriate.

Project Tracking System Implementation (Strategy #2)

The project tracking system allows us to actively monitor the project delivery of all High Profile Projects. It is a tool that is used by the Division Office and Caltrans to keep the projects moving and also helps us to measure oversight activities to ensure compliance and efficiency. All High Profile Projects are inputted and tracked in a database on the FHWA Division server.

Another benefit of using the tracking system is to ensure that there is consistency in information and oversight when there is a change in POMs. Provided the information is inputted properly, the tracking system serves as a single point of reference for all critical documents (oversight agreement, PMP, financial plan, NEPA decision, etc.) related to the project. Next steps will be to monitor, update and potentially use the tracking system to develop trends.

Project Authorization Requests (E-76s) Review/Approvals (Strategy #3.A)

Project Authorization Requests are sampled to directly validate compliance with Federal requirements preceding project authorizations. This process assists the Division in implementing strategies to ensure that the necessary documentation is developed and federal requirements are met.

The random sampling of E-76s has enhanced Caltrans awareness of the need to ensure that they submit adequate documentation to support their requests for funding. At the same time, it has also allowed for FHWA staff to be more directly engaged in the process of ensuring that these

requests are valid and appropriate. The Division will continue to perform random sample reviews of E-76s for the foreseeable future.

10-Year Time Extension Requests (Strategy #3.B)

This effort ensures that projects are progressing in a reasonable manner and ensures that federal requirements are met. The effort will also lead to implementing more proactive measures to monitor and advance projects so that they don't reach the 10 year mark. The D-Memo (SOP) has been drafted and is out for review. Key project documentation was identified for inclusion in package submittals to reduce the review timeframes. There had been some concerns over changes in scope, effectiveness of consultant contract management, at risk design, programming issues, and the grouping of several structures/projects under one PE umbrella. In 2008, a significant number of projects could not be approved as submitted (only 4 out of 44 were approved) and comments were submitted to Caltrans. Of those, 23 needed more documentation and 17 required more justification, documentation, and were at a higher risk of not being approved. These concerns need to be addressed at the program level.

Inactive Obligation Review/Approvals (Strategy #3.A)

This effort ensures that projects are progressing and billing against the obligated balances. The purpose of this effort is to lower the percentage of inactive obligations nationwide. This effort will also lead to more proactive management of projects so as to reduce the percentage of inactive obligations. Inactive obligations are being reviewed on a quarterly basis. Further efforts are needed in determining if the approach is effective in reducing the number of inactive obligations received.

XII. Risk Analysis (RA)

Identified below is a list of core elements which had individual RA's conducted in FY08. In most cases, these RA/PAs covered both State and Local Agency issues and provided a broader overview of the program and detailed analysis of their findings and recommendations. However, for purposes of this report, the findings and recommendations will be synopsized in bullet form and pertain specifically to Local Programs. The results are summarized in the attached table.

APPENDIX A

LAP RISK SUMMARY TABLE

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
Design	H	H			
• FHWA Required Approvals			L/M	If FHWA involvement and/or approvals are not requested at appropriate points in time in the process often results in: impacts on Caltrans project delivery schedules as well as using FHWA resources not considered in planning yearly workforce	Continue to promote and require the use of the FHWA Record of Involvement for all projects in conjunction with applicable High Profiled Project Agreements.
• Economic Analysis – Cost Estimating			L/M	If an economic analysis is not conducted of current major construction material costs, the accuracy of cost estimating for future projects could be impacted.	Work with FHWA HQ and Resource center in sharing state of the art cost estimating process/procedures for sharing and supporting Caltrans Strategic Plan Objective 3.4 (see Vision/End-state Section) focuses on cost estimating
• Alternative Contracting			L/M	If alternative contracting procedures and criteria are not implemented, resources (staff time) could be wasted as staff will have to make a determination of alternative contracting based only on their knowledge.	Work with FHWA HQ and Caltrans to develop criteria based selection process that project development teams can easily identify the best contracting method per type of work.

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
• Construction Feedback to Designers			L	If designers are not made aware of their mistakes, oversights, or missed opportunities, then future projects fail to benefit from the lessons learned.	Consider resurrection of the former feedback process (ie. Resident Engineer final report)
• Value Engineering			M/H	If we do not have a documented process for incorporating VE recommendations into future projects we lose the advantage of benefitting from the work of others, thus lose efficiency in the process	Conduct Process Review on the Value Engineering program in California.
Environment	M	M			

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
• Tribal Consultation			L	If competing values or interests for a project adversely affect outcomes in tribal consultation, then the process may be politicized, project delivery could be jeopardized, and trust relationships may be affected.	1. Accept: Some conflicting interests are inevitable 2. Enhance: Re-establish Division involvement in quarterly VTC with the districts and SHPO, and in NAAC 3. Enhance: Funding for long-term relationship building 4. Enhance: Consider some tracking tool for existing consultations 5. Enhance: FHWA participation in tribal summit opportunities

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
• Environmental Commitment Compliance			M	If the FHWA does not develop a process to assure that environmental commitments are tracked, funded, and followed throughout project development, then there won't be an effective means of determining whether Caltrans is complying with applicable Federal laws and regulations.	FHWA will develop a system with Caltrans to review PS&E packages for high profile projects with respect to ECC on the CIP side. The implementation of this strategy will affect both capital and local assistance projects; however, Local Assistance is undertaking its own measures to address ECC issues. This strategy will reduce the risk at the project level. Compliance indicators regarding Caltrans' performance, based on the data in the existing environmental tracking systems (ECR and LP 2000), will be incorporated into the Stewardship & Oversight Agreement. This strategy will reduce the risk at the program level.
Right of Way (Acquisition-	M/H	M/M			

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
Appraisal/Relocation)					
• Program Management * Utility Relocation			H	If Caltrans exercises inadequate oversight over local agency utility relocations, then projects may not be delivered in accordance with Federal laws and regulations.	Mitigate the risk by working with Caltrans to conduct utility training. Review process for utility when conducting QEJR.
• Acquisition and Appraisal / Business Relocation			H	If the California Division does not know the quality of Caltrans' oversight over local agency execution of the Uniform Act, then projects may not be delivered in accordance with Federal laws and regulations.	Conduct a process review to evaluate local agencies execution of "Uniform Act" and Caltrans monitoring and oversight of local agencies.
Construction	H	M			
• LA Projects (On State Highway System)			M	If LPAs are not following Caltrans capital project procedures for projects on the State Highway System, significant construction management requirements may not be occurring, which will result in project delays and loss	Continue to promote and require Construction Program Management training for DLAE and local agencies

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				of federal funding.	
• LA Projects (Off State Highway System)			H	If construction monitoring, inspection, and contract administration for LPAs are not being performed, significant construction management requirements may not be occurring, which will result in lack LA construction stewardship and loss of federal funding.	1) Develop webinars for disseminating focused training and information to the Local Agencies. 2) Work with Caltrans to develop clear guidance for Resident Engineers. 3) Work with Caltrans to develop an action plan for construction oversight.
• LA Eligibility of Construction Work for Federal-aid Funds			H	If certain construction work is not eligible for Federal-aid funds, then improper payment maybe made.	Develop Webinars for disseminating focused training & information to the LAs. Negotiable with CT – Develop clear guidance – RTL guidelines could be adapted – Develop "Hot Issues" publication to disseminate information – Caltrans to increase oversight of construction projects LAPM needs to be revised with further guidance on

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
					supplemental work, state furnished materials and contingencies.
• LA Innovative Contracting			M	If more LPAs going to innovative contracting methods, significant construction management requirements may not be occurring, this will result in project delays and loss of federal funding.	Continue to promote and require Construction Program Management training for DLAE and local agencies.
• LA Construction Quality Assurance			H	If LPAs don't have an approved Quality Assurance Program (QAP), the tests will not be in conformance to contract specifications, which will result in project delays and loss of federal funding.	1) Provide the LPAs with a revised/updated QAP guidance manual for their use. 2) Work with Caltrans to develop an approach to verifying that Local Agency Projects have an approved QAP prior to authorization.
Planning/Air Quality	M/M	M/H	XX	**(Determined to be no specific application to LAP)**	
Consultant Selection/Administration	M	H			
• Consultant Selection and Administration –			M	If there is continued lack of direction in the State and local manuals regarding FHWAs	Mitigate risk by Caltrans/FHWA will continue

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
Program Management				involvement in approving consultants on Federal-aid oversight projects the project applicants will be out of compliance concerning FHWAs approval authority.	revisions to State Project Development manuals and Local Assistance Program Manual sections that will address Stewardship and will stipulate FHWA/Caltrans role in approving Consultants on Federal-aid projects. Anticipated completion March 2009 (State Programs Division lead).
• Consultant Selection and Administration – Program Management			M	If there is a continued lack of guidance in this area for local agencies, they will continue to be out of compliance with the SAFETEA-LU provisions stipulating Cognizant Audits for all federal-aid consultants.	Mitigate risk by Caltrans/ FHWA will develop guidance for Local Agencies to establish the requirements for Cognizant Audits required by SAFETEA-LU. Anticipated completion December 2008. (Finance Team/Local Team Division lead).
• Consultant Selection and Administration – Program Management			L	If Consultant in Management Roles are not addressed in Local Agency Manual then DLAEs will not support the FHWA approval of consultants in this	Revise existing guidance Chapter 10 of Local Assistance Procedure Manual to address the accepted approval procedure

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				capacity.	for all consultants acting in a management capacity. To be completed end of FY2009 (Local Programs Team Division Lead).
Emergency Relief	H	M			
• Program Management			M	If there is continued lack of direction regarding the timeliness in approving Damage Assessment Forms, the ER funds supporting the applicants work may be delayed or even unsecured.	Mitigate risk by Develop formalized agreement between FHWA/Caltrans that the DAF is to be signed at the field review. Emphasized during last years training.
• Program Management			M	If there is a continued lack of tracking and monitoring of ER projects there may be inaccuracies in securing the appropriate amount of ER funding and proving accountability to congress.	Mitigate risk by requesting all pertinent updated project information required for all PR projects that remain on the time extension list. Caltrans will track progress of all remaining PR projects beginning 1 year after the event. One year leeway was given due to the need to identify program management, develop schedule and program these projects.

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
• Program Management			L	If DAF forms, prevailing guidance, ER Q&A and ER Guidebook for local agencies is not revised the applications for ER funds may not be consistent with the latest guidance.	Revise existing guidance due to changes in NEPA delegation, 2007 Stewardship Agreement, and new National Guidance to be distributing FY2009.
Civil Rights	L	M			
• ADA/504			H	If Caltrans exercises very little oversight over its sub recipients, many will not have a process to address ADA complaints, have a transition plan to address its ADA accessibility issues or have complaint design standards, which will result in a lack of access for California's ever growing disabled population on public pedestrian pathways	Mitigation the risk by working as a good partner to assist Caltrans in monitoring the effectiveness of newly developed procedures to monitor ADA/504 program requirements of sub recipients and their investigation of complaints regarding sub recipient facilities. Work with Caltrans to develop and implement ADA/504 sub recipient program enforcement mechanisms.
• DBE			H	If Caltrans cannot track DBE commitments and awards closely enough (at least have a monthly running tally) to adjust	Mitigate the risk by monitoring the effectiveness of Caltrans new and yet to be implemented practice of requiring local

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				contract goals it is vulnerable to a legal challenge that may result in their DBE program being enjoined.	agencies to submit award packages (including DBE commitments) and assist them in taking actions to address any weaknesses in their data collection practices.
• DBE			H	When Caltrans and its sub recipients start to use contract goals again, its lack of recent experience in evaluating good faith efforts of bidders may lead to poor decisions and weaken the positive effect of the goals.	Provide good faith effort training to Caltrans and its sub recipients.
• DBE			M	If Caltrans cannot accurately report DBE final payment data it cannot evaluate the ultimate effectiveness of its program.	Mitigate the risk by working with Caltrans to implement procedures to effectively collect and report DBE final payments data from its own contracts and its sub recipients' contracts.
• DBE			M	If Caltrans does not monitor and enforce the prompt payment requirements on sub recipient contracts, subcontractors, especially DBEs, could experience cash flow problems that could have a significant negative impact on the success	Mitigate this risk by working with Caltrans to implement procedures to ensure that sub recipients monitor and enforce prompt payment requirements.

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				of their businesses.	
Bridge Structures	H	M	XX	**(Captured under other program elements such as Design and Systems Preservation)**	
Finance	H	H			
• Funds Management – Inactive Obligation			M/H	1. If Federal funds continue to decrease, then the local agencies are more likely to spend the funding. Thereby, reducing inactive obligations. Caltrans is currently increasing staffing levels. The additional staff will assist in management of inactive obligations. (Opportunity). 2.Inactive obligations remain a high risk area nationally and will continue to be scrutinized by the GAO auditors to ensure prudent use	1. Joint FHWA and CT outreach to Local Agencies will be provided in FY 2009. Proposed increased staffing levels for FHWA Financial Services Team in FY 2009. 2. Continue the informal monthly and formal quarterly reviews in FY 2009 until the 5% goal is met or exceeded

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				of Federal funds. This review is imperative for the annual certification of the HTF grant liability.	
• Federal Aid Billing – Billing Review, Improper Payments, CCPR			H/H	1. The Federal Aid Billing Review schedule could not be maintained in FY 2008 due to insufficient Financial Services Staff. There were several internal control weaknesses noted in the CCPR review. When the new accounting system is implemented in FY 2010, data integrity may be lost during the conversion period increasing the potential for increased risk. FHWA must be involved in the implementation period to ensure Federal accounting systems internal control requirements are met. In FY 2011, the risk should decrease due to the consolidation of sub	1. Resource Center team will conduct the FY 2009 billing reviews to augment existing financial services staff until California Division Financial Services Team staffing levels are increased. 2. Caltrans is currently increasing staffing levels in its Local Programs, Accounting, Audits and Investigations, and Budgets Divisions. 3. Caltrans' upgrade of its accounting systems will improve the accuracy and efficiency of data storage and retrieval. Implementation of the new system is planned for FY 2010.

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				programs thereby reducing entry errors and increased automation. These reviews are imperative for the annual certification of the HTF statement of net costs. 2. If delays in records retrieval by State and LPA continue the potential for increased issuance of Federal Ineligibility Notices exists.	
• Project Authorizations, Modifications, Final Vouchers			M/H	1. Project Authorization: Implementation of the 95% confidence level for project authorizations and modifications provides the opportunity to continue the necessary assurance that project authorizations are in compliance with Federal requirements and reduces the impact on Federal resources and expedites program delivery. There were no instances of Federal non	1. Continue the 95% confidence level random sampling. The confidence level random sampling for project authorizations and project modifications is sufficient for certification of the annual. 2. Finance will provide training to Division staff on the FMIS process. As program staff becomes familiar with the new process, efficiency will improve.

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				compliance in FYs 2007 and 2008; however, this review is imperative for the annual certification of the HTF grant liability. 2. The new final voucher approval process and program area FMIS approvals will potentially add delays due to recent implementation and associated learning curves. (short term).	
• Local Programs – CCPRs, Indirect Cost Allocation Plans			H/H	1. Insufficient internals controls were practiced at the local agency level. Findings included inadequate field records and quality control; inclusion of non-participating costs; insufficient change order approvals; sole source procurements without a PIF; noncompliance with competitive bidding requirements. Lack of internal controls at the local	1. CT Local Assistance is increasing staffing (11 FTE) for 11 of the districts. Caltrans Audits and Investigations is proposing increasing its staffing with an additional 20 FTEs. These staffing level increases will provide the opportunity for increased local agency oversight of Federal-aid reimbursement. 2. Caltrans Accounting and FHWA Financial Services will

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				agencies has the potential to increase billing errors and delays in reimbursement. These reviews are imperative for the annual certification of the HTF statement of net costs. 2.Local agencies continue to see high turnover in staffing levels.	continue to provide Outreach Training which includes Invoicing, Internal Controls, Contract Administration, Indirect Costs, and FIRE. FHWA has included Web-based training in the Outreach Program. 3. During FY 2008 FHWA will conduct a follow-up CCPR Review and initiate a Final Voucher Process Review.
Ops/ITS	M	M	XX	**(Determined to be no specific application to LAP)**	
Safety	M	M			
• Highway Safety Improvement Program (HSIP)			M/H	If there is continued lack of exposure data on local roads (VMT), then prioritizing will continue to be difficult and not meet the requirements of 23 CFR 924; HSIP (Local Roads) funds may be directed to locations not having as much	Mitigate risk by reducing the likelihood of FHWA Involvement and Local Agencies Staffing Levels being inadequate. Ensure high level of CADO involvement and leadership in Traffic Records Coordinating Committee

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				promise as others. Recipients of HRRR funds should not be based primarily on "who takes the time to apply."	activities. Illustrate the dependency of the HSIP's success on improved Traffic Records Systems, Collection and Analysis. Encourage Caltrans, CHP, County Engineers and League of Cities to establish a process for gathering exposure data (VMT) on local roads to determine fatality rates.
• Strategic Highway Safety Plan (SHSP)			M/H	If implementation of the SHSP is not used as the primary decision-making tool for allocating resources, then the SHSP goal of reducing the fatality rate to 1.0 Fatalities per 100 MVMT by 2010 is unlikely to be met and the unprecedented collaboration of the 4E stakeholders may return to working in silos.	The following strategies will mitigate the likelihood of guidance and newness being inadequate within the SHSP. The CADO champions will continue the current high level of involvement through the following activities: 1) Assure to the extent possible, implementation of actions in CA #2 - Reduce the Occurrence and Consequence of Leaving the Roadway and Head-on Collisions, CA#7 - Improve Intersection and Interchange Safety for Roadway Users,

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
					CA#8 - Make Walking and Street Crossing Safer, CA#9 - Improve Safety for Older Roadway Users, CA#10 - Reduce Speeding and Aggressive Driving, CA #12 - Improve Motorcycle Safety, CA #13 Improve Bicycling Safety, CA#14 - Enhance Work Zone Safety, and CA#16 - Improve Safety Data Collection, Access, and Analysis, 2) Advance marketing efforts to help change the safety culture, and 3) Provide overall support and guidance to SHSP stakeholders to assure intent of legislation.
• Traffic Records Systems, Collection and Analysis			M/H	If improvement of Traffic Records Systems, Collection and Analysis is not a high priority, then it's unlikely that SHSP goal of reducing the fatality rate to 1.0 Fatalities per 100 MVMT by 2010 will be met. The 1.0 goal is highly dependent on strategic allocation of resources toward	Mitigate risk by reducing the likelihood of FHWA Involvement and Local Agencies Staffing Levels being inadequate. Ensure high level of CADO involvement and leadership in Traffic Records Coordinating Committee activities. Encourage Caltrans, CHP, County Engineers and

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				the locations with most promise. Traffic Records improvement is the common thread that will likely dictate success or otherwise through all of California's safety programs. Prioritizing will continue to be difficult and not meet the requirements of 23 CFR 924.	League of Cities to establish a process for gathering exposure data (VMT) on local roads to determine fatality rates.
• High Risk Rural Roads Program (HRRR)			M	If there is continued lack of exposure data on local roads (VMT), then prioritizing will continue to be difficult and not meet the requirements of 23 CFR 924; HSIP (Local Roads) funds may be directed to locations not having as much promise as others. Recipients of HRRR funds should not be based primarily on "who takes the time to apply."	Mitigate risk by reducing the likelihood of FHWA Involvement and Local Agencies Staffing Levels being inadequate. Ensure high level of CADO involvement and leadership in Traffic Records Coordinating Committee activities. Illustrate the dependency of the HRRR's success on improved Traffic Records Systems, Collection and Analysis. Encourage Caltrans, CHP, County Engineers and League of Cities to establish a process for gathering exposure data (VMT) on local roads to determine

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
					fatality rates.
• Safe Routes to School (SRTS)			M	If inattention to detail or worse yet abuse takes place, the future of the SRTS program may be modified, be subjected to reduced funding or all together eliminated if severe enough.	The following strategies will enhance (reduce) the likelihood of adversely affecting the public safety, environment and congestion being inadequate within the SRTS program. The CADO champion will continue to participate in discussions/meetings with the State SRTS coordinator and advisory committee. Activities will include: 1) review of current guidelines to make sure they are clear and concise, 2) review of applications to assure funding of best projects, and 3) respond to all questions assuring the intent of the SRTS legislation is met.
• Work Zones			M	If future guidance/policy from FHWA final rules and SHSP challenge area actions are not implemented, then the goal of reducing work zone fatalities,	The following strategies will **mitigate** the existing likelihood of Federal Interest and adversely affect congestion being inadequate within the

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				alleviating congestions, and keeping with the thought of "Get in, Get out, Stay out" will not be realized.	work zone program. The CADO champion will continue as a CA#14 co-lead to assure implementation, to the extent possible, of all 14 SHSP actions for CA#14 and follow-up with Caltrans Traffic Operations and Construction Safety offices to assure FHWA final rule implementation criteria and dates are met.
• Manual on Uniform Traffic Control Devices (MUTCD)			M	If there is a lack of on-going FHWA presence providing positive pressure, then Caltrans and Local agencies may revert to ignoring changes to National TCD standards. Greater incidence of non-compliant TCDs on Fed-aid projects requiring more FHWA Transportation Engineer energy to making corrections to plans or, worse, missing non-compliant TCDs altogether and inadvertently funding with Fed-aid.	Mitigate risk by reducing the likelihood of FHWA Involvement and Staffing Levels being inadequate. Ensure high level of CADO involvement and leadership in day-to-day TCD issues and involvement with Caltrans HQ Office of Signs and Markings. Work with Caltrans to develop a "firewall" for preventing non-compliant modifications to the California MUTCD.

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
Systems Preservation	H	H			
• Development of an integrated TSP			H	Development of an integrated TSP is complex given the cross section of subject areas and the varying degree each has deployed asset management.	Enhance the program by working with partners at Caltrans to facilitate the integration of individual databases and management systems.
• Evaluation and refinement of the TSP			M/H	An integrated TSP must first be created before it can be improved.	FHWA will promote asset management within the region. We will also identify champions at Caltrans to assist in this effort.
• Implementation of the TSP at a program and project level			M	There is currently no integrated TSP program or guidance application to project delivery.	Work with Caltrans to facilitate the creation of a TSP program and the development of guidance for program and project level implementation.
Major Projects	XX	H	M/H	1. If there is inadequate staffing or untrained staff at the Federal, State and/or local level, effective management and delivery of Major Projects could be undermined. 2. The current Major Project implementation procedures in	1. Provide continuous training to educate project managers or FHWA Project Oversight Managers. Conduct workforce planning to assess the appropriate staffing levels needed. 2. FHWA and Caltrans to work collaboratively to complete

PROGRAM ELEMENT	2006 RISK LEVEL (CAP+ LAP)	2007 RISK LEVEL (CAP+ LAP)	2008 RISK LEVEL (LAP only)	RISK STATEMENT	RESPONSE STRATEGY
				California are under development. If the procedures at the Federal, State and local levels are incomplete or not fully developed, there is the risk that the Major Project requirements may not be correctly followed which would result in SAFETEA-LU non-compliance.	development of comprehensive guidance and procedures for State and Local Major Projects.

APPENDIX B

LAP PHASE II FINAL REPORT
TABLE OF BEST PRACTICES

LOCAL AGENCY AND PROJECT BEST PRACTICES

Project Phase	Best Practice
General	Project records are digitized for long-term retention.
	Records are retained for ten (10) years after project completion. For the first three (3) years after project completion the project records are stored on site in their entirety. After three (3) years, the certified payrolls are destroyed and disposed of, and all remaining documents are scanned and stored electronically. The original documents are all destroyed after they are scanned and filed electronically.
	The consultant agreement includes a provision that all documents, plans and drawings, maps, photographs and other papers, or copies thereof prepared by consultant become the property of the city. See Appendix E.
Environmental	A Mitigation Monitoring and Reporting Program has been established to document and track mitigation recommended by the environmental document for each project. Each mitigation is summarized along with the implementation and notification action by the project applicant and site inspection and written verification by the LPA environmental manager.
Design	A Regional Standards Committee reviews and approves regional standard drawings. A 25 member Greenbook Committee (comprised of representatives from the cities, counties, utilities and contractors) reviews and approves the Greenbook.
	Utility agencies are included and participate as stakeholders during the design phase.
	A Traffic Safety Committee is used to address design exceptions. The city makes the determination.
	The local agency conducts constructability reviews (30%, 70%, and 100%) with each review having a two-week turn around. All Department sections review and comment so the reviews include multidisciplinary experts. These Sections include Construction, Materials Engineering Laboratory, Field Surveys, Environmental, Traffic Engineering, Field Engineering and Operations, and Land Development, Private Development. Review comments for each Section are reviewed and incorporated.
Construction	An electronic file system was used and it was in good operating order. Windows and Adobe Acrobat were used to create the file system. The daily diaries provided good supporting documentation.
	The local agency tracks contractor's payments to the subcontractors by making the contractor certify within 30 days that they have paid all of the subcontractors. This ensures that the contractors are meeting the prompt payment contract provisions.
	A requirement for retaining a biologist was included in the special provisions of the construction contract to ensure that environmental commitments were being enforced.
	All material testing is done in accordance with the LAPM. The County provided

Project Phase	Best Practice
	a test summary log which showed only one failed test which was redone. The failed compaction test was logged. The area was then retested and all second tests passed. The County does not accept jobs if there are failing tests. All required sampling and testing is performed in accordance with the County's QAP. In addition, material certifications are kept on file. This documentation supports contract payments and quality of materials.
	Subcontractors submit preliminary 20-day notices. Throughout the course of the contract the subcontractors were paid by the prime contractor. If the subcontractor has not been paid, the County issues a "stop work notice". No issues were raised by subcontractors and no stop work orders were issued. This best practice assists in meeting the prompt payment provisions of the contract.
	Construction staff tracks project payments using contract pay item documents. A pay sheet is prepared each month per item. Pay sheets show location of work and amount of contract item paid to date. The County's Fiscal Section monitors payment and accruals on a tracking spreadsheet and in the Oracle fiscal program. Oracle will not allow user to use the same invoice number more than once. Oracle flags a second payment for the same amount--these must be manually reviewed by the Auditor and Controller. When preparing a claim, County staff reviews the Oracle report and pulls expense documents for each line tem to ensure that all expenses recorded are valid project expenditures.
	The LPA's Finance and Budget Division has published a template/memorandum that is attached to all project billings. This serves as an internal checklist and provides all individuals associated with the project: 1) background; 2) funding details; 3) project delivery provisions; 4) cost eligibility issues; 5) billing cycle; 6) final billing; 7) project management; 8) contacts; and 9) documentation required.
Finance	A number of the LPAs have published Administrative Manuals that are certified by the City Manager and provide procedures for the acquisition of personal property, services, and construction of public projects. The Finance Department also provides training on a re-occurring basis.
	The County has an effective segregation of duties and a good system of internal controls. Project Manager approves project invoices. All documents require initial input by Finance staff, from the Department of Public Works, and supervisory approval through the workflow process. Auditor and Controller Accounts Payable Division review the three way match and final approval before the warrant can be processed. Staff from Auditor and Controller Division run the report in Oracle and prepare the claim for submission to FHWA and prepare the revenue accrual in Oracle.

CALTRANS DISTRICT LOCAL ASSISTANCE ENGINEER (DLAE) BEST PRACTICES

Project Phase	Best Practice
General	At least one District has procedures in place to return signed copies of LPA submittals to the local agency. This is a good practice and provides the LPA with a complete file that verifies that submittals were received and approved.
	Five of the twelve Districts use some form of checklist to review documentation and process requests from the LPAs.
	A number of the Districts have established communications procedures for disseminating critical information to LPAs.
Environmental	One District has a dedicated environmental group and the DLAE has a good working relationship with them. In another District, the environmental group has a work plan so the DLAE knows when the environmental work will be completed on projects.
	Field reviews and HQ support were the two efforts identified to assure that cost-effective, feasible alternatives are achieved.
Construction	Two of the Districts use a construction checklist for construction inspections.
	One District performs mini-process reviews at 20% and 80% of construction completion.
	One DLAE utilizes the state furnished item justification in guiding local agencies for delivery of projects.
	Two Districts have documented process reviews.

APPENDIX C

LAP PHASE II FINAL REPORT
TABLE OF FINDINGS AND OBSERVATIONS

LOCAL AGENCY AND PROJECT FINDINGS AND CORRECTIVE ACTIONS

Per Federal Laws, Regulations, and Policy and the Caltrans Local Assistance Procedures Manual

Project Phase	Reference	Finding(F)/Corrective Action(CA)
General	**49 CFR 18.42** Retention and access requirements for records	**F1** – Thirty-five projects were missing project documentation or the documentation was incomplete. This occurred in all phases of project delivery including, but not limited to, LAPM forms, PIFs, quantities estimates, utility agreements, and project RE diaries. Additionally, project information was not always maintained in one location.
		CA1 – 49 CFR 18 requires that complete project records are retained for three years from FHWA's approval of the final voucher. Caltrans shall develop a process for verifying that project records are complete and retained by the project sponsor for the required period of time.
Right of Way	**23 CFR 645** Utility Relocations, Adjustments, and Reimbursement	**F2** – Six projects were missing documented agreements for commitments by utility companies to use and/or pay for conduit on public bridge facilities. Additionally, a number of project sponsors believed that CFR regulations and LAPM procedures pertaining to ROW did not have to be followed if utilities were non-participating items.
		CA2 –Caltrans shall ensure that local agencies adhere to Federal ROW laws and regulations regardless of whether or not Federal funds were used in the ROW phase. FHWA will work with Caltrans to develop and deliver corrective training.
	49 CFR 24 Uniform Relocation Assistance And Real Property Acquisition	**F3** – For two projects, documentation was not available to demonstrate that the Federal Uniform Act was followed.
		CA3 – Caltrans shall ensure that local agencies adhere to Federal ROW laws and regulations regardless of whether or not Federal funds were used in the ROW phase. FHWA will work with Caltrans to develop and deliver corrective training.
Construction	**23 CFR 635** **49 CFR 18** Construction Retention and access requirements for records	**F4** – For eleven projects, field records were not adequately maintained to support quantities submitted for payment. Additionally, on 6 projects, RE diaries were not complete to support time charges, work progress, and time extensions. For 10 of the projects, employee interviews were either not performed or the appropriate number of interviews were not performed.
		CA4 – Caltrans shall develop a process for verifying that project records are complete and retained by the project sponsor for the required period of time. 1) FHWA and Caltrans will develop and deliver focused training and information to the LPAs through

Project Phase	Reference	Finding(F)/Corrective Action(CA)
		webinars and other appropriate means on construction documentation requirements (e.g. RE diaries, quantity calculations, QAP, etc.). 2) FHWA will work with Caltrans to develop clear guidance for Res. 3) FHWA will work with Caltrans to develop an oversight action plan including a construction element.
	23 CFR 635.112 Advertising for bids and proposals	**F5** – Two projects were advertised for construction based on Caltrans approval which was prior to FHWA's approval of the E-76.
		CA5 – These projects were authorized by procedures agreed to in a letter dated June 15, 1993 between the Division and Caltrans. By letter dated July 31, 2006, the Division rescinded that provision and clarified that FHWA must approve the e-76 prior to the authorization to proceed to be consistent with 23 CFR 635.112. Caltrans shall update the LAPM to reflect these requirements.
	23 CFR 635.204/205 Cost effectiveness	**F6** – One project was missing documentation for PIFs. Additionally, at least 5 LPAs indicated that they were not aware of the requirements for a PIF.
		CA6 – Caltrans shall ensure that PIFs are completed and approved where necessary. FHWA and Caltrans will develop and deliver focused training and information to the LPAs through webinars and other appropriate means on PIFs.
	23 CFR 172.5 Methods of procurement	**F7** – One agency awarded an engineering support contract without using a competitive bidding process. They believed that they did not have to use a competitive process if the contract was for less than $100,000.
		CA7 – Caltrans shall ensure that Federal contract procurement procedures are followed. FHWA and Caltrans will develop and deliver focused training and information to the LPAs through webinars and other appropriate means on including contract procurement.
	49 CFR 18.36 Uniform Administrative Requirements	**F8** – One LPA contract required the contractor to salvage materials that the LPA then sold to a third party and deposited the funds into their road fund account. Federal regulations require that the grant program be reimbursed the cost of the federal share in that item. In this case 80%.
		CA8 – Caltrans shall ensure that the LPAs properly account for salvage credits in the LPA's contracts.
	LAPM 16.14 Quality Assurance Program	**F9** – Three local agencies did not have QAPs, five had QAPs that were outdated, and several LPAs used their consultant's QAP. It is unknown if the Caltrans DLAEs approved the consultant's QAPs prior to authorization since documentation was not available. Sixteen local agencies had a QAP; however, the QAPs were not consistent with the guidance in the LAPM (e.g. testers, laboratories, acceptance tests, re-tests, etc.).
		CA9 – Caltrans shall ensure that LPAs have an approved QAP and that it is consistent with their guidance prior to construction authorization. 1) Caltrans will provide local agencies with their

Project Phase	Reference	Finding(F)/Corrective Action(CA)
		updated QAP manual. 2) FHWA and Caltrans will work to develop an approach for verifying that local agency projects have valid QAPs.
	LAPM 4.2 General Agreements	**F10** – One local agency entered into an agreement with a third party for the third party to advertise, award, and administer the Federal-aid project.
		CA10 – Caltrans shall incorporate procedures, which have been approved by FHWA, into the LAPM for these types of arrangements.
Note: Incompleteness of project field records and resident engineers' (Res) diaries resulted in one Federal Ineligibility Notice (FINs) being issued as part of the CCPR review. FHWA is still reviewing documentation of three additional projects to determine if FINs will be issued.		

LOCAL AGENCY AND PROJECT OBSERVATIONS AND RECOMMENDATIONS

Project Phase	Observation(O)/Recommendation
Planning	**O1** – Thirty-two of the local agency projects are of the type that they do not have to be individually listed in the TIP; they can be included in a lump sum listing.
	R1 – For projects that are contained in a lump sum listing, the back-up list of projects for the lump sum listing should be retained in the project files with the TIP listing.
Right of Way	**O2** – Allocations of cost responsibilities for a utility relocation could not be made because the utility claimed prior rights and/or private easements applied to their facilities. The local agency did not have or could not locate adequate records to clearly define the public R/W.
	R2 – Local agencies should keep track of their ROW easements so they can defend allegations of prior rights.
Finance	**O3** – Thirty-six of the local agencies typically adhere to Caltrans LAPM requirements for progress invoicing and most agencies have several levels of reviews and approvals when processing payment requests. However, most agencies did not have written internal procedures for approval of payments on Federal-aid projects.
	R3 – Local agencies should develop and implement written internal procedures, which comply with Federal regulations and Caltrans LAPM requirements, outlining the internal controls for the proper management of Federal funds. Outreach training is recommended to stress the importance of ensuring that all laws and regulations are adhered to with respect to Federal-aid billing. In addition, developing and implementing internal controls will aid in training as a result of high local agency staff turn over.
	O4 - Seven of the projects included indirect costs. LPAs mentioned that the process is very time consuming and not worth the effort. On seventeen percent of the projects reviewed, the LPA stated that the process of approving the Indirect Cost Allocation Plan (ICAP) held up the billing process.

Project Phase	Observation(O)/Recommendation
	R4 –Caltrans is aware of the issue, and is in the process of sending all LPAs a letter addressing ICAPs. The Division office and Caltrans will continue to work together to ensure adequate processing and monitoring of ICAPs.

CALTRANS DISTRICT LOCAL ASSISTANCE ENGINEER (DLAE) FINDINGS AND CORRECTIVE ACTIONS

Per Federal Laws, Regulations, and Policy and the Caltrans Local Assistance Procedures Manual

Project Phase	Reference	Finding(F)/Corrective Action(CA)[1]
General	**LAPM Chapter 19** Process Reviews	**F11** – Eight of the twelve Districts noted that they do not perform process reviews; they rely on the process reviews performed by Caltrans HQ to assure LPA compliance with Federal laws, regulations and procedures.
		CA11 – Caltrans shall assess their oversight strategies for ensuring compliance with Federal laws, regulations and procedures for incorporation into an oversight action plan.
General	**See Table 1 References**	**F12** – All nine findings listed in Table 1 are a result of inadequate oversight.
		CA12 – Caltrans shall assess their oversight strategies for ensuring compliance with Federal laws, regulations and procedures for incorporation into an oversight action plan.
Design	**LAPM Chapter 12.15** PS&E Certification	**F13** – One District did not regularly review one PS&E package per local agency per year.
		CA13 – Districts must ensure that they meet the minimum of reviewing one PS&E package per year per agency. FHWA and Caltrans will reassess this requirement to determine if this level of review is adequate.
Construction	**23 USC 106** Project approval and oversight	**F14** – In most cases, the Districts provide limited, if any, construction oversight. Some Districts only get involved if there are major change orders or if there are specific requests from the local agency.
		CA14 – Caltrans shall provide construction oversight to ensure that Federal-aid requirements are being met. FHWA will work with Caltrans to develop an oversight action plan including a construction element.

[1] Numbering continued from Table 1.

CALTRANS DISTRICT LOCAL ASSISTANCE ENGINEER (DLAE) OBSERVATIONS AND RECOMMENDATIONS

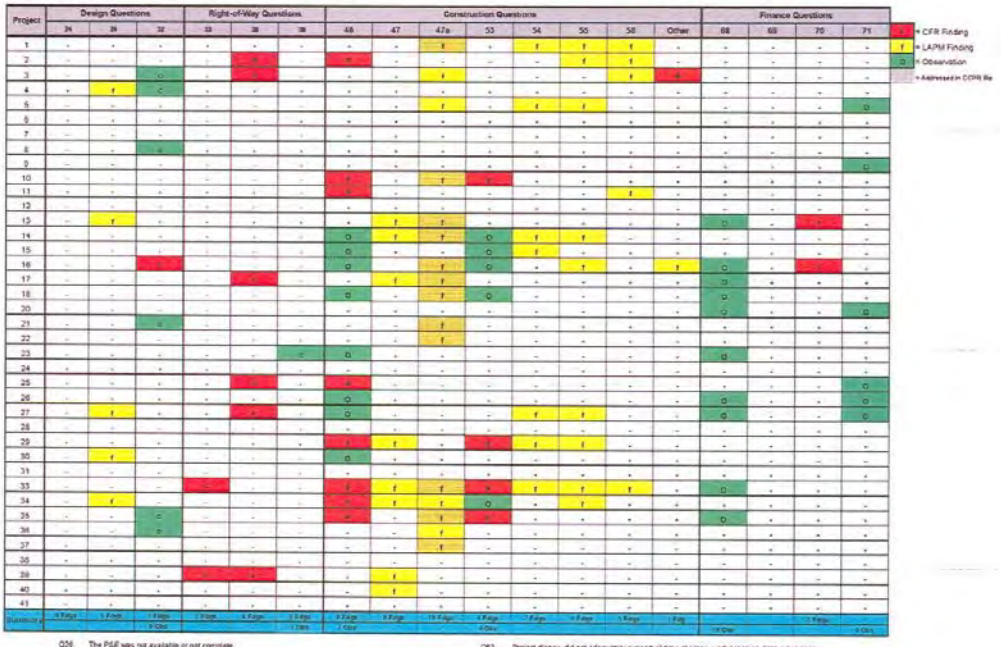
Project Phase	Observation (O)/Recommendation(R)[2]
General	**O6** – At least two Districts maintain their own database to track projects. They felt that the information included in LP2000 is of more use to HQs than to the Districts.
	R6 – Caltrans should consider updating LP2000 to include information that is useful to the Districts.
Finance	**O7** – The Districts do not receive copies of progress invoices submitted by the local agencies to Local Programs Accounting. As a result, the Districts are not aware of project status and do not review eligibility of pay items until the final voucher.
	R7 – The District staff should be copied on progress invoices.

[2] Numbering continued from Table 2.

APPENDIX D

LAP PHASE II FINAL REPORT
MARTIX OF REVIEW RESULTS BY
PROJECT PHASE AND REVIEW QUESTION

APPENDIX D
MARTIX OF REVIEW RESULTS BY PROJECT PHASE AND REVIEW QUESTION



Project	Design Questions			Right-of-Way Questions			Construction Questions								Finance Questions			
	24	29	32	33	38	39	46	47	47a	53	54	55	58	Other	68	69	70	71
1	-	-	-	-	-	-	-	-	f	-	f	f	f	-	-	-	-	-
2	-	-	-	-	F	-	F	-	-	-	-	f	f	-	-	-	-	-
3	-	-	O	-	F	-	-	-	f	-	-	-	f	F	-	-	-	-
4	-	f	O	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-	f	-	f	f	-	-	-	-	-	O
6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	-	-	O	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	O
10	-	-	-	-	-	-	F	-	f	F	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	F	-	-	-	-	-	f	-	-	-	-	-
12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	f	-	-	-	-	-	f	f	-	-	-	-	-	O	-	F	-
14	-	-	-	-	-	-	O	f	f	O	f	f	-	-	-	-	-	-
15	-	-	-	-	-	-	O	-	-	O	f	-	-	-	-	-	-	-
16	-	-	F	-	-	-	O	-	f	O	-	f	-	f	O	-	F	-
17	-	-	-	-	F	-	-	f	f	-	-	-	-	-	O	-	-	-
18	-	-	-	-	-	-	O	-	f	O	-	-	-	-	O	-	-	-
20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	O	-	-	O
21	-	-	O	-	-	-	-	-	f	-	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	f	-	-	-	-	-	-	-	-	-
23	-	-	-	-	-	O	O	-	-	-	-	-	-	-	O	-	-	-
24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	-	-	-	-	F	-	F	-	-	-	-	-	-	-	-	-	-	O
26	-	-	-	-	-	-	O	-	-	-	-	-	-	-	O	-	-	O
27	-	f	-	-	F	-	O	-	-	-	f	f	-	-	O	-	-	O
28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	-	-	-	-	-	-	f	f	-	f	f	f	-	-	-	-	-	-
30	-	f	-	-	-	-	O	-	-	-	-	-	-	-	-	-	-	-
31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	-	-	-	F	-	-	F	f	f	F	f	f	f	-	O	-	-	-
34	-	f	-	-	-	-	-	f	f	O	-	f	-	-	-	-	-	-
35	-	-	O	-	-	-	F	-	f	F	-	-	-	-	O	-	-	-
36	-	-	O	-	-	-	-	-	f	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	f	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	F	F	-	-	f	-	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	f	-	-	-	-	-	-	-	-	-	-
41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statistics	0 Finds 0 Obs	1 Find 0 Obs	1 Find 3 Obs	1 Find 0 Obs	3 Finds 0 Obs	2 Finds 1 Obs	3 Finds 1 Obs	3 Finds 0 Obs	10 Finds 0 Obs	4 Finds 0 Obs	7 Finds 0 Obs	4 Finds 0 Obs	5 Finds 0 Obs	1 Find 0 Obs			2 Finds 0 Obs	

F = CFR Finding
f = LAPM Finding
O = Observation
- = Addressed in CCPR Re

Q26 The PS&E was not available or not complete.
Q30 Projects did not have appropriate PAFs.
Q33 The Uniform Relocation Act was not followed.
Q38 Projects did not have appropriate utility agreements.
Q39 Project in litigation regarding easement rights.
Q40 Date of PS&E approval was after E-76 authorization.
Q46 Project field records did not adequately support quantities submitted for payment.
Q47 Local agencies did not have a QAP.
Q47A Issue with frequency of testing and/or certifications were not consistent with Caltrans guidelines.
Q53 Project diaries did not adequately support all time charges, work progress, time extensions.
Q54 Procedures for accepting/approving and maintaining material certifications were not complied with.
Q55 Documentation to support materials received by inspectors was not available.
Q58 LPAs were not performing the required amount of employee interviews listed in the LAPM and LAPG.
Q58Ind IC3 - construct award without a competitive bidding process. IP15 - Federal-aid project constructed by another public agency.
Q68 The local agency did not have written internal control documentation.
Q70 Construction was advertised prior to E-76 approval by FHWA.
Q71 The local agency did not have indirect cost rate to invoice the project.