



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

REGIONAL COUNCIL OFFICERS

President
Bill Jahn, Big Bear Lake

First Vice President
Rex Richardson, Long Beach

Second Vice President
Clint Lorimore, Eastvale

Immediate Past President
**Alan D. Wapner, San Bernardino
County Transportation Authority**

COMMITTEE CHAIRS

Executive/Administration
Bill Jahn, Big Bear Lake

Community, Economic &
Human Development
**Peggy Huang, Transportation
Corridor Agencies**

Energy & Environment
Linda Parks, Ventura County

Transportation
Cheryl Viegas-Walker, El Centro

REGULAR MEETING

EXECUTIVE/
ADMINISTRATION
COMMITTEE

*Thursday, November 7, 2019
9:00 a.m. – : 0 a.m.*

SCAG MAIN OFFICE
900 Wilshire Blvd., Ste. 1700
Policy B Meeting Room
Los Angeles, CA 90017
(213) 236-1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Tess Rey-Chaput at (213) 236-1908 or via email at REY@scag.ca.gov. Agendas & Minutes are also available at: www.scag.ca.gov/committees

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency's essential public information and services. You can request such assistance by calling (213) 236-1908. We request at least 72 hours (three days) notice to provide reasonable accommodations and will make every effort to arrange for assistance as soon as possible.

This Page Intentionally Left Blank



EAC - Executive/Administration Committee **Members – November 2019**

- 1. Hon. Bill Jahn**
Chair, Big Bear Lake, RC District 11
- 2. Hon. Rex Richardson**
1st Vice Chair, Long Beach, RC District 29
- 3. Hon. Clint Lorimore**
2nd Vice Chair, Eastvale, RC District 4
- 4. Hon. Alan Wapner**
Imm. Past Chair, SBCTA Representative
- 5. Hon. Peggy Huang**
CEHD Chair, TCA Representative
- 6. Hon. Stacy Berry**
CEHD Vice Chair, Cypress, RC District 18
- 7. Sup. Linda Parks**
EEC Chair, Ventura County Representative
- 8. Hon. David Pollock**
EEC Vice Chair, Moorpark, District 45
- 9. Hon. Cheryl Viegas-Walker**
TC Chair, El Centro, RC District 1
- 10. Hon. Jess Talamantes**
TC Vice Chair, Burbank, RC District 42
- 11. Hon. Jan Harnik**
LCMC Chair, RCTC Representative
- 12. Hon. Margaret Clark**
LCMC Vice Chair, Rosemead, RC District 32
- 13. Hon. Frank Navarro**
Pres. Appt., Colton, RC District 6
- 14. Hon. L. Dennis Michael**
Pres. Appt., Rancho Cucamonga, RC District 9
- 15. Hon. Margaret Finlay**
Pres. Appt., Duarte, RC District 35

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



EXECUTIVE/ADMINISTRATION COMMITTEE

16. Sup. Luis Plancarte

Pres. Appt., Imperial County

17. Hon. Brian McDonald

Chemehuevi Indian Tribe, Tribal Government Regional Planning Board

18. Randall Lewis

Business Representative, Non-Voting Member

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700 – Policy B Meeting Room
Los Angeles, California 90017
Thursday, November 7, 2019
9:00 AM

The Executive/Administration Committee may consider and act upon any of the items on the agenda regardless of whether they are listed as Information or Action items.

CALL TO ORDER AND PLEDGE OF ALLEGIANCE
(The Honorable Bill Jahn, Chair)

PUBLIC COMMENT PERIOD

Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker. The Chair has the discretion to reduce the time limit based upon the number of speakers and may limit the total time for all public comments to twenty (20) minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

Approval Items

- 1. Minutes of the Meeting - October 3, 2019 Page 6
- 2. SCAG Memberships and Sponsorships Page 12

Receive and File

- 3. State and Federal Legislative Monthly Update Page 14
- 4. Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 - \$199,999
and Amendments \$5,000 - \$74,999 Page 19
- 5. Caltrans Audits' Corrective Action Plans Status Update Page 28
- 6. CFO Monthly Report Page 121

CFO MONTHLY REPORT
(Basil Panas, Chief Financial Officer)

PRESIDENT'S REPORT
(The Honorable Bill Jahn, Chair)

EXECUTIVE DIRECTOR'S REPORT
(Kome Ajise, Executive Director)

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



EXECUTIVE/ADMINISTRATION COMMITTEE AGENDA

FUTURE AGENDA ITEM/S

ANNOUNCEMENT/S

ADJOURNMENT

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

MINUTES OF THE MEETING
EXECUTIVE/ADMINISTRATION COMMITTEE (EAC)
THURSDAY, OCTOBER 3, 2019

THE FOLLOWING MINUTES IS A SUMMARY OF ACTIONS TAKEN BY THE EXECUTIVE/ADMINISTRATION COMMITTEE (EAC). A VIDEO RECORDING OF THE ACTUAL MEETING IS AVAILABLE AT: http://scag.iqm2.com/Citizens/

The Executive/Administration Committee (EAC) of the Southern California Association of Governments (SCAG) held its regular meeting at 900 Wilshire Boulevard, Suite 1700, Los Angeles, CA 90017. A quorum was present.

Members Present

- Hon. Bill Jahn, President
Hon. Clint Lorimore, 2nd Vice President
Hon. Alan Wapner, Imm. Past President
Hon. Peggy Huang, Chair, CEHD
Sup. Linda Parks, Chair, EEC
Hon. David Pollock, Vice Chair, EEC
Hon. Cheryl Viegas-Walker, Chair, TC
Hon. Jess Talamantes, Vice Chair, TC
Hon. Jan Harnik, Chair, LCMC
Hon. Margaret Clark, Vice Chair, LCMC
Hon. Frank Navarro, President's Appt.
Hon. L. Dennis Michael, President's Appt.
Hon. Margaret Finlay, President's Appt.
Sup. Luis Plancarte, President's Appt.
Mr. Randall Lewis, Ex-officio
Hon. Brian McDonald
Big Bear Lake
Eastvale
Moorpark
El Centro
Burbank
Rosemead
Colton
Rancho Cucamonga
Duarte
Lewis Group of Companies
Chemehuevi Indian Tribe
District 11
District 4
SBCTA
TCA
Ventura County
District 45
District 1
District 42
RCTC
District 32
District 6
District 9
District 35
Imperial County
Business Representative
Tribal Govt Reg'l Plng Board

Members Not Present

- Hon. Rex Richardson, 1st Vice President
Hon. Stacy Berry, Vice Chair, CEHD
Long Beach
Cypress
District 29
District 18

Staff Present

- Kome Ajise, Executive Director
Darin Chidsey, Chief Operating Officer

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



Debbie Dillon, Chief Strategy Officer
Basil Panas, Chief Financial Officer
Joann Africa, Chief Counsel/Director of Legal Services
Art Yoon, Director of Policy and Public Affairs
Sarah Jepson, Acting Director of Planning
Julie Loats, Chief Information Officer
Tess Rey-Chaput, Office of Regional Council Support

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The Honorable Bill Jahn called the meeting to order at 9:00 a.m. and asked City of Rancho Cucamonga Mayor L. Dennis Michael to lead the Pledge of Allegiance.

PUBLIC COMMENT PERIOD

There was no public comment speaker.

REVIEW AND PRIORITIZE AGENDA ITEMS

There was no prioritization of agenda items.

ACTION/DISCUSSION ITEMS

1. Resolution No. 19-615-1 Regarding Acceptance of the Office of Traffic Safety Grant Funds to support the Active Transportation Safety and Encouragement Campaign

President Jahn introduced the item and asked Kome Ajise, Executive Director, to provide background information.

A MOTION was made (Navarro) adopting Resolution No. 19-615-1 authorizing SCAG to accept, if awarded, the Office of Traffic Safety grant funds to support the Go Human Campaign. Motion was SECONDED (Talamantes) and passed by the following votes:

AYE/S: Finlay, Harnik, Huang, Jahn, McDonald, Michael, Navarro, Plancarte, Pollock, Talamantes, Walker and Wapner (12)

NOE/S: None (0)

ABSTAIN: None (0)

2. Resolution No. 19-615-2 Regarding Authorization to Approve Notice of Exemption (NOE) for SCAG 2017 Disadvantaged Communities Active Transportation

President Jahn introduced the item and asked Kome Ajise, Executive Director, to provide background information.

A MOTION was made (Viegas-Walker) adopt Resolution No. 19-615-2 to approve the filing of a California Environmental Quality Act (CEQA) Notice of Exemption (NOE) in Imperial County for the SCAG 2017 Disadvantaged Communities Planning Initiative, subject to the 30-day public inspection period. Motion was SECONDED (Pollock) and passed by the following votes:

AYE/S: Clark, Finlay, Harnik, Huang, Jahn, Lorimore, McDonald, Michael, Navarro, Plancarte, Pollock, Talamantes, Walker and Wapner (14)

NOE/S: None (0)

ABSTAIN: None (0)

3. Contracts \$200,000 or Greater: 20-002-C01, Board Counsel Services

President Jahn introduced the item and asked Kome Ajise, Executive Director, to provide background information.

A MOTION was made (Wapner) to recommend that the Regional Council approve Contract No. 20-002-C01 in an amount not to exceed \$495,480 with Best Best & Krieger, LLP, and to provide Board Counsel Services and as-needed litigation services, subject to final review by SCAG Internal Audit and negotiation. There was direction to staff to work with the firm in lowering the hourly rates for the paralegal and legal assistant labor categories for as-needed litigation services. Motion was SECONDED (Harnik) and passed by the following votes:

AYE/S: Clark, Finlay, Harnik, Huang, Jahn, Lorimore, McDonald, Michael, Navarro, Plancarte, Pollock, Talamantes, Walker and Wapner (14)

NOE/S: None (0)

ABSTAIN: None (0)

President Jahn welcomed Ruben Duran, partner for Best Best & Krieger, who is in the audience today. Mr. Duran made brief comments and thanked the Committee.

CONSENT CALENDAR**Approval Items**

4. Minutes of the Meeting – September 5, 2019
5. Revise SCAG’s Standard Consultant Agreement (boilerplate contract) Language Related to Penalty Clauses
6. Contracts \$200,000 or Greater: 20-003-C01, Mobility Innovations and Pricing Study
7. Resolution No. 19-615-3 Approving Amendment 1 to the FY 2019-20 Overall Work Program (OWP)

Receive and File

8. Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 - \$199,999 and Amendments \$5,000 - \$74,999
9. State and Federal Legislative Update
10. CFO Monthly Report

A MOTION was made (Michael) to approve the Consent Calendar Agenda Items 4 – 7; Receive and File Items 8 – 10. Motion was SECONDED (Lorimore) and passed by the following votes:

AYE/S: Clark, Finlay, Harnik*, Huang, Jahn, Lorimore, McDonald, Michael, Navarro, Plancarte, Pollock, Talamantes, Walker and Wapner (14)*

NOE/S: None (0)

ABSTAIN: None (0)

While the voting results were being reviewed, Councilmember Jan Harnik, RCTC, stated she inadvertently voted an “Abstention” and indicated that she intended to vote “Yes” on the Consent Calendar. President Bill Jahn directed staff to correct Councilmember Harnik’s vote as a “Yes” vote and is annotated* above.

CFO MONTHLY REPORT

Basil Panas, Chief Financial Officer, provided an update regarding the Caltrans and SCAG’s Annual Audits; membership dues including budgets and grants.

PRESIDENT'S REPORT

President Jahn reminded the members of the November 7 meeting schedule of the Regional Council and policy committees (CEHD, EEC and TC), as follows: 9AM to 9:30AM EAC; 9:30AM to 11:30AM Joint Meeting of the Regional Council and Policy Committees; 11:30AM to 12PM EEC; and the Regional Council meeting at 12:15PM.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Kome Ajise emphasized that for a number of months now, there are several agenda items related to Connect SoCal that are included in the Policy Committee meeting agendas to help shape the discussions for next month's Joint Meeting of the Regional Council and Policy Committees. Mr. Ajise also reminded the members there is a RHNA Subcommittee meeting scheduled for Monday, October 7, regarding the recommended draft RHNA methodology including the online tool that will be available to see the allocation for each jurisdiction based on the regional housing need determination of 1,344, 740 units issued by the State Department of Housing and Community Development (HCD) for the SCAG region. Pending response from HCD, they should be able to reconfirm what the regional assessment would be. Also, a Special Meeting of the CEHD Committee is scheduled for Monday, October 21, 2019, regarding the recommended draft RHNA methodology.

FUTURE AGENDA ITEM/S

None

ANNOUNCEMENT/S

Regional Councilmember Cheryl Viegas-Walker, El Centro, District 1, commended staff for including SCAG's Mission, Vision and Core Values in the agenda report templates. She also asked about the upcoming Annual Economic Summit and the VIP Reception. Staff responded.

ADJOURNMENT

There being no further business, President Jahn adjourned the meeting at 9:21AM.

[MINUTES ARE UNOFFICIAL UNTIL APPROVED BY THE EAC]

//

Executive / Administration Committee Attendance Report

2019-20															Total Mtgs Attended To Date
MEMBERS	CITY	Representing	MAY	JUN	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	
Hon. Bill Jahn, Chair	Big Bear Lake	District 11		1		1	1	1							4
Hon. Rex Richardson, 1st Vice Chair	Long Beach	District 29		1		1	1	0							3
Hon. Clint Lorimore, 2nd Vice Chair	Eastvale	District 4		1		1	1	1							4
Hon. Alan Wapner, Imm. Past. Chair		SBCTA		1		1	1	1							4
Hon. Peggy Huang, Chair, CEHD		TCA		0		1	0	1							2
Hon. Stacy Berry, Vice Chair, CEHD	Cypress	District 18		1		1	1	0							3
Supervisor Linda Parks, Chair, EEC		Ventura County		1		0	1	1							3
Hon. David Pollock, Vice Chair, EEC	Moorpark	District 45		1		1	1	1							4
Hon. Cheryl Viegas-Walker, Chair, TC	El Centro	District 1		1		1	1	1							4
Hon. Jess Talamantes, Vice Chair, TC	Burbank	District 42		1		1	1	1							4
Hon. Jan Harnik, Chair, LCMC		RCTC							1						1
Hon. Margaret Clark, Vice Chair, LCMC	Rosemead	District 32		1		1	1	1							4
Hon. L. Michael Dennis, President's Appt.	Rancho Cucamonga	District 9		1		1	0	1							3
Hon. Margaret Finlay, President's Appt.	Duarte	District 35		1		1	1	1							4
Hon. Frank Navarro, President's Appt.	Colton	District 6		1		0	1	1							3
Supervisor Luis Plancarte, President's Appt.		Imperial County		0		1	1	1							3
Hon. Brian McDonald	Chemehuevi Indian Tribe	Tribal Government Regional Planning Board		0		1	1	1							3
Mr. Randall Lewis, Ex-Officio Member	Lewis Group of Companies	Business Representative		1		1	1	1							4



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)
From: Art Yoon, Director of Policy and Public Affairs,
(213) 236-1840, ArtYoon@scag.ca.gov
Subject: SCAG Memberships and Sponsorships

EXECUTIVE DIRECTOR'S
APPROVAL

Kome Ajise

RECOMMENDED ACTION:

Approve

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal

EXECUTIVE SUMMARY:

At its meeting on October 15, 2019, the Legislative/Communications and Membership Committee (LCMC) recommended approval of up to \$10,000 in sponsorships for CoMotion LA's 2019 Leadership Conference.

BACKGROUND:

Item 1: CoMotion LA's 2019 Leadership Conference

Type: Sponsorship Amount: \$10,000

The CoMotion LA's 2019 Leadership Conference will be held from November 14-15, 2019. Through curated discussions, expert meetings, press conferences and private receptions, the event will bring together key players across disciplines and industries to emerge with new policy and innovation mandates for a more connected, innovative and sustainable urban future.

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

SCAG sponsored this event last year and the feedback was very positive due to the integration of the agency's *GoHuman* campaign. SCAG staff recommends sponsorship of this event in the amount of \$10,000, which will provide SCAG with the following:

- SCAG to be branded as a CoMotion LA '19 Partner, which includes branding on websites, print, marketing materials, social media channels, and on-site signage;
- Speaking opportunity for SCAG's Executive Director during conference;
- Five (5) admission passes for senior SCAG executives and leadership team and/or clients to the thought-leadership conference and for the duration of the event;
- Possibility of integrating and showcasing SCAG's assets throughout CoMotion LA (i.e. Parklets, GoHuman Campaign, etc.); and
- SCAG news to be shared on CoMotion newsletters. Specifically, possibility for SCAG to contribute original Mobility perspectives (op-eds) to be included on the CoMotion newsletter and shared by LA CoMotion social media channels.

FISCAL IMPACT:

\$10,000 for memberships/sponsorships is included in the approved FY 19-20 General Fund budget.



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)
From: Art Yoon, Director of Policy and Public Affairs,
(213) 236-1840, ArtYoon@scag.ca.gov
Subject: State and Federal Legislative Monthly Update

EXECUTIVE DIRECTOR'S
APPROVAL

Handwritten signature: Kome Ajise

RECOMMENDED ACTION:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 2: Advance Southern California's policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

STATE

California Transportation Commission and California Air Resources Board Hold Joint Meeting

On October 10, 2019, the California Transportation Commission (CTC) and California Air Resources Board (CARB) held the second joint meeting of 2019 in Modesto, CA. Assembly Bill (AB) 179 (Cervantes, 2017) requires the CTC and CARB to meet at least twice a year to coordinate implementation of transportation programs and policies. The joint meeting was held the following day after the regular CTC meeting.

The joint meeting covered numerous relevant issues impacting transportation, air quality conformity, and housing, including the Federal Safer Affordable Fuel Efficient (SAFE) Vehicles Rule, state housing requirements, Governor Newsom's Executive Order N-19-19, and general updates provided by CTC Director Susan Bransen and CARB Executive Officer Richard Corey. Starting in 2020, AB 185 (Grayson and Cervantes, 2019) will require a representative from the Department of Housing and Community Development (HCD) also to participate in joint meetings.

Governor Newsom's Statewide Rent and Housing Tour

During the week of October 7, 2019, Governor Newsom launched a statewide tour to sign a series of bills that impact the housing crisis. In Oakland, CA, Governor Newsom signed into law AB 1482 (Chiu, D-San Francisco), which creates a statewide rent cap and eviction protections for tenants. The following day in San Diego, the Governor signed into law Senate Bill (SB) 113 (Committee on

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

Budget and Fiscal Review), a bill meant to “clean up” some of the language in the larger housing trailer bill. To recap, the housing trailer bill funds the Local Government Planning Support Grants program, which provides one time funding of \$250 million to cities, counties, and regions to help update planning documents. Of this total, half is provided for councils of governments (COGs) that administer the Regional Housing Needs Assessment (RHNA) in their regions. SB 113 specifies that COGs are allowed to apply for a portion of the Local Government Planning Support Grants Program to assist with putting together the entire program application. Finally, in Los Angeles, the Governor signed SB 330 (Skinner, D-Berkeley) into law, which suspends local practices that are obstacles to housing production, such as housing moratoriums and certain fees. The Governor also signed several bills supporting the production of Accessory Dwelling Units (ADUs), as well as other legislation to streamline production.

Governor Newsom’s Action on Bills with SCAG Position

October 13, 2019 was the deadline for Governor Newsom to act on bills sent to him by the Legislature. Overall, 1,042 bills were sent to the Governor’s desk; 870 were signed and 172 were vetoed. Since the beginning of session, the Regional Council adopted positions on 16 bills covering SCAG’s main issue areas of housing and transportation. Of the 16 bills, only eight (8) were approved by the Legislature and sent to the Governor’s desk. The other half of bills with SCAG positions did not meet certain bill deadlines and were held in various policy committees. The table below details all of the Assembly and Senate bills with SCAG-adopted positions in numerical order:

Bill Number	Bill Name	Author	SCAG Position	Status
AB 10	Income taxes: credits low-income housing: farmworker housing	Chiu (D-San Francisco)	Support	Held in Senate Appropriations Committee.
AB 11	Community Redevelopment Law of 2019	Chiu (D-San Francisco)	Support If Amended	Re-referred to Assembly Appropriations Committee.
AB 47	Driver records: points: distracted driving	Daly (D-Anaheim)	Support	Approved by the Governor and chaptered on 10/08/19.
AB 185	California Transportation Commission: transportation and transportation-	Grayson (D-Concord) and Cervantes (D-Riverside)	Support	Approved by the Governor and chaptered on 10/07/19.

	related policies: joint meetings			
AB 252	Department of Transportation: environmental review process: federal program	Daly (D-Anaheim)	Support	Approved by the Governor and chaptered on 07/31/19.
AB 335	Imperial County Transportation Commission	Garcia (D-Coachella)	Support	Approved by the Governor and chaptered on 06/26/19.
AB 1093	Municipal separate storm sewer systems: financial capability analysis	Rubio (D-Baldwin Park)	Support	Vetoed by the Governor on 09/27/19.
AB 1568	Housing law compliance: prohibition on applying for state grants	McCarty (D-Sacramento)	Oppose	Hearing postponed in Assembly Appropriations Committee.
SB 5	Affordable Housing and Community Development Investment Program	Beall (D-San Jose)	Support	Vetoed by the Governor on 10/13/19.
SB 128	Public contracts: Best Value Construction Contracting for Counties Pilot Program	Beall (D-San Jose)	Neutral	Originally a support position but bill underwent a significant gut and amend; SCAG adopted neutral position.
SB 168	Climate change: Chief Climate Resilience Officer	Wieckowski (D-Fremont)	Support And Amend	Held in Assembly Appropriations Committee.
SB 277	Road Maintenance and Rehabilitation Program: Local Partnership	Beall (D-San Jose)	Watch	Vetoed by the Governor on 10/12/19.

	Program			
SB 307	Water conveyance: use of facility with unused capacity	Roth (D-Riverside)	Oppose	Approved by the Governor and chaptered on 07/31/19.
SB 498	Trade Corridors Improvement Fund: grant program: short-line railroads	Hurtado (D-Sanger)	Oppose	SB 498 did not advance but language was placed in state's budget bill.
SB 592	Housing development: Housing Accountability Act: permit streamlining	Wiener (D-San Francisco)	Oppose Unless Amended	Re-referred to Assembly Committee on Rules.
SB 664	Electronic toll and transit fare collection systems	Allen (D-Santa Monica)	Support	Re-referred to Assembly Committees on Privacy and Consumer Protection and Judiciary.

FEDERAL

Federal Appropriations Update

On September 27, 2019, President Trump signed into law House Resolution (H.R.) 4378, a continuing resolution (CR) that maintains current funding levels through Thursday, November 21, 2019. Passage of this CR averted a federal government that would have started on October 1, 2019. Congress now has eight weeks to finish its work on the dozen appropriation bills that will form the FY2020 budget. Failure to pass a budget or another CR by November 21, 2019 would mean a government shutdown.

To recap, the House of Representatives and Senate diverged in their approaches to the dozen appropriation bills. The House of Representatives has passed 10 of the 12 federal agency funding bills. However, over in the Senate, the full chamber has yet to pass any of the 12 funding bills, though the Senate Appropriations Committee has begun to approve some of the appropriation bills. Once the Senate Appropriations Committee approves a funding bill, it will be eligible for a full vote by the Senate. The Senate decided to wait until a spending limit agreement was in place, which came at the start of August, eliminating the possibility of mandatory across the board budget cuts to federal agencies.

Electric Bus Manufacturers Provision in National Defense Authorization Act

The National Defense Authorization Act (NDAA) is a yearly package of federal laws that specifies annual budget and expenditures of the U.S. Department of Defense. For the Fiscal Year (FY) 2020 NDAA, both the House and Senate versions contain provisions dealing with acquisition of rolling stock from Chinese manufacturers. Specifically, in the House NDAA, there is a provision (Section 896) that would prohibit transit agencies from using federal dollars to purchase rail cars from Chinese state-owned, controlled, or subsidized companies. The Senate's version goes one step further and adds bus manufacturers to contract prohibitions (Section 6015). By including buses, the Senate's version would eliminate one of the three major manufacturers of electric buses in the United States. BYD would be the sole manufacturer affected by this provision and its facility is located in Lancaster, CA, where nearly 1,000 individuals are currently employed.

The NDAA has already been approved by the House and Senate. Appointed conference committee members are currently resolving differences between both bills of which this provision is of great importance. It should also be noted that the Los Angeles County Board of Supervisors voted on October 15, 2019 to send a letter to its Congressional Delegation in support of the House's version of the NDAA and opposing the Senate's version. That motion can be found here: <https://bit.ly/2IRBVsk>.

This Page Intentionally Left Blank



**AGENDA ITEM 4
REPORT**

Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

From: Basil Panas, Chief Financial Officer, 213-236-1817,
panas@scag.ca.gov

Subject: Purchase Orders \$5,000 - \$199,999; Contracts \$25,000 -
\$199,999 and Amendments \$5,000 - \$74,999

**EXECUTIVE DIRECTOR'S
APPROVAL**

RECOMMENDED ACTION:

For Information Only - No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

BACKGROUND:

SCAG executed the following Purchase Orders (PO's) more than \$5,000 but less than \$200,000

<u>Vendor</u>	<u>PO Purpose</u>	<u>PO Amount</u>
Public Agency Retirement Services	FY20 PARS Retirement Plan	\$100,000
JW Marriott Desert Springs Resort & Spa	Deposit For 2020 General Assembly	\$50,000
CALCOG	FY20 CALCOG Membership	\$42,750
ENO Transportation Foundation	FY20 ENO Transportation Membership	\$10,500
City Fare, Inc.	FY20 Regional Council Meeting Provisions	\$10,000
Futureports	FY20 Future Membership	\$10,000
Info USA Marketing, Inc.	FY20 US Historical Business Data	\$9,800
Thomson West	FY20 Legal Subscription	\$9,600
Politico	FY20 Subscription	\$8,190
County Of Ventura- Assessor	Ventura County Parcel Attributes	\$7,706
American Public Transportation Assoc.	F20 APTA Membership	\$5,772
Citilabs Inc.	F20 Citilabs Software Renewal	\$5,490
Mobility 21	2019 Mobility 21 Summit Sponsorship	\$5,000

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



SCAG executed the following Contract more than \$25,000 but less than \$200,000

<u>Consultant/Contract #</u>	<u>Contract's Purpose</u>	<u>Contract Amount</u>
1. Civilian, Inc. (19-022-C02)	Consistent with the requirements of the State of California, Office of Traffic Safety Grant that funds this project, the consultant shall provide work on the <i>Go Human</i> program (an advertising campaign that promotes walking, biking and traffic safety) through local community engagement by offering co-branded campaign materials to at least 25 local public agencies or non-profit organizations region-wide.	\$102,980
2. Partners for Better Health (20-013-C01)	The purpose of this project is to implement a Randall Lewis Public Health and Data Science Policy Fellowship (“Fellowship”) in the Southern California region. Specifically, the consultant will place students from local universities seeking their master degrees in public health and data science positions with SCAG or local (city or county) agencies to facilitate collaboration and better understanding of various public health issues and support the implementation of technology/data analytics projects related to the implementation of SCAG’s 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS – currently referred to as Connect SoCal).	\$100,000

SCAG executed the Amendment more than \$5,000 but less than \$75,000

<u>Consultant/Contract #</u>	<u>Amendment's Purpose</u>	<u>Amendment Amount</u>
1. Center for the Continuing Study of the California Economy (CCSCE) (17-033-C1)	This amendment enables the consultant to continue to provide as-needed technical assistance to support region-	\$14,974



SCAG executed the Amendment more than \$5,000 but less than \$75,000

<u>Consultant/Contract #</u>	<u>Amendment's Purpose</u>	<u>Amendment Amount</u>
2. Regional Analysis & Planning Services Inc.	This amendment enables the consultant to continue to provide expert assistance with responding to the findings and recommendations made by Caltrans in their audits of SCAG's Incurred Costs and Indirect Cost Allocation Plan.	\$6,725

ATTACHMENT(S):

1. Contract Summary 19-022-C02
2. Contract Summary 20-013-C01
3. Contract Summary 17-033-C1 Amendment 5
4. Contract Summary 19-010-C01 Amendment 1

CONSULTANT CONTRACT 19-022-C02

Recommended Consultant:	Civilian, Inc.
Background & Scope of Work:	Consistent with the requirements of the State of California, Office of Traffic Safety Grant that funds this project, the consultant shall provide work on the <i>Go Human</i> program (an advertising campaign that promotes walking, biking and traffic safety) through local community engagement by offering co-branded campaign materials to at least 25 local public agencies or non-profit organizations region-wide.
Project's Benefits & Key Deliverables:	The project's benefits and key deliverables include, but are not limited to: <ul style="list-style-type: none">• Support for partner agencies and local jurisdictions with traffic safety strategies through the development of co-branded materials that promote safer driving, bicycling and pedestrian safety; and• Co-branding, printing and delivery of materials for 25 partners.
Strategic Plan:	This item supports SCAG's Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians; and Goal 4: Provide innovative information and value-added services to enhance member agencies' planning and operations and promote regional collaboration.
Contract Amount:	Total not to exceed \$102,980 Civilian, Inc. (prime consultant)
Contract Period:	August 19, 2019 through September 23, 2019
Project Number(s):	225-3564J4.13 \$102,980 Funding source: Office of Traffic Safety Grant (OTS)
Request for Proposal (RFP):	Not applicable
Selection Process:	Staff originally awarded the contract to a company named Orchestr8. But shortly after starting the contract in July 2019, this company informed staff that they were not able to perform the work on this time sensitive project (staff had to use the project's OTS grant funds by September 22, 2019). Accordingly, to meet this time table, staff requested and the Office of Traffic Safety approved awarding a sole source contract to Civilian, Inc. Staff selected Civilian, Inc., based on previous successful engagement with this consultant for similar work. Civilian, Inc. was selected because of their expertise, further described in the Basis for Selection below.
Basis for Selection:	SCAG staff selected Civilian, Inc. for the contract award because the consultant: <ul style="list-style-type: none">• Demonstrated a complete understanding of the project, specifically the consultant understands the goals and context priorities of SCAG's Go Human campaign;• Exhibited a strong familiarity with project deliverables and identified streamlined processes to provide the greatest value and efficiencies; and• Provided an excellent overall value for the level of effort proposed.

CONSULTANT CONTRACT 20-013-C01

Recommended Consultant:	Partners for Better Health																		
Background & Scope of Work:	<p>The purpose of this project is to implement a Randall Lewis Public Health and Data Science Policy Fellowship (“Fellowship”) in the Southern California region. Specifically, the consultant will place students from local universities seeking their master degrees in public health and data science positions with SCAG or local (city or county) agencies to facilitate collaboration and better understanding of various public health issues and support the implementation of technology/data analytics projects related to the implementation of SCAG’s 2016-2040 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS – currently referred to as Connect SoCal). Each student, referred to as a “Randall Lewis Public Health or Data Science Fellow,” will complete a total of four hundred (400) working hours with SCAG or a local agency. Partners for Better Health conducts screenings and selection of all cities and applicants for the fellowship and is responsible for placing the fellows and monitoring their progress.</p>																		
Project’s Benefits & Key Deliverables:	<p>The project’s benefits and key deliverables include, but are not limited to:</p> <ul style="list-style-type: none">• Resources for local cities interested in conducting public health and healthy transportation policy changes;• Resources for local cities for data science projects related to transportation and reducing VMT and GHG emissions; and• Building a workforce of talented health policy and data science professionals to support the region meeting the goals of the RTP/SCS.																		
Strategic Plan:	<p>This item supports SCAG’s Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians and Goal 3: Provide innovative information and value-added services to enhance member agencies’ planning and operations and promote regional collaboration.</p>																		
Contract Amount:	Total not to exceed \$100,000																		
Contract Period:	October 1, 2019 through June 30, 2020																		
Project Number(s):	<table border="0"><tr><td>280.4840U5.01</td><td>FY19 SB 1 Formula</td><td>\$31,870</td></tr><tr><td>280.4840E.01</td><td>TDA</td><td>\$4,130</td></tr><tr><td>280.4840U5.01</td><td>FY19 SB 1 Formula</td><td>\$8,853</td></tr><tr><td>280.4840E.01</td><td>TDA</td><td>\$1,147</td></tr><tr><td>050.0169B.08</td><td>FTA 5303</td><td>\$47,806</td></tr><tr><td>050.0169E.08</td><td>TDA</td><td>\$6,194</td></tr></table> <p>Funding sources: Fiscal Year 19 Senate Bill 1 (SB 1) Formula, Federal Highway Administration, Metropolitan Planning (FHWA PL), and Transit Development Act (TDA).</p>	280.4840U5.01	FY19 SB 1 Formula	\$31,870	280.4840E.01	TDA	\$4,130	280.4840U5.01	FY19 SB 1 Formula	\$8,853	280.4840E.01	TDA	\$1,147	050.0169B.08	FTA 5303	\$47,806	050.0169E.08	TDA	\$6,194
280.4840U5.01	FY19 SB 1 Formula	\$31,870																	
280.4840E.01	TDA	\$4,130																	
280.4840U5.01	FY19 SB 1 Formula	\$8,853																	
280.4840E.01	TDA	\$1,147																	
050.0169B.08	FTA 5303	\$47,806																	
050.0169E.08	TDA	\$6,194																	
Request for Proposal (RFP):	Staff awarded a non-profit sole source contract to them pursuant to State of California Contracts Manual, Sections 3.15 and 3.17 regarding Subvention and Local Assistance Contracts.																		

Selection Process: SCAG originally entered into a partnership with Partners for Better Health to provide technical assistance resources around the issues of public health and transportation to support implementation of the 2016 RTP/SCS. Through the partnership SCAG has provided partial funding to fellows working on transportation and health issues with local cities to encourage policy change and health built environments. Partners for Better Health was originally selected due to their expertise in administering a health policy fellowship that aligned with SCAG’s desired outcomes and goals. Since then they have provided excellent services in the selection of fellows and administration of the fellowship which has supported SCAG in expanding the understanding of how the build environment affects health across the region.

Basis for Selection: As previously stated, given Partners for Better Health’s unique niche expertise, staff awarded a non-profit sole source contract to them pursuant to State of California Contracts Manual, Sections 3.15 and 3.17 regarding Subvention and Local Assistance Contracts.

CONTRACT 17-033-C1 AMENDMENT 5

Consultant: Center for the Continuing Study of the California Economy (CCSCE)

Background & Scope of Work: On May 3, 2017 staff awarded Contract 17-033-C1 to CCSCE to develop and execute the best practice forecast framework that ensures the updated regional growth forecasts are consistent with assumptions of regional demographic and economic trends. Staff requires additional as-needed technical assistance to support region-level integrated growth forecasting, housing research efforts, and analysis of state-level policy changes impacting each.

This amendment increases the contract value from \$50,037 to \$65,011 (\$14,974). This increase is due to the continued need for outside expert assistance regarding the integration of growth forecasting into long-range housing and transportation planning jointly, as the 2020 Regional Transportation Plan /Sustainable Communities Strategy (RTP/SCS – or Connect SoCal) and 6th cycle Regional Housing Needs Assessment (RHNA) progress in a landscape of changing state priorities.

Project’s Benefits & Key Deliverables: This project’s benefits and key deliverables include, but are not limited to the socioeconomic growth forecasts used as input for the 2020 RTP/SCS and 6th cycle RHNA and their continued refinement given changes to key state policy regarding both. Key deliverables include identification consultation, memoranda, technical analyses, and presentations.

Strategic Plan: This item supports SCAG’s Strategic Plan Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective: a) Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

Amendment	Amendment 5	\$14,974
Amount:	Amendment 4 (administrative - no change to contract’s value)	\$0
	Amendment 3 (administrative - no change to contract’s value)	\$0
	Amendment 2 (administrative - no change to contract’s value)	\$0
	Amendment 1 (administrative - no change to contract’s value)	\$0
	Original contract value	<u>\$50,037</u>
	Total contract value is not to exceed	\$65,011

This amendment does not exceed \$75,000 or 30% of the contract’s original value. Therefore, in accordance with the SCAG Procurement Manual (dated 12/01/16) Section 8.3, it does not require the Regional Council’s approval.

Contract Period: June 30, 2019 to June 30, 2020

Project Number: 055-4856B.01 \$21,689.77

Funding sources: Consolidated Planning Grant – Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) Transportation Development Act (TDA).

**Basis for the
Amendment:**

While SCAG's integrated growth forecast for the 2020 RTP/SCS and the 6th cycle of RHNA have been developed, continued changes to the way in which state agencies regulating these processes have impacted the way in which growth forecasts are to be used for transportation and housing planning. The consultant's longstanding expertise in this area is needed to ensure that SCAG can support its forecasting efforts and develop improvements for the future.

CONTRACT 19-010-C01 AMENDMENT 1

Consultant: Regional Analysis & Planning Services Inc.

Background & Scope of Work: On September 7, 2018, SCAG awarded Contract 19-010-C01 to Regional Analysis & Planning Services Inc. to provide expert assistance with responding to the findings and recommendations made by Caltrans in their audits of SCAG’s Incurred Costs and Indirect Cost Allocation Plan. Regional Analysis and Planning Services, Inc. (RAPS) is the 501 c 3. non-profit arm of the Association of Monterey Bay Area Governments. SCAG hired RAPS because the principals of the firm are former heads of Caltrans Office of Independent Audits and Investigations (the department that conducted SCAG’s audits). Given the ongoing need for the consultant’s services at a critical point in time, SCAG requires further assistance to in its efforts to fully respond to the audit findings and negotiate a resolution to the disallowed costs (beginning June 21, 2019).

This amendment increases the contract value from \$22,575, to \$29,300 (\$6,725) and extends the contract term from 6/30/19 to 12/31/19.

Project’s Benefits & Key Deliverables: The project’s benefits and key deliverables include, but are not limited to:

- Responding fully to the issues cited in the Caltrans audits, and
- Negotiating a settlement of the disallowed costs.

Strategic Plan: This item supports SCAG’s Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

Amendment	Amendment 1	\$6,725
Amount:	Original contract value	<u>\$22,575</u>
	Total contract value is not to exceed	\$29,300

This amendment does not exceed \$75,000 or 30% of the contract’s original value. Therefore, in accordance with the SCAG Procurement Manual (dated 12/01/16) Section 8.3, it does not require the Regional Council’s approval.

Contract Period: September 7, 2018 through December 31, 2019

Project Number: 800-0160.04 \$29,300
Funding source: General Fund

Basis for the Amendment: Staff made the original contract award in accordance with the Regional Council Policy Manual, Article VIII, Section 1.2 (updated September 2009, pg. 26), and the SCAG Procurement Manual (sections 3.3. and 3.4) which authorizes the Executive Director or his designee (the Chief Financial Officer) to approve a consultant contract without competition, if the contract is less than \$200,000 and paid for from the General Fund.

Given the ongoing need for the consultant’s services at a critical point in time, SCAG requires further assistance to in its efforts to fully respond to the audit findings and negotiate a resolution to the disallowed costs (beginning June 21, 2019).

This Page Intentionally Left Blank



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)
From: Basil Panas, Chief Financial Officer, 213-236-1817,
panas@scag.ca.gov
Subject: Caltrans Audits' Corrective Action Plans Status Update

EXECUTIVE DIRECTOR'S
APPROVAL

Kome Ajise

RECOMMENDED ACTION:

For Information Only - No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

At its August 1, 2019 Regional Council meeting, staff reported that SCAG had filed responses to the final Caltrans Corrective Action Plans, along with Plans of Cost Substitution, on July 12, 2019. This was in connection with the Incurred Cost Audit report and the Indirect Cost Allocation Plan Audit report which were issued by Caltrans in September 2018 and January 2019, respectively. The August 1st report and all attachments are attached to this report.

On October 8, 2019, SCAG received Caltrans' reply to SCAG's July 12 submittal acknowledging receipt as well as requesting supporting information and documentation to be sent to Caltrans by November 7, 2019. Copies of the Caltrans letters are attached. Staff will respond to this request and comply with all CAP provisions by the stated deadlines in the October 8th letters. This report, which was shared with the Audit Committee on October 23, 2019, provides a status update on the CAPs as well as other agency efforts underway to support continuous improvement for project management and related processes, policies, and procedures.

BACKGROUND:

Corrective Action Plans

Caltrans issued the final Corrective Action Plans (CAPs) for the Incurred Cost Audit (ICA) and Indirect Cost Allocation Plan (ICAP) Audit on May 7, 2019. At the time of receipt SCAG had already began the process of implementing the required steps in late 2018 based on preliminary audit reports from Caltrans. Since staff submitted its July response both Caltrans Planning and Modal Programs staff and SCAG staff agreed to extend the milestone for several findings that was listed as October 31, 2019 to November 30, 2019.

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

The table below summarizes our progress to date:

Audit Type	100 % Complete	90%+ Complete	< 90% Complete	Total Recommendations
ICA	14	8	1	23
ICAP	10	6	0	16

As can be seen from the table above, this work is nearing its completion and is on schedule for completion by November 30, 2019, with the exception of fully implementing a Project Management Office which is the outstanding item related to the ICA recommendation not 90% complete.

Amongst the most significant steps taken so far include:

- (a) Adoption of the new Event Sponsorship Policy by the Regional Council at the August 1, 2019 meeting.
- (b) Establishment of the 4 P’s staff committee on August 13, 2019, whose purpose is to meet Caltrans Corrective Action Plan requirements, as well as identify and establish best practices for project management and all related processes, policies and procedures. The 4 P’s are co- led by the Chief Strategy Officer and Chief Financial Officer. The team consists of a core team of the Finance Managers, and a Regional Planner Specialist from Planning and includes advisory members of the Chief Counsel and Internal Auditor and Executive Sponsor, Chief Operations Officer. This team meets weekly and reports progress regularly at the Executive Team meetings, other management meetings and the All Staff Meeting.
- (c) The implementation of a new Travel Policy effective September 1, 2019 which is compliant with the State’s HR policy. Training is occurring in October.
- (d) Completion of Caltrans training by key staff regarding the procurement of Architectural and Engineering projects. Additional training recently became available on demand through a Caltrans Webinar and will be made available to all staff required to take it.

The remaining work entails updating SCAG’s Accounting, Budget & Grants, Procurement and Project Management Manuals to capture all of the Caltrans recommendations and then training staff on their implementation. The updated Procurement Manual which will include SCAG’s written policies and procedures for architectural and engineering procurements will be subject to review and approval by the Regional Council in accordance with federal law. The completion target date for updated manuals and associated first round of training is November 30, 2019. An important element in going forward is providing ongoing training for new and existing employees to ensure the processes, policies and procedures are embedded in the organization’s work.

The work on the Caltrans CAPs is the first part of a trio of initiatives under way as part of the 4 P's staff committee. While the CAPs work has a deadline of November 30, 2019, the other two initiatives will take longer to complete.

Procurement Process Streamlining

The second initiative relates mainly to SCAG streamlining its procurement model. In addition to the findings of the Caltrans Audit, SCAG staff also conducted a vendor survey to gain feedback and insights into how it can improve its processes to better serve the vendor population and increase the number of qualified bidders for SCAG work. The survey results overlapped with areas in the Caltrans Audit findings as well as general observations and views held by staff. A summary of the results are attached to this report. Since the survey was completed the 4 P's Committee has been charged with incorporating the results into the overall 4 P's effort.

It is also focused on finding ways to:

- (a) Reduce the number of contract amendments SCAG performs, and
- (b) Shorten SCAG's procurement cycle
- (c) Improving the overall process

Project Management

The third initiative concerns SCAG's project management. Several of the Caltrans findings confirmed that its overall project management practices and expertise were in need of improvement. As SCAG has grown over the years in scale and complexity, staff have adapted by implementing new procedures aimed at particular situations without thoroughly evaluating systemic improvements. Under the leadership of the Planning Director at the time, SCAG hired an outside consultant to evaluate all of SCAG's project management practices, including related procurement and financial processes, and to develop a cohesive and comprehensive package of improvements. The consultant's work has been completed and the 4 P's are working through implementing the improvements identified. This effort includes process improvement and establishment of an enterprise Project Management Office by June 30, 2020 which is intended to ensure solid agency wide project management practices are embedded and followed consistently.

This initiative will take the longest to complete since it requires process improvement work, and staffing not currently included in the SCAG budget.

FISCAL IMPACT:

The final Corrective Action Plans issued by Caltrans seek \$4,401,565 in reimbursement from SCAG as follows: \$2,148,589 for disallowed costs in Incurred Cost Audit and \$2,252,976 for disallowed costs in the Indirect Cost Allocation Plan Audit. The final amount of repayment is subject to Caltrans review of SCAG's submissions to the October 8th letters, due November 7th, as well as satisfactory compliance with all CAP provisions. Staff have formally proposed using other allowable

project costs to substitute for the disallowed costs. The October 8th letters indicates that the determination will be subject to Caltrans and Federal agencies' (FHWA and FTA) review and approval following SCAG's response to the October 8th letters and submittal of supporting documentation.

ATTACHMENT(S):

1. Caltrans Response ICAP Audit CAP 10.8.19
2. Caltrans Response SCAG IC Audit CAP 10.8.19
3. CAPs on RC Agenda of 8-1-19
4. ICA Matrix as of 10-15-19
5. ICAP Matrix as of 10-15-19
6. Vendor Survey
7. Survey Comments

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE DIRECTOR
 P.O. BOX 942873, MS-49
 SACRAMENTO, CA 94273-0001
 PHONE (916) 654-5368
 FAX (916) 653-5776
 TTY 711
 www.dot.ca.gov

Attachment 1



*Making Conservation
 a California Way of Life.*

October 8, 2019

Mr. Kome Ajise
 Executive Director
 Southern California Association of Governments
 900 Wilshire Blvd, Suite 1700
 Los Angeles, CA 90017

Dear Mr. Ajise:

This letter is in response to the Southern California Association of Governments (SCAG) letter dated July 11, 2019, regarding the SCAG Fiscal Year (FY) 2016-17 Indirect Cost Allocation Plan (ICAP) Audit Corrective Action Plan. The California Department of Transportation (Caltrans) appreciates SCAG's response to outline the corrective actions that have or will be implemented as well as their cooperation and coordination with implementing the corrective action plan. In reviewing SCAG's responses, Caltrans requires additional clarification and documentation to fully resolve the audit findings and ensure the corrective actions will be implemented. Caltrans requests that SCAG respond within 30 days of this letter to provide additional information and acknowledge that supporting documentation is required upon completion of the corrective actions. Please note, the request for further clarification and documentation for corrective actions requested below may fulfill multiple findings. For findings where training is identified as a corrective action, SCAG must establish re-occurring training as a refresher to current staff and training for new staff.

Finding # 1—Improper Procurement Practices

SCAG's procurement practices for ten IT consultant procurements tested did not support that fair and open competition was performed, or that proper procurement procedures were followed as required by Caltrans agreement provisions, federal and State procurement requirements, and SCAG's policies and procedures. The noncompliant procurement practices resulted in unallowable costs billed direct to Caltrans in the amount of \$627,179 and unallowable indirect costs included in the FY 2014-15 actual indirect cost pool in the amount of \$164,628. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide documentation that demonstrates how SCAG ensures costs that are not in compliance with federal and State procurement regulations are excluded

- from the indirect cost pool. SCAG should establish a review policy or procedure to ensure all unallowable costs are being excluded from their indirect cost pool.
- B. Provide an estimated date of completion for SCAG's Procurement Policies and Procedures manual. Please provide copy of the updated Procurement Policies and Procedures Manual and written guidance addressing the major changes made that comply with federal and State regulations issued by the SCAG Chief Financial Officer to all staff. Please provide a staff sign-in sheet and training materials for the training that will be provided to staff by November 30, 2019.
 - C. Provide an estimated date of completion for this corrective action. Provide a staff sign-in sheet and training materials for training conducted on February 11, 2019. Caltrans will work with SCAG to identify non-Architectural and Engineering (A&E) training and guidance.
 - D. Provide documentation to support that proper procurement procedures were followed for one executed contract that was executed after the issuance of the final audit report on January 9, 2019. Please provide a copy of the detailed sign-off sheet used by the Manager of Contracts to review and approve procurement actions.
 - E. Provide an estimated date of completion for this corrective action. Provide registration confirmation and a staff sign-in sheet for staff that attended the Caltrans' A&E training on August 15, 2019.
 - F. Please provide a staff sign-in sheet and training materials for "Using the American Association of State Highway Transportation Officials Audit Guide for the Procurement and Administration of A&E Contracts" training on May 22, 2019. Provide a staff sign-in sheet, agenda, and procurement training materials for the future All Staff Meeting.
 - G. Provide supporting documentation (such as, contract administration files, etc.) for the Division of Transportation Planning (DOTP) to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).
 - H. Caltrans acknowledges that this corrective action is complete.
 - I. Caltrans acknowledges that this corrective action is complete.

Finding # 2–Deficient Charging Practices

SCAG's charging practices related to billing indirect and direct costs to Caltrans were deficient and resulted in billings that were not in compliance with Caltrans agreement provisions and federal and State regulations. Specifically, SCAG billed an indirect rate for FY 2016-17 that included unallowable direct and indirect costs and billed indirect and ineligible direct labor costs to a direct project/work element. The charging practices implemented by SCAG did not ensure the proper segregation of direct, indirect, and unallowable costs in the accounting records and costs included on the billings to Caltrans.

Finding 2A–Unallowable Indirect Costs Included in the FY 2016–17 ICAP

In testing 41 transactions within 15 indirect cost accounts for the FY 2014-15 carryforward, Caltrans found that SCAG included direct, unallowable, and unsupported costs in the indirect cost pool. Unallowable costs totaling \$196,617 were due to weak internal controls, improper charging practices, and non-compliant vendor procurements. Unallowable mileage costs totaling \$11,986 were also included in the indirect cost pool of SCAG's FY 16-17 ICAP. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Caltrans acknowledges that this corrective action is complete.
- B. Caltrans acknowledges that this corrective action is complete.
- C. Provide an estimated completion date for this corrective action. Provide a copy of the updated Accounting Manual indicating that SCAG will review indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and allowable; and are supported by original source documentation. Provide a staff sign-in sheet and training materials for training provided to staff by November 30, 2019.
- D. Caltrans acknowledges that this corrective action is complete.
- E. Provide an estimated completion date for this corrective action. Please submit a copy of the updated Accounting Manual indicating the established written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations. Please provide a staff sign-in sheet and training materials for the staff training that will be conducted by November 30, 2019.
- F. Provide an estimated completion date for this corrective action. Please submit

a copy of the updated Accounting Manual indicating that language which excludes the Internal Auditor from reviewing and approving travel expenses. Please provide a staff sign-in sheet and training materials for the staff training that will be conducted by November 30, 2019.

- G. Provide a copy of SCAG's new travel policy that is compliant with federal and State regulations regarding travel. Please provide a staff sign-in sheet and training materials for staff training that will be conducted by November 30, 2019.

Finding 2B–Unallowable Labor Costs

The Incurred Cost Audit, dated July 24, 2018, identified indirect and ineligible costs charged to the Work Element 120 which was established for direct costs related to development and administration of the Overall Work Program (OWP). This will impact the FY 2016–17 ICAP. Eligible tasks included the development of the OWP, preparation of the annual budget and amendments to the budget, and preparation of Quarterly Progress Reports. In the Incurred Cost Audit, Caltrans found that SCAG accountants and contract administrators charged time for the review and approval of consultant invoices which were ineligible and indirect in nature. SCAG's charging practices remained unchanged for FY 2016–17 and unallowable costs were billed to Work Element 120. Based on an analysis of SCAG's labor reports for FY 2016–17, \$1,625,797 of indirect labor related to accountants, contract administrators, and an internal auditor were inappropriately charged direct to the Work Element 120.

SCAG does not have adequate policies and procedures related to labor charging practices. In addition to billing ineligible costs identified, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide supporting documentation (such as contract administration files, etc.) for the DOTP to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the FHWA and the FTA.
- B. Provide a copy of the Finance Manual and the Project Management Manual upon completion indicating the new policies and procedures to ensure billings to Caltrans are based on actual labor costs incurred. Please provide a staff sign-in sheet and training materials for the training that will be provided to staff by November 30, 2019.
- C. Provide a copy of the Finance Manual and the Project Management Manual

Mr. Kome Ajise
October 8, 2019
Page 5

upon completion indicating proper and consistent labor charging practices and charging practices for staff meetings and other non-project or work element activities. Please provide a staff sign-in sheet and training materials for the training that will be provided to staff by November 30, 2019.

Conclusion:

Please provide the recommended documentation and anticipated completion dates for the corrective actions above to Erin Thompson, Chief, Office of Regional Planning within 30 days of this letter. After the proper course of action has been decided upon, SCAG must repay Caltrans for the disallowed costs according to a mutually-determined repayment method and schedule.

It is imperative that SCAG provide all requested documentation and completion of the audit corrective actions to ensure accountability for future SCAG projects and approval of FY 2020-21 OWP. No future federal and State expenditures will be approved by Caltrans, FHWA, or FTA unless a satisfactory resolution to all findings has been made. A final report detailing how and when all corrective actions were resolved will be due to the Caltrans DOTP upon the satisfactory fulfillment of all corrective actions. Caltrans has consulted with the FHWA and the FTA regarding the above course of action.

The Independent Office of Audits and Investigations may perform a follow-up audit after all corrective actions have been made to determine if SCAG has implemented adequate corrective measures for each audit finding and to ensure compliance with Caltrans agreements and federal and State rules and regulations. SCAG's progress with regards to the corrective actions and final resolutions will be closely monitored by Caltrans staff, including any follow-up audit work that may be performed. Additionally, all support documentation and corrective actions provided by SCAG will be reviewed by Caltrans staff.

We appreciate SCAG's cooperation and coordination during this process. If you have any questions, please contact Erin Thompson, Chief, Caltrans Office of Regional Planning, at (916) 654-2596 or by email sent to erin.thompson@dot.ca.gov.

Sincerely,



DAVE MOORE
Acting Deputy Director
Planning and Modal Programs

Mr. Kome Ajise
October 8, 2019
Page 6

- c: Debbie Dillon, Deputy Executive Director, Administration, SCAG
- Basil Panas, Chief Financial Officer, SCAG
- Rodney Whitfield, Director of Financial Services, FHWA
- Tashia Clemons, Director, Planning and Environment, FHWA
- Veneshia Smith, Financial Manager, FHWA
- John Bulinski, District Director, District 7, Caltrans
- Marsue Morrill, Chief, External Audits-Local Governments, Independent Office of A&I, Caltrans
- Marlon Flournoy, Division Chief, DOTP, Caltrans
- Rihui Zhang, Chief, DLA, Caltrans
- Felicia Haslem, Acting Chief, Office of Guidance and Oversight, DLA, Caltrans
- Gilbert Petrissans, Chief, Division of Accounting
- Steve Novotny, DLA Engineer, District 7, Caltrans

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE DIRECTOR
P.O. BOX 942873, MS-49
SACRAMENTO, CA 94273-0001
PHONE (916) 654-5368
FAX (916) 653-5776
TTY 711
www.dot.ca.gov

Attachment 2



Making Conservation
a California Way of Life.

October 8, 2019

Mr. Kome Ajise
Executive Director
Southern California Association of Governments
900 Wilshire Blvd, Suite 1700
Los Angeles, CA 90017

Dear Mr. Ajise:

This letter is in response to the Southern California Association of Governments (SCAG) letter dated July 12, 2019, regarding the SCAG Fiscal Year (FY) 2014-15 Incurred Cost Audit Corrective Action plan. The California Department of Transportation (Caltrans) appreciates SCAG's response to outline the corrective actions that have or will be implemented, as well as their cooperation and coordination with implementing the corrective action plan. In reviewing SCAG's responses, Caltrans requires additional clarification and documentation to fully resolve the audit findings and ensure the corrective actions will be implemented. Caltrans requests that SCAG respond within 30 days of this letter to provide additional information and acknowledge that supporting documentation is required upon completion of the corrective actions. Please note, the request for further clarification and documentation for corrective actions requested below may fulfill multiple findings. For findings where training is identified as a corrective action, SCAG must establish re-occurring training as a refresher to current staff and training for new staff.

Finding # 1—Improper Procurement Practices

SCAG did not ensure that fair and open competition was performed or that proper procurement procedures were followed as required by federal and State regulations and the Caltrans agreement provisions. Additionally, SCAG's Procurement Policy and Procedures Manual that was in effect during the period of procurements tested did not fully comply with federal and State procurement regulations and Caltrans agreement provisions. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide an estimated date of completion for SCAG's updated Procurement Policies and Procedures manual. SCAG must adopt the guidance and federal regulations for Architectural and Engineering (A&E) contracting in Chapter 10 of

the Local Assistance Procedures Manual within their updated Procurement Policies and Procedures. Once the update to the policies and procedures is complete, please provide a copy of the Manual indicating compliance with all applicable federal and State procurement regulations. This includes revising section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.

- B. Provide registration confirmation and a staff sign-in sheet for staff that attended the Caltrans' A&E training on August 15, 2019.
- C. Provide a staff sign-in sheet and training materials for contracts and procurement training conducted on February 11, 2019. Caltrans will work with SCAG to identify non-A&E training and guidance.
- D. Provide the revised job descriptions or duty statements for the Contract Administrators and Manager of Contracts to indicate the restructured work assignments and roles and responsibilities.
- E. Provide documentation to support that proper procurement procedures were followed for one contract that was executed after the issuance of the final audit report on September 21, 2018. Please provide a copy of the detailed sign-off sheet used by the Manager of Contracts to review and approve procurement actions.
- F. Provide an estimated date of completion for this corrective action. Please provide a staff sign-in sheet and training materials for "Using the American Association of State Highway Transportation Officials Audit Guide for the Procurement and Administration of A&E Contracts" training on May 22, 2019. Provide a staff sign-in sheet, agenda, and procurement training materials for the future All Staff Meeting.

Finding # 2—Contract Management Deficiencies

SCAG's contract management system did not comply with federal and State regulations and Caltrans agreement provisions. We found that SCAG billed Caltrans for unsupported and unallowable consultant costs. Furthermore, we found that SCAG improperly managed consultant contracts, did not properly close-out consultant contracts, executed amendments on expired contracts, and could not support that all local match requirements were met. Additionally, SCAG lacked contract management policies and procedures detailing proper processes to manage

consultant and sub-recipient contracts and detailed procedures for reviewing and approving invoices. SCAG billed and was reimbursed \$590,537 in unsupported consultant costs and \$361,426 on an expired consultant contract. These costs are disallowed. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide a copy of the procurement and contract management procedures upon completion and take training as prescribed in the corrective actions for Finding 1.
- B. Provide supporting documentation (such as contract administration files, etc.) for the Division of Local Assistance (DLA) to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the Federal Highway Administration (FHWA).
- C. Provide supporting documentation (such as contract administration files, etc.) for the Division of Transportation Planning (DOTP) to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the FHWA and the Federal Transit Administration (FTA).
- D. Provide an estimated date of completion for this corrective action. Please provide documentation of SCAG's amended contract template. Once SCAG has completed the update of the Procurement Policies and Procedures Manual and Accounting Manual to require the consultant to submit invoices that identify the work performed by task/activity and work element, please provide a copy to Caltrans. Provide a staff sign-in sheet and training materials for staff training conducted by November 30, 2019.
- E. Define the PMO office and clarify the acronym. Please provide documentation including, an updated organizational chart, established roles and responsibilities and work assignments for the staff of the PMO office, processes, tools, and procedures once actions have been implemented by June 30, 2020.
- F. Provide an estimated date of completion for the updated Grants Management Policies and Procedures and the Project Management Policies and Procedures manual. Once both documents are completed, please provide a copy to Caltrans.
- G. Provide documentation of the "Funding Summary" for a consultant contract indicating the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.

- H. Provide an estimated date of completion for this corrective action. Please provide a copy of the updated Procurement Policies and Procedures Manual and identify compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements. Please provide a copy of one contract that was executed after the issuance of the final audit report on September 21, 2018, that demonstrates compliance.
- I. Provide a copy of the updated sub-recipient Memo of Understanding (MOU) agreement template as well as the revised Grants Policies and Procedures Manual that identifies new MOU language. Please provide a staff sign-in sheet and training materials for the training for project managers that will be completed by November 30, 2019.
- J. Provide a copy of the 2019 Grants Policies and Procedures Manual. Please provide a staff sign-in sheet and training materials that demonstrate staff is appropriately trained on the administration and management of consultant and sub-recipient pass-through funds by November 30, 2019.

Finding # 3–Labor and Fringe Benefit Deficiencies

SCAG's labor and fringe benefit charging practices do not comply with Caltrans Agreement requirements, and federal and State regulations. SCAG does not have adequate policies and procedures related to labor charging practices, no documented procedures to account for timesheet corrections or retroactive pay and merit increases. In addition to billing ineligible costs, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations. SCAG billed and was reimbursed a total of \$1,558,051 in ineligible labor charges to the Overall Work Program (OWP) work element 120. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide supporting documentation (such as contract administration files, etc.) for DOTP to make a preliminary determination on whether the substituted costs are allowable. A final determination will be based on concurrence with the FHWA and the FTA.
- B. Provide documentation of the new policies and procedures for labor charging, the finance manuals, and the new Project Management Manual to demonstrate SCAG's billings to Caltrans are based on actual labor costs incurred. Please

provide a staff sign-in sheet and training materials for the training that will take place to all staff by November 30, 2019.

- C. Provide documentation for the new procedure for retroactive pay that SCAG implemented in October 2018 ensuring accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee timesheets and costs are allocated to the appropriate pay periods.
- D. Provide a copy of the updated Accounting Manual and new Project Management Manual that demonstrates the implementation of written policies and procedures for proper and consistent labor charging practices for staff meetings and other non-project or work element activities. Please provide a staff sign-in sheet and training materials for the training for all staff that will be conducted by November 30, 2019.
- E. Provide a copy of the updated Accounting Manual, demonstrating the inclusion of procedures for timesheet corrections and retroactive pay and merit increases. Provide staff a sign-in sheet and training materials for the training for all staff that will be conducted by November 30, 2019.
- F. Provide documentation of the new fringe benefit allocation methodology for non-regular staff, interns, and student assistants that were implemented in the accounting system in July 2018. Upon completion, please provide a copy of the updated 2019 Budget and Grants Policies and Procedures manual.

Finding #4–Billing and Reporting Deficiencies

SCAG did not submit required documentation with their requests for reimbursement to support costs billed and did not submit Quarterly Progress Reports in accordance with the DOTP Master Fund Transfer Agreement and the DLA Master Agreement. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide a copy of the billing document checklist for billings to Caltrans that demonstrates the inclusion of all applicable information and supporting documentation that traces the billed costs and SCAG's financial management system. Caltrans DOTP acknowledges that SCAG submits a consolidated Planning Grant IT Report with each billing.

- B. Provide any policies, procedures, or documentation that ensures supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.

Finding #5–Possible Conflict of Interest with Sponsorship Program

SCAG's Sponsorship Program gives the appearance of a possible conflict of interest. SCAG created a Sponsorship Program to solicit donations from individuals, entities, and organizations with an interest in accessing participants of SCAG's General Assembly for networking, relationship building, business opportunities, and information sharing. We noted that SCAG solicits and receives donations from consultants for its Sponsorship Program with whom they also enter into consultant contracts to perform work. SCAG lacks a documented process over the Sponsorship Program to ensure a conflict of interest does not occur. Additionally, SCAG does not have documented policies and procedures over the administration and management of the Sponsorship Program. Please provide additional information and/or documentation for the following based on SCAG's corrective action plan:

- A. Provide clarification regarding the consultant database referenced in the Event Sponsorship Policy document. Please specify the consultants/vendors that are included in the database and if the database only includes current or past consultants/vendors of SCAG. Please provide a copy of the SCAG Event Sponsorship Policy once adopted.
- B. Provide a copy of the SCAG Event Sponsorship Procedures once adopted.
- C. Provide a copy of the Conflict of Interest Statement of Certification form to document compliance with SCAG's policies and procedures once adopted.

Conclusion:

Please provide the recommended documentation and anticipated completion dates for the corrective actions above to Erin Thompson, Chief, Office of Regional Planning, and Felicia Haslem, Acting Chief, Office of Guidance and Oversight, within 30 days of this letter. After the proper course of action has been decided upon, SCAG must repay Caltrans for the disallowed costs according to a mutually-determined repayment method and schedule.

It is imperative that SCAG provides all requested documentation and completion of the audit corrective actions to ensure accountability for future SCAG projects and approval of the FY 2020-21 OWP. No future federal and State expenditures will be approved by Caltrans, the FHWA, or the FTA unless a satisfactory resolution to all

Mr. Kome Ajise
October 8, 2019
Page 7

findings has been made. A final report detailing how and when all corrective actions were resolved will be due to the Caltrans DOTP and the DLA upon the satisfactory fulfillment of all corrective actions. Caltrans has consulted with the FHWA and the FTA regarding the above course of action.

The Independent Office of Audits and Investigations may perform a follow-up audit after all corrective actions have been made to determine if SCAG has implemented adequate corrective measures for each audit finding and to ensure compliance with Caltrans agreements and federal and State rules and regulations. SCAG's progress with regards to the corrective actions and final resolutions will be closely monitored by Caltrans staff, including any follow-up audit work that may be performed. Additionally, all support documentation and corrective actions provided by SCAG will be reviewed by Caltrans staff.

We appreciate SCAG's cooperation and coordination during this process. If you have any questions, please contact Erin Thompson, Chief, Caltrans Office of Regional Planning, at (916) 654-2596 or by email sent to erin.thompson@dot.ca.gov or Felicia Haslem, Acting Chief, Office of Guidance and Support, at (916) 653-7759 or by email sent to felicia.haslem@dot.ca.gov.

Sincerely,



DAVE MOORE
Acting Deputy Director
Planning and Modal Programs

c:\`Debbie Dillon, Deputy Executive Director, Administration, SCAG
Basil Panas, Chief Financial Officer, SCAG
Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA
Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Marsue Morrill, Chief, External Audits-Local Governments, Independent Office of Audits and Investigations, Caltrans
Marlon Flournoy, Division Chief, DOTP, Caltrans
Erin Thompson, Chief, Regional Planning, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Felicia Haslem, Acting Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting
Steve Novotny, DLA Engineer, District 7, Caltrans

*"Provide a safe, sustainable, integrated and efficient transportation system
to enhance California's economy and livability"*



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
August 1, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)

EXECUTIVE DIRECTOR'S
APPROVAL

From: Kome Ajise, Executive Director, Executive Management, 213-
236-1835, Ajise@scag.ca.gov

Subject: Caltrans Audits' Final Corrective Action Plans

RECOMMENDED ACTION FOR EAC:

For Information Only

RECOMMENDED ACTION FOR RC:

Receive and File

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

At the Audit Committee meeting of June 27, 2019, staff reported that on May 7, 2019, SCAG had received from Caltrans the final Corrective Action Plans to address the findings in the Incurred Cost Audit issued on September 21, 2018 and the Indirect Cost Allocation Plan Audit issued on January 9, 2019. Staff also reported that SCAG's Executive Management had met with representatives from Caltrans, FHWA and FTA in Sacramento on June 21, 2019 to discuss SCAG's approach for finalizing its responses to the Corrective Action Plans (CAPs) which were due to Caltrans August 1, 2019. SCAG did file formal responses to the final CAPS, along with Plans of Cost Substitution, on July 12, 2019. SCAG staff is awaiting the State's reply to SCAG's formal responses.

BACKGROUND:

On May 5, 2016 Caltrans informed SCAG that it would be audited with respect to certain incurred and indirect costs. The scope of the audit was to determine:

- Whether costs claimed by and reimbursed to SCAG between April 1, 2015 and June 30, 2015, are adequately supported and in accordance with respective Caltrans Agreement Provisions and state and federal regulations.
- Whether SCAG's FY2015/15 Indirect Cost Rate Proposal was prepared in accordance

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)



with Title 2 Code of Federal Regulations Part 200, Chapter 5 of the Caltrans Local Assistance Procedures Manual.

Caltrans issued the final Incurred Cost Audit report on September 21, 2018 and the final Indirect Cost Allocation Audit Report on January 9, 2019 (attached). The reports cited:

- Improper procurement practices
- Deficient charging practices
- Contract management deficiencies
- Labor and fringe benefit deficiencies
- Billing and reporting deficiencies
- Possible conflict of interest with the sponsorship program

Caltrans issued the final CAPs for both audits on May 7, 2019. The corrective steps are very similar to the recommendations found in the final audit reports therefore SCAG began the process of implementing the required steps in late 2018.

At a meeting in Sacramento on June 21, 2019, SCAG updated representatives from Caltrans, FTA and FHWA on the steps taken so far to implement the Corrective Action Plans and on the associated organizational changes made recently, specifically the creation of the position of Chief Strategy Officer and the Office of Project Management. SCAG also proposed an alternative approach regarding the repayment of the costs disallowed in the two audits. Specifically, SCAG proposed substituting other allowable project costs, paid from local funds, sufficient to cover the amounts of the disallowances.

On July 12, 2019, SCAG transmitted its formal responses to the Corrective Actions for the final Incurred Cost Audit report and Indirect Cost Allocation Plan Audit report. Those documents are attached and include matrixes summarizing the progress achieved with regard to the CAPs:

- Incurred Cost Audit: 11 of 24 recommendations have been fully implemented and another 6 are between 70% and 95% implemented.
- Indirect Cost Allocation Plan Audit: 10 of 16 recommendations have been fully implemented and another 5 are between 70% and 95% implemented

Staff will continue to apprise the Regional Council regarding the progress made with respect to fulfilling the CAPs. The documents also contain an alternative approach regarding the repayment of the costs disallowed in the two audits. Specifically, SCAG has proposed substituting other allowable project costs, paid from local funds, sufficient to cover the amounts of the disallowances.



Accordingly, SCAG attached a Plan of Cost Substitution for each audit's disallowed costs as part of the agency's formal responses.

Finally, included in the formal response to the Incurred Cost Audit's Corrective Actions are the draft Event Sponsorship Policy and the draft Event Sponsorship Procedures. These were reviewed and approved by the Legislative/Communications and Membership Committee on July 16, 2019. They are scheduled to be reviewed by the Regional Council and finalized and implemented by September 30, 2019.

FISCAL IMPACT:

The final Corrective Action Plans issued by Caltrans seek \$4,401,565 in reimbursement from SCAG as follows: \$2,148,589 for disallowed costs in Incurred Cost Audit and \$2,252,976 for disallowed costs in the Indirect Cost Allocation Plan Audit. The final amount of repayment is subject to ongoing negotiations. Staff have formally proposed using other allowable project costs to substitute for the disallowed costs.

ATTACHMENT(S):

1. SCAG RESPONSE - Caltrans Final ICA 7 12 9
2. SCAG RESPONSE - Caltrans Final ICAP Audit Report Corrective Actions



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T (213) 236-1800
www.scag.ca.gov

July 12, 2019

Ms. Coco Briseno
Deputy Director
Planning and Modal Programs
California Department of Transportation
P.O. Box 942873, MS-49
Sacramento, CA 94273-0001

Subject: SCAG Response to Caltrans Final Incurred Cost Audit Report
Corrective Actions

Dear Ms. Briseno:

Thank you for the opportunity to respond to the corrective action plan developed by Caltrans Division of Transportation Planning and the Division of Local Assistance in response to Caltrans' Incurred Cost Audit (ICA) of the Southern California Association of Governments (SCAG).

SCAG began the process of implementing many of the prescribed corrective actions prior to the issuance of the final audit report on September 21, 2018. As you will see from the attached matrix included as Attachment A, SCAG has fully implemented eleven of the twenty-four recommendations. Another six of the recommendations are between seventy and ninety-five percent implemented.

SCAG has been regularly updating its Audit Committee on the status of the ICA including at its June 27th meeting. A link to the meeting is included below for your reference:

<http://www.scag.ca.gov/committees/Pages/COMMDL.aspx>

Of significant concern is Caltrans' requirement that SCAG reimburse \$2,148,589. A reimbursement of this magnitude will have a devastating effect on SCAG, and by extension, Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans this amount will severely impact SCAG's ability to meet its program objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the Overall Work Plan (OWP).

Another concern is the fact that disallowing costs based on procedural deficiencies ignores the fact that SCAG, Caltrans, the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) received significant value from those expenditures.

REGIONAL COUNCIL OFFICERS

- President
Bill Jahn, Big Bear Lake
- First Vice President
Randon Lane, Murrieta
- Second Vice President
Rex Richardson, Long Beach
- Immediate Past President
Alan D. Wapner, San Bernardino
County Transportation Authority

COMMITTEE CHAIRS

- Executive/Administration
Bill Jahn, Big Bear Lake
- Community, Economic &
Human Development
Peggy Huang, Transportation
Corridor Agencies
- Energy & Environment
Linda Parks, Ventura County
- Transportation
Cheryl Viegas-Walker, El Centro

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

I would like to take this opportunity to thank you and your staff for your continuing efforts to clarify the requirements for both Architectural and Engineering and Non- Architectural and Engineering procurements. I am especially encouraged that the Division of Transportation Planning has reached out to various MPO staff well-versed in procurement requirements and challenges to assist in the development of guidance for Non-Architectural and Engineering procurements.

Caltrans Final Incurred Cost Audit Report Corrective Actions:

Finding# 1-Improper Procurement Practices

SCAG did not ensure that fair and open competition was performed or that proper procurement procedures were followed as required by federal and State regulations and the Caltrans agreement provisions. Additionally, SCAG's Procurement Policy and Procedures Manual that was in effect during the period of procurements tested did not fully comply with federal and State procurement regulations and Caltrans agreement provisions. Specifically, we found the following procurement deficiencies:

Corrective Actions Required:

SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to ensure:

- Compliance with all applicable Caltrans requirements and federal and State procurement regulations. This includes revising Section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.
- Proper management decisions are made when preparing Request for Proposals that include tasks or sub-tasks that require an Architectural and Engineering (A&E) consultant to perform the work for compliance with federal and State procurement regulations.
- Management and staff receive proper training in procurement procedures.
- Staff that are involved in the consultant procurement process perform all required actions and comply with SCAG policies and procedures, Caltrans requirements, and federal and State procurement regulations.
- All documentation is maintained to support that proper procedures are followed in accordance with federal and State regulations.
- SCAG must also take the DLA A&E consultant procurement training either in person or online. A training webinar is tentatively scheduled to be posted in late May.
- If SCAG elects to take the online training, they must provide a list to the DLA Audits Coordinator for those staff who have completed the online training when available. The list shall contain staff names, phone numbers, e-mail addresses, date(s) of completion, and a verification signature by the staffs' supervisor.

SCAG's Corrective Action

SCAG is taking aggressive action to address deficiencies identified in the agency's procurement practices. The update of the SCAG's procurement manual is approximately 70% complete. During the intervening period, SCAG's Chief Financial Officer is periodically issuing interim written guidance and providing training to staff.

On February 11, 2019, general procurement training was provided to SCAG staff. Building on that foundation, SCAG management and staff are investigating best practices, incorporating those practices where appropriate and informing staff regularly. Periodic formalized training is also planned.

SCAG is awaiting formal training from Caltrans regarding the procurement of Architectural and Engineering (A&E) services and plans to have staff attend the on-site sessions in Highland and Los Angeles in August 2019. In the interim period, staff is closely adhering to the A&E guidance detailed in Chapter 10 of the Local Assistance Procedures Manual. Attendance at the training provided by Caltrans will be documented and maintained.

SCAG has also improved the internal controls over the procurement process. Specifically, the duties of the Contract Manager have been refined to provide increased oversight to ensure compliance with SCAG policies as well as state and federal requirements, including the preparation and receipt of independent cost estimates. The Contracts Manager has also adopted a tool to document his review and approval of procurement actions.

Finding # 2-Contract Management Deficiencies

SCAG's contract management system did not comply with federal and State regulations and Caltrans agreement provisions. We found that SCAG billed Caltrans for unsupported and unallowable consultant costs. Furthermore, we found that SCAG improperly managed consultant contracts, did not properly close-out consultant contracts, executed amendments on expired contracts, and could not support that all local match requirements were met.

Additionally, SCAG lacked contract management policies and procedures detailing proper processes to manage consultant and sub-recipient contracts and detailed procedures for reviewing and approving invoices. SCAG billed and was reimbursed \$590,537 in unsupported consultant costs, and \$361,426 on an expired consultant contract. These costs are disallowed.

Corrective Actions:

Please see the following regarding the \$951,963 in disallowed costs:

- 1) DLA will not require reimbursement of the \$361,426 disallowed for time extensions incurred after the initial expiration date for the Parsons Brinkerhoff, Inc. contract. Instead, DLA will address this finding with a programmatic solution that will require SCAG to update procurement and contract management procedures (see below), and to take training as prescribed in the corrective actions to Finding 1.

- 2) SCAG must reimburse Caltrans DLA \$338,986 in disallowed costs for the contract with AECOM Technical Services, Inc. The removal of sub-consultants and task 7 (Consensus) at contract execution, and then reinstating Task 7 at an increase of \$619,940 over the initial budget bear significant noncompliance to warrant reimbursement of the costs disallowed in the audit.
- 3) SCAG must reimburse Caltrans DOTP \$251,552 of disallowed costs to Caltrans. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.

In addition, SCAG must also strengthen procurement and contract management procedures to address the below deficiencies.

- Ensure consultants provide adequate invoice detail to support costs claimed in compliance with consultant contract terms and 2 CFR Part 200 (which superseded 49 CFR Part 18, and 2 CFR Part 225). Additionally, ensure consultants are required to submit invoices that identify the work performed by task/activity and work element so proper documentation is maintained to support consultant billings. Ensure compliance with all federal and State regulations over the administration of consultant contracts.
- Establish procedures that identify and define each staff's roles and responsibilities regarding consultant invoice reviews.
- Revise the Grants Management Policies and Procedures and develop a Project Management Policies and Procedures Manual to ensure compliance with all applicable federal and State regulations and provide staff with detailed processes to follow.
- Ensure consultant contracts identify the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.
- Ensure compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements.
- Ensure compliance with all federal and State regulations over the administration of sub-recipient (MOU) agreements, that agreements contain language as required in the Caltrans' agreements, and include specific contract end dates.
- Ensure staff are properly trained on the administration and management of consultant and sub-recipient pass through funds.

SCAG Corrective Actions

SCAG appreciates that DLA will address the issue of the \$361,426 disallowed costs for time extensions incurred after the initial expiration date for the Parsons Brinkerhoff, Inc. contract with a programmatic solution that will require SCAG to update procurement and contract management procedures. SCAG has made many improvements to its procurement procedures which are addressed under Finding 1 above.

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding, including changes to the Procurement and Accounting Manuals, updates to the Grants Policies and Procedures Manual and engaging a Project Management

consultant to develop a Project Management Procedures Manual and provide training to staff. The specific seven actions are detailed in the attached matrix. Three of the seven actions are fully implemented.

In response to the reimbursement of \$338,986 to DLA for the removal of a task order which was later reinstated at a greater cost, SCAG would like to propose an alternative solution. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$338,986. A schedule of the proposed substitutions is included with this letter. It is Attachment B titled: Incurred Cost Audit Plan of Cost Substitution. See row 6, columns N through P.

SCAG would also like to propose a similar solution to reimbursing DOTP \$251,552. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$251,552 (\$103,971 + \$134,083 + \$13,498). See the schedule of the proposed substitutions included with this letter. . It is Attachment B titled: Incurred Cost Audit Plan of Cost Substitution. See cells W7, R8, and S9.

Finding# 3-Labor and Fringe Benefit Deficiencies

SCAG's labor and fringe benefit charging practices do not comply with Caltrans Agreement requirements, and federal and State regulations. SCAG does not have adequate policies and procedures related to labor charging practices, no documented procedures to account for time sheet corrections or retroactive pay and merit increases. In addition to billing ineligible costs, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations. SCAG billed and was reimbursed a total of \$1,558,051 in ineligible labor charges to Overall Work Program (OWP) work element 120.

Corrective Actions:

SCAG must reimburse the \$1,558,051 of disallowed costs to Caltrans DOTP. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment. After the method of repayment is agreed upon, SCAG may make a request to DOTP to include the disallowed costs in the Fiscal Year (FY) 2014-15 indirect cost allocation pool (ICAP). If the request is approved, SCAG will then need to submit a revised FY 2016-17 ICAP to the Independent Office of Audits and Investigation that includes the adjustments to the carry forward year for review and approval prior to seeking reimbursement for any variance in the rate. Additionally, SCAG must:

- Ensure billings to Caltrans are based on actual labor costs incurred.
- Ensure the accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee time sheets and costs are allocated to the appropriate pay periods.
- Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.

- Update the Accounting Manual to include procedures for time sheet corrections and retroactive pay and merit increases and train staff accordingly.
- Develop separate fringe benefit allocation methodologies for regular staff, interns, and student assistants.

SCAG Corrective Action

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding. The specific five actions are detailed in the attached matrix. Three of the five actions are fully implemented and the remaining two are ninety-five and seventy-five percent complete, respectively.

The audit characterized the \$1,558,051 as disallowed costs because they were deemed misclassified as direct costs as opposed to indirect costs. The Department's Corrective Action Plan requires that SCAG first reimburse Caltrans, then reclassify the costs as indirect, recalculate the indirect rate and rebill for the same costs. To do so will require that SCAG engage in the a time consuming and expensive bookkeeping process, which involves recalculating prior year indirect cost pools, re-opening closed accounting records, recasting successive years of indirect cost rates and associated billings. It also requires adjustments to previous years' cost accounting and financial reporting records. Executing the Department's corrective action will also require considerable effort on the part of Caltrans DOTP, Accounting and the Office of the Independent Auditor.

At the core, the costs are eligible and are reimbursable. Embarking on a laborious, time consuming and expensive bookkeeping process that will ultimately have minimal impact on the final outcome does not appear to be in SCAG's, Caltrans' or the public interest. In fact, the process provides no public benefit at substantial public cost.

The approach also has a deleterious effect on SCAG and by extension Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans \$1,588,051 will severely impact SCAG's ability to meet its objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the OWP.

SCAG proposes an alternative solution. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$1,558,051. See the schedule of proposed substitutions included with this letter. It is Attachment B titled: Incurred Cost Audit Plan of Cost Substitution. . See row 10, columns Q through Z.

Finding #4-Billing and Reporting Deficiencies

SCAG did not submit required documentation with their requests for reimbursement to support costs billed and did not submit Quarterly Progress Reports in accordance with the DOTP Master Fund Transfer Agreement and the DLA Master Agreement.

Corrective Actions:

SCAG must revise their billing and reporting procedures to ensure the following:

- Billings to Caltrans include all applicable information and supporting documentation that trace to the billed costs and SCAG's financial management system. This includes ensuring the Consolidated Planning Grant IT Reports (or equivalent information) are provided and totaled by task associated to the respective work elements that are approved in the current OWP by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).
- Supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.

SCAG Corrective Action:

In September 2018, SCAG implemented new procedures for ensuring the accuracy and completeness of billings to Caltrans. The process includes a billing checklist and ensuring that the Consolidated Planning Grant Reports are submitted. The billing checklist requires verification of completeness by both the Accounting Manager and the Caltrans staff member who takes physical receipt of the billing package.

SCAG also changed its practice of describing consultant costs billed to another funding source from an overly general category titled "Other Project". The change requires that the funding source be identified separately and that the Manager of Accounting reviews all invoices for compliance.

Finding #5-Possible Conflict of Interest with Sponsorship Program

SCAG's Sponsorship Program gives the appearance of a possible conflict of interest. SCAG created a Sponsorship Program to solicit donations from individuals, entities, and organizations with an interest in accessing participants of SCAG's General Assembly for networking, relationship building, business opportunities, and information sharing. We noted that SCAG solicits and receives donations from consultants for its Sponsorship Program with whom they also enter into consultant contracts to perform work. SCAG lacks a documented process over the Sponsorship Program to ensure a conflict of interest does not occur. Additionally, SCAG does not have documented policies and procedures over the administration and management of the Sponsorship Program.

Corrective Actions:

In order to avoid the appearance of a possible conflict of interest, SCAG must:

- Establish procedures over the Sponsorship Program to ensure there is no real or appearance of a conflict of interest with consultants that provided donations to the Sponsorship Program and are awarded consultant contracts.
- Develop policies and procedures over the administration and management of the Sponsorship Program to ensure compliance with all federal and State regulations.

- Create a Conflict of Interest Statement Certification form to document compliance with SCAG's own policies and procedures referenced above.

SCAG Corrective Action:

SCAG has drafted a policy and procedure for the Sponsorship program which addresses conflict of interest concerns and ensures compliance with all federal and state regulations. This effort is approximately seventy percent complete. This policy requires approval by SCAG's governing body and is expected to occur in August 2019. Upon finalization of the policy and procedures, SCAG will develop a Conflict of Interest Statement of Certification to document compliance with SCAG's policy and procedures. The current draft of both of these documents is included as Attachments C and D to this letter.

Should you have any questions about this letter or need further information, please contact Debbie Dillon, Chief Strategy Officer, at 213-236-1870 or dillon@scag.ca.gov. I look forward to your response.

Sincerely,



Kome Ajise
Executive Director
ajise@scag.ca.gov
213-236-1835

Attachments:

- A - Incurred Cost Audit Corrective Action Plan Matrix
- B – Incurred Cost Audit Plan of Cost Substitution
- C – SCAG Draft Sponsorship Policy
- D – SCAG Draft Sponsorship Procedure

Cc: Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA
Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Steve Novotny, DLA Engineer, District 7, Caltrans
MarSue Morrill, Chief, External Audits-Local Governments, Independent Office of Audits and Investigations, Caltrans
Lisa Pacheco, Acting Division Chief, DOTP, Caltrans
Erin Thompson, Chief, Regional Planning, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Kamal Sah, Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting, Caltrans
Darin Chidsey, Chief Operating Officer, SCAG
Debbie Dillon, Chief Strategy Officer, SCAG
Basil Panas, Chief Financial Officer, SCAG

**Incurring Cost Audit
Corrective Action Plan Matrix
Attachment A**

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	SCAG CORRECTIVE ACTION
<p>FINDING #1- Improper Procurement Procedures</p>	<p>SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to ensure:</p>	<p>A. Compliance with all applicable Caltrans requirements and federal and State and federal procurement regulations. This includes revising section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.</p>	<p>In Process</p>	<p>70%</p>	<p>In advance of finalizing an update to the procurement manual, the CFO has and will continue, to implement interim written guidance and provide training at various staff meetings on changes made since Audit Findings submitted to SCAG.</p>
		<p>B. Proper management decisions are made when preparing Requests for Proposal that include tasks or sub-tasks that require an Architectural & Engineering (A&E) consultant to perform the work for compliance with federal and State procurement regulations.</p>	<p>Completed and ongoing</p>	<p>100%</p>	<p>SCAG have taken the A&E training. Certificates of completion are attached. Information about A&E procurements will be included in the training SCAG will do for its staff regarding its various process changes.</p>
		<p>C. Management and staff receive proper training in procurement procedures.</p>	<p>In Process</p>	<p>75%</p>	<p>On 2/11/19, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct period training to ensure education and updated information is shared on a continuous basis.</p>
		<p>D. Staff that are involved in the consultant procurement process perform all required actions and comply with SCAG policies and procedures, Caltrans requirements, and federal and State procurement regulations.</p>	<p>Completed and ongoing</p>	<p>100%</p>	<p>SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager to the Contract Administrators. This now enables the Manager of Contracts to spend more time spent on oversight to ensure compliance with SCAG policies and procedures, Caltrans requirements, and federal and State procurement guidelines.</p>
		<p>E. All documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.</p>	<p>Completed and ongoing</p>	<p>100%</p>	<p>SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.</p>
		<p>F. SCAG must also take the DLA A&E consultant procurement training either in person or online. A training webinar is tentatively scheduled to be posted in late May. If SCAG elects to take the online training, they must provide a list to the DLA Audits Coordinator for those staff who have completed the online training when available. The list shall contain staff names, phone numbers, e-mail addresses, date(s) of completion, and a verification by the staff's supervisor.</p>	<p>In Process</p>	<p>25%</p>	<p>SCAG have taken the A&E training. Certificates of completion are attached. Information about A&E procurements will be included in the training SCAG will do for its staff regarding its various process changes.</p>

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	SCAG CORRECTIVE ACTION
FINDING #2 – Contract Management Deficiencies		SCAG must reimburse Caltrans DLA \$338,986 in disallowed costs for the contract with AECOM Technical Services, Inc. The removal of sub-consultants and Task 7 (Consensus) at contract execution, and then reinstating Task 7 at an increase of \$619,940 over the initial budget, bear significant noncompliance to warrant reimbursement of the costs disallowed in the audit.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$338,986.
		SCAG must reimburse Caltrans DOTP \$251,552 of disallowed costs to Caltrans. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$251,552
SCAG must strengthen procurement and contract management procedures to address the following deficiencies:		A. Ensure consultants provide adequate invoice detail to support costs claimed in compliance with consultant contract terms and 2 CFR Part 200 (which superseded 49 CFR Part 18, and 2 CFR Part 225). Additionally, <u>ensure consultants are required to submit invoices that identify the work performed by task/activity and work element</u> so proper documentation is maintained to support consultant billings. Ensure compliance with all federal and State regulations over the administration of consultant contracts.	Completed and ongoing	100%	SCAG has communicated the requirements to staff and consultants and increased monitoring of non-compliant consultants to ensure the contract provision which requires all invoices to be accompanied by a progress report that states the percentage of work completed. SCAG has amended its contract template, and drafted changes to its Procurement Policies and Procedures Manual and Accounting Manual to require that consultant invoices show the billings applicable to each project/cost element. Invoices that do not comply are rejected. SCAG will provide training to staff by October 31, 2019.
		B. Establish procedures that identify and define each staff's roles and responsibilities regarding consultant invoice reviews.	In Process	25%	SCAG engaged a project management consultant to: (a) Assist in process improvement including role and responsibilities definition; (b) Develop a procedures manual; and (c) Provide training. They completed their Scope of Work and SCAG is in the process of establishing a PMO office that reports directly to the Executive Office. SCAG is in the process of hiring staff for the PMO who will be responsible for establishing, and monitoring best practices agency wide. Goal is to have roles/responsibilities, processes, tools and procedures completed and fully implemented by June 30, 2020.
		C. Revise the Grants Management Policies and Procedures and develop a Project Management Policies and Procedures Manual to ensure compliance with all applicable federal and State regulations and provide staff with detailed processes to follow.	In Process	25%	The updates to the Grants Policy and Procedures Manual have been made in draft form. They will be reviewed and finalized. The status of the PMO is described above.
		D. Ensure consultant contracts identify the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.	Completed and ongoing	100%	The Funding Summary (formerly Contract Exhibit "D") shows the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.
		E. Ensure compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements.	In process	95%	SCAG implemented the contract closeout procedures required by the Local Assistance Procedures Manual Chapter 10.8 and PCC section 10369 in June 2018 and has updated its Procurement Policies and Procedures Manual accordingly. SCAG ceased the practice of retroactive contract amendments in December 2017. Deliverables have been stored in the electronic folder for the applicable contract beginning with FY17 deliverables (received June - August 2018). SCAG will also change its method for the annual funding of multi-year contracts to help reduce the number of contract amendments. Each year's funding shall be done by way of a purchase order and not a contract amendment.

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	SCAG CORRECTIVE ACTION
		F. Ensure compliance with all federal and State regulations over the administration of sub-recipient (MOU) agreements, that agreements contain language as required in the Caltrans' agreements and include specific contract end dates.	Completed and ongoing	100%	SCAG has updated its MOU template to: (1) Require project related travel and subsistence expenses of contractors consistent with California Department of Personnel Administration rates; (2) Reference 48 CFR Ch. 1 Part 31 when discussing sub-contractor and third party compliance for applicable cost principles. SCAG has updated its MOU template to require that the type of contract be specified as required by the Caltrans Local Assistance Procedures Manual in Chapter 10, and to include specific contract end dates. The Grants Policies and Procedures Manual has been revised to include the revised MOU language on page 26 and the revised MOU template as Exhibit 10. The revised MOU language was implemented in December 2018 and has been used in the most recent MOUs. Finance will provide training to project managers by October 31, 2019.
		G. Ensure staff are properly trained on the administration and management of consultant and sub-recipient pass through funds.	In Process	80%	Budget & Grants staff is knowledgeable of federal regulations for administering pass-through funds and financial monitoring of sub-recipients. The policies and procedures for subrecipient monitoring are documented in the 2019 Grants Policies & Procedures Manual beginning on page 28. Finance will conduct training for project managers responsible for the administration and management of consultant and sub-recipient pass through funds by October 31, 2019.
FINDING #3 - Labor and Fringe Benefit Deficiencies	SCAG must:	Reimburse the \$1,558,051 of disallowed costs to Caltrans DOTP.	TBD		SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.
	Additionally SCAG must:	A. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.
		B. Ensure the accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee time sheets and costs are allocated to the appropriate pay periods.	Completed and ongoing	100%	SCAG's implemented a new procedure for retroactive pay in October 2018 whereby the retroactive amount is applied to the periods covered by the increase. Thus, the projects & non-work time categories that were charged by the employee during the period covered by the retroactive pay share the cost of the increase. The support documents for these adjustments is retained for audit purposes.

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	
		C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In Process	75%	Starting with FY18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Accounting Manual and in the new project management manual. Finance will provide training to all staff by October 31, 2019.
		D. Update the Accounting Manual to include procedures for time sheet corrections and retroactive pay and merit increases and train staff accordingly.	In Process	95%	New procedures were implemented in October 2018 where retroactive pay increases are coded to the proj/task combinations where the employee charged time after the effective date of the pay rate increase. Changes to the Accounting Manual have been drafted to reflect the new procedures and training will be provided by October 31, 2019.
		E. Develop separate fringe benefit allocation methodologies for regular staff, and interns and student assistants.	Completed	100%	The new fringe benefit allocation methodology for non-regular staff was implemented in the accounting system in July 2018 and in the budget effective in FY20. Both were reviewed and approved by the CFO. Budget & Grants will develop a written policy and procedure and include in the 2019 Budget & Grants Policies & Procedures Manual by October 31, 2019.
FINDING #4 – Billing and Reporting Deficiencies	SCAG must revise their billing and reporting procedures to ensure the following:	A. Billings to Caltrans include all applicable information and supporting documentation that trace to the billed costs and SCAG's financial management system. This includes ensuring the Consolidated Planning Grant IT Reports (or equivalent information) are provided and totaled by task associated to the respective work elements that are approved in the current OWP by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).	Completed and ongoing	100%	SCAG has developed a billing document checklist for billings to Caltrans. It includes the CPG IT report. The checklist requires the signature of the Accounting Manager and the Caltrans staff member who takes physical receipt of the billing package. This was put into effect with the September 2018 billings.
		B. Supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.	Completed and ongoing	100%	SCAG no longer uses the term "Other Project" to describe consultant costs billed to another funding source. The funding source is identified separately. The Manager of Accounting reviews all invoices to Caltrans for compliance with this requirement.
FINDING #5 – Possible Conflict of Interest with Sponsorship Program	In order to avoid the appearance of a possible conflict of interest, SCAG must:	A. Establish procedures over the Sponsorship Program to ensure there is no real or appearance of a conflict of interest with consultants that provided donations to the Sponsorship Program and are awarded consultant contracts.	In Process	95%	Staff has drafted a policy and procedure for the Sponsorship program which addresses the conflict of interest concerns. The Policy requires board approval which is anticipated to occur in August.
		B. Develop policies and procedures over the administration and management of the Sponsorship Program to ensure compliance with all federal and State regulations.	In Process	95%	Staff has drafted a policy and procedure for the Sponsorship program which ensures compliance with all federal and State regulations. The Policy is subject to board approval which is expected in August.
		C. Create a Conflict of Interest Statement of Certification form to document compliance with SCAG's own policies and procedures referenced above.	In Process	0%	SCAG will draft a Certification form after approval for the Policy by the board.

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

Incurred Cost Audit
Plan of Cost Substitution
Attachment B

SCAG
Incurred Cost Audit
Plan of Cost Substitution

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z							
1	DISALLOWED COSTS											SUBSTITUTE COSTS																					
2	Federal/State Project Number	Funded by	Caltrans Agreement No.	Project Name/Description	Work Elements	Consultants/SCAG Staff	Consultant Contract Amount	Period Costs Incurred	Finding 2 Contract Management	Finding 3 Labor	Total Disallowed Costs Paid by Caltrans	Total of Substitute Costs	Labor in 265-2125.01			Labor in 265-2125.02			Consultant in 130-0162.10			Labor in 266-0715.01			Consultant in 015-0159.02			Labor in 055-1531.01		Labor & consultant in 225-2659.01		Consult in 266-3920.01	
3													Express Travel Choices			East-West Freight Corridor 1-15			TDA - funded Projects			Mileage-based User Fee - Ground			So. Cal. Econ. Strategy		Comp Planning for Open Space Strategic Plan		East-W Freighl Corrid				
4												FY15	FY16	FY17	FY16	FY17	FY18	FY17	FY16	FY17	FY18	FY15	FY15	FY16	FY17	FY18	FY15	FY15	FY16				
5	VPPP-6049(010) VPPP-6049(015)	DOLA	53-6049R	Value Pricing Pilot Project	265	Parsons Brinckerhoff, Inc.	\$ 2,058,303	3/29/13 - 3/30/18	\$ 361,426		\$ 361,426	\$ -																					
6	VPPP-6049(010) VPPP-6049(015)	DOLA	53-6049R	Value Pricing Pilot Project	265	AECOM Technical Services, Inc.	\$ 4,071,936	4/25/13 - 3/30/18	\$ 338,986		\$ 338,986	\$ 338,986	\$ 117,805	\$ 87,545	\$ 133,636																		
7	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	015	AECOM Technical Services, Inc.	\$ 4,071,936	4/25/13 - 3/30/18	\$ 103,971		\$ 103,971	\$ 103,971									\$ 103,971												
8	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	010, 015, 130	System Metrics Group, Inc.	\$ 2,462,322	4/23/13 - 3/30/18	\$ 134,083		\$ 134,083	\$ 134,083				\$ 134,083																	
9	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	130	Cambridge Systematics, Inc.	\$ 420,404	4/30/14 - 3/30/18	\$ 13,498		\$ 13,498	\$ 13,498					\$ 13,498																
10	Overall Work Program FY14/15	DOTP	74A0822	Federal Overall Work Program	120	Accountants/Contract Administrators & Legal Staff	N/A	7/1/14 - 6/30/15		\$ 1,558,051	\$ 1,558,051	\$ 1,558,051				\$ 51,971	\$ 107,304	\$ 1,223	\$ 141,070	\$ 34,682	\$ 450,000	\$ 118,499	\$ 146,125	\$ 307,743	\$ 199,								
11							\$ 9,012,965		\$ 951,964	\$ 1,558,051	\$ 2,510,015	\$ 2,148,589	\$ 117,805	\$ 87,545	\$ 133,636	\$ 51,971	\$ 241,387	\$ 14,721	\$ 141,070	\$ 34,682	\$ 450,000	\$ 222,470	\$ 146,125	\$ 307,743	\$ 199,								
12																																	

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

Incurring Cost Audit
SCAG Draft Sponsorship Policy
Attachment C

Purpose

Each year, the Southern California Association of Governments (SCAG) administers events to foster innovation in transportation and regional planning, and the exchange of information and ideas in the field. As the nation's largest metropolitan planning organization (MPO), SCAG's leadership is important in not only providing a forum for its members to engage with the public and private sectors, but also to provide opportunities for interested parties to develop an affiliation with, and support, the agency's long-range transportation planning efforts. The relationships SCAG maintains with external organization are vital in furthering innovation in the field resulting in potential solutions to various regional issues of concern.

For these reasons, and in an effort to optimize the use of public funds and resources for SCAG events to the public's benefit, SCAG provides opportunities for interested parties to sponsor such events.

The primary goals of the Event Sponsorship Policy ("Policy") and attached Event Sponsorship Procedures ("Procedures") are as follows:

- Ensure that SCAG's sponsorship program for events administered by SCAG is carried out in accordance with this Policy and Procedures.
- Ensure sponsorship offers are solicited and accepted in compliance with applicable conflict of interest requirements under federal and state laws, regulations, and guidelines, as well as SCAG policies (i.e., Personnel Rules, Ethics Policy, Regional Council Policy Manual, etc.).
- Ensure sponsorships do not compromise the larger goals and objectives of SCAG in its primary role as the region's MPO.

Definitions

Consultant Database: Businesses, individuals or other entities listed in SCAG's vendor/consultant database known as PlanetBids.com (<https://www.planetbids.com/hub/hub.cfm>).

SCAG Representatives: SCAG General Assembly delegates and alternates, Regional Council members, Policy Committee members, Host Committee members, SCAG executive management and staff.

Sponsorship: A mutually beneficial business arrangement between SCAG and an external organization, business, individual or other interested party ("Sponsor") wherein the Sponsor contributes any funds or in-kind products and services, or any combination thereof, to an event administered by SCAG in return for any combination of services, recognition, acknowledgement, and/or other promotional consideration.

Policy Guidelines

Any funds, in-kind products and services, or any combination thereof received from a Sponsor in support of events administered by SCAG shall go towards the administration of the event for which sponsorship is provided. Recognizing the importance of SCAG relationships with external organizations and the opportunities provided with a SCAG sponsorship, SCAG may allow sponsorships from SCAG consultants under certain parameters. Acknowledging the various conflict of interest requirements, funds received by SCAG from a Sponsor that does or may do business with SCAG (i.e., contacts listed in the Consultant Database) shall not be used by SCAG to pay for any expenses which confer or may be perceived to confer a personal benefit to a public official, such as meals, transportation, lodging for the public official. For purposes of this Policy, a public official includes any person who is required to file a Form 700, California Fair Political Practices (FPPC) Statement of Economic Interests, pursuant to SCAG's Conflict of Interest Code. In addition, funds received by SCAG from a Sponsor that does or may do business with SCAG (i.e., contacts listed in the Consultant Database) shall be segregated from other Sponsorship funds and appropriately accounted for by SCAG's Finance Department in accordance with this Policy and Procedures.

Conflict of Interest

SCAG employees must exercise the highest level of integrity, ethics, and objectivity in their actions and relationships and shall, to the maximum extent possible, endeavor to eliminate any actual or appearance of impropriety or conflict of interest and ensure compliance with applicable conflict of interest laws and regulations. SCAG employees have the duty to act in the best interest of SCAG at all times, and in accordance with Section 3 of SCAG's Ethics Policy, "all employees shall receive a copy of this [Ethics] Policy and shall acknowledge receipt of this [Ethics] Policy in writing as part of new employee orientation and annually." SCAG's Personnel Rules, Section 13.4, also prohibits SCAG employees from accepting any favors, gifts or gratuities from individuals or corporations that do or may do business with SCAG.

Moreover, SCAG employees serving on a Proposal Review Committee (PRC) in relation to a request for proposal (RFP) for consultant services are also required to complete a Non-Disclosure/Conflict of Interest Statement to make known any such personal conflicts of interest that may exist. If none exists, the employee shall acknowledge that no member of the employee's family has any direct or personal interest which conflicts substantially, or appears to conflict substantially, with the employee's duties as a member of the PRC.

To further avoid an actual or appearance of a conflict of interest, and to ensure compliance with applicable conflict of interest laws and regulations, SCAG will require the following:

- SCAG Representatives involved in the SCAG's sponsorship program shall be required to complete and submit a Conflict of Interest Statement Certification, pertaining specifically to the solicitation of sponsorships in support of events administered by SCAG, and to document compliance with SCAG's policies and procedures.
- SCAG staff from the Media & Public Affairs Department shall check sponsorship solicitation mailing lists to ensure that such lists do not contain contacts from SCAG's Consultant Database. SCAG Representatives shall not initiate any communications or transmit materials

to contacts listed in such Consultant Database regarding Sponsorship opportunities. However, SCAG Representatives may respond to inquiries for more information regarding sponsorship opportunities from contacts listed in the Consultant Database.

- In the event that SCAG staff receives a Sponsorship offer from a contact listed in the Consultant Database, SCAG staff may accept such offer in accordance with the following procedures:
 - Accounting staff shall immediately segregate any funds received from such sources, apart from all other sources of funding for SCAG events.
 - Funds received from such sources shall not be utilized to pay for any expenses for SCAG events which may confer or be perceived to confer a personal benefit including but not limited to travel, meals or lodging expenses.
- In the event a situation arises where a staff member of the Media & Public Affairs Department serves on a PRC in relation to an RFP for consultant services and the applicant/proposer was a Sponsor for an event administered by SCAG, and the SCAG staff member had a role in soliciting, accepting, or approving the Sponsorship from the applicant/proposer in question, the SCAG staff member shall recuse himself or herself from the PRC, and not participate in the PRC process.

Invoicing

Benefits of sponsorship, promotion, and/or services to be provided by SCAG, as negotiated with SCAG staff for a specified event, will be outlined in the invoice provided to Sponsors. Invoices to Sponsors that are not in SCAG’s Consultant Database shall include the following disclaimer:

Note – Sponsorship of an event administered by SCAG does not:

- *Imply endorsement from SCAG of any past, current, or future business, product, or service that was, is, or may be provided by the organization named above that has committed to sponsorship of the event named herein.*
- *Imply any future submission or application by the organization named above to a SCAG request for proposal (RFP) for consultant services, or any other form of contract services, will be successful due to prior financial sponsorship of an event administered by SCAG.*
- *Relinquish control from SCAG, to the organization named above, of any program, service delivery, facility management, or event planning considerations related to the facilitation of an event administered by SCAG.*

Invoices to Sponsors that are listed in SCAG’s Consultant Database shall additionally include the following disclaimer:

Note – Sponsorship funds provided by your organization will not be utilized to cover the costs of meals, lodging, travel or any other expenses which may or be perceived to confer a personal benefit to any public official. In addition, sponsorship of an event administered by SCAG does not:

- *Imply endorsement by SCAG of any past, current, or future business, product, or service that was, is, or may be provided by the organization named above that has committed to sponsorship of the event named herein.*

- *Imply any future submission or application by the organization named above to a SCAG request for proposal (RFP) for consultant services, or any other form of contract services, will be successful due to prior sponsorship of an event administered by SCAG.*
- *Relinquish control by SCAG, to the organization named above, of any program, service delivery, facility management, or event planning considerations related to the facilitation of an event administered by SCAG.*

Sponsorship Selection

SCAG will consider sponsorship offers from interested external organizations without any guarantee of acceptance. SCAG exercises sole discretion over decisions to accept Sponsorships in accordance with this Policy.

**Incurring Cost Audit
SCAG Draft Sponsorship Procedure
Attachment D**

Conflict of Interest Form

- SCAG Representatives as defined under the Event Sponsorship Policy, (“Policy”) shall be required to complete and submit a Conflict of Interest Statement Certification pertaining to SCAG’s sponsorship program in support of events administered by SCAG, to document compliance with these Event Sponsorship Procedures (“Procedures”) and SCAG’s other applicable policies and procedures.

Preparation and Transmittal of Sponsorship Materials

SCAG Sponsorship staff as assigned by the Director of Policy and Public Affairs, or the Manager of Media and Public Affairs shall:

- Annually update brochures (which outline sponsorship levels and corresponding benefits for each respective level) and other related materials for each event that SCAG considers Sponsorships, consistent with the Policy, taking into consideration feedback received from the prior year’s Post-Event Survey, as well as current trends, targeted audience, sponsorship levels and benefit levels.
- Ensure such brochures and other materials regarding Sponsorships are not transmitted to contacts in SCAG’s Consultant Database.
- Adapt for publication on SCAG’s website (on an event-specific page), Sponsorship brochures and related materials for each event, and include on such page information regarding the Policy.
- Update language for the invoice template for Sponsorships to reflect any necessary changes required by the Policy (e.g. disclaimers).
- Ensure language for the email templates which are utilized to transmit information regarding Sponsorship opportunities for SCAG events comply with the Policy.

SCAG Accounting staff shall:

- Review invoices received by Sponsors to ensure compliance with the Policy including containing language required by the Policy (e.g., disclaimers).
- For each SCAG event, segregate in a separate account any funds received by Sponsors listed in SCAG’s Consultant Database known as PlanetBids.com (<https://www.planetbids.com/hub/hub.cfm>), from all other sources of funding, and ensure expenditures of funds received from such sources comply with the requirements of the Policy.

Host Committee (If Applicable)

- For the SCAG annual Regional Conference & General Assembly, a Host Committee comprised of Regional Council members, plays an integral role in ensuring that sponsorship goals are met.
- The Host Committee will review the list of prospective sponsors developed by staff, as well as identify and/or recruit new potential sponsors. Such list of prospective sponsors shall not include contacts from SCAG’s Consultant Database.

- SCAG staff will assist Host Committee members with filing of Fair Political Practices Commission (FPPC) Form 803 for sponsorships over \$5,000 (if necessary).

Solicitation

- With supporting materials completed, the process for identifying potential sponsors can commence. Potential sponsors may include:
 - Sponsors from prior years' events.
 - New contacts collected from conferences, expos, outside meetings, or other events.
 - New or existing contacts identified by Host Committee members (if applicable).
- SCAG Representatives as defined under the Policy, shall not initiate any sponsorship-related communications with contacts in SCAG's Consultant Database, but may respond to general inquiries for more information regarding sponsorship opportunities received from such contacts.
- Sponsorship staff will prepare and send out communications for Sponsorship solicitation:
 - Emails, with a Sponsorship brochure attached, are sent to sponsors from prior years' events and new potential sponsors identified by sponsorship staff and/or Host Committee members (if applicable).
- Sponsorship staff shall request approval from the Director of Policy & Public Affairs in the event a potential sponsor which is listed on SCAG's Consultant Database, seeks to develop a customized sponsor package.
- The Director of Policy and Public Affairs shall approve customized sponsor packages and any other sponsorships involving contacts listed in SCAG's Consultant Database.

Fulfillment

- Once an external individual or organization has committed to sponsorship, sponsorship staff will facilitate the following to ensure benefits of sponsorship are delivered:
 - Send a confirmation email to the Sponsor that includes the following information:
 - Sponsorship Level
 - Sponsorship Level-Specific Benefits
 - Logo/Advertising Graphics Requirements (If Applicable)
 - Deadlines
 - An attached invoice to sponsor that includes the following information:
 - Sponsorship level
 - Sponsorship level-specific benefits
 - Coordinate sponsor's representative(s) on sponsorship benefits:
 - Exhibition Space (and Related Logistical Needs)
 - Logo/Advertising
 - Product Placement
 - Conference Registrations
 - VIP Reception Registrations
 - Coordinate with SCAG's Finance/Accounting department to ensure receipt of Sponsorship funds and reconciliation of outstanding invoices.

Day(s) of Event

- On the day (or for the duration) of a SCAG event, SCAG Sponsorship staff shall ensure all event-specific sponsorship benefits are delivered satisfactorily to the sponsor (in accordance with their respective sponsorship level), including:
 - Assigning exhibition space to sponsors. This includes ensuring coordination with event space staff of specific logistical requirements for exhibition space (e.g., power, internet, etc.).
 - Assisting with sponsor networking.

Post-Event

- After the event, Sponsorship staff will commit to archiving relevant information pertaining to the agency's Sponsorship solicitation efforts.
 - Administrative tasks include:
 - Updating and finalizing the matrix of sponsors.
 - Archiving templates for invoices and emails, sponsorship solicitation materials, notes from Host Committee meetings (if applicable), and key correspondence.
 - Final reconciliation with the Accounting department.
 - Sponsor follow-up actions include:
 - Compose and send thank you letters to all sponsors.
 - Create and send a post-event satisfaction survey to all sponsors.
 - Address concerns raised or feedback received by sponsors (whether received through direct communication with the sponsor or through the post-event satisfaction survey).



July 11, 2019

SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T (213) 236-1800
www.scag.ca.gov

Ms. Coco Briseno
Deputy Director
Planning and Modal Programs
California Department of Transportation
P.O. Box 942873, MS-49
Sacramento, CA 94273-0001

REGIONAL COUNCIL OFFICERS

- President
Bill Jahn, Big Bear Lake
- First Vice President
Randon Lane, Murrieta
- Second Vice President
Rex Richardson, Long Beach
- Immediate Past President
Alan D. Wapner, San Bernardino County Transportation Authority

COMMITTEE CHAIRS

- Executive/Administration
Bill Jahn, Big Bear Lake
- Community, Economic & Human Development
Peggy Huang, Transportation Corridor Agencies
- Energy & Environment
Linda Parks, Ventura County
- Transportation
Cheryl Viegas-Walker, El Centro

Subject: SCAG Response to Caltrans Final ICAP Audit Report Corrective Actions

Dear Ms. Briseno:

Thank you for the opportunity to respond to the corrective action plan developed by Caltrans Division of Transportation Planning and the Division of Local Assistance in response to Caltrans' Indirect Cost Allocation Plan Audit of SCAG.

In general, the Southern California Association of Governments (SCAG) is in agreement with corrective actions identified. In fact, SCAG began the process of implementing many of the prescribed corrective actions well in advance of the issuance of the final audit report on January 9, 2019. As you will see from the attached matrix, SCAG has fully implemented ten of the sixteen recommendations. Another five of the recommendations are between seventy and ninety-five percent implemented. See Attachment A: Indirect Cost Allocation Plan Audit Action Plan Matrix.

SCAG has been regularly updating its Audit Committee on the status of the ICA including at its June 27th meeting. A link to the meeting is included below for your reference:
<http://www.scag.ca.gov/committees/Pages/COMMDL.aspx>

Of significant concern is Caltrans' requirement that SCAG reimbursement \$2,252,976. Reimbursement of this magnitude will have a devastating effect on SCAG, and by extension, Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans this amount will severely impact SCAG's ability to meet its program objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the OWP.

Another concern is the fact that disallowing costs based on procedural deficiencies ignores that the MPO, the state and the federal funding agencies got value from the investments made.

I would like to take this opportunity to thank you and your staff for your continuing efforts to clarify the requirements for both

Architectural and Engineering and Non- Architectural and Engineering procurements. I am especially encouraged that the Division of Transportation Planning has reached out to various MPO staff well-versed in procurement requirements and challenges to assist in the development of guidance for Non-Architectural and Engineering procurements.

Caltrans Final Indirect Cost Allocation Plan Audit Report Corrective Actions:

Finding# 1-Improper Procurement Practices

SCAG's procurement practices for ten IT consultant procurements tested did not support that fair and open competition was performed, or that proper procurement procedures were followed as required by Caltrans agreement provisions, federal and State procurement requirements, and SCAG's policies and procedures. The noncompliant procurement practices resulted in unallowable costs billed direct to Caltrans in the amount of \$627,179 and unallowable indirect costs included in the FY 2014-15 actual indirect cost pool in the amount of \$164,628.

Corrective Actions:

SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to:

- Ensure costs that are not in compliance with the federal and State procurement regulations are excluded from the indirect cost pool.
- Revise SCAG's Procurement Policy and Procedures Manual to ensure they are current and comply with all applicable federal and State regulations.
- Ensure management and staff receive proper training in procurement procedures.
- Ensure all documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.
- Take Caltrans, Division of Local Assistance (DLA), Audits and Engineering (A&E) consultant procurement training either in person or online at <http://www.dot.ca.gov/hq/LocalPrograms/training.html>

In addition, SCAG must:

- Reimburse Caltrans \$627,179 for the disallowed IT consultant contract costs identified in the audit report. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.
- Adjust the FY 2014-15 actual indirect cost pool by \$164,628 for the unallowable IT consultant costs identified in the audit report.
- Determine the amount incurred and included in the FY 2016-17 indirect cost pool for the seven unallowable IT consultant contracts and adjust the FY 2016-17 indirect cost pool accordingly.

SCAG's Corrective Action

SCAG is taking aggressive action to address deficiencies identified in agency procurement practices. The update of the agency procurement manual is approximately 70% complete. During the intervening period, SCAG's Chief Financial Officer is issuing interim written guidance and providing training to staff.

On February 11, 2019, general procurement training was provided to SCAG staff. Building on that foundation, SCAG management and staff are investigating best practices, incorporating those practices where appropriate and informing staff regularly. Periodic formalized training is also planned.

SCAG has registered for the formal training from Caltrans scheduled for August 2019 regarding procurements of Architectural and Engineering (A&E) services. In the interim period, staff is closely adhering to the A&E guidance detailed in Chapter 10 of the Local Assistance Procedures Manual. Attendance at training provided by Caltrans will be documented and maintained.

SCAG has also improved the internal controls over the procurement process. Specifically, the duties of the Contract Manager have been refined to provide increased oversight to ensure compliance with SCAG policies and state and federal requirements, including the preparation and receipt of independent cost estimates. The Contracts Manager has also adopted a tool to document his review and approval of procurement actions.

In response to the reimbursement of \$627,179 for the disallowed IT consultant contracts, SCAG would like to propose an alternative solution. SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$627,179. A schedule of proposed substitutions is included with this letter. It is Attachment B titled: Plan of Cost Substitution for Disallowed Consultant Costs. See columns O through V.

In November 2018, SCAG made the indirect cost pool adjustments required in this finding.

Finding # 2-Deficient Charging Practices

SCAG's charging practices related to billing indirect and direct costs to Caltrans were deficient and resulted in billings that were not in compliance with Caltrans agreement provisions and federal and State regulations. Specifically, SCAG billed an indirect rate for FY 2016-17 that included unallowable direct and indirect costs and billed indirect and ineligible direct labor costs to a direct project work element. The charging practices implemented by SCAG did not ensure the proper segregation of direct, indirect, and unallowable costs in the accounting records and costs included on the billings to Caltrans.

Finding 2A Unallowable Indirect Costs Included in the. FY 2016-17 ICAP

In testing 41 transactions within 15 indirect cost accounts for the FY 2014-15

carry forward, Caltrans found that SCAG included direct, unallowable, and unsupported costs in the indirect cost pool. Unallowable costs totaling \$196,617 were due to weak internal controls, improper charging practices, and non-compliant vendor procurements. Unallowable mileage costs totaling \$11,986 were also included in the indirect cost pool of SCAG's FY 16-17 ICAP.

Corrective Actions:

- Adjust the FY 2014-15 actual indirect cost pool by \$196,617 for the unallowable costs identified in the audit report.
- Remove \$11,986 from the indirect cost pool for FY 2016-17 for the unallowable travel costs.
- Review all indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and unallowable; and are supported by original source documentation.
- Adjust the FY 2016-17 indirect cost pool by all unallowable costs identified.
- Establish written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations.
- Establish written policies and procedures that prevent the Internal Auditor from reviewing and approving travel expense.
- Ensure staff provide adequate documentation supporting any and all travel expenses and comply with SCAG travel policies and procedures and Caltrans Agreement provisions related to travel. Also, report to the board monthly of all travel related expenses incurred by the Executive Director.

SCAG Corrective Action

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding. The specific seven actions are detailed in the attached matrix. See Attachment A. Five of the seven actions are substantially complete.

SCAG has strengthened its procedures regarding the review of charges to the indirect cost pool and has institutionalized those changes in revisions to its Accounting Manual.

SCAG has also developed a new travel policy compliant with all federal and state regulations regarding travel. SCAG expects to implement and train staff by August 31, 2019. However, SCAG respectfully disagrees with the requirement that the Executive Director's travel related expenses be reported to the Board on a monthly basis, proposing instead to report in response to Board inquiry.

In November 2018, SCAG complied with the audit recommendation by adjusting the FY 2014/15 indirect cost pool by \$196,617 and removing \$11,986 from the FY 2016/17 indirect cost pool.

Finding 2B-Unallowable Labor Costs

The Incurred Cost Audit (dated July 24, 2018) identified indirect and ineligible costs charged to Work Element 120 which was established for direct costs related to development and administration of the Overall Work Program (OWP). This will impact the FY 2016-17 ICAP. Eligible tasks included the development of the OWP, preparation of the annual budget and amendments to the budget, and preparation of Quarterly Progress Reports. In the Incurred Cost Audit, Caltrans found that SCAG accountants and contract administrators charged time for the review and approval of consultant invoices which were ineligible and indirect in nature.

SCAG's charging practices remained unchanged for FY 2016-17 and unallowable costs were billed to Work Element 120. Based on an analysis of SCAG's labor reports for FY 2016-17, \$1,625,797 of indirect labor related to accountants, contract administrators, and an internal auditor were inappropriately charged direct to Work Element 120.

SCAG does not have adequate policies and procedures related to labor charging practices. In addition to billing ineligible costs identified, the inappropriate charging practices result in SCAG lacking accurate historical information related to actual costs for future budget purposes and overhead rate calculations.

Corrective Actions:

- Reimburse Caltrans \$1,625,797 in unallowable labor costs. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.
- Ensure billings to Caltrans are based on actual labor costs incurred.
- Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.

Once SCAG repays Caltrans the full \$1,625,797 in disallowed costs, they can request to include the disallowed costs in the FY 2016-17 indirect cost pool. If approved, SCAG will then be required to resubmit a revised FY 2016-17 ICAP including the adjustments.

SCAG Corrective Action

SCAG has taken aggressive action to address the internal control and procedural deficiencies identified in this finding. The specific actions are detailed in the attached matrix.

The audit characterized the \$1,625,797 as disallowed costs because they were deemed misclassified as direct costs as opposed to indirect costs. The Department's Corrective Action requires that SCAG, in essence, reimburse Caltrans, reclassify the costs as indirect and rebill for the same costs. To do so will require that SCAG engage in the a time consuming expensive and complex process which involves recalculating prior year indirect cost pools, re-opening closed accounting records, recasting successive years of indirect cost rates and associated billings. It also requires adjustments to previous

years' cost accounting and financial reporting records. Executing the Department's corrective action will also require considerable effort on the part of Caltrans DOTP, Accounting and the Office of the Independent Auditor.

At the core, the costs are eligible and are reimbursable. Embarking on a laborious, time consuming and expensive process that will ultimately have minimal impact on the final result, does not appear to be in SCAG's, Caltrans' or the public interest.

The approach also has a deleterious effect on SCAG and by extension Caltrans, FTA and FHWA. The financial impact of reimbursing Caltrans \$1,625,797 will severely impact SCAG's ability to meet its program objectives. This effect is amplified by the cost recoveries Caltrans is seeking in both the Incurred Cost and the Indirect Cost Allocation Plan audits. Taken in total, the \$4,401,565 will negatively impact SCAG's ability to meet its planning objectives as defined by the OWP.

SCAG proposes an alternative solution. As a result of this audit, SCAG was required to restate its ICAP for the FY15/16 and FY16/17 and compute the FY18/19 rate without the carry-forward from 16/17. This resulted in an under-recovery of \$598,330 at June 30, 2017. SCAG proposes to apply this amount to the requested reimbursement of \$1,625,797, leaving \$1,027,467.

Further, SCAG proposes to substitute other locally funded allowable costs associated with the audit period for the remaining \$1,027,467. A second schedule of proposed substitutions is included with this letter. It is Attachment C titled: Plan of Cost Substitution for WE 120 Costs Disallowed.

Should you have any questions about this letter or need further information, please contact Debbie Dillon, Chief Strategy Officer, at 213-236-1870 or dillon@scag.ca.gov. I look forward to your response.

Sincerely,



Kome Ajise
Executive Director
ajise@scag.ca.gov
213-236-1835

Attachments:

- A. Indirect Cost Allocation Plan Audit Corrective Action Plan Matrix
- B. Indirect Cost Allocation Plan Audit - Plan of Cost Substitution for Disallowed Consultant Costs
- C. Indirect Coat Allocation Plan Audit - Plan of Cost Substitution for WE 120 Costs Disallowed

Cc: Rodney Whitfield, Director of Financial Services, FHWA
Tashia Clemons, Director, Planning and Environment, FHWA

Veneshia Smith, Financial Manager, FHWA
John Bulinski, District Director, District 7, Caltrans
Steve Novotny, DLA Engineer, District 7, Caltrans
MarSue Morrill, Chief, External Audits-Local Governments, Independent Office of
Audits and Investigations, Caltrans
Lisa Pacheco, Acting Division Chief, DOTP, Caltrans
Erin Thompson, Chief, Regional Planning, DOTP, Caltrans
Rihui Zhang, Chief, DLA, Caltrans
Kamal Sah, Chief, Office of Guidance and Oversight, DLA, Caltrans
Gilbert Petrissans, Chief, Division of Accounting, Caltrans
Darin Chidsey, Chief Operating Officer, SCAG
Debbie Dillon, Chief Strategy Officer, SCAG
Basil Panas, Chief Financial Officer, SCAG

Indirect Cost Allocation Plan Audit
Corrective Action Plan Matrix
Attachment A

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	
FINDING 1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly to:	A. Ensure costs that are not in compliance with federal and State procurement regulations are excluded from the indirect cost pool.	Completed and ongoing	100%	SCAG's Manager of Contracts reviews its procurements to ensure they comply with federal and State requirements. If any do not comply, they are funded with local funds.
	B. Revise SCAG's Procurement Policy & Procedures Manual to ensure they are current and comply with all applicable federal and State regulations.	In process	70%	SCAG's Procurement Policies & Procedures Manual will be amended and staff will be trained by October 31, 2019. The CFO will issue written guidance to all staff addressing major changes made and implemented up to the issuance of the new manual detailing incremental revisions.	
	C. Ensure management and staff receive proper training in procurement procedures.	In process	80%	On February 11, 2019, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct periodic training to ensure education and updated information is shared on a continuous basis.	
	D. Ensure all documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.	
	E. Take Caltrans, Division of Local Assistance (DLA) A&E consultant procurement training either in person or online at http://www.dot.ca.gov/hq/LocalPrograms/training.html	In process	25%	SCAG will take the A&E training scheduled at Caltrans District 7 on August 15, 2019. To help prepare for this training and better identify A&E type projects and how to procure and administer them, on May 22 2019, procurement staff attended "Using the AASHTO Audit Guide for the Procurement and Administration of A/E Contracts." Following the August training, SCAG procurement staff will disseminate the information at a SCAG's All Staff Meeting to further support ongoing procurement training efforts pending the complete update of the SCAG Procurement Manual. Staff attempted to take the online training but the link would fail during the training. That link has now been removed.	
	In addition, SCAG must:	Reimburse Caltrans \$627,179 for the disallowed IT consultant contract costs identified in the audit report.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$627,179.
		Adjust the FY2014-15 actual indirect cost pool by \$164,628 for the unallowable IT consultant costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS
	Determine the amount incurred and included in the FY2016-17 indirect cost pool for the seven unallowable IT consultant contracts and adjust the FY2016-17 indirect cost pool accordingly.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
FINDING 2A – Unallowable Indirect Costs Included in the FY2016/17 ICAP	A. Adjust the FY 2014/15 actual indirect cost pool by \$196,617 for the unallowable costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
	B. Remove \$11,986 from the indirect cost pool for FY 2016/17 for the unallowable travel costs.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
	C. Review all indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and allowable; and are supported by original source documentation.	Completed and ongoing	100%	Accounting staff review the charges to Indirect Cost accounts for propriety and this procedure has been added to the Accounting Manual in draft form. SCAG will review and finalize the Manual and train staff by October 31, 2019.
	D. Adjust the FY 2016/17 indirect cost pool by all unallowable costs identified.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.
	E. Establish written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations.	In process	70%	Changes to the Accounting Manual have been drafted. They will be reviewed and finalized and staff will be trained by October 31, 2019. The CFO has met with the Chief Counsel to convey the needs of this finding with respect to invoices for legal services.
	F. Establish written policies and procedures that prevent the Internal Auditor from reviewing and approving travel expense.	In process	70%	Changes to the Accounting Manual have been drafted to specifically exclude Internal Audit from the travel expense review process. SCAG will review and finalize the Manual and train staff by October 31, 2019.
	G. Ensure staff provide adequate documentation supporting any and all travel expenses and comply with SCAG travel policies and procedures and Caltrans Agreement provisions related to travel. Also, report to the board monthly all travel related expenses incurred by the Executive Director.	Completed with the exception of reporting Executive Director travel to the board monthly. SCAG respectfully disagrees that this is required by CalTrans and therefore should it be requested by the Board, it will be provided.	100%	SCAG has developed a new travel policy to be compliant with all federal and State regulations regarding travel. The policy will be issued and staff training provided by August 31, 2019.
Finding 2B - Unallowable Labor Costs	A. Reimburse Caltrans \$1,625,797 in unallowable labor costs	TBD		SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.
	B. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	CORRECTIVE ACTIONS
		C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In process	70%	Starting with FY 2017-18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.

Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for Disallowed Consultant Costs
Attachment B

SCAG
Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for Disallowed Consultant Costs

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	
												DISALLOWED COSTS	SUBSTITUTE COSTS									
Consultant	Contract Number	Original Contract Amount	Final Contract Amount	Contract Execution Date	Contract Expiration Date	No. of Amendments	No. of Amendments on Expired Contracts	No. of Amendments with No Documentation	Unallowable Consultant Contract	Unallowable Amounts in the FY2014/15 ICAP	Unallowable Costs Billed Direct FY 2014/15 thru 2016/17	Total of Substitute Costs	Consultant costs in 045-0142.22	Consultant costs in 050-0169.03	Consultant costs in 055-0133.05	Consultant costs in 055-0133.06	Consultant costs in 055-1531.01	Consultant costs in 065-0137.09	Consultant costs in 065-2663.02	Consultant 140-017		
													Planning System Development	Active Transportation: Economic Impact Study	Regional Growth & Policy Analysis	University Partnerships & Collaboration	So. Cal. Economic Strategy	CEO Sustainability Working Group	RTP/SCS Land Use Policy & Program Development	LA-S Bernar Interco Connectivi		
													FY16	FY16	FY16	FY16	FY16	FY16	FY16	FY16		
AgreeYa Solutions, Inc.	13-034-C1	\$ 34,000	\$ 243,000	3/12/2013	7/31/2013	6	2	1	X	\$ 101,018												
Allied Network Solutions, Inc.	14-004-C1	\$ 124,000	\$ 503,000	8/6/2013	6/30/2015	6	3	4	X	\$ 185,629	\$ 185,629	\$ 75,033	\$ 99,710	\$ 10,887								
Celer Systems, Inc.	15-025-C1	\$ 90,000	\$ 260,000	2/5/2015	6/30/2015	2	2	1	X													
22nd Century Technologies, Inc.	15-018-C1	\$ 75,000	\$ 292,110	2/2/2015	6/30/2015	3	2	1	X	\$ 188,104	\$ 188,104			\$ 23,434	\$ 108,894	\$ 55,776						
22nd Century Technologies, Inc.	15-018-C2	\$ 75,000	\$ -	2/5/2015	-	-	N/A	-														
Logic House Ltd. Corp.	14-005-C1	\$ 170,000	\$ 478,896	10/15/2013	6/30/2015	3	2	2	X	\$ 78,485	\$ 78,485						\$ 45,097	\$ 33,388				
Acro Service Corp.	13-017-C1	\$ 100,000	\$ 373,600	11/15/2012	-	4	N/A	2	X	\$ 57,596												
RADgov, Inc.	13-016-C1	\$ 175,000	\$ 627,632	9/24/2012	12/19/2013	5	3	3	X	\$ 6,014	\$ 174,961	\$ 174,961							\$ 71,612	\$ 42,346	\$	
AgreeYa Solutions, Inc.	14-021-C1	\$ 156,000	\$ 255,201	6/3/2014	-	7	N/A	-														
Civic Resource Group, LLC	14-021-C1	\$ 162,181	\$ 204,293	6/5/2015	-	5	N/A	-														
						41	14	14		\$ 164,628	\$ 627,179	\$ 627,179	\$ 75,033	\$ 99,710	\$ 34,321	\$ 108,894	\$ 100,873	\$ 105,000	\$ 42,346	\$		

Attachment: CAPs on RC Agenda of 8-1-19 (Caltrans Audits' Corrective Action Plans Status Update)

Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for WE 120 Costs Disallowed
Attachment C

SCAG
Indirect Cost Allocation Plan Audit
Plan of Cost Substitution for WE120 Costs Disallowed

Category	Period Costs Incurred	Total Disallowed Costs Paid by Caltrans
Accountants/Contract Administrators and Legal Staff charged to WE 120	FY17	<u>\$ 1,625,797</u>
Indirect costs under-recovered at June 30, 2017 in accordance with revised ICAP:		<u>\$ 598,330</u>
Substitute Costs in:		
055-0133.06 University Partnerships & Collaboration	FY17	133,672
055-1531.01 So. Cal. Economic Growth Strategy	FY17	91,185
090-0148.01 Public Information & Communication	FY17	<u>802,610</u>
Total Costs to be Substituted		<u>\$ 1,027,467</u>
Total of Indirect Cost Under-Recovery and Substituted Costs		<u>1,625,797</u>

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	< 90% complete	
FINDING #1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly, to ensure:	A. Compliance with all applicable Caltrans requirements and federal and State and federal procurement regulations. This includes revising section 6.6.2 to describe the different competitive procurement processes available and when each should be used in compliance with federal and State regulations.	In Process	70%	In advance of finalizing an update to the procurement manual, the CFO has and will continue to implement interim written guidance and provide training at various staff meetings on changes made since Audit Findings submitted to SCAG.	1		YES	
		B. Proper management decisions are made when preparing Requests for Proposal that include tasks or sub-tasks that require an Architectural & Engineering (A&E) consultant to perform the work for compliance with federal and State procurement regulations.	Completed and ongoing	100%	Until SCAG staff attend the August 15th A&E training currently scheduled at District 7, SCAG staff are following the A&E guidance in the Local Assistance Procedures Manual.	2	YES		
		C. Management and staff receive proper training in procurement procedures.	In Process	75%	On 2/11/19, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct period training to ensure education and updated information is shared on a continuous basis.	3		YES	
		D. Staff that are involved in the consultant procurement process perform all required actions and comply with SCAG policies and procedures, Caltrans requirements, and federal and State procurement regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager to the Contract Administrators. This now enables the Manager of Contracts to spend more time spent on oversight to ensure compliance with SCAG policies and procedures, Caltrans requirements, and federal and State procurement guidelines.	4	YES		
		E. All documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.	5	YES		
		F. SCAG must also take the DLA A&E consultant procurement training either in person or online. A training webinar is tentatively scheduled to be posted in late May. If SCAG elects to take the online training, they must provide a list to the DLA Audits Coordinator for those staff who have completed the online training when available. The list shall contain staff names, phone numbers, e-mail addresses, date(s) of completion, and a verification by the staff's supervisor.	In Process	80%	SCAG will take the A&E training scheduled at Caltrans District 7 on August 15, 2019. To help prepare for this training and better identify A&E type projects and how to procure and administer them, on May 22, 2019, procurement staff attended "Using the AASHTO Audit Guide for the Procurement and Administration of A/E Contracts." Following the August training, SCAG procurement staff will disseminate the information at SCAG's All Staff Meeting to further support ongoing procurement training efforts pending the complete update of the SCAG Procurement Manual. Staff attempted to take the online training but the link would fail during the training. That link has now been removed.	6		YES	

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	< 90% complete
FINDING #2 – Contract Management Deficiencies	SCAG must reimburse Caltrans DLA \$338,986 in disallowed costs for the contract with AECOM Technical Services, Inc. The removal of sub-consultants and Task 7 (Consensus) at contract execution, and then reinstating Task 7 at an increase of \$619,940 over the initial budget, bear significant noncompliance to warrant reimbursement of the costs disallowed in the audit.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$338,986.				
	SCAG must reimburse Caltrans DOTP \$251,552 of disallowed costs to Caltrans. Caltrans DOTP will coordinate with SCAG on the method and schedule of repayment.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$251,552				
SCAG must strengthen procurement and contract management procedures to address the following deficiencies:	A. Ensure consultants provide adequate invoice detail to support costs claimed in compliance with consultant contract terms and 2 CFR Part 200 (which superseded 49 CFR Part 18, and 2 CFR Part 225). Additionally, ensure consultants are required to submit invoices that identify the work performed by task/activity and work element so proper documentation is maintained to support consultant billings. Ensure compliance with all federal and State regulations over the administration of consultant contracts.	Completed and ongoing	100%	SCAG has communicated the requirements to staff and consultants and increased monitoring of non-compliant consultants to ensure the contract provision which requires all invoices to be accompanied by a progress report that states the percentage of work completed. SCAG has amended its contract template, and drafted changes to its Procurement Policies and Procedures Manual and Accounting Manual to require that consultant invoices show the billings applicable to each project/cost element. Invoices that do not comply are rejected. SCAG will provide training to staff by October 31, 2019.	7	YES		
	B. Establish procedures that identify and define each staff's roles and responsibilities regarding consultant invoice reviews.	In Process	25%	SCAG engaged a project management consultant to: (a) Assist in process improvement including role and responsibilities definition; (b) Develop a procedures manual; and (c) Provide training. They completed their Scope of Work and SCAG is in the process of establishing a PMO office that reports directly to the Executive Office. SCAG is in the process of hiring staff for the PMO who will be responsible for establishing, and monitoring best practices agency wide. Goal is to have roles/responsibilities, processes, tools and procedures completed and fully implemented by June 30, 2020.	8			YES
	C. Revise the Grants Management Policies and Procedures and develop a Project Management Policies and Procedures Manual to ensure compliance with all applicable federal and State regulations and provide staff with detailed processes to follow.	In Process	25%	The updates to the Grants Policy and Procedures Manual have been made in draft form. They will be reviewed and finalized. The status of the PMO is described above.	9		YES	
	D. Ensure consultant contracts identify the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.	Completed and ongoing	100%	The Funding Summary (formerly Contract Exhibit "D") shows the funding sources and/or work elements of each task/activity when there are multiple funding sources and/or work elements.	10	YES		
	E. Ensure compliance with all federal and State regulations over the administration of consultant contracts and that the contracts contain language as required in the Caltrans' agreements.	In process	95%	SCAG implemented the contract closeout procedures required by the Local Assistance Procedures Manual Chapter 10.8 and PCC section 10369 in June 2018 and has updated its Procurement Policies and Procedures Manual accordingly. SCAG ceased the practice of retroactive contract amendments in December 2017. Deliverables have been stored in the electronic folder for the applicable contract beginning with FY17 deliverables (received June - August 2018). SCAG will also change its method for the annual funding of multi-year contracts to help reduce the number of contract amendments. Each year's funding shall be done by way of a purchase order and not a contract amendment.	11		YES	

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	< 90% complete
	F. Ensure compliance with all federal and State regulations over the administration of sub-recipient (MOU) agreements, that agreements contain language as required in the Caltrans' agreements and include specific contract end dates.	Completed and ongoing	100%	SCAG has updated its MOU template to: (1) Require project related travel and subsistence expenses of contractors consistent with California Department of Personnel Administration rates; (2) Reference 48 CFR Ch. 1 Part 31 when discussing sub-contractor and third party compliance for applicable cost principles. SCAG has updated its MOU template to require that the type of contract be specified as required by the Caltrans Local Assistance Procedures Manual in Chapter 10, and to include specific contract end dates. The Grants Policies and Procedures Manual has been revised to include the revised MOU language on page 26 and the revised MOU template as Exhibit 10. The revised MOU language was implemented in December 2018 and has been used in the most recent MOUs. Finance will provide training to project managers by October 31, 2019.	12	YES		
	G. Ensure staff are properly trained on the administration and management of consultant and sub-recipient pass through funds.	In Process	80%	Budget & Grants staff is knowledgeable of federal regulations for administering pass-through funds and financial monitoring of sub-recipients. The policies and procedures for subrecipient monitoring are documented in the 2019 Grants Policies & Procedures Manual beginning on page 28. Finance will conduct training for project managers responsible for the administration and management of consultant and sub-recipient pass through funds by October 31, 2019.	13		YES	
FINDING #3 - Labor and Fringe Benefit Deficiencies	SCAG must:	Reimburse the \$1,558,051 of disallowed costs to Caltrans DOTP.	TBD	SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.				
	Additionally SCAG must:	A. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	14	YES	
		B. Ensure the accounting methodology for retroactive pay and merit increases provides for an audit trail for changes made to the employee time sheets and costs are allocated to the appropriate pay periods.	Completed and ongoing	100%	SCAG's implemented a new procedure for retroactive pay in October 2018 whereby the retroactive amount is applied to the periods covered by the increase. Thus, the projects & non-work time categories that were charged by the employee during the period covered by the retroactive pay share the cost of the increase. The support documents for these adjustments is retained for audit purposes.	15	YES	

Attachment: ICA Matrix as of 10-15-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INCURRED COST AUDIT
CORRECTIVE ACTION PLAN
10-15-19

FINDINGS	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	SCAG CORRECTIVE ACTION	Count	100% complete	90% + complete	< 90% complete
	C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In Process	75%	Starting with FY18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Accounting Manual and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	16		YES	
	D. Update the Accounting Manual to include procedures for time sheet corrections and retroactive pay and merit increases and train staff accordingly.	In Process	95%	New procedures were implemented in October 2018 where retroactive pay increases are coded to the proj/task combinations where the employee charged time after the effective date of the pay rate increase. Changes to the Accounting Manual have been drafted to reflect the new procedures and training will be provided by October 31, 2019.	17		YES	
	E. Develop separate fringe benefit allocation methodologies for regular staff, and interns and student assistants.	Completed	100%	The new fringe benefit allocation methodology for non-regular staff was implemented in the accounting system in July 2018 and in the budget effective in FY20. Both were reviewed and approved by the CFO. Budget & Grants will develop a written policy and procedure and include in the 2019 Budget & Grants Policies & Procedures Manual by October 31, 2019.	18	YES		
FINDING #4 – Billing and Reporting Deficiencies	SCAG must revise their billing and reporting procedures to ensure the following:	A. Billings to Caltrans include all applicable information and supporting documentation that trace to the billed costs and SCAG's financial management system. This includes ensuring the Consolidated Planning Grant IT Reports (or equivalent information) are provided and totaled by task associated to the respective work elements that are approved in the current OWP by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).	Completed and ongoing	100%	SCAG has developed a billing document checklist for billings to Caltrans. It includes the CPG IT report. The checklist requires the signature of the Accounting Manager and the Caltrans staff member who takes physical receipt of the billing package. This was put into effect with the September 2018 billings.	19	YES	
		B. Supporting schedules provided with the billings include appropriate descriptions detailing where costs are being charged.	Completed and ongoing	100%	SCAG no longer uses the term "Other Project" to describe consultant costs billed to another funding source. The funding source is identified separately. The Manager of Accounting reviews all invoices to Caltrans for compliance with this requirement.	20	YES	
FINDING #5 – Possible Conflict of Interest with Sponsorship Program	In order to avoid the appearance of a possible conflict of interest, SCAG must:	A. Establish procedures over the Sponsorship Program to ensure there is no real or appearance of a conflict of interest with consultants that provided donations to the Sponsorship Program and are awarded consultant contracts.	Completed	100%	Staff has drafted a policy and procedure for the Sponsorship program which addresses the conflict of interest concerns. The Policy requires board approval which is anticipated to occur in August.	21	YES	
		B. Develop policies and procedures over the administration and management of the Sponsorship Program to ensure compliance with all federal and State regulations.	Completed	100%	Staff has drafted a policy and procedure for the Sponsorship program which ensures compliance with all federal and State regulations. The Policy is subject to board approval which is expected in August.	22	YES	
		C. Create a Conflict of Interest Statement of Certification form to document compliance with SCAG's own policies and procedures referenced above.	Completed	100%	SCAG will draft a Certification form after approval fo the Policy by the board.	23	YES	
					-	14	8	1

Attachment: ICA Matrix as of 10-15-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	Count	100% complete	90% + complete	< 90% complete
FINDING 1- Improper Procurement Procedures	SCAG must revise their Procurement Policies and Procedures manual and train staff accordingly to:	A. Ensure costs that are not in compliance with federal and State procurement regulations are excluded from the indirect cost pool.	Completed and ongoing	100%	SCAG's Manager of Contracts reviews its procurements to ensure they comply with federal and State requirements. If any do not comply, they are funded with local funds.	1	YES	
		B. Revise SCAG's Procurement Policy & Procedures Manual to ensure they are current and comply with all applicable federal and State regulations.	In process	70%	SCAG's Procurement Policies & Procedures Manual will be amended and staff will be trained by October 31, 2019. The CFO will issue written guidance to all staff addressing major changes made and implemented up to the issuance of the new manual detailing incremental revisions.	2		YES
		C. Ensure management and staff receive proper training in procurement procedures.	In process	80%	On February 11, 2019, Julie Wiley, SANDAG Special Counsel and Manager of Contracts and Procurement, conducted training at SCAG. Since then SCAG has also been actively collecting best practices, updating practices and communicating regularly at All Staff meetings and management meetings. SCAG will continue to conduct periodic training to ensure education and updated information is shared on a continuous basis.	3		YES
		D. Ensure all documentation is maintained to support that proper procurement procedures are followed in accordance with federal and State regulations.	Completed and ongoing	100%	SCAG has restructured the work assignments in the Contracts Department to shift daily procurement activities away from the Manager and to the Contract Administrators. This now enables the Manager of Contracts to spend more time on oversight to ensure that all documentation is maintained to support that proper procurement procedures are followed in accordance with state and federal regulations. Particular attention is being paid to documenting the preparation and receipt of the independent cost estimates. The Manager of Contracts now uses a more detailed sign-off sheet to review and approve procurement actions.	4	YES	
		E. Take Caltrans, Division of Local Assistance (DLA) A&E consultant procurement training either in person or online at http://www.dot.ca.gov/hq/LocalPrograms/training.html	In process	25%	SCAG will take the A&E training scheduled at Caltrans District 7 on August 15, 2019. To help prepare for this training and better identify A&E type projects and how to procure and administer them, on May 22, 2019, procurement staff attended "Using the AASHTO Audit Guide for the Procurement and Administration of A/E Contracts." Following the August training, SCAG procurement staff will disseminate the information at a SCAG's All Staff Meeting to further support ongoing procurement training efforts pending the complete update of the SCAG Procurement Manual. Staff attempted to take the online training but the link would fail during the training. That link has now been removed.	5		YES
	In addition, SCAG must:	Reimburse Caltrans \$627,179 for the disallowed IT consultant contract costs identified in the audit report.	TBD		SCAG proposes to substitute other allowable project costs in the amount of the audit finding of \$627,179.			

Attachment: ICAP Matrix as of 10-15-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

FINDING	REQUIRED CORRECTIVE ACTION	STATUS	% COMPLETE	CORRECTIVE ACTIONS	Count	100% complete	90% + complete	< 90% complete
	Adjust the FY2014-15 actual indirect cost pool by \$164,628 for the unallowable IT consultant costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	6	YES		
	Determine the amount incurred and included in the FY2016-17 indirect cost pool for the seven unallowable IT consultant contracts and adjust the FY2016-17 indirect cost pool accordingly.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	7	YES		
FINDING 2A – Unallowable Indirect Costs Included in the FY2016/17 ICAP	A. Adjust the FY 2014/15 actual indirect cost pool by \$196,617 for the unallowable costs identified in the audit report.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	8	YES		
	B. Remove \$11,986 from the indirect cost pool for FY 2016/17 for the unallowable travel costs.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	9	YES		
	C. Review all indirect accounts to ensure costs are in compliance with federal and State regulations; are properly segregated between direct, indirect and allowable; and are supported by original source documentation.	Completed and ongoing	100%	Accounting staff review the charges to Indirect Cost accounts for propriety and this procedure has been added to the Accounting Manual in draft form. SCAG will review and finalize the Manual and train staff by October 31, 2019.	10	YES		
	D. Adjust the FY 2016/17 indirect cost pool by all unallowable costs identified.	Completed	100%	Submitted to IOAI on November 19, 2018. Changes to the certification were submitted on November 27, 2018.	11	YES		
	E. Establish written policies and procedures for segregating direct and indirect legal costs in compliance with federal and State regulations.	In process	70%	Changes to the Accounting Manual have been drafted. They will be reviewed and finalized and staff will be trained by October 31, 2019. The CFO has met with the Chief Counsel to convey the needs of this finding with respect to invoices for legal services.	12		YES	
	F. Establish written policies and procedures that prevent the Internal Auditor from reviewing and approving travel expense.	In process	70%	Changes to the Accounting Manual have been drafted to specifically exclude Internal Audit from the travel expense review process. SCAG will review and finalize the Manual and train staff by October 31, 2019.	13		YES	
	G. Ensure staff provide adequate documentation supporting any and all travel expenses and comply with SCAG travel policies and procedures and Caltrans Agreement provisions related to travel. Also, report to the board monthly all travel related expenses incurred by the Executive Director.	Completed with the exception of reporting Executive Director travel to the board monthly. SCAG respectfully disagrees that this is required by CalTrans and therefore should it be requested by the Board, it will be provided.	100%	SCAG has developed a new travel policy to be compliant with all federal and State regulations regarding travel. The policy will be issued and staff training provided by August 31, 2019.	14	YES		
Finding 2B - Unallowable Labor Costs	A. Reimburse Caltrans \$1,625,797 in unallowable labor costs	TBD		SCAG requests that Caltrans DOTP address this finding with a programmatic solution recognizing that SCAG has made the necessary internal control and procedural changes to address the finding and prevent a future recurrence.				

Attachment: ICAP Matrix as of 10-15-19 (Caltrans Audits' Corrective Action Plans Status Update)

SCAG
INDIRECT COST ALLOCATION PLAN AUDIT
CORRECTIVE ACTION PLAN

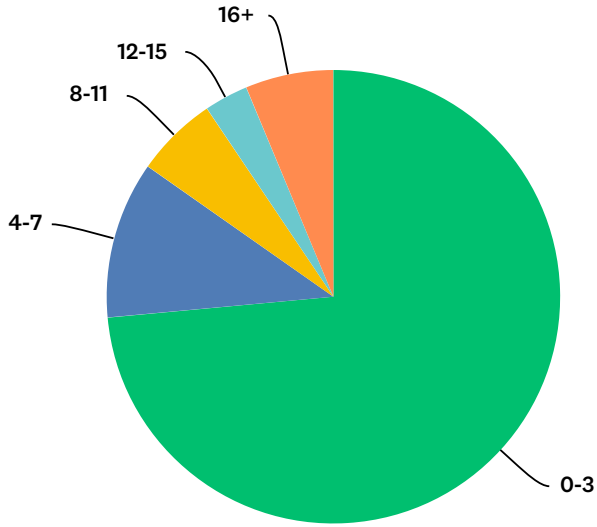
FINDING	REQUIRED CORRECTIVE ACTION		STATUS	% COMPLETE	CORRECTIVE ACTIONS	Count	100% complete	90% + complete	< 90% complete
		B. Ensure billings to Caltrans are based on actual labor costs incurred.	Completed and ongoing	100%	SCAG is actively monitoring labor charges to ensure that staff charge time to the correct work element or non-project activities. New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	15	YES		
		C. Develop and implement written policies and procedures for proper and consistent labor charging practices. Ensure procedures define appropriate charging practices for staff meetings and other non-project or work element activities.	In process	70%	Starting with FY 2017-18, no time is charged to Work Element 120 except for Budget and Grants staff. Staff meetings and other non-project or work element activities are charged to the Indirect Cost fund in a new indirect cost activity (810-0120.06). New policies and procedures for labor charging practices including monitoring available labor hours for direct and indirect projects, and amending the labor budget as required, will be developed and included in the Finance manuals and in the new project management manual. Finance will provide training to all staff by October 31, 2019.	16		YES	
						-	10	6	0

	A	B	C	D	E	F	G	H
1			RAW DATA					
2			0 - 3	4 - 7	8 - 11	12 - 15	16+	Total
3	1	How many times have you bid on SCAG work?	164	25	13	7	14	223
4								
5	2	How many SCAG contracts have you been awarded?	196	18	2	2	5	223
6								
7	3	How many other California Public Agencies do you conduct work for?	69	59	24	16	55	223
8								
9			Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	
10	4	The scope of work in SCAG's RFPs is easy to understand .	20	96	73	24	10	223
11								
12	5	The scope of work in SCAG's RFPs is defined well enough for you to prepare a responsive proposal.	20	89	78	25	11	223
13								
14	6	SCAG allows you enough time to respond to RFPs.	17	106	75	20	5	223
15								
16	7	SCAG is responsive to your questions about the RFP.	17	82	106	13	5	223
17								
18	8	SCAG is responsive to your concerns about not being awarded the contract.	6	35	145	20	17	223
19								
20	9	It is easy to comply with SCAG's contract template.	10	58	104	36	15	223
21								
22	10	It is easy to comply with the pre-award review performed by SCAG's Internal Auditor.	5	45	131	26	16	223
23								
24	11	SCAG's requirements regarding contract amendments are not more cumbersome than other public agencies.	7	48	131	18	19	223
25								
26	12	SCAG staff provide clear and consistent guidance for contract and invoicing issues.	11	49	131	21	11	223
27								
28	13	SCAG's requirements regarding invoicing are not more cumbersome than other public agencies.	6	38	134	21	24	223
29								
30	14	SCAG pays its vendors on a timely basis.	8	46	150	11	8	223
31								
32	15	I am satisfied with the payment method SCAG uses (paper check or electronic payment).	12	57	150	2	2	223
33								
34	16	It is not more worthwhile to pursue contracting opportunities at public agencies other than SCAG.	10	25	112	42	34	223
35								
36		Total	149	774	1,520	279	177	2,899
37								
38			32%		52%	16%		
39			Unfavorable		Neutral	Favorable		

Attachment: Vendor Survey (Caltrans Audits' Corrective Action Plans Status Update)

Q1 How many times have you bid on SCAG work?

Answered: 223 Skipped: 0



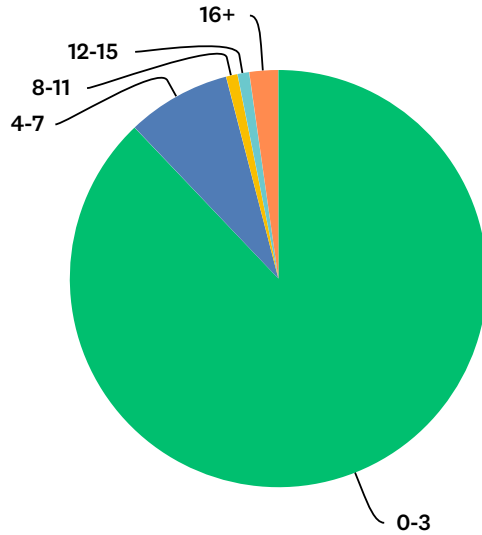
ANSWER CHOICES	RESPONSES	
0-3	73.54%	164
4-7	11.21%	25
8-11	5.83%	13
12-15	3.14%	7
16+	6.28%	14
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q2 How many SCAG contracts have you been awarded?

Answered: 223 Skipped: 0

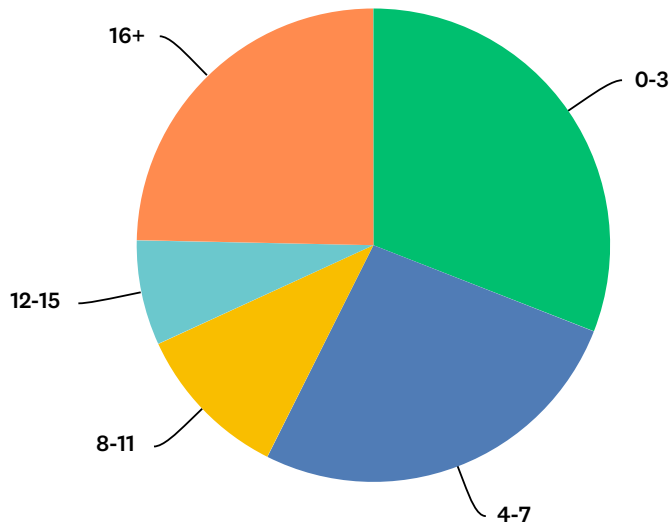


ANSWER CHOICES	RESPONSES	
0-3	87.89%	196
4-7	8.07%	18
8-11	0.90%	2
12-15	0.90%	2
16+	2.24%	5
TOTAL		223

VENDOR SURVEY

Q3 How many other California Public Agencies do you conduct work for?

Answered: 223 Skipped: 0



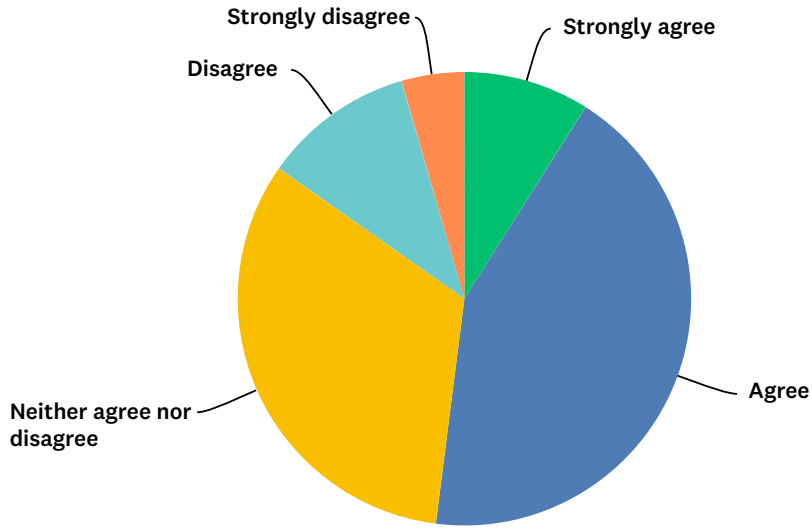
ANSWER CHOICES	RESPONSES	
0-3	30.94%	69
4-7	26.46%	59
8-11	10.76%	24
12-15	7.17%	16
16+	24.66%	55
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q4 The scope of work in SCAG's RFPs is easy to understand .

Answered: 223 Skipped: 0



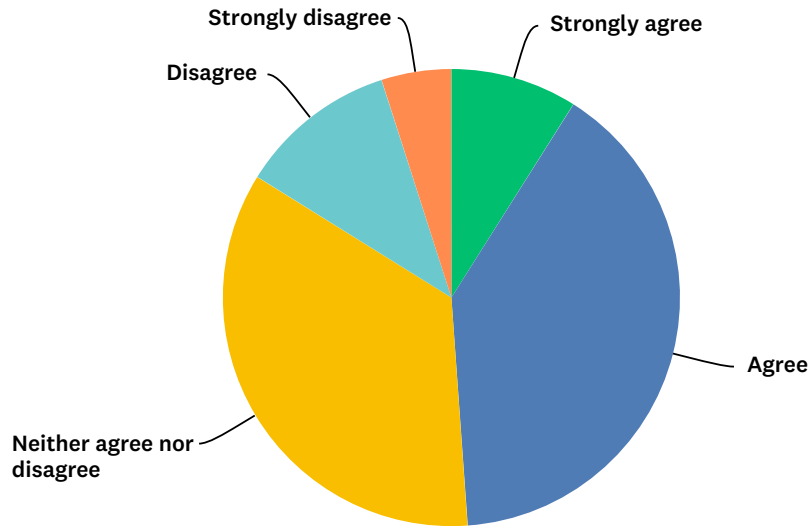
ANSWER CHOICES	RESPONSES	
Strongly agree	8.97%	20
Agree	43.05%	96
Neither agree nor disagree	32.74%	73
Disagree	10.76%	24
Strongly disagree	4.48%	10
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q5 The scope of work in SCAG's RFPs is defined well enough for you to prepare a responsive proposal.

Answered: 223 Skipped: 0

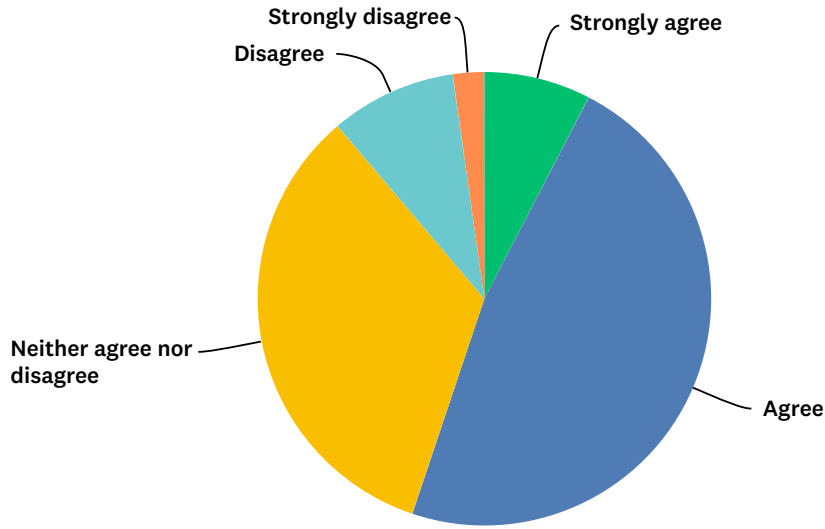


ANSWER CHOICES	RESPONSES	
Strongly agree	8.97%	20
Agree	39.91%	89
Neither agree nor disagree	34.98%	78
Disagree	11.21%	25
Strongly disagree	4.93%	11
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

Q6 SCAG allows you enough time to respond to RFPs.

Answered: 223 Skipped: 0

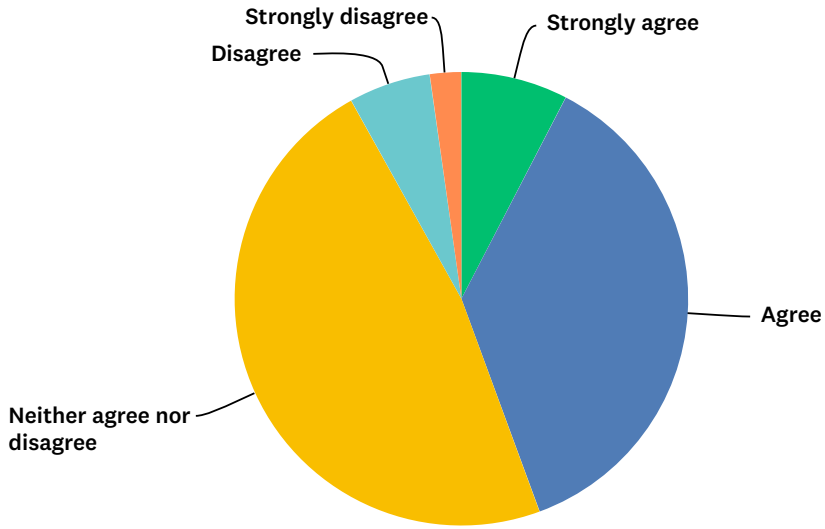


ANSWER CHOICES	RESPONSES	
Strongly agree	7.62%	17
Agree	47.53%	106
Neither agree nor disagree	33.63%	75
Disagree	8.97%	20
Strongly disagree	2.24%	5
TOTAL		223

VENDOR SURVEY

Q7 SCAG is responsive to your questions about the RFP.

Answered: 223 Skipped: 0

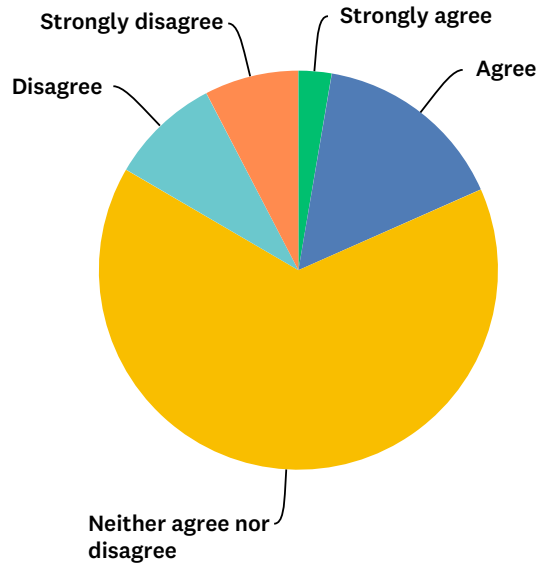


ANSWER CHOICES	RESPONSES	
Strongly agree	7.62%	17
Agree	36.77%	82
Neither agree nor disagree	47.53%	106
Disagree	5.83%	13
Strongly disagree	2.24%	5
TOTAL		223

VENDOR SURVEY

Q8 SCAG is responsive to your concerns about not being awarded the contract.

Answered: 223 Skipped: 0

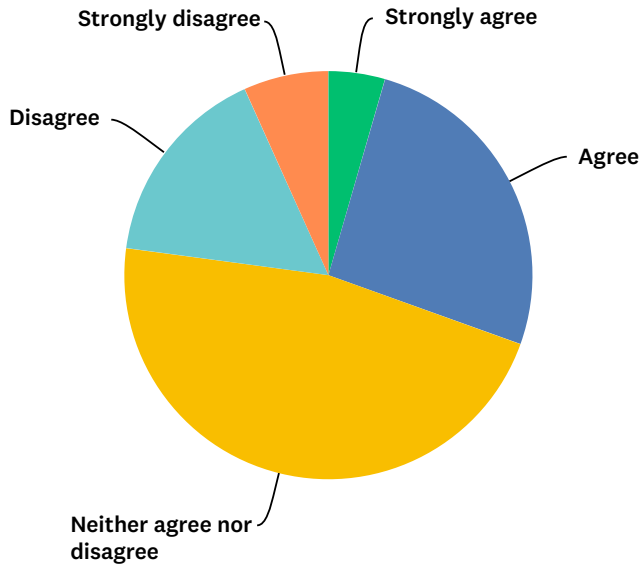


ANSWER CHOICES	RESPONSES	
Strongly agree	2.69%	6
Agree	15.70%	35
Neither agree nor disagree	65.02%	145
Disagree	8.97%	20
Strongly disagree	7.62%	17
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

Q9 It is easy to comply with SCAG's contract template.

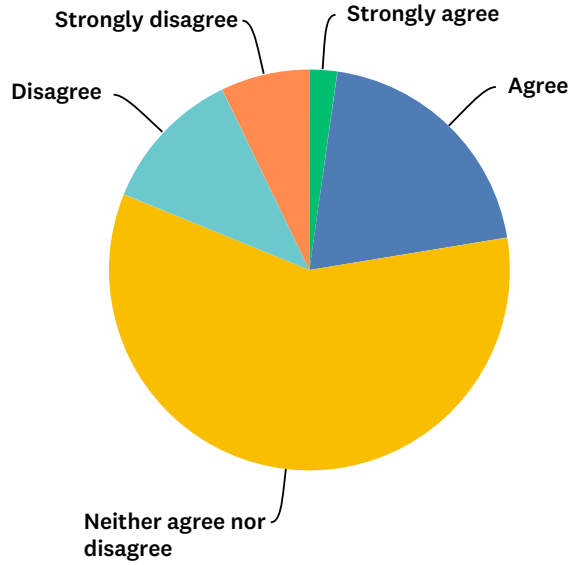
Answered: 223 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	4.48%	10
Agree	26.01%	58
Neither agree nor disagree	46.64%	104
Disagree	16.14%	36
Strongly disagree	6.73%	15
TOTAL		223

Q10 It is easy to comply with the pre-award review performed by SCAG's Internal Auditor.

Answered: 223 Skipped: 0

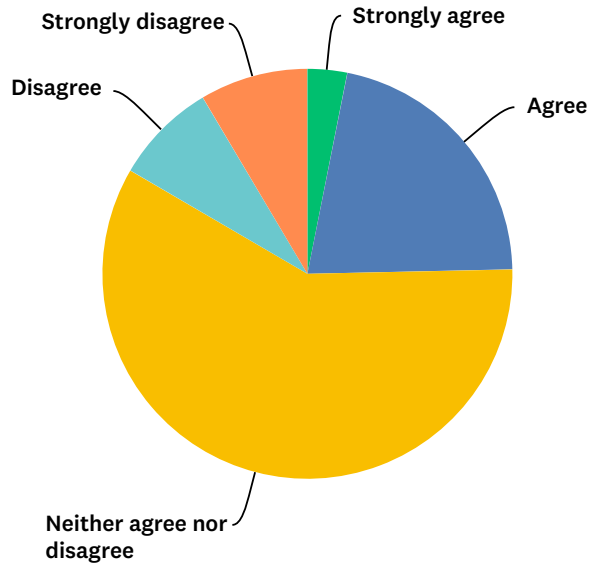


ANSWER CHOICES	RESPONSES	
Strongly agree	2.24%	5
Agree	20.18%	45
Neither agree nor disagree	58.74%	131
Disagree	11.66%	26
Strongly disagree	7.17%	16
TOTAL		223

VENDOR SURVEY

Q11 SCAG's requirements regarding contract amendments are not more cumbersome than other public agencies.

Answered: 223 Skipped: 0

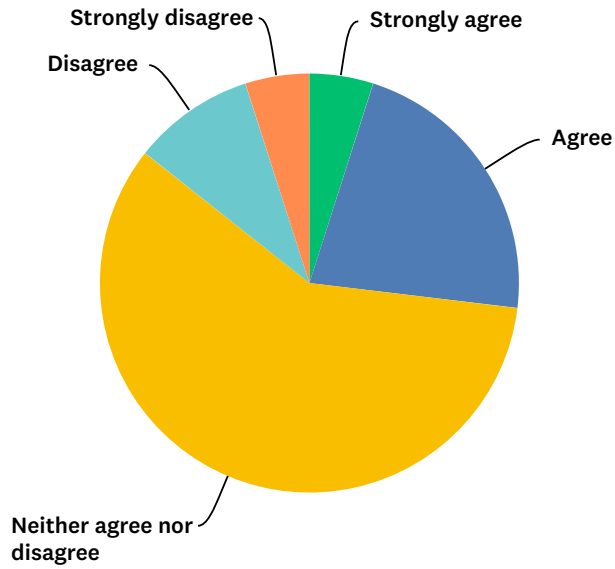


ANSWER CHOICES	RESPONSES	
Strongly agree	3.14%	7
Agree	21.52%	48
Neither agree nor disagree	58.74%	131
Disagree	8.07%	18
Strongly disagree	8.52%	19
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

Q12 SCAG staff provide clear and consistent guidance for contract and invoicing issues.

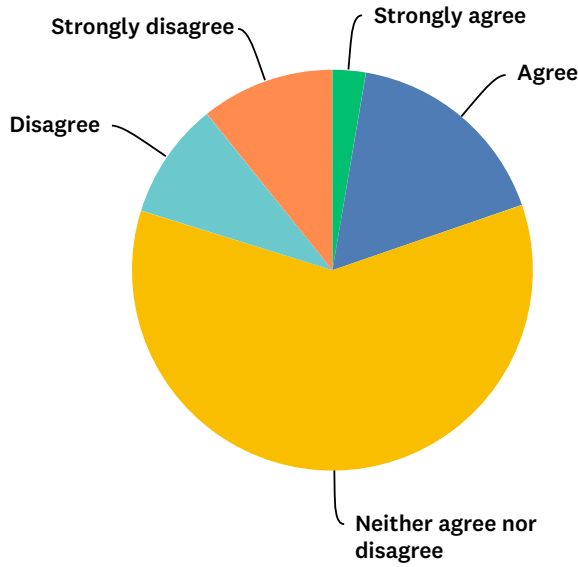
Answered: 223 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	4.93%	11
Agree	21.97%	49
Neither agree nor disagree	58.74%	131
Disagree	9.42%	21
Strongly disagree	4.93%	11
TOTAL		223

Q13 SCAG's requirements regarding invoicing are not more cumbersome than other public agencies.

Answered: 223 Skipped: 0

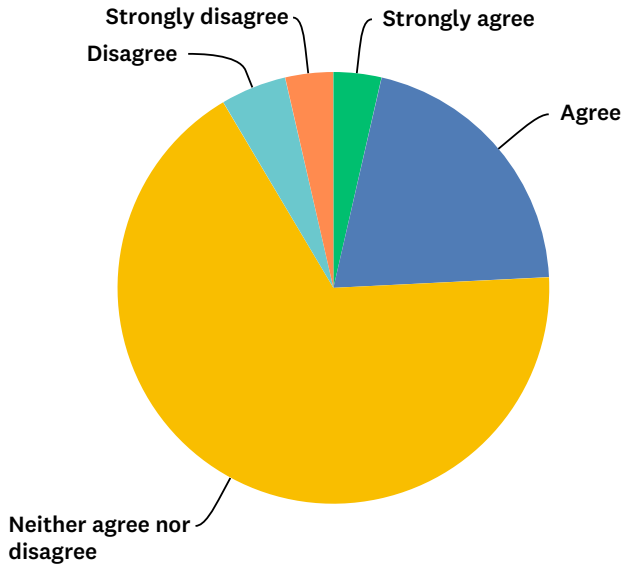


ANSWER CHOICES	RESPONSES	
Strongly agree	2.69%	6
Agree	17.04%	38
Neither agree nor disagree	60.09%	134
Disagree	9.42%	21
Strongly disagree	10.76%	24
TOTAL		223

VENDOR SURVEY

Q14 SCAG pays its vendors on a timely basis.

Answered: 223 Skipped: 0

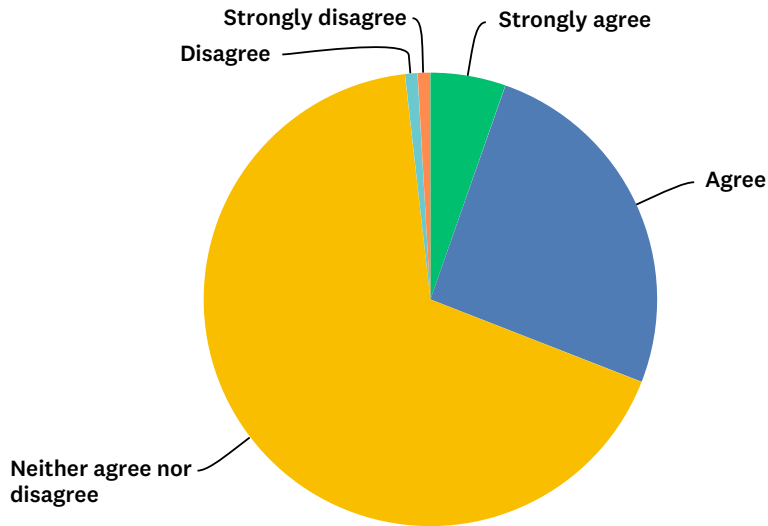


ANSWER CHOICES	RESPONSES	
Strongly agree	3.59%	8
Agree	20.63%	46
Neither agree nor disagree	67.26%	150
Disagree	4.93%	11
Strongly disagree	3.59%	8
TOTAL		223

VENDOR SURVEY

Q15 I am satisfied with the payment method SCAG uses (paper check or electronic payment).

Answered: 223 Skipped: 0

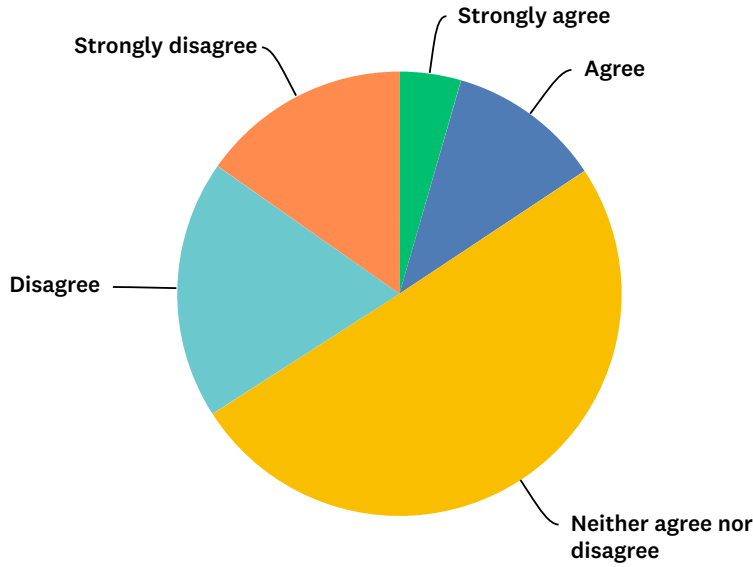


ANSWER CHOICES	RESPONSES	
Strongly agree	5.38%	12
Agree	25.56%	57
Neither agree nor disagree	67.26%	150
Disagree	0.90%	2
Strongly disagree	0.90%	2
TOTAL		223

VENDOR SURVEY

Q16 It is not more worthwhile to pursue contracting opportunities at public agencies other than SCAG.

Answered: 223 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	4.48%	10
Agree	11.21%	25
Neither agree nor disagree	50.22%	112
Disagree	18.83%	42
Strongly disagree	15.25%	34
TOTAL		223

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

Q17 Please provide input on any other areas not covered by the survey questions.

Answered: 223 Skipped: 0

#	RESPONSES	DATE
1	none	4/18/2019 10:54 AM
2	While we have not experienced major difficulties with SCAG, reviewing contracting and simplifying procedures is always a good idea.	4/17/2019 3:27 PM
3	Nothing to add.	4/17/2019 8:07 AM
4	Please share feedback to vendors on their submissions	4/16/2019 10:10 PM
5	N/A	4/16/2019 7:55 PM
6	None	4/16/2019 5:12 PM
7	I have not submitted to a SCAG RFP in my current role so cannot provide much insight. As a marketer, I do appreciate the effort to gather information about the RFP/Q process.	4/16/2019 11:04 AM
8	Due to the cumbersome process and procedures of working with SCAG, we (as a small firm of 10-15 employees) will probably not be pursuing many more SCAG RFPs. The amount of admin time needed to even administer a SCAG project eats up too much time and project budget. It is very very difficult overall, and that is what I am hearing from most other small-medium sized firms I have spoken with.	4/16/2019 10:26 AM
9	none	4/16/2019 8:53 AM
10	i hardly ever receive notifications from scag for new work	4/16/2019 8:15 AM
11	Have not had a SCAG Project	4/16/2019 8:15 AM
12	Not applicable	4/16/2019 7:51 AM
13	We're a startup so of course some of the requirements are going to be hard for us to comply with. I think SCAG could get around this by having some innovation-specific programming allowing them to capitalize on innovation without being cumbersome or taking on too much risk.	4/16/2019 7:28 AM
14	nope	4/16/2019 12:18 AM
15	No other comments . I always enjoy working with the SCAG staff. Everyone is very communicative and professional.	4/15/2019 11:04 PM
16	none	4/15/2019 10:26 PM
17	Insurance requirements for sub-contractors (sub-consultants to primes) is TOTALLY unreasonable and unrealistic. As a sole proprietor DBA...the automobile insurance requirements would require me to purchase additional insurance that equals at least half of the revenue that I would bring in on "said contract" over a 1-2 year period...totally NOT worth it. You need to realistically review the specific contract and the actual WORK entailed, and THEN determine insurance requirements based on actual RISK.	4/15/2019 9:50 PM
18	Not sure what to add	4/15/2019 9:32 PM
19	N/A	4/15/2019 7:44 PM
20	x	4/15/2019 7:42 PM
21	We're a HVAC contractor how can we get RFPs.	4/15/2019 7:18 PM
22	I think I am not receiving RFPs.	4/15/2019 7:06 PM
23	None at this juncture	4/15/2019 5:06 PM
24	None	4/15/2019 4:58 PM
25	n/a	4/15/2019 4:31 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

26	If you haven't been awarded a contract through SCAG, then it is difficult to answer a bunch of the questions.	4/15/2019 4:06 PM
27	We are in telecom and data and there hasn't ever been a contract come up for that. I would like to know how those contracts get fulfilled if they are never put out for bid?	4/15/2019 4:01 PM
28	I have not used SCAG yet. Just registered	4/15/2019 3:59 PM
29	Nothing to add	4/15/2019 3:43 PM
30	No comment	4/15/2019 3:37 PM
31	None	4/15/2019 3:11 PM
32	.	4/15/2019 2:50 PM
33	We tried to respond to a planning and design RFP disbursing federal funds. The RFP was inadequately prepared because it misrepresented the requirements of obtaining an engineering/architectural design contract under federal guidelines. Under a grant to SCAG we would be a subcontractor who would not carry the same burden as SCAG in proving the cost of services. Yet you require the same which makes it impossible for a small company to compete with large contractors that have the internal auditing power to produce such documents and clearances. Normally this would not prevent us from submitting data. Our fees are highly competitive with large design firms because, as a small firm, we can work efficiently and reduce cost. Savings can then be retained to grow the company and pay working principals with pass through profits that truly reflects their fair income from which they cover their "benefits" external to company accounting. Your required accounting practice creates a huge advantage for large firms that can show high hourly salaries, massive benefits, and high overhead for bonuses, company vehicles, and lavish offices. If we save money and work efficiently you become the sole beneficiary of these savings whereas large companies are rewarded for their spending and can justify higher fees. Your requirement is that upon an audit of our finances we would have to pay back fees received if your audit shows lower actual cost -- regardless if such fees are entirely reasonable within the context of commonly accepted standards. That allows you to reduce our fees arbitrarily, after the fact. Signing a contract with you could conceivably result in the burden to pay back fees years after the work has been completed. Undoubtedly some will sign your paperwork without understanding what it really means, ultimately risking to send their company into bankruptcy. I am not saying that this is what you are trying to do. But your required paperwork makes this possible. So if you ever ask yourselves the question why you cannot retain small efficient consultants that are connected to your local community -- here is the answer: only fools would sign the dotted line. What can be done? You need to understand what is really required. When you hire an engineering/design consultant and you are the recipient of a federal grant you are the prime contractor and they are the subcontractor. You are not required for them to show the same level of accounting that you fall under. You only have to make sure that cost is reasonable. Your statutes for contracting and your RFP language was written by someone who does not understand this. You need to review your statutes and change requirements, where applicable, so that you can receive truly competitive contractors instead of putting up insurmountable hurdles.	4/15/2019 2:19 PM
34	Invoicing requirements do seem to have evolved over time and consultants are not always informed by SCAG as to the reason or he fact that there has been a change in the requirement, which can impact the timeliness of payment as we revise invoices to meet changing requirements.	4/15/2019 2:15 PM
35	Sometimes the scope of work is fairly broad, leading to the possibility of different levels of effort. This may make the comparisons between proposals very difficult. This is further compounded if a high degree of the weighting is based on price. It would be appreciated if more guidance is provided at the pre-proposal meeting stage. This would allow respondents to provide a better proposal and SCAG to have proposals with similar level of effort assumptions.	4/15/2019 2:04 PM
36	.	4/15/2019 2:04 PM
37	none	4/15/2019 2:00 PM
38	n/a	4/15/2019 1:53 PM
39	N/A	4/15/2019 1:36 PM
40	Requests do not match our capabilities (digital and traditional graphic artist illustration including realistic and painterly styles for food, people, products, maps, technical & medical, and scenics.	4/15/2019 1:36 PM
41	It has been a while since our firm has submitted to SCAG due in part to the agency not needing the services offered by our firm. This makes it very difficult to provide valuable input.	4/15/2019 1:32 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

42	good job most areas cover	4/15/2019 1:25 PM
43	RFP scope understandability and definition varies. Time to respond to RFP is adequate. Disallowing hours from people not previously approved, even low-wage employees, is a problem.	4/15/2019 1:20 PM
44	No input.	4/15/2019 1:08 PM
45	NA	4/15/2019 1:05 PM
46	n/a	4/15/2019 1:02 PM
47	None.	4/15/2019 12:57 PM
48	My firm once bid on a project. The original evaluation sheets showed that we were the clear winner. Those evaluation sheets were changed and the project awarded to a firm less qualified than ours. We protested and were told by the executive director and his lawyer "too bad" we have the right to change evaluations. It was a corrupt process	4/15/2019 12:54 PM
49	please make contracting easier.	4/15/2019 12:46 PM
50	I wish I could provide more focus to the opportunities I receive. Most are way to broad for our expertise.	4/15/2019 12:45 PM
51	It seems SCAG only favors certain vendors. Therefore many companies stay out and do not bid since it is a waste of time.	4/15/2019 12:45 PM
52	N/A	4/15/2019 12:41 PM
53	It may be necessary to lower the requirements for DBE/SBEs, and make it easier and faster to get work going; and to allow DBE participation in all contract opportunities, or perhaps create opportunities for DBE/SBE only.	4/15/2019 12:37 PM
54	Expansion of Answers: Q6--Most of the time (not always) enough time allowed. Should be commensurate w/ job size and # of disciplines needed. Q7--When no one asks questions, it'd be nice if, just after the questions deadline has passed, there could be a posting stating that there were no questions. (A couple of times when we asked questions, the Q&A posting was late by a day or 2; so now, if we didn't ask questions, we wonder if we should keep checking just to be sure.) Oftentimes, we must wait for Q&A to determine if/which subs to bring on; this also means it's important to have ample time AFTER we see Answers since that's when the real work can start--first ID'ing team members as this so often is dependent on the Answers. Q9--Working w/ LIB template is ok but having space for 1 level of subtasks would be helpful (but not critical). Also, the template is now locked down, but there are a number of errors in it (not related to formulas). Just one example: when we complete it, we cannot see the totals because the columns are not wide enough to hold so we can only see X's. This creates a problem, so we've had to take extra time to copy the spreadsheet out into a new document just to be able to see what it's doing. Another example: some of the variable fields (those that are different with every proposal) are locked down and shouldn't be. Qs 10-16--I am the Marketing Manager (head wrangler, quals writer, final reviewer) and prepare along w/ technical staff the proposal), so I can't really respond well to these contract-related questions. If you haven't already, you might consider sending this survey to our Contracts Manager; her email address is kkosel@placeworks.com. Thank you so much for sending out this thoughtful survey! :)	4/15/2019 12:33 PM
55	None	4/15/2019 12:29 PM
56	We strictly provide media planning and buying services as well as Radio and TV creative but have not received any opportunities to bid on such work.	4/15/2019 12:19 PM
57	I've reviewed your RFP's - have not applied for any contracts yet.	4/15/2019 12:15 PM
58	Don't know what agencies use SCAG	4/15/2019 12:13 PM
59	No other "areas"	4/15/2019 12:13 PM
60	Responses are predominantly neither agree nor disagree because of our limited experience and knowledge of SCAG contracts and procedures.	4/15/2019 12:12 PM
61	Other agencies easier to respond to. Tend to feel SCAG has "pre-determined legacy" vendors	4/15/2019 12:08 PM
62	thank you	4/15/2019 12:05 PM
63	na	4/15/2019 12:03 PM
64	N/A	4/15/2019 12:01 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

65	SCAG's invoicing requirements and the pre-award review tend to be the biggest hurdles. It tends to be especially burdensome on smaller firms, which limits potential partnership and sub-contracting opportunities.	4/15/2019 12:00 PM
66	I haven't really bid on much or dealt with SCAG, so I would throw out my response. Just FYI	4/15/2019 11:56 AM
67	Don't have any.	4/15/2019 11:56 AM
68	Nothing	4/15/2019 11:56 AM
69	N/a	4/15/2019 11:55 AM
70	Please note that (1) I have never bid on SCAG projects as a prime, only as a sub. (2) I just started work on my first-ever SCAG project last month, so my billing/invoicing history is not long enough to form much of an opinion.	4/15/2019 11:55 AM
71	I don't have any at this time	4/15/2019 11:51 AM
72	na	4/15/2019 11:51 AM
73	Doing this since 2001, never given timely notice of opportunities.	4/15/2019 11:48 AM
74	No	4/15/2019 11:48 AM
75	None	4/15/2019 11:48 AM
76	SCAG invoicing is the most burdensome of all agencies n my experience. it is not welcoming to SBEs in terms of the extra work required to comply with your accounting requirements. Your invoicing requirements require most small businesses to hire a specialist to work through your invoicing.	4/15/2019 11:48 AM
77	We have never pursue any of SCAG's RFP's.	4/15/2019 11:44 AM
78	N/A	4/15/2019 11:43 AM
79	no comment	4/15/2019 11:43 AM
80	I wish the contract encouraged participation from public universities in California	4/15/2019 11:41 AM
81	Since we were not awarded work and/or the project was cancelled, I do not have direct relevant experience to answer many of the contracting questions.	4/15/2019 11:41 AM
82	NONE	4/15/2019 11:40 AM
83	none	4/15/2019 11:40 AM
84	Na	4/15/2019 11:40 AM
85	Why are Qs 13 and 16 worded so obliquely? Also: I strongly disagree with SCAG's policy of not putting guidance about project budgets in its RFPs. For things where there are easily established market rates, like toilet paper or office supplies, I can see it, but for professional services where there are many alternative ways to approach a project, then you are doing everyone a disservice by being coy about how much you expect to pay for a project. Do your homework!	4/15/2019 11:39 AM
86	I'm a GIS Vendor. This is an emerging technology that is difficult to include in an RFP. More inclusion for GIS as part of SOW and assistance on responding for GIS work.	4/15/2019 11:39 AM
87	awards go to those that have insight to your Technical staff.. They seem to get a jump on other bidders..	4/15/2019 11:37 AM
88	We work directly for cities, school districts, colleges. I don't understand what you guys do.	4/15/2019 11:36 AM
89	previous 2 efforts were a total waste of time - very disappointing	4/15/2019 11:36 AM
90	NONE	4/15/2019 11:36 AM
91	I haven't bid on any projects.	4/15/2019 11:35 AM
92	n/a	4/15/2019 11:34 AM
93	We are an east coast firm that had worked for BLM in the San Bernardino County area and wanted to continue working on similar types of projects, but have yet to pursue anything	4/15/2019 11:34 AM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

94	Very unresponsive employees when asking for details on RFP or any other requests. I feel that the whole organization has become extremely bureaucratic and benefits only larger companies offering what we, as a very small company, offer. It used to be easier and beneficial for both parties.	4/15/2019 11:34 AM
95	None	4/15/2019 11:33 AM
96	No additional comment.	4/15/2019 11:33 AM
97	Na	4/15/2019 11:31 AM
98	It appears that many of the awards are predetermined for a particular vendor.	4/15/2019 11:31 AM
99	none thank you	4/15/2019 11:30 AM
100	no input	4/15/2019 11:30 AM
101	n/a	4/15/2019 11:30 AM
102	n/a	4/15/2019 11:29 AM
103	innovative projects and project types are great, but unless we can all get equally oriented to them ahead of time, it seems like someone else will have an inside track.	4/15/2019 11:29 AM
104	none	4/15/2019 11:29 AM
105	Vendors from different States should also get chance to perform on the task orders under any contract. We have one contract with SCAG and out of 13 TO's, we've won only one and on that TO, we've been performing since 2 years with no complaints from the client site.	4/15/2019 11:28 AM
106	I actually pass on RFPs to consultants . . . I have retired my firm however still pass on consultant work without pay . . thank you	4/15/2019 11:28 AM
107	Most of the contracts issued by SCAG don't necessarily have geotechnical scopes of work involved; therefore, we are not often on teams preparing proposals.	4/15/2019 11:27 AM
108	n/a	4/15/2019 11:27 AM
109	We have exclusively served the role of subconsultant on SCAG contracts making many of the questions once removed from our ability to answer.	4/15/2019 11:26 AM
110	Need to provide quick feedback in regards to positions submitted to California government. Submitted need to at least telephonic screening first and second round should be in person if they are interested with consultant to hire.	4/15/2019 11:26 AM
111	Your agency outta service bad for small biz. U are only looking for large primes like everyone else. If want to fix thing the. Actually solicite to small biz and hell with large primes.	4/15/2019 11:26 AM
112	nothing more for now	4/15/2019 11:24 AM
113	Would love to bid and had hoped more projects in our business area (software consulting) would be available. Will continue to try.	4/15/2019 11:24 AM
114	I've been told it is impossible to get off this list, despite the fact that I have now completely retired and asked to be removed. That seems remarkably inefficient.	4/15/2019 11:24 AM
115	None	4/15/2019 11:22 AM
116	n/a	4/15/2019 11:22 AM
117	None	4/15/2019 11:21 AM
118	No additional input.	4/14/2019 6:25 AM
119	none	4/13/2019 5:15 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

120	We have received and read SCAG proposals. We have not submitted to SCAG because most agencies already know who they want and the proposal is just a formality or loop that is required by law. For most agencies, the proposal process is not a selection process. For example, we have an 8 million dollar contract with the California High Speed Rail and a two million dollar contract with the California Waterfix for surveying and right of way mapping. Our contract with the High Speed Rail began as a \$3M and expanded over time to \$8M due to the quality and responsiveness of our work. Riverside County Transportation Commission (RCTC) issued an on-call right of way and surveying contract. RCTC determined that we were not qualified to clean the restroom. So unless we have time to do the political marketing in advance of the RFP, we don't submit. SCAG may be different, but we don't know that. We do appreciate the survey.	4/11/2019 12:55 PM
121	We would like to do work for SCAG, but we have not.	4/10/2019 8:43 PM
122	N/A	4/10/2019 2:42 PM
123	Pursuing opportunities listed on SCAG is often a waste of time and money. We have the strong belief that 'insiders' are awarded contracts and that new and/or little-known firms are at a strong disadvantage.	4/10/2019 9:39 AM
124	There is no cultivation of vendors who have performed well but have small marketing staff. SCAG seems to really be for the big firms.	4/10/2019 9:28 AM
125	sdkfnsdnd	4/9/2019 4:47 PM
126	The contract staff has not been helpful in explain the way to complete standard forms, giving answers like, "do your best" and "the instructions are there." This isn't helpful for small businesses that are not experts in public contracting. We can do what is expected if it was clearer.	4/9/2019 3:55 PM
127	SCAG provides good guidance throughout the contract	4/9/2019 2:03 PM
128	Because we only do Noise and Vibration most of the contract require much effort for use to be seen as a subcontractor. Therefore we do not pursue work we know we could save money for SCAG	4/9/2019 12:33 PM
129	n/a	4/9/2019 12:26 PM
130	As a solo proprietor, it is difficult to win SCAG contracts without being a sub-contractor.	4/9/2019 12:11 PM
131	It is extremely difficult working with SCAG. The RFPs are usually not well written, once a project is awarded, it takes a very long time (months) to get a contract, SCAG invoicing and progress report process is extremely time consuming, costing a great amount of staff time that could be better spent on project work, guidance from SCAG PMs varies between SCAG PMs (given different direction from two different SCAG PMs, even on the same project), SCAG takes months to pay invoices, and it is extremely hard to make any changes to SOW even when for the benefit of the client city/county.	4/9/2019 11:33 AM
132	No other input to offer	4/9/2019 6:55 AM
133	It takes a team to respond to what one man can and should be able to doI should not have to hire 4 people to go after govt contracts	4/9/2019 5:52 AM
134	none	4/9/2019 1:41 AM
135	As a small business, working with SCAG has been challenging because of invoicing requirements, very long payment timeframes, etc. Other local and regional agencies are supportive of small businesses. Working with SCAG project managers is wonderful and SCAG projects are wonderful and special. It is the invoicing, audit department, and payment systems that are unfriendly to small businesses.	4/8/2019 11:18 PM
136	Provide a way to stop emails re bidding for SCAG work. I was a contractor to SCAG 2-3 decades ago. I have no interest in RFQs or bid solicitations at this time, but cannot unsubscribe or block emails. Please provide that option.	4/8/2019 10:58 PM
137	Suggest that SCAG consider adding a pre-screening process of potential contractors specific and verifiable qualifications, competencies and successful related projects. Would help to advance a process of pre-screening and identifying pre-qualified firms. Good luck!	4/8/2019 10:09 PM
138	N/A	4/8/2019 9:36 PM
139	None	4/8/2019 8:02 PM
140	Sorry I could not provide more information	4/8/2019 8:01 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

141	We do understand the complexity of working with local jurisdictions through SCAG versus working directly with SCAG. Aligning SCAG goals with local jurisdictions can make RFPs more complex and we try to respond accordingly.	4/8/2019 8:00 PM
142	I don't know why I am filling out this survey	4/8/2019 6:46 PM
143	Unfortunately, government bids are awarded on a price only decision. As a taxpayer, this is disappointing - as i see deteriorated equipment and lack of oversight of the vendors awarded jobs. I also see vendors awarded business due to "small business", DV status, or microbusiness. This is not always true, as many larger businesses just run a bid through a company or person that can claim that status. This defeats the purpose of that clause and is disappointing that it is allowed. The awards we have received were on RFP's, not RFQ's. We have won performance awards, water savings awards and energy savings awards for our government customers - and their equipment inspections are outstanding.... so we are providing value through savings, asset life management, and reduced costs (such as heat transfer efficiency, etc). Our customers save money by writing performance based bids that are evaluated based on the exact type of equipment they want to be used and results they expect to see. Bids are awarded points for a vendor's compliance to the request and the results that they can achieve. This type of bid is much better for both the site and the taxpayers. Awarding business to a low cost supplier is a terrible way to do business and all the government needs to do is change how they write their bid so that they get good results.	4/8/2019 6:40 PM
144	Requirements for build up of labor hours from direct costs precludes us from working with SCAG most of the time.	4/8/2019 5:46 PM
145	I did not understand what question 16 was asking.	4/8/2019 5:21 PM
146	I like the location of SCAG's new office.	4/8/2019 5:16 PM
147	RFPs are generally well-written and easy to follow. Awards of contract we don't get do not show up on the website for several months; so difficult to know if anything has been awarded or not. Pre-award review is cumbersome and overly picky. Invoicing has very cumbersome requirements that do not make sense for small contracts. I get it for a \$500k contract, but not for a \$30k contract which requires several hours to do an invoice.	4/8/2019 4:33 PM
148	NA	4/8/2019 3:52 PM
149	United Imaging was a previous vendor for SCAG for various printer imaging supplies for more than 10 years. We have not been invited to bid on any office supply, or toner, ink, or equipment related items in more than 3 years. When asked if we are still on Bid/vendor list, I am told yes, but have not received any RFP or Bids to participate in. Wondering if these type of commodities are not part of an actual bid process any longer.	4/8/2019 3:18 PM
150	N/A	4/8/2019 3:03 PM
151	Appreciate asking for input	4/8/2019 2:55 PM
152	Since i have worked with SCAG before it is a great organization to work for.	4/8/2019 2:51 PM
153	SCAG delves more into the business practices of its contractors than any other contractor, including the State of California, other than the federal government. In attempting to somehow control costs by pursuing the details, SCAG is more likely to drive away bidders, and incent other bidders to find ways around SCAG's audit review in a manner that drives up SCAG's overall costs.	4/8/2019 2:46 PM
154	I was a consult to SCAG in the late 80s thru the 90s, but I am no longer interested in being involved. Please remove my firm from you mailing list. Thank you, Dennis Flanzer, Dennis Flanzer Associates, Inc.	4/8/2019 2:26 PM
155	I'm a marketing and proposals coordinator for an environmental consultant. We often incorporate and cite SCAG reports and GIS data in our land use planning and conservation research and environmental studies.	4/8/2019 2:26 PM
156	your contract process is really cut for a standard model of consulting practice makes it harder for unconventional practices/small practices to pursue work.	4/8/2019 2:21 PM
157	Response time is incredibly slow. Had to re-bid on two occasions. Lots of work with no results and no actionable feedback. Likely will not bid again.	4/8/2019 2:15 PM
158	.	4/8/2019 1:48 PM
159	Procurement notice information	4/8/2019 1:47 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

160	N/A	4/8/2019 1:46 PM
161	I would appreciate the opportunity to provide an Architectural, Structural or M,P,E type projects. My firm has over 50 years of experience in southern California. GV Salts cell number 951/377-6009	4/8/2019 1:41 PM
162	SCAG has been a nightmare administratively to work with. The invoicing and contracting people are difficult, give confusing and sometimes conflicting instructions, and are extremely inflexible on even the most menial items. We won't work with SCAG again until there is a wholesale overhaul of how SCAG works, and treats its consultants with respect, timeliness, and competency.	4/8/2019 1:33 PM
163	N/A	4/8/2019 1:23 PM
164	Our firm has been "awarded" however it has been over a year since we have received further information.	4/8/2019 1:17 PM
165	/	4/8/2019 1:13 PM
166	SCAG's lack of providing available budget information (even rough ballparks) as part of the RFP has resulted in the submittal of scopes that are wildly above what is available. SCAG's tight control over project staffing and the ability to easily use different staff (to achieve the best project results) throughout the life of the project is very challenging, and overly restrictive. SCAG's requirement to submit timesheets (showing all staff time -- on SCAG project and on non-SCAG projects, as well as paystubs and the like) places a very high, and unique to SCAG, administrative burden on the contractor. SCAG is very unique is the very high administrative burden its processes place on completing work for SCAG.	4/8/2019 1:09 PM
167	Our firm does extensive work in local government. Our experiences in bidding for work at SCAG have been negative, not because we didn't win the contracts, but we were treated in a demeaning manner both during the orals and when we asked for feedback. After trying several times, have no desire to waste our firm's capital in bidding on work at SCAG.	4/8/2019 1:09 PM
168	Inconsistent billing and invoices guidance and procedures within contract periods can become incredibly cumbersome for a small firm to deal with, especially when communications or requests for corrections may include a lag time of months, resulting in payment delays in excess of 6 months. Given these types of issues, we understand why some firms no longer bid on SCAG RFPs.	4/8/2019 1:07 PM
169	I stopped pursuing SCAG contracts several years ago. My company has been around for three plus decades and has pursued and won hundreds of government contracts throughout the Western United States. We currently have upwards of 10 government contracts. Years ago I won a SCAG contract as a subconsultant. After the award recommendation we were asked to update the scope of work, refine the budget and attend several meetings. After my firm completed all of that work the then-director of SCAG "removed" us from the prime's contract and instead awarded the work to a competing agency, that did not bid on the contract, and also happened to be where his wife was employed at the time. I called the SCAG director to confront him about this. He was evasive and claimed to know nothing about this and passed me on to a subordinate who was unhelpful and unwilling to review this further. These actions were unethical and are the principal reason my firm no longer pursues work with SCAG.	4/8/2019 1:04 PM
170	No further input.	4/8/2019 12:55 PM
171	n/a	4/8/2019 12:51 PM
172	no comment	4/8/2019 12:50 PM
173	Difficulty with contract negotiations or applying changes in staffing to an existing contract have made it hard for our company to comply with SCAG's policies. This has deterred us from bidding on new opportunities with SCAG despite qualifications and interest in bids.	4/8/2019 12:50 PM
174	Your RFPs are overly complex and long.	4/8/2019 12:49 PM
175	None.	4/8/2019 12:48 PM
176	no additional comments	4/8/2019 12:43 PM
177	Once a contract is awarded to multiple vendors, it should result in all vendors getting some of the work. They should use a rotation system to be fair to all vendors who have worked hard to write a quality proposal to win a piece of the contract.	4/8/2019 12:40 PM
178	n/a	4/8/2019 12:29 PM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

179	RFPs are usually very cumbersome to sift through and the amount of required forms daunting so we tend to not pursue that often due to workload	4/8/2019 12:28 PM
180	No comment	4/8/2019 12:25 PM
181	I have not heard from you in awhile.	4/8/2019 12:25 PM
182	Scag makes proposing difficult because no budgets are published, an no look ahead is provided. we need to know the order of magnitude to know if a company's size is appropriate for the size of the project. It is also very discouraging to propose because SCAG dictates billing rates, limits profit mark up, and does not allow CCOs even when the scope is shifting, especially when local agencies are in charge of the scope. Lastly SCAG disallows time charges too liberally and wrongly. It is a sure thing that a reasonable block of hours will get rejected for an unfair reason. With limits on overhead and profit, it is a sure thing that virtually every SCAG job will result in a loss.	4/8/2019 12:22 PM
183	SCAG needs to be more flexible in contracting. As consultants our goal is to deliver the product to the clients satisfaction. Quite often contracts do not start as advertised and our proposed staffing resources may need be shuffled. We should have the flexibility to use whatever staff we have available to complete tasks and the project. As private companies, we are mindful of the bottom line. As long as SCAG and the local agency are satisfied with the final product, we should be left alone to do it as we choose.	4/8/2019 12:20 PM
184	na	4/8/2019 12:19 PM
185	Scag has a history of playing fast and loose with budgets	4/8/2019 12:18 PM
186	none	4/8/2019 12:16 PM
187	none	4/8/2019 12:15 PM
188	NA	4/8/2019 12:14 PM
189	I have yet to answer an RFP, so I cannot be of much help on this survey. Sorry.	4/8/2019 12:14 PM
190	NA	4/8/2019 12:12 PM
191	Communication about the status of vendor selection could be enhanced with regular communication when the selection process is delayed.	4/8/2019 12:11 PM
192	The detailed breakdown of budgets by dribble, overhead etc is very cumbersome. Most public agencies we work for simple ask for fixed price or fixed price by task.	4/8/2019 12:09 PM
193	Our contracts are in combination with other agencies and SCAG.	4/8/2019 12:08 PM
194	--	4/8/2019 12:08 PM
195	Classification notification is poor. Such as for anything related to a natural gas refueling station	4/8/2019 12:07 PM
196	I represent an architectural firm and don't think we've ever responded to an RFP from SCAG.	4/8/2019 12:07 PM
197	N/A	4/8/2019 12:05 PM
198	No additional input.	4/8/2019 12:04 PM
199	We have not done any work through SCAG so were unable to provide meaningful feedback.	4/8/2019 12:04 PM
200	Frustrating for DVBE to win awards	4/8/2019 12:04 PM
201	Although SCAG is a very good agency and among the best probably in SoCal - SCAG as a client has a really bad reputation (and maybe the worst as per what I hear from clients as I have never done any work there) in that it is a rigid client / many primes avoid even proposing on SCAG work / there is no consideration for small businesses what so ever	4/8/2019 12:02 PM
202	.	4/8/2019 12:01 PM
203	For companies that have never received a contract through SCAG the majority of the questions are not relevant.	4/8/2019 11:58 AM
204	none	4/8/2019 11:57 AM
205	Our professional experience with SCAG is that the staff have no intention on looking at better solutions. They have no intention or inclination on meeting vendors who might have superior products to offer.	4/8/2019 11:57 AM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

VENDOR SURVEY

206	Never knew SCAG sends RFQ out and haven't had a chance to review them.	4/8/2019 11:57 AM
207	The need to have vendors split out their hourly rates by base rate, direct overhead, and indirect overhead is unnecessary and prevents many vendors from bidding.	4/8/2019 11:57 AM
208	I haven't participated in any scag Bids.	4/8/2019 11:56 AM
209	I am a small DBE/WBE/SBE/LBE and I find it hard to stay aware of SCAG RFPs, difficult to compete with larger firms and difficult to develop responsive RFPs with such limited guidance on budgets, award criteria and project priorities. I've received no useful feedback on previous bids or work with SCAG.	4/8/2019 11:56 AM
210	n/a	4/8/2019 11:56 AM
211	SCAG contracting is so terrible that my organization and many others are not interested in even bidding. After taking an entire year to come to agreement on contract terms, SCAG does not allow those same terms to be used in another contract between the two parties. I've had to walk away from more than 1 awarded SCAG projects because of contracting issues. This is a major issue and I appreciate this survey but there's going to need to be an entire overhaul of the process in order for SCAG to get bids from the high-quality consultancy community in the LA region.	4/8/2019 11:55 AM
212	True or not, the perception of working for your agency is that it is an insider's game. We typically rank in the top 5 in the LA basin and we have never shortlisted at SCAG. We quit submitting years ago.	4/8/2019 11:55 AM
213	To my knowledge everything is covered Thank You	4/8/2019 11:55 AM
214	None	4/8/2019 11:54 AM
215	None.	4/8/2019 11:54 AM
216	We have a specialized product so the potential for bidding is somewhat limited.	4/8/2019 11:53 AM
217	I no longer pursue contracts with government agencies because they have been extremely hard to obtain for very small minority/women-owned businesses.	4/8/2019 11:52 AM
218	I do not feel that SCAG is truly interested in working with the very small SBE. My firm, is a one person, certified SBE. I do not feel that SCAG wants to do business with my firm.	4/8/2019 11:52 AM
219	The RFP process is still cumbersome and difficult. Improved slightly, but not significantly.	4/8/2019 11:51 AM
220	Have not found any SCAG work applicable to our business so have not completed a bid nor been awarded a bid so the "neither agree nor disagree" responses are based on lack of experience with those areas	4/8/2019 11:50 AM
221	N/A	4/8/2019 11:49 AM
222	none	4/8/2019 11:49 AM
223	it would be nice to meet in person at some point during the process	4/8/2019 11:49 AM

Attachment: Survey Comments (Caltrans Audits' Corrective Action Plans Status Update)

This Page Intentionally Left Blank



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
November 7, 2019

To: Executive/Administration Committee (EAC)
Regional Council (RC)
From: Basil Panas, Chief Financial Officer, 213-236-1817,
panas@scag.ca.gov
Subject: CFO Monthly Report

EXECUTIVE DIRECTOR'S
APPROVAL

Kome Ajise

RECOMMENDED ACTION:

For Information Only - No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

AUDITS:

Caltrans - On October 8, 2019, SCAG received the State's reply to SCAG's formal responses to Caltrans Final Corrective Action Plans regarding the State's Incurred Cost Audit and Indirect Cost Allocation Plan Audit of SCAG. As you may recall, SCAG submitted these formal responses and its Cost Substitution proposal to the State in July 2019. In its reply, Caltrans has requested additional documentation to demonstrate SCAG's implementation efforts thus far. In addition, Caltrans has requested additional documentation to support the costs paid from local funds that SCAG has proposed to substitute for the total \$4.4 million of repayments sought by the State in the Audits. SCAG has thirty (30) days from the date of the letters to respond, which SCAG will do. A separate staff report [please see Caltrans Audits' Corrective Action Plans Status Update] is included in today's agenda packet providing more detail on the matter as well as copies of the October 8, 2019 letters from Caltrans. This matter was also discussed by the Audit Committee as part of its meeting on October 23, 2019.

Annual Audit - SCAG's outside independent auditors, Eide Bailly LLP, are currently drafting their FY19 audit report and we plan to issue the Comprehensive Annual Financial Report in late November or early December.

MEMBERSHIP DUES:

68% of the FY20 dues assessment was collected as of October 14th. Reminders were sent to the members who had not paid by October 1.

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

BUDGET & GRANTS (B&G):

On October 3, 2019, the Regional Council approval formal amendment 1 to the FY 2019-20 (FY20) Overall Work Program (OWP) in the amount of \$3.6 million, increasing the OWP budget from \$79.2 million to \$82.8 million. Amendment 1 includes: adding two new grants for the Active Transportation Program; adding a new grant for the FY20 Office of Traffic Safety - Pedestrian and Bicycle Safety Program; and adding five new grants for the FY20 Caltrans Sustainable Transportation Planning Grant Program. This amendment also includes: adding Transportation Development Act (TDA) funds and other local funds for the required match to support the new grants; and adjustments to staff time allocations in various OWP projects.

On October 3, 2019, Caltrans issued a reconciliation letter to confirm unexpended totals of \$12.9 million in Consolidated Planning Grant (CPG) funds and \$11.4 million in State Planning Grant funds at the end of fiscal year 2018-19. The available funds will be programmed in future budget amendments.

CONTRACTS:

In September 2019, the Contracts Department issued nine (9) Requests for Proposal, awarded one (1) contract; issued eight (8) contract amendments; and processed 55 Purchase Orders to support ongoing business and enterprise operations. Staff also administered 112 consultant contracts. Contracts staff continued to negotiate better pricing and reduced costs for services.

ATTACHMENT(S):

1. 110719 CFO Charts



Office of the Chief Financial Officer

Monthly Status Report

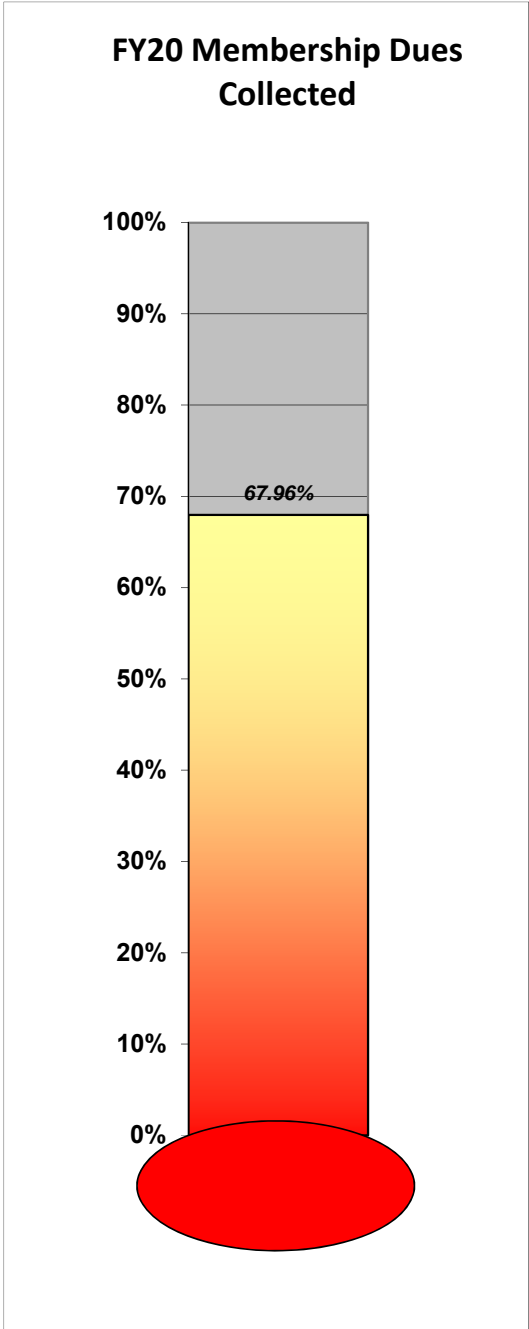
SEPTEMBER 2019

OVERVIEW

As of October 14, 2019, 163 cities and 5 counties had paid their FY20 dues. This represents 68.0% of the dues assessment. 26 cities and one county had yet to pay their dues. Two cities are being recruited for membership.

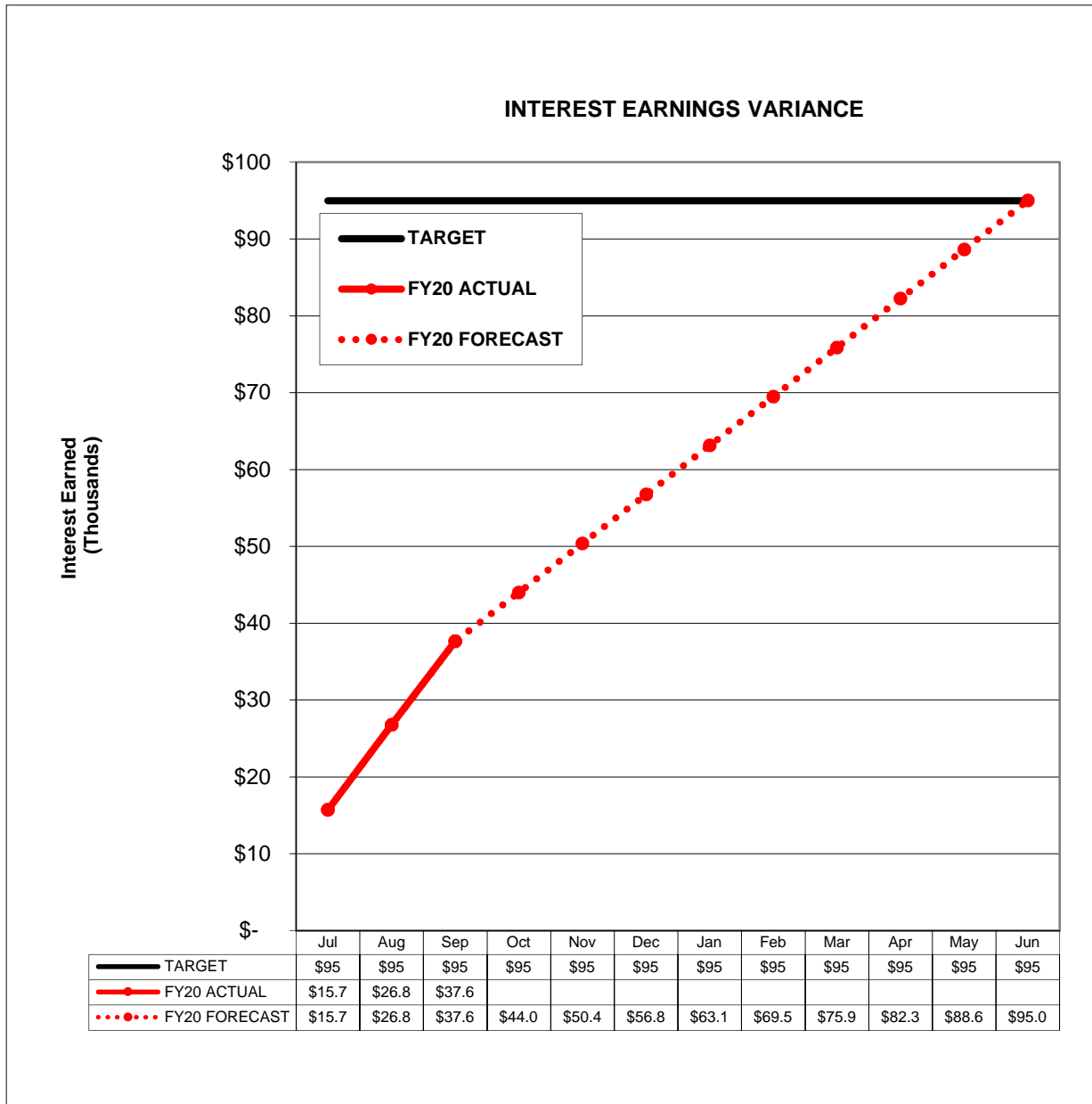
SUMMARY

FY20 Membership Dues	<u>\$ 2,113,909</u>
Total Collected	<u>\$ 1,436,703</u>
Percentage Collected	<u>67.96%</u>





Office of the CFO
Interest Earnings Variance



Attachment: 110719 CFO Charts (CFO Monthly Report)

OVERVIEW

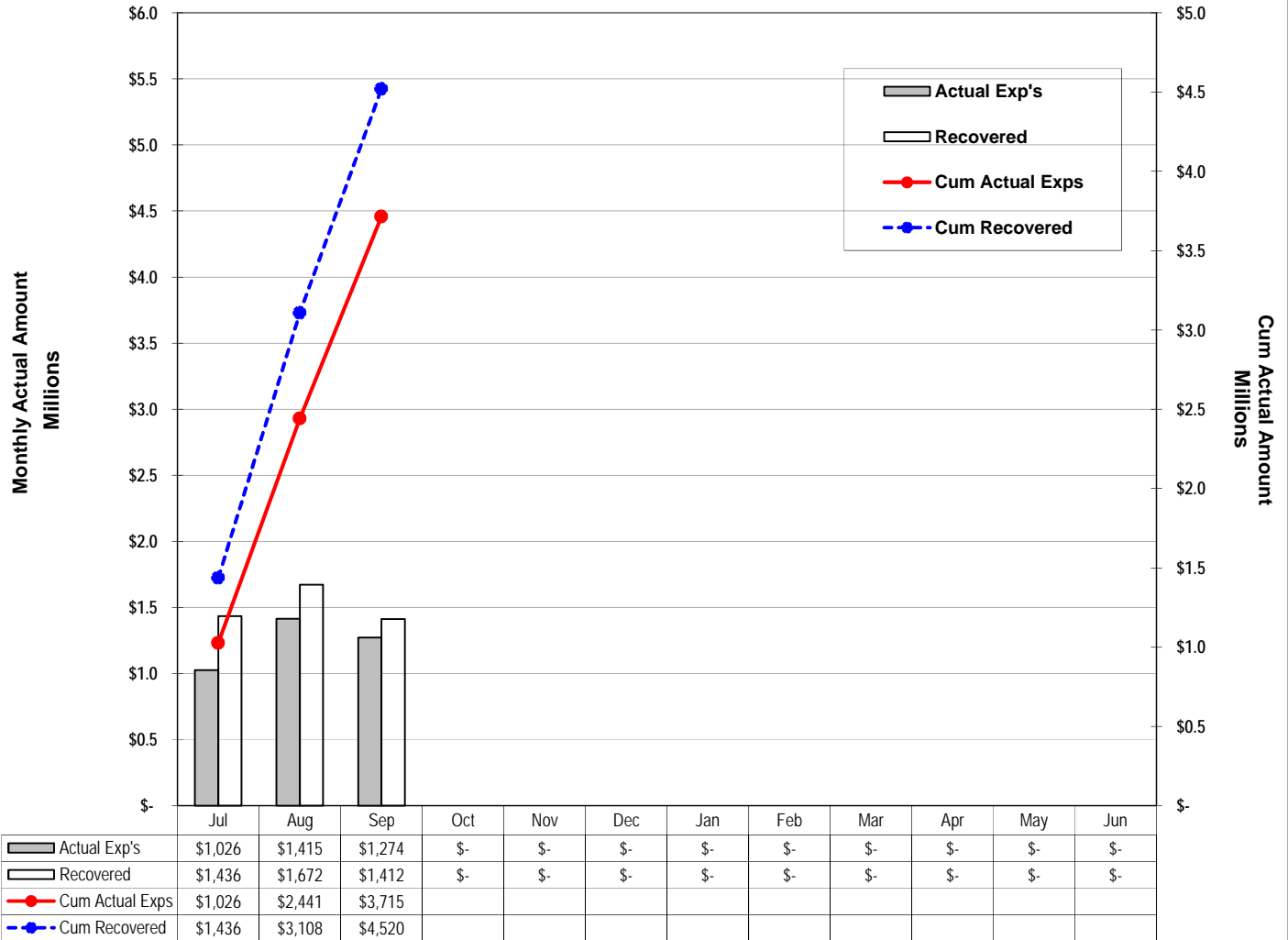
Actual interest income is plotted against the target amount. The amount credited to SCAG's account through September was \$37,643. The LA County Pool earned 2.04% in August.

SUMMARY

The amount projected for FY20 is \$95,000.



FY20 INDIRECT COST & RECOVERY



Attachment: 110719 CFO Charts (CFO Monthly Report)

OVERVIEW

A comparison of Indirect Cost (IC), incurred by SCAG vs. IC recovered from SCAG's grants.

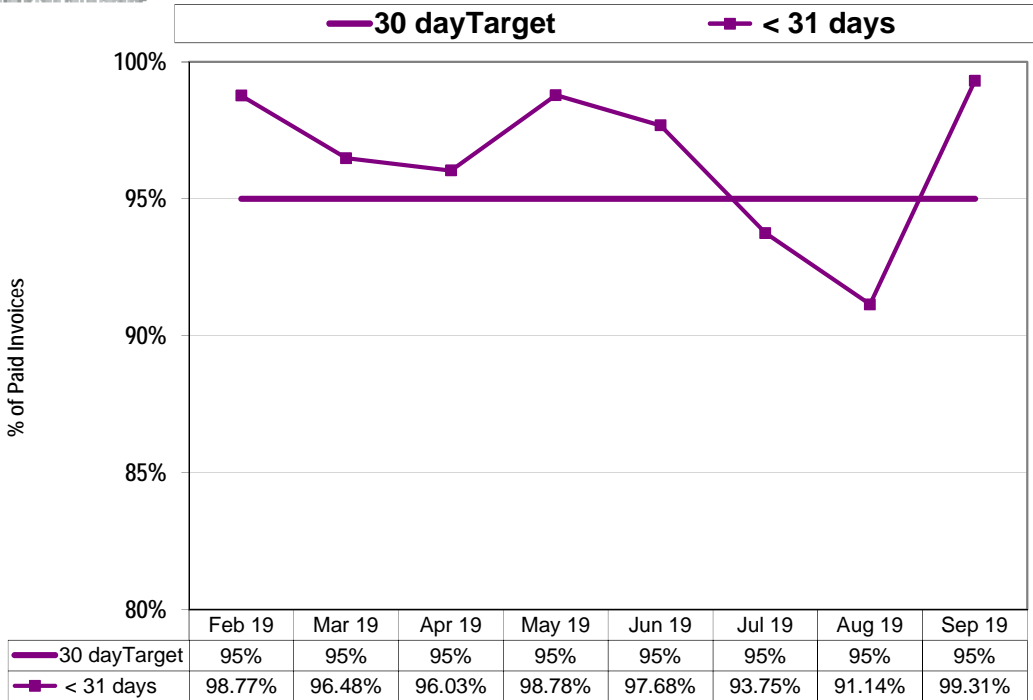
SUMMARY

Through September 2019, SCAG was over-recovered by \$804,890 due to unspent Indirect Cost budget.

Office of the CFO
Invoice Aging



INVOICE AGING



OVERVIEW

The percent of total invoices paid within 30 days. The target is to pay 95% of all invoices within 30 days. This goal was met.

SUMMARY

99.31% of September 2019 payments were made within 30 days of invoice receipt.

At month-end, 54 invoices remained unpaid less than 30 days.

Actual

OVERVIEW

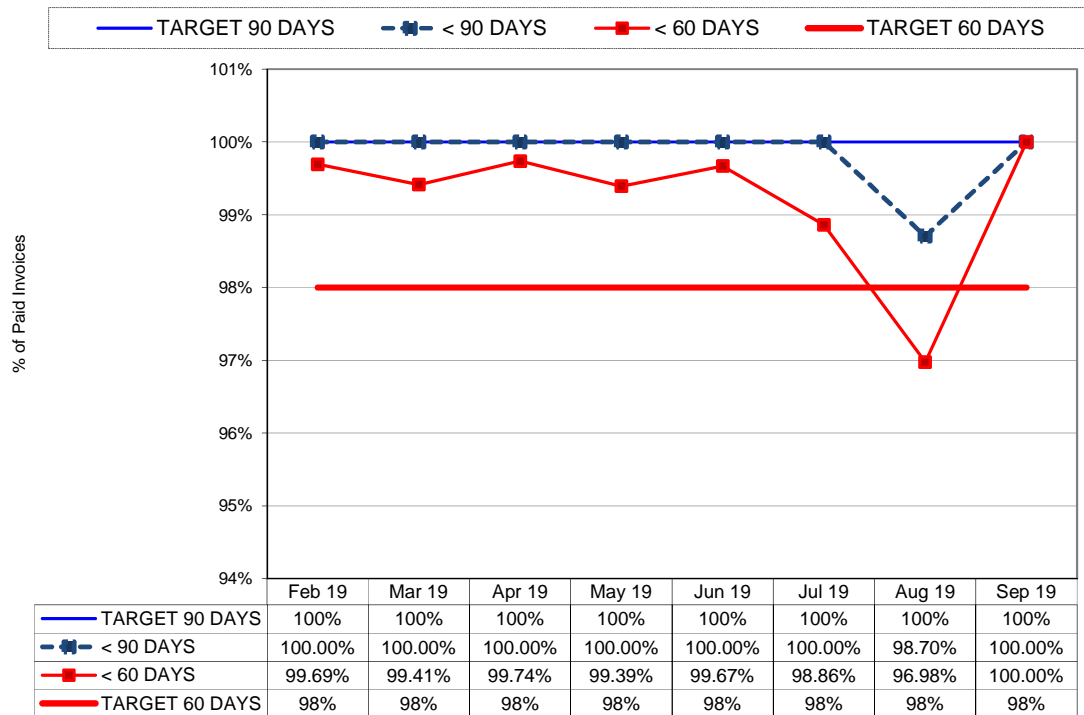
The percent of total invoices paid within 60 and 90 days. The target is to pay 98% of invoices within 60 days and 100% within 90 days.

SUMMARY

These goals were met during this period.

100.00% of September 2019's payments were within 60 days of invoice receipt and 100.00% within 90 days. Invoices unpaid 30-60 days totaled 21; 60-90 days: 1; >90 days: 1.

INVOICE AGING



Attachment: 110719 CFO Charts (CFO Monthly Report)



Office of the CFO
Consolidated Balance Sheet

	8/31/2019	9/30/2019	Incr (decr) to equity	COMMENTS
Cash at Bank of the West	\$ 1,336,988	\$ 4,406,525		
LA County Investment Pool	\$ 6,743,508	\$ 4,859,136		
Cash & Investments	\$ 8,080,496	\$ 9,265,660	\$ 1,185,164	Received \$824K in TDA, \$92K in dues & \$25K from VCTC; other activity nets to increase of \$244K.
Accounts Receivable	\$ 9,454,404	\$ 9,896,016	\$ 441,612	Billings of \$2.2M to FHWA partially offset by collections from FTA 5303 & 5304 (\$1.04M + 252K) and from SB1 of 685K.
Other Current Assets	\$ 6,443,668	\$ 5,628,086	\$ (815,583)	Net amort of \$635K in prepaids combined with IC fund over-recovered \$138K and a decrease of \$43K in Accrued Int. Rec.
Fixed Assets - Net Book Value	\$ 6,672,535	\$ 6,672,535	\$ -	No change.
Total Assets	\$ 30,651,103	\$ 31,462,297	\$ 811,194	
Accounts Payable	\$ (84,027)	\$ (400,278)	\$ (316,252)	Increase in invoice activity
Employee-related Liabilities	\$ (604,538)	\$ (679,544)	\$ (75,006)	August had 10 unpaid working days while September had 11.
Deferred Revenue	\$ (204,059)	\$ (229,059)	\$ (25,000)	VCTC Cash Match for VC Freight Corridor Study
Total Liabilities and Deferred Revenue	\$ (892,623)	\$ (1,308,881)	\$ (416,258)	
Fund Balance	\$ 29,758,480	\$ 30,153,416	\$ 394,935	
WORKING CAPITAL				
	8/31/2019	9/30/2019	Incr (decr) to working capital	
Cash	\$ 8,080,496	\$ 9,265,660	\$ 1,185,164	
Accounts Receivable	\$ 9,454,404	\$ 9,896,016	\$ 441,612	
Accounts Payable	\$ (84,027)	\$ (400,278)	\$ (316,252)	
Employee-related Liabilities	\$ (604,538)	\$ (679,544)	\$ (75,006)	
Working Capital	\$ 16,846,335	\$ 18,081,853	\$ 1,235,518	

Attachment: 110719 CFO Charts (CFO Monthly Report)



Office of the CFO
Fiscal Year-To-Date Expenditure Report Through September 30, 2019

COMPREHENSIVE BUDGET

		Adopted Budget	Amended Budget	Expenditures	Commitments	Budget Balance	% Budget Spent
1	Staff & Allocated Fringe Benefits	540,920	540,920	127,200	-	413,720	23.5%
2	51001 Allocated Indirect Costs	674,563	674,563	158,618	-	515,945	23.5%
3	54300 SCAG Consultants	291,400	278,847	-	31,648	247,199	0.0%
4	54340 Legal costs	120,000	120,000	-	15,000	105,000	0.0%
5	55210 Software	-	12,553	12,553	-	0	100.0%
6	55441 Payroll, bank fees	12,500	12,500	813	11,687	(0)	6.5%
7	55460 Mat & equip <\$5K	-	-	-	-	-	#DIV/0!
8	55510 Office Supplies	-	-	-	-	-	#DIV/0!
9	55580 Outreach	-	-	-	-	-	#DIV/0!
10	55600 SCAG Memberships	116,000	116,000	76,069	5,772	34,159	65.6%
11	55610 Professional Membership	11,500	11,500	4,120	556	6,824	35.8%
12	55620 Res mat/sub	2,000	2,000	531	-	1,469	26.5%
13	55730 Capital Outlay > \$5,000	-	-	-	-	-	#DIV/0!
14	55801 Recruitment Other	-	-	-	-	-	#DIV/0!
15	55830 Conference - Registration	1,000	1,000	-	-	1,000	0.0%
16	55860 Scholarships	32,000	32,000	-	-	32,000	0.0%
17	55910 RC/Committee Mtgs	25,000	25,000	-	-	25,000	0.0%
18	55912 RC Retreat	10,000	10,000	12,616	-	(2,616)	126.2%
19	55914 RC General Assembly	672,000	672,000	-	-	672,000	0.0%
20	55915 Demographic Workshop	28,000	28,000	-	8	27,992	0.0%
21	55916 Economic Summit	100,000	100,000	15,000	1	84,999	15.0%
22	55918 Housing Summit	20,000	20,000	-	-	20,000	0.0%
23	55919 Go Human	-	-	-	-	-	#DIV/0!
24	55920 Other Meeting Expense	75,000	75,000	18,107	45,487	11,406	24.1%
25	55925 RHNA Subgrl Delegation	500,000	500,000	-	-	500,000	0.0%
26	55xxx Miscellaneous other	101,966	101,966	28,870	19,092	54,004	28.3%
27	55940 Stipend - RC Meetings	210,485	210,485	39,100	-	171,385	18.6%
28	56100 Printing	30,000	30,000	-	-	30,000	0.0%
29	58100 Travel - outside SCAG region	92,500	92,500	2,016	-	90,485	2.2%
30	58101 Travel - local	36,500	36,500	6,145	-	30,355	16.8%
31	58110 Mileage - local	28,500	28,500	7,258	-	21,242	25.5%
32	58150 Travel Lodging	13,500	13,500	4,172	-	9,328	30.9%
33	58800 RC Sponsorships	200,000	200,000	37,485	36,800	125,715	18.7%
34	Total General Fund	3,945,334	3,945,334	550,672	166,052	3,228,611	14.0%
35							
36	Staff & Allocated Fringe Benefits	15,383,005	15,383,005	3,497,653	-	11,885,352	22.7%
37	51001 Allocated Indirect Costs	19,182,124	19,182,124	4,361,574	-	14,820,550	22.7%
38	54300 SCAG Consultants	29,075,454	29,075,454	439,332	5,328,702	23,307,420	1.5%
39	54302 Non-Profits/IHL	485,000	485,000	-	3,731	481,269	0.0%
40	54303 Consultants TC - FTA 5303	6,265,889	6,265,889	5,938	-	6,259,951	0.1%
41	54340 Legal Services - FTA 5303	200,000	200,000	-	200,000	-	0.0%
42	54360 Pass-through Payments	4,480,619	4,480,619	-	1,950,755	2,529,864	0.0%
43	55210 Software Support	250,000	250,000	146,386	9,230	94,384	58.6%
44	55250 Cloud Services	489,330	489,330	-	240,000	249,330	0.0%
45	5528x Third Party Contributions	5,739,013	5,739,013	934,092	-	4,804,921	16.3%
46	55284 Toll Credits	718,703	718,703	-	-	718,703	0.0%
47	55310 F&F Principal	239,928	239,928	58,895	181,033	-	24.5%
48	55315 F&F Interest	27,635	27,635	7,674	19,961	-	27.8%
49	55320 AV Principal	133,703	133,703	32,748	100,954	0	24.5%
50	55325 AV Interest	6,390	6,390	1,763	4,627	0	27.6%
51	55xxx Office Expenses	2,000	2,000	151	-	1,849	7.6%
52	55520 Hardware Supp	5,000	5,000	843	843	3,314	16.9%
53	55580 Outreach/Advertisement	50,000	50,000	-	-	50,000	0.0%
54	55610 Professional Memberships	2,500	2,500	-	-	2,500	0.0%
55	55620 Resource Materials - subscrib	934,455	934,455	38,401	19,048	877,006	4.1%
56	55730 Capital Outlay	300,000	300,000	-	-	300,000	0.0%
57	55810 Public Notices	57,000	57,000	62	187	56,751	0.1%
58	55830 Conf. Registration	3,500	3,500	223	-	3,277	6.4%
59	55920 Other Meeting Expense	54,000	54,000	594	842	52,564	1.1%
60	55930 Miscellaneous	294,228	294,228	-	-	294,228	0.0%
61	56100 Printing	15,000	15,000	-	-	15,000	0.0%
	58xxx Travel	293,750	293,750	19,138	-	274,612	6.5%
66	59090 Exp - Local Other	6,268,529	6,268,529	-	-	6,268,529	0.0%
	Total OWP & TDA Capital	90,956,755	90,956,755	9,545,467	8,059,912	73,351,376	10.5%
	Comprehensive Budget	94,902,089	94,902,089	10,096,139	8,225,964	76,579,987	10.6%

Attachment: 110719 CFO Charts (CFO Monthly Report)

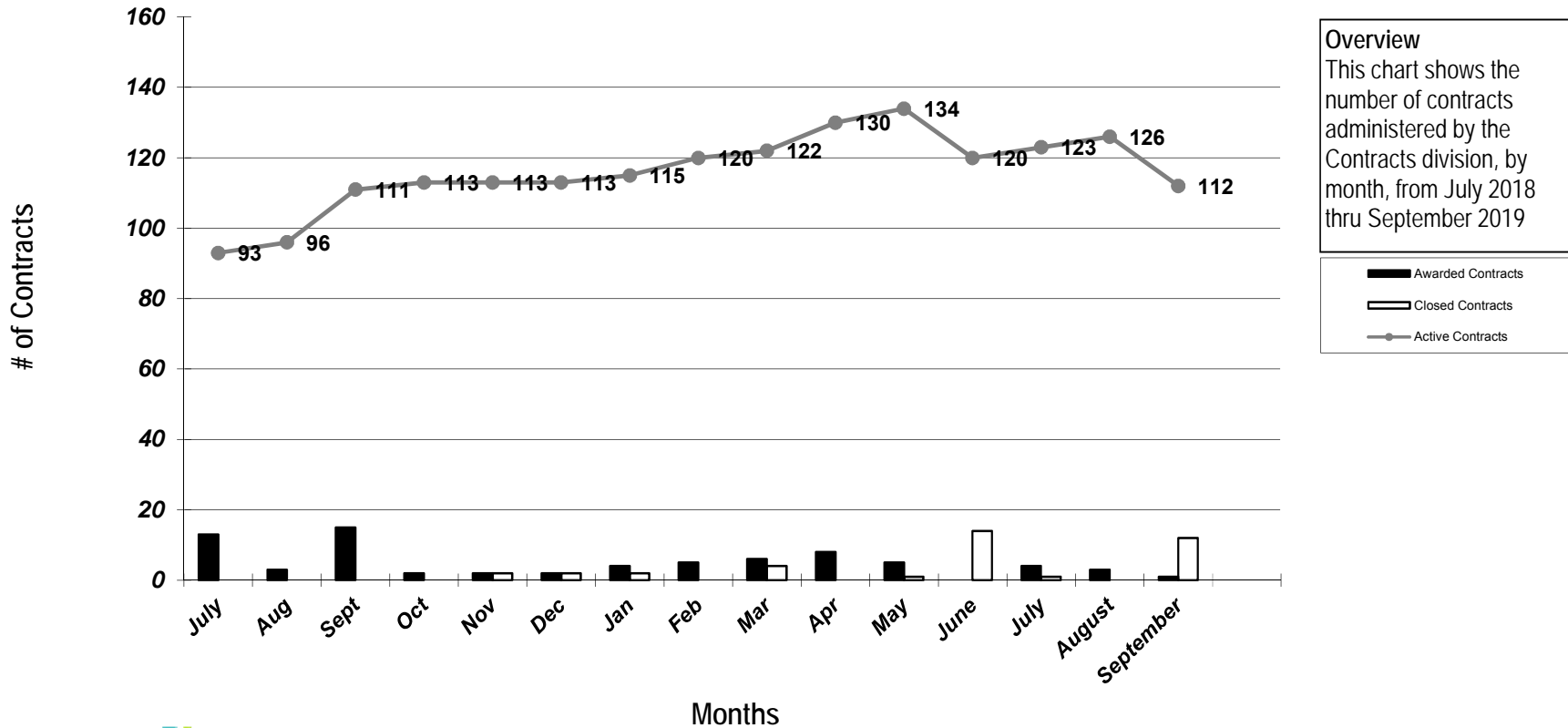


INDIRECT COST EXPENDITURES

			Adopted Budget	Amended Budget	Expenditures	Commitments	Budget Balance	% Budget Spent
1	50010	Regular Staff	5,649,706	5,649,706	1,597,117		4,052,589	28.3%
2	50013	Regular OT	1,000	1,000	1,031		(31)	103.1%
3	50014	Interns, Temps, Annuity	75,000	75,000	35,511		39,489	47.3%
4	50030	Severance	80,000	80,000	-		80,000	0.0%
5	51xxx	Allocated Fringe Benefits	4,507,099	4,507,099	1,089,898	-	3,417,201	24.2%
6	54300	SCAG Consultants	292,150	292,150	9,498	4,800	277,853	3.3%
7	54301	Consultants - Other	1,041,600	1,041,600	61,448	84,962	895,191	5.9%
8	54340	Legal	40,000	40,000	-	1,500	38,500	0.0%
9	55210	Software Support	519,400	519,400	253,009	9,825	256,566	48.7%
10	55220	Hardware Supp	415,000	415,000	99,281	183,883	131,836	23.9%
11	55230	Computer Maintenance	250,000	250,000	-	-	250,000	0.0%
12	55240	Repair & Maint Non-IT	26,500	26,500	3,580	22,919	0	13.5%
13	55270	Software Purchases	-	-	3,597	(3,597)	(0)	#DIV/0!
14	55315	F&F Interest	11,604	11,604	3,222	-	8,382	27.8%
15	55325	AV Interest	19,745	19,745	5,448	-	14,297	27.6%
16	55400	Office Rent DTLA	1,538,000	1,538,000	232,889	1,305,111	0	15.1%
17	55410	Office Rent Satellite	260,000	260,000	69,507	190,493	0	26.7%
18	55415	Offsite Storage	5,000	5,000	906	2,132	1,962	18.1%
19	55420	Equip Leases	100,000	100,000	13,295	66,206	20,500	13.3%
20	55430	Equip Repairs & Maint	1,000	1,690	1,690	-	1	100.0%
21	55435	Security Services	100,000	100,000	9,966	61,730	28,305	10.0%
22	55440	Insurance	238,385	238,385	86,307	-	152,078	36.2%
23	55441	Payroll / Bank Fees	15,000	15,000	2,362	12,638	(0)	15.7%
24	55445	Taxes	5,000	5,000	-	-	5,000	0.0%
25	55460	Mater & Equip < \$5,000 *	64,000	63,310	1,230	1,230	60,850	1.9%
26	55510	Office Supplies	73,800	73,800	7,833	65,967	0	10.6%
27	55520	Graphic Supplies	2,500	2,500	-	-	2,500	0.0%
28	55530	Telephone	195,000	195,000	38,528	108,934	47,538	19.8%
29	55540	Postage	10,000	10,000	306	9,694	0	3.1%
30	55550	Delivery Svc	5,000	5,000	498	4,502	(0)	10.0%
31	55580	Outreach/Advertisement	-	-	-	-	0	#DIV/0!
32	55600	SCAG Memberships	76,200	76,200	26,668	25,163	24,369	35.0%
33	55610	Prof Memberships	1,500	1,500	240	-	1,260	16.0%
34	55611	Prof Dues	1,350	1,350	120	-	1,230	8.9%
35	55620	Res Mats/Subscrip	70,800	70,800	25,012	9,150	36,638	35.3%
36	55700	Deprec - Furn & Fixt	185,000	185,000	-	-	185,000	0.0%
37	55710	Deprec - Computer Equipment	-	-	-	-	0	#DIV/0!
38	55715	Amortiz - Software	1,684	1,684	-	-	1,684	0.0%
39	55720	Amortiz - Leasehold Improvements	62,500	62,500	-	-	62,500	0.0%
40	55800	Recruitment Notices	25,000	25,000	5,289	5,289	14,423	21.2%
41	55801	Recruitment - other	45,000	45,000	2,411	42,589	0	5.4%
42	55810	Public Notices	2,500	2,500	-	-	2,500	0.0%
43	55820	In House Training	30,000	30,000	-	-	30,000	0.0%
44	55830	Networking Meetings/Special Events	22,500	22,500	2,123	-	20,377	9.4%
45	55840	Training Registration	65,000	65,000	13,868	-	51,132	21.3%
46	55920	Other Mtg Exp	2,500	2,500	-	-	2,500	0.0%
47	55950	Temp Help	105,000	105,000	3,412	-	101,588	3.2%
48	55xxx	Miscellaneous - other	6,500	6,500	-	-	6,500	0.0%
49	56100	Printing	23,000	23,000	1,070	-	21,930	4.7%
50	58100	Travel - Outside	82,800	82,800	4,592	-	78,208	5.5%
51	58101	Travel - Local	19,500	19,500	761	-	18,739	3.9%
52	58110	Mileage - Local	23,500	23,500	1,522	-	21,978	6.5%
53	58120	Travel Agent Fees	3,000	3,000	258	-	2,742	8.6%
54		Total Indirect Cost	16,396,323	16,396,323	3,715,302	2,215,118	10,465,903	22.7%

Attachment: 110719 CFO Charts (CFO Monthly Report)

SCAG Contracts (Year to Date)



Summary

The chart shows that the Contracts Department is managing One hundred-twelve. Forty-five are Cost Plus Fixed Fee contracts, 30 are fixed price contracts, and the remaining 37 are Time and Materials (T&M) contracts (includes Labor Hour and Retainer contracts). The Contracts Department anticipates issuing approximately 60 contracts for FY 2019-20. Note, due to the nature of SCAG's work, the majority of SCAG contracts have a one year term and end on June 30th each year.

Office of the CFO
Staffing Report as of October 1, 2019



GROUPS	Authorized Positions	Filled Positions	Vacant Positions
Executive	8	7	1
Legal	2	2	0
Policy & Public Affairs	18	17	1
Administration	48	43	5
Planning & Programs	73	68	5
Total	149	137	12

OTHER POSITIONS

GROUPS	Limited Term Positions	Interns or Volunteers	Temp Positions	Agency Temps
Executive	0	0	0	0
Legal	0	0	0	0
Policy & Public Affairs	1	2	4	0
Administration	0	0	1	0
Planning & Programs	3	9	1	0
Total	4	11	6	0

Attachment: 110719 CFO Charts (CFO Monthly Report)