

# **\*\*DON'T LOSE YOUR FEDERAL MONEY\*\***

## **Top FIVE LOCAL AGENCY ISSUES**

1. **Improper Procurement Practices**- Failure to follow required consultant contract procurement process per federal regulations and outlined in Caltrans Local Assistance Procedures Manual. Significant violations include:
  - Missing key documents in project procurement file, i.e. proof of advertising, all score sheets, profit negotiations, cost estimates etc.
  - Selection criteria's weighted values are not included in the RFPs/RFQs.
  - Selection of consultant was not based on the RFP/RFQ stated selection criteria and stated selection criteria's weighted values.
  - A detailed Independent cost estimate was not prepared before proposals are received.
  - Profit was not negotiated as a separate cost item.
  
2. **Contract Administration for Consultant's Services Contracts**- Failure to maintain contract administration systems and proper management to ensure consultants perform in accordance with the terms and conditions of contracts. Significant violations include:
  - Amending an expired contract.
  - Making significant changes to the original scope of a contract.
  - Charging rates not consistent with the contract cost proposal.
  - Making changes in key personnel without prior approval.
  - Adding classifications or personnel without prior approval.
  - Method of payment is inconsistent with method of payment stated in the RFP and the signed contract.
  
3. **Contract Administration for Construction Contracts** – Failure to maintain a contract administration system to ensure payments to contractors are supported by project records. Significant violations include:
  - Line Item quantities are not supported by project records
  - Construction Change Orders (CCO) are not supported by independent cost estimates, were not properly approved and/or costs claimed are not properly documented.
  - CCO's work is not within the scope of the original contract, i.e. Contractor caused damage and repair.
  
4. **Conflict of Interest**- Agency employees and consultants potentially violate conflict of interest laws and regulations by making decisions for which the Agency employee, or consultant acting on behalf of the Agency, could benefit financially.
  
5. **Improper Charge of Indirect Costs**- You are in violation when you charge indirect costs without an approved Indirect Cost Rate from Caltrans Audits & Investigations. This includes any indirect cost charged by the Agency, or Division/Department etc. of the Agency. This also includes any Cognizant approved rates received by the Agency from someone other than Caltrans Audits & Investigations.

**Note: Caltrans Division of Local Assistance (DLA) reminds you to avoid these common mistakes that have resulted in the loss of federal funds by local agencies.**