

**Meeting of the  
Audit Subcommittee  
Yolo County  
February 1, 2024  
10:00 a.m.**

All meetings of the Yolo County Audit Subcommittee will be held in person at the Yolo County Administration Building, located at 625 Court Street, Woodland, Room 202. Please note: Zoom participation will no longer be supported.

If you have anything that you wish to be distributed to the Committee and included in the official record, please contact Noemy Mora-Beltran, Senior Auditor at least two (2) working days before the meeting at 530-666-8190 ext. 9220 or [noemy.mora-beltran@yolocounty.org](mailto:noemy.mora-beltran@yolocounty.org).

**Committee Members:**

Chair, Mary Vixie Sandy (Board of Supervisors – Voting)  
Jim Provenza (Board of Supervisors - Voting)  
Lawrence Raber (Public Member – Voting)

**Yolo County Internal Audit Staff**

Noemy Mora-Beltran (Senior Auditor – Non-voting)

**10:00 pm Call to Order**

- 1. Introductions.**
- 2. Roll Call.**
- 3. Approval of Agenda.**
- 4. Follow-up of items from prior meeting (if any).**
- 5. Public Comment**  
This item is reserved for persons wishing to address the Committee on any related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to 3 minutes per speaker, but an extension can be provided at the discretion of the chair.

**CONSENT AGENDA**

- 6. Approve prior meeting minutes 11/09/2023.**
- 7. Receive Countywide Capital Projects Audit 12/15/2023.**

## REGULAR AGENDA

- 8. Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting (Mora-Beltran)**
- 9. Update on recruitment of Audit Manager and audit staff positions (Mora-Beltran/Haynes)**
- 10. Discuss changes to the Internal Audit Reporting Lines approved by the Yolo County Board of Supervisors and impact to the internal audit function (Mora-Beltran/Haynes)**
- 11. Discuss the FY24-25 Internal Audit budget and resources (Mora-Beltran)**
- 12. Approve the FY24-25 Internal Audit budget and resources (Mora-Beltran)**
- 13. Confirm next meeting date: April 18, 2024.**
- 14. Adjournment (Approximately 11:00 a.m.)**

Public records that relate to any item on the open session agenda for a regular meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. Public records are available for inspection by contacting Noemy Mora-Beltran, Senior Auditor at 530-666-8190 ext. 9220 or [noemy.mora-beltran@yolocounty.org](mailto:noemy.mora-beltran@yolocounty.org) and meeting materials can be inspected at County offices located at 625 Court Street, Woodland, CA 95695; those interested in inspecting these materials are asked to call 530-666-8190 ext. 9220 to make arrangements. The documents are also available on the County of Yolo Financial Oversight Committee website located at: <https://www.yolocounty.org/government/general-government-departments/financial-services/financial-oversight-committee>.

**YOLO COUNTY AUDIT SUBCOMMITTEE**

**MINUTES OF MEETING November 9, 2023**

**Members present:** Angel Barajas (Supervisor-Chair), Mary Vixie Sandy (Supervisor) and Larry Raber (Public Member)

**Others present:** Kim Eldredge and Noemy Mora-Beltran (Internal Audit), Tom Haynes (Chief Financial Officer), Lee Gerney (Director ITS), and Alex Tengolics (County Administrator's Office)

**Moderator/** Noemy Mora-Beltran  
**Recorded by:** Kim Eldredge

- 1) **Call to order.** Angel Barajas called the meeting to order at 10:00AM with Mary Vixie Sandy and Larry Raber in attendance. Quorum was formed.
- 2) **Introductions.** Angel Barajas welcomed Mary Vixie Sandy as a new member to the Audit Subcommittee and others in attendance.
- 3) **Approval of agenda.** Agenda approved. (Vixie Sandy/Raber)
- 4) **Follow-up items from prior meetings (if any).**
  - a. Receive and file Cash Department Audit – Library and Countywide Accounts Payable Audit. Internal Audit will schedule a meeting with Mary Vixie Sandy to go over the audit results
- 5) **Public comment.** Noemy Mora-Beltran reported that no public comments were received for the record.

**Consent Agenda**

- 6) Approve prior meeting minutes 8/10/2023.
- 7) Receive Countywide Purchase Card Audit 10/24/2023
- 8) Summary of audit reports received by June 30, 2023 – County and Non-County

Consent Agenda approved. (Raber/Vixie Sandy)

**Regular Agenda**

- 9) **Receive presentation of IT Governance & Strategy Audit (Baker Tilly)**  
 Tiffany McCoy and Adriane McCoy of Baker Tilly presented the audit results of the IT Governance & Strategy Audit. The audit identified 11 findings/recommendations in the areas of the IT strategic framework, tactical IT plans, performance and risk reporting to executive management and the Board of Supervisors, and IT operations and resources. Lee Gerney Director ITS provided more dialogue on the findings/recommendations and informed the committee members that areas identified were not a surprise and efforts are already in place to address the noted concerns; however, due to ITS's current resources the corrective actions are targeted for completion by 12/31/2024.

**10) Receive staff report on the status of the Division of Internal Audit Activity of current engagements and the release of audit reports since last meeting (Eldredge/Mora-Beltran)**

Kim Eldredge provided a status of the current engagements: capital project, countywide purchase card, and subrecipient compliance monitoring. Noemy Mora-Beltran provided an update on the capital project audit and the anticipated date of release for the final report.

**11) Update on recruitment of Audit Manager and audit staff positions (Eldredge)**

Kim Eldredge mentioned that Tom Haynes is assisting Internal Audit with the Audit Manager recruitment and raising the level of the Auditor I/II authorized position to an Auditor III working directly with Human Resources. Tom Haynes provided some additional background of the Audit Manager recruitment that the recruitment was temporarily paused while the Board of Supervisors discussed possible restructuring of the Internal Audit Reporting Lines at the Board Governance session on December 12, 2023. Currently, the Audit Manager recruitment is listed as continuous with a note of potential restructuring. The committee members requested to be part of the interview panel including staff from Internal Audit.

**12) Discuss Internal Audit Reporting Lines (Eldredge)**

Kim Eldredge briefly discussed the work performed by Internal Audit, Mark Bryan (Deputy CAO), and Tom Haynes to review the internal audit function’s reporting lines to determine if there is a need for greater independence relating to County audit activities as requested by the Gerardo Pinedo, Chief Administrative Officer. Alex Tengolics from the CAO’s office provided additional context on the proposed administrative reporting and potential impairment of independence of the internal audit function. This topic will be discussed at the Board Governance session on December 12, 2023.

**13) Approve FY23-24 Proposed Annual Audit Plan with recommended changes (Eldredge)**

Angel Barajas excused himself from this item and stepped out of the meeting due to a conflict of interest on the proposed annual audit plan.

Kim Eldredge provided a revised proposed annual audit plan due to changes in staffing resources since last meeting. The proposed annual audit plan includes 2 countywide audits, subrecipient monitoring services, and 7 outsourced projects to reflect 2 FTEs and the anticipated start date of a new Audit Manager. Kim also requested the approval from the committee for the change in the level of the Auditor I/II authorized position to an Auditor III and the HHS/A Auditor, a new position within Internal Audit, to support the HHS/A subrecipient monitoring services and reduce the cost of outsourcing.

Service	Description	Hours	%
One-time projects	Reviews of department operations to determine if adequate internal controls exist to provide reasonable assurance to county management that there is an acceptable level of operational accountability. Projects include internal control audits, contract compliance audits, and special reviews.	560	9%
Continuous & mandated audits	Continuous audits of data that supports auditing activities such as the review of purchase card transactions. Mandated audits are based on rules or regulations such as treasury cash counts, and subrecipient monitoring. Projects also include the maintenance/investigations with the fraud hotline.	747	12%
Other internal audit activities & administration	Performing the annual risk assessment, preparing the audit plan, follow-up prior audit findings, meetings with FOC/AC and internal audit, professional training, management activities, and staff benefits and leave.	2,853	47%
Outsource	Services outsourced that cannot be done by internal audit due to limited staffing resources or skill set not in subject area. (7 projects)	1,900	31%
Total audit and non-audit hours with audit resources of 2 FTEs		6,060	100%

Approved by (Vixie Sandy/Raber)

14) **Approve option to extend contract with On-Call Audit firms for an additional twelve (12) month period (Eldredge)**

Kim Eldredge provided an update on the On-Call Audit agreements, the option to extend for (1) additional (12) month period on the same terms and conditions set for the in the agreements, and the outsourced projects to date.

Recommendation is to extend the On-Call Audit agreements for (1) additional (12) month period on the same terms and conditions set for in the agreements to fulfill the approved annual audit plan.

Approved by (Vixie Sandy/Raber)

15) **Approve meeting calendar for 2024**

Preferred Month	Proposed Time
February 1, 2024	10:00-11:00 am
April 18, 2024	10:00-11:00 am
July 18, 2024	10:00-11:00 am
October 24, 2024	10:00-11:00 am

Approved by (Vixie Sandy/Raber)

16) **Confirm next meeting date:** February 1, 2024, at 10:00 to 11:00 am.

17) **Adjournment** (Approximately 11:48 a.m.)

Yolo County  
Division of  
Internal Audit

Capital Projects  
Audit

Department of General Services

Report Date  
December 15, 2023

Audit Team

Noemy Mora-Beltran, Senior Auditor  
Kim Eldredge, Audit Manager

**County of Yolo**

Department of Financial Services  
Division of Internal Audit  
P.O. Box 1995  
Woodland, CA 95776

***Visit the Division's Website at***

<http://www.yolocounty.org/general-government/general-government-departments/financial-services/internal-audit>

**Audit No: 2023-0022**



# County of Yolo

www.yolocounty.org

**TOM HAYNES**  
Chief Financial Officer

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## DEPARTMENT OF FINANCIAL SERVICES

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- Financial Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit

## Transmittal Letter

December 15, 2023

Ryan Pistochni, Director  
Department of General Services  
120 W. Main Street, Suite D  
Woodland, CA 95695

Re: Internal Control Review of Capital Projects

Dear Mr. Pistochni:

The Division of Internal Audit performed an internal control review of Capital Projects to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the capital project management system in the areas of contract administration, change order management, project cost management, and project closeout. The review for capital projects was requested by the Director of General Services to ensure that the capital project management systems are in compliance with county's policies and industry best practices.

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant, and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information to evaluate and improve the effectiveness of internal controls. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial and non-financial information. Management is responsible for establishing and maintaining adequate internal controls. Our responsibility is to evaluate the internal controls.

Based upon the results of our audit, we identified opportunities for improvement of internal controls relating to contract administration, managing change orders and amendments, invoice approval and payment process, project closeout procedures, and capital project management policy and procedures.

As required, in accordance with auditing standards and the County Audit Follow-up Policy, county management has responded to each finding and recommendation contained in our report.

In regard to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors.

We thank the General Services, County Administrator, County Counsel, Financial Services, Community Services, and Innovation & Technology Services management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Sincerely,



Kim Eldredge, CGAP  
Internal Audit Manager

Distribution  
Board of Supervisors  
Financial Oversight Committee  
Gerardo Pinedo, Chief Administrative Officer  
Philip J. Pogledich, County Counsel  
Tom Haynes, Chief Financial Officer  
Leslie Lindbo, Director, Department of Community Services  
Lee Gerney, Director, Innovation & Technology Services  
Audit File Project No. 2023-0022



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## Executive Summary

### Background

A capital project is the use of resources to acquire, construct, or improve a capital asset. Each project has a specific purpose, justification, and cost. Projects propose physical improvements in different elements of the County's infrastructure. Improvements include, but are not limited to, construction, reconstruction, rehabilitation, modification, renovation, expansion, replacement, extension of streets, bridges, buildings, sidewalks, playgrounds, traffic signals and signs, ramps, lights; acquisition of land, buildings with associated relocation, demolition; and improvements such as landscaping, fencing, and paving.

According to the Government Finance Officers Association (GFOA) Best Practices, the financial management of capital projects requires a substantial commitment of organizational time and resources. Given their scale and cost, these capital projects can represent a significant undertaking for local governments. Consequently, governmental entities should establish policies and procedures to support effective capital project monitoring and reporting to assist in the management of these significant projects. Such efforts can improve financial accountability, enhance operational effectiveness and promote citizens’ confidence in their government. In many jurisdictions, finance officials are called upon to oversee or directly perform capital project monitoring and reporting activities. To successfully perform those activities, finance officials should be familiar with project management practices, software systems for project management and project accounting, and capital project reporting procedures.

### CAPITAL IMPROVEMENT PLAN (CIP)

The Yolo County Board of Supervisors has established a Capital Improvement Plan (CIP) to develop and adopt a consolidated capital asset management plan, budget for its implementation, and incorporate its impact on the operating budget. The CIP includes capital projects greater than \$200,000 that are in the implementation phase as well as those projects scheduled to be implemented within the next five fiscal years. The CIP is used as a tool for the implementation of projects included in various Board-adopted plans, including the Yolo County Strategic Plan, General Plan, Information Technology Strategic Plan, Facilities plans, Parks Master Plan, Airport Master Plan, Cache Creek Resources Management Plan, Landfill plan and other special projects at the direction of the Board of Supervisors.

### CIP Management

Management of the CIP is split into four distinct roles:

Capital Project Manager (CPM)	Capital Projects Coordinator (CPC)	Capital Improvement Committee (CIC)	Operating Project Review Committee (OPRC)
Responsible for the day-to-day management of each CIP project.	Appointed by the Chief Administrative Officer (CAO) to guide the preparation of the CIP and track approved capital projects.	Comprised of the Chief Financial Officer, CAO Designee, Capital Projects Coordinator, General Services Director, and other individuals appointed by the CAO. The CIC is responsible for reviewing all CIP Project Proposals and developing and recommending the CIP and any amendments.	Comprised of the Chief Financial Officer and Capital Projects Coordinator. The OPRC is responsible for the review of all active CIP projects. Presentations are made quarterly to the board on the status of each active CIP project.

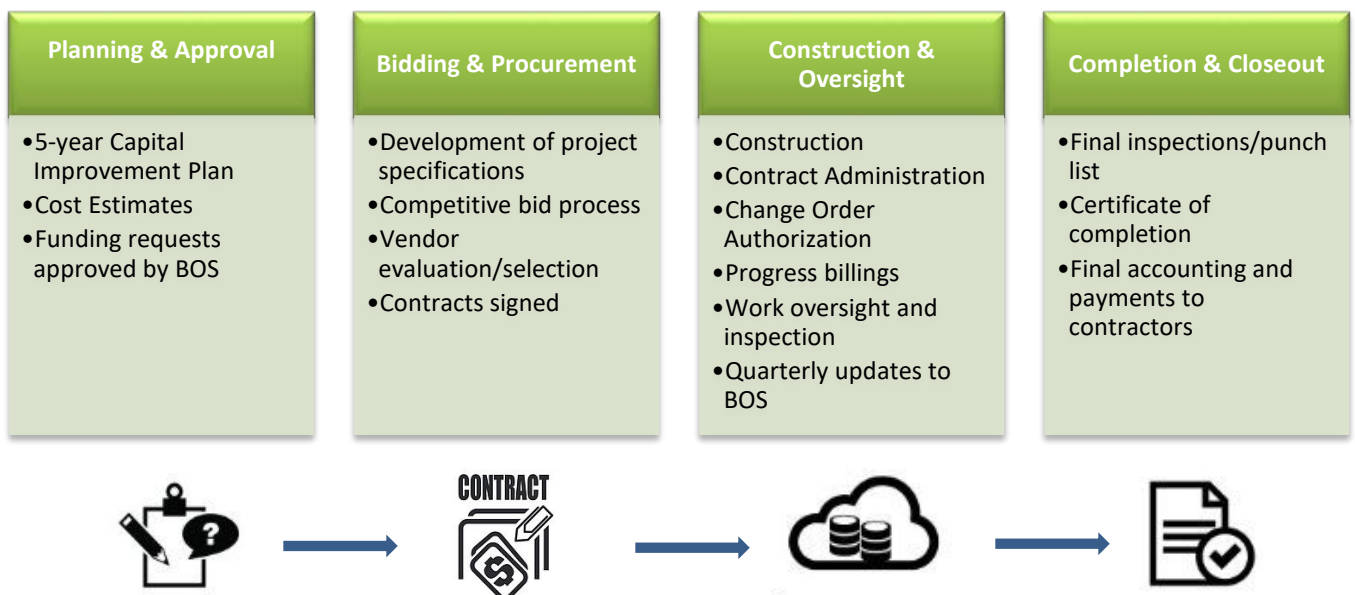
### CIP Planning Process

For a project to be included in the CIP plan, it must pass through a formally established process:

Project Development	Project Planning	Project Review & Plan Development	Plan Adoption	CIP Finance Plan
<ul style="list-style-type: none"> <li>• Department forseees a need or begins discussions on a capital project</li> <li>• CPM is selected to manage a potential capital project</li> </ul>	<ul style="list-style-type: none"> <li>• CPM submits a project questionnaire to the CPC for initial review</li> <li>• CPM and CPC secure project funding</li> </ul>	<ul style="list-style-type: none"> <li>• CPC and CIC review questionnaires and make recommendation to include in the 5-year CIP</li> </ul>	<ul style="list-style-type: none"> <li>• CAO reviews the plan and requests revisions</li> <li>• CAO submits the recommended CIP to the Board of Supervisors for approval</li> </ul>	<ul style="list-style-type: none"> <li>• The CIP finance plan determines a funding strategy for an identified group of projects over a 3-year period.</li> </ul>

**CAPITAL PROJECT LIFECYCLE**

The normal capital project process can be broken down as follows:



**PURCHASE ORDER SYSTEM**

Contract agreements for capital projects are processed through the purchase order application within the Infor Enterprise Resource Planning (ERP) software. In July 2023, the county migrated to the new Infor CloudSuite (Infor system) for advanced cloud capabilities, new features, and enhanced functionality to the Infor system. The Procurement Division within the General Services Department is responsible for creating, updating, and closing purchase orders. County departments are responsible for uploading and updating contract agreements, change orders and other attachments in the purchase order application.

**PROJECT MANAGEMENT SOFTWARE (e-Builder)**

In April 2017, the Board of Supervisors approved a project management software with e-Builder, Inc. to assist with the management of capital projects. The e-Builder system includes 9 modules to effectively manage large scale construction projects from planning through completion and reporting. The software includes a vendor interface and is compatible with the Infor system. The county is currently on the e-Builder Enterprise Government Edition, which includes core platform and unlimited users for capital programs up to \$75 million average annual capital spend. The subscription cost is adjusted annually to align with the actual annual capital spend.

**Objective, Scope, and Methodology:**

The objective of the review was to determine whether adequate internal control exists to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the capital project management system. Operational accountability is achieved when the capital management system operates effectively and efficiently, transactions are executed in accordance with laws, regulations and Board policies and reliable information is generated and reported.

The scope of our audit included the review of 10 capital projects selected from the CIP from July 1, 2019 to July 31, 2022 with testing of key processes and controls related to the following areas:

- Contract Administration (contract terms and conditions)
- Change Order Management (supplemental agreement review, approval, and execution)
- Project & Cost Management (billing and invoicing processing)
- Project Closeout (preparation, approval, and submission of project close-out documents)

We performed the following procedures:

- Reviewed contract terms and conditions and determined whether projects were completed timely, within the estimated budget, and that no payments were made after the completion date.
- Reviewed change orders and determined whether changes were in compliance with the original contract terms and conditions, made in writing, properly approved, submitted timely, properly encumbered, and that the dollar thresholds were in compliance with County Policy and Governing Codes.
- Determined whether payments to contractors were made in accordance with contract provisions, properly approved, and supported by adequate documentation.
- Reviewed the closeout of the project and determined whether projects were properly closed-out in the Infor system; and notice of completion forms were timely filed.
- Determined whether contracts were reconciled at the completion of the project.

We did not review the processes around the release of liens or procedures on the review of the purchase order system controls.

**Summary of Findings and Audit Recommendations:**

We found that the internal controls need improvement to provide an acceptable level of operational accountability, strengthen internal controls and improve efficiency throughout the entire capital management system. Our recommendations are summarized in the table below. See further discussions in the Detailed Findings and Recommendations section of this report.

Finding No.	Title	Finding (Results)	Recommendation	Priority Ranking	Responsible Department
<b>A. Contract Administration</b>					
1	Various systems used to track capital project expenditures	Different systems used to track capital project expenditures (Excel spreadsheets, WinCAMS, e-Builder, and Infor system). <u>Concerns noted:</u> -No reconciliations of systems to the Infor system -Transactions coded incorrectly not identified on systems <u>System Limitations:</u> -No security incorporated in spreadsheets -Reports only available to WinCAMS users -e-Builder system underutilized -Infor system under review with the new Infor CloudSuite implementation	General Services to review the current practice for tracking capital projects expenditures and consult with the Capital Improvement Committee (CIC) to consider establishing guidelines on approved data systems specifically used for storing capital project financial and/or operational data.	Priority 3 Issue – 180 days required corrective action	General Services
2	Expenditure reports used to monitor capital projects required substantial amount of manual effort	Expenditure reports used to monitor capital projects had the following exceptions: -Reports were lengthy and did not include amounts paid to contractors for a specific period of time (accounting codes, vendor names/numbers, contract numbers, payment number/dates, and amounts paid). -Staff was not using Crystal/LBI reports as instructed by the Enterprise Resource Planning Manager.	General Services to consult with the Department of Financial Services (DFS) and the Enterprise Resource Planning Manager on developing a standard report to capture the overall cost of a capital project and provide training where reports can be generated to monitor project expenditures.	Priority 3 Issue – 180 days required corrective action	General Services
3	Project expenditures coded incorrectly in the Infor system	Project expenditures totaling <b>\$705,751</b> not coded correctly in the Infor system as stated below: -Expenditures coded to other accounting codes -Expenditures for other capital projects coded to project -Payments made out of escrow account not applied to contract in Infor -Not enough information for coding on invoices that included payments for multiple capital projects	DFS to explore ways to restrict account coding for capital projects in the new Infor CloudSuite system to ensure that expenditures are coded correctly prior to approving payments for financial reporting purposes.	Priority 1 Issue – 60 days required corrective action	DFS
4	Payments made through claim instead of the authorized procurement method	78 payments totaling <b>\$120,087</b> for construction services, specialized services, and goods & supplies that exceeded \$5,000 in a fiscal year were made through a claim instead of the authorized procurement method.	DFS to develop a process to ensure that vendor payments for construction services, specialized services, and goods & supplies equal to or greater than \$5,000 or \$5,000 or more worth of purchases from the same vendor in a fiscal year be acquired through the authorized procurement method.	Priority 2 Issue – 120 days required corrective action	DFS

Finding No.	Title	Finding (Results)	Recommendation	Priority Ranking	Responsible Department
5	Contract amounts not properly adjusted in the Infor system	Outstanding contract balances in the Infor purchase order application module not properly adjusted when the contract expired, payments made on an escrow account, or for change order that had been approved by the department. The outstanding balances for 19 contracts in the amount of <b>\$2.1 million</b> need to be adjusted in Infor.  In addition, these contracts had outstanding encumbrance balances totaling \$153,087 that were not adjusted at the fiscal year end.	General Services to monitor the contract balances in the Infor system on a regular basis to determine if any adjustments are needed.  DFS to develop procedures to ensure that outstanding encumbrance balances for contracts are liquidated if not used as part of the year end closing process.	Priority 1 Issue – 60 days required corrective action	General Services/DFS
6	Contract agreements with no central file location	County lacks a central database or contract monitoring system that captures all contracts for a capital project: -Departments not able to provide copies of all contract agreements, change orders, and amendments (only the main construction contract provided) -No report available that listed all contracts associated with the project -Documents were missing in the Infor system: 31 documents (change orders, amendments, work authorizations, and contract agreements)	General Services to ensure that all contractual agreements, amendments, and change orders are included in the Infor system to have a complete record of the capital project on file.	Priority 1 Issue – 60 days required corrective action	General Services
7	Contract agreement forms for public works contracts not standardized	No standardized contract agreement template used for public works contracts. The following templates used vary in detail and content: -Construction Agreement -Work Order -Long-Form Service Agreement  In addition, contract agreements are lengthy (up to 471 pages) and are missing contract documents (contract drawings, bid proposals, performance bonds, etc.), fee schedules, and table of contents.	General Services to develop a standardized contract agreement template for public works contracts to ensure all the components of the contract are included in the agreement and are easily available for third-party reviewers.	Priority 1 Issue – 60 days required corrective action	General Services
8	Board of Supervisors staff reports not saved in the Infor system	Copies of the Board of Supervisors staff reports not saved in the Infor system. These documents include pertinent information; such as, authorization for department heads to negotiate and sign contracts; delegation of authority to approve change orders; bidding amounts; contract term extensions; limit amounts; and sole source justifications. There were a total of 29 staff reports missing.	General Services to develop a checklist for required documentation to be saved in the Infor system along with their contract packet.	Priority 3 Issue – 180 days required corrective action	General Services
9	Contract agreements not signed by an authorized official	Total of 6 contract agreements totaling <b>\$280,084</b> not signed by the County's Purchasing Agent and other concerns noted: -Contract agreement signed one month after the contract start date	General Services to communicate to departments and contract administrators the policy requirement to have all agreements under \$200,000 be	Priority 1 Issue – 60 days required	General Services

Finding No.	Title	Finding (Results)	Recommendation	Priority Ranking	Responsible Department
		-Contracts not signed by the Purchasing Agent (no signature or missing signature page) -Contracts only signed by the department head	submitted to the Purchasing Agent for approval as delegated by the Board of Supervisors.	corrective action	
10	Work authorizations for on-call services not properly used	The following exceptions were noted for on-call services contracts: -No work authorizations on file for 42 contracts for services totaling <b>\$3.2 million</b> -Work authorizations were on file for 3 contracts, but the amounts paid exceeded the work authorization amount by <b>\$129,598</b> -Work authorizations not tracked on separate service lines in the Infor system	General Services to review the work authorizations for on-call services to ensure that the work authorizations are descriptive of work to be performed and only those individuals with appropriate authority approve the work authorizations.  DFS to provide guidance to the departments on the proper entry to pay for on-call work authorizations on separate service lines in the Infor system to identify the amounts paid and the amounts remaining on the work authorization.	Priority 2 Issue – 120 days required corrective action	General Services/DFS
<b>B. Change Order Management</b>					
11	Change orders and amendments not properly tracked	No system in place to track and monitor change orders/amendments for capital projects and their related number of changes, cumulative increases in contract value, and the reasons for the changes. The 99 contracts reviewed included 114 change orders and 64 amendments that resulted in contract increases totaling <b>\$7.7 million</b> . Some of the changes are listed below: -Work stoppage due to court order -Extend contract term and compensation (no reason) -Additional building repairs, equipment and permitting services -Construction services for another capital project <i>List not inclusive</i>  A report from e-Builder available for one contract that included 162 changes totaling <b>\$987,754</b> categorized as errors/omissions and owner requests. It is undetermined if those changes were in accordance with original contract terms and conditions.	General Services to develop a system to track and monitor change orders/amendments for capital projects. It is also recommended that a report that includes reason for the changes and the associated dollar impact be available to identify trends or anomalies that may warrant possible corrective action.	Priority 1 Issue – 60 days required corrective action	General Services
12	Change orders and amendments used interchangeably	There is no clear definition for change orders and amendments. The county uses the terms interchangeably when making changes to public works, CUPCCA, and other general services/specialized services contracts. The following was noted: -Total of 99 contracts reviewed	General Services to provide a clear definition in policy of the use of change orders and amendments for public works, CUPCCA, and general services/specialized services contracts to avoid confusion	Priority 3 Issue – 180 days required corrective action	General Services



Finding No.	Title	Finding (Results)	Recommendation	Priority Ranking	Responsible Department
		-114 change orders totaling \$6 million -64 amendments totaling \$1.6 million	among departments when making changes to scope of work and contract values.		
13	Forms used for construction contract modifications do not include all components for the changes made	No official form used for contract modifications (changes or additions) for public works contracts: -Several county forms used by the departments -Statutory limits as required by County Policy and Governing Codes not included on the forms -Justifications for contract modifications not constantly used -Review by the Purchasing Agent not required on forms -Updated fee schedules not attached -Quotes from contractors used as contract modification templates	General Services to work with County Counsel on developing an official form for contract modifications for public works contracts to ensure all the components of the contract modification are documented, reviewed, properly authorized, and are in accordance with the Public Contract Code and County Policy.	Priority 3 Issue – 180 days required corrective action	General Services
14	Change orders for public works contracts exceeded the delegated authority for department heads	Auditors found that the amounts approved by the department heads exceeded the delegated authority under the Public Contract Code 20142: -8 change orders and amendments exceeded department head authority -\$1.7 million exceeded the delegated authority as prescribed by code -2 change orders approved within the same day and the aggregate amount exceeded the authority by \$12,460	General Services to work with County Counsel on reviewing the process for contract modifications for public works contracts to ensure that the amounts are in compliance with the PCC 20142. In addition, General Services to consult with legal counsel to determine if the amounts exceeding delegated authority need to be ratified by the Board of Supervisors.	Priority 3 Issue – 180 days required corrective action	General Services
15	Change orders and amendments for public works contracts exceeded the amount prescribed by governing code	Contract modifications (change orders and amendments) exceeded the amount allowed under the Public Contract Code 20137: -9 contract modifications totaling \$1.6 million exceeded the amount allowed under code -9 contract modifications had no Graydon Law Requests on file. -2 change orders totaling \$12,460 approved within the same day and the aggregate amount exceeded the 10% threshold	General Services to work with County Counsel on reviewing the process for contract modifications to ensure that the amounts do not exceed the threshold as prescribed by the PCC 20137 and the requirements under the Graydon Law Requests. In addition, General Services to consult with legal counsel to determine if the amounts exceeding the 10% threshold need to be ratified by the Board of Supervisors.	Priority 3 Issue – 180 days required corrective action	General Services
16	Change orders and amendments not signed by an authorized official	Change orders and amendments not signed by an authorized official as stated below: -22 change orders and amendments totaling \$4.2 million that were not signed by an authorized official -36 change orders for purchase orders were not signed by the department head as instructed on the change order form	General Services to communicate to departments and contract administrators the policy requirements for approval of contract modifications.	Priority 1 Issue – 60 days required corrective action	General Services

Finding No.	Title	Finding (Results)	Recommendation	Priority Ranking	Responsible Department
17	Contract modifications not in compliance with contract terms and conditions	37 contract modifications not in compliance with the original contract terms and conditions: -Modifications approved after the contract term expired or after the services were performed -Changes for additional work that was not part of the original agreement -Change orders not approved in sequential order -Change order for construction for another capital project	General Services to review their process for change orders and amendments to ensure that contract modifications comply with the original terms and conditions.	Priority 3 Issue – 180 days required corrective action	General Services
<b>C. Project &amp; Cost Management</b>					
18	Invoices not in accordance with contract provisions	Payments not made in accordance with the contract agreement provisions (109 exceptions): -Retention fees that were not part of contract agreement -Fees charged not in accordance with the agreement -Payments not made within 30 days as required by agreement <i>List not inclusive</i>	DFS to provide guidance to the departments on reviewing invoices against contract terms and conditions prior to processing payments for capital projects.	Priority 2 Issue – 120 days required corrective action	DFS
19	Inadequate supporting documentation for expenditure transactions	Expenditure transactions with no adequate supporting documentation (84 exceptions): -Invoice amounts adjusted -Invoices for charges for other capital projects -Missing detail for services provided -Invoices not approved by authorized approving official -No vendor invoices on file <i>List not inclusive</i>	DFS to review transactions for payments made under contract agreements prior to processing payments to ensure that transactions are supported by sufficient documentation to support the charges against county funds and ensure compliance with Government Code Sections 29741-29745.	Priority 2 Issue – 120 days required corrective action	DFS
<b>D. Project Closeout</b>					
20	Reconciliation not performed for main construction contract at the end of the project	Reconciliations for the main construction contract included the following exceptions: -1 reconciliation available and agreed to project expenditures -7 reconciliations not available for review -2 reconciliations were provided, but the amounts did not agree to project expenditures (\$6 million difference)	General Services to work with DFS on developing a process to ensure that a detailed reconciliation of capital project expenditures is performed by the departments on a regular basis. It is also recommended that the actual expenditures be compared to the approved budgets to ensure the project is within the approved plan.	Priority 1 Issue – 60 days required corrective action	General Services
21	Contract closeout checklists not prepared	Departments did not complete a contract closeout checklist at the completion of the capital project.	General Services to develop a checklist to be completed by departments as part of their closeout process to ensure that all administrative actions have been completed before physically closing out the capital project.	Priority 3 Issue – 180 days required corrective action	General Services

<b>Finding No.</b>	<b>Title</b>	<b>Finding (Results)</b>	<b>Recommendation</b>	<b>Priority Ranking</b>	<b>Responsible Department</b>
22	Notices of completion not available	Notices of completion were not available for 5 of the 10 construction contracts reviewed. A notice of completion is a voluntary document that establishes the official date of completion. However, there is no other official document that indicates that all contract requirements have been satisfactorily met and accepted.	General Services to develop a process to certify that the capital project has been completed; project requirements have been met and accepted; and that the project is ready for the closeout process.	Priority 3 Issue – 180 days required corrective action	General Services
<b>E. County Policy and Procedures</b>					
23	County policy on capital project management	The county has a Capital Asset Management Policy that describes the policies and procedures utilized in the County's Capital Improvement Plan (CIP). The policy does not include all the components of the capital project life-cycle management program.	General Services to review and update the County Policy on Capital Asset Management to ensure that it meets the established governing standards or recommended Best Practices. The updated policy and guidance should be disseminated to all fiscal staff, capital project managers and county employees involved in the contracting process.	Priority 3 Issue – 180 days required corrective action	General Services
24	Documentation of capital project processes	The county does not have a Capital Projects Procedures Manual that details procedures for handling various tasks for capital projects.	General Services to consider developing a capital projects procedures manual that details capital project procedures and processes not provided elsewhere and coordinate instructions of various authorities on specific capital project subjects. As part of this process, we strongly recommend that General Services searches industry best practices and retain such information as support and future reference.	Priority 3 Issue – 180 days required corrective action	General Services

We also noted that:

- Staff in the General Services Department and Financial Services were dedicated, hardworking and diligent in their desire to provide quality service.
- In fiscal year 2019-20, the COVID-19 pandemic was heightened by a Shelter in Place Order by the State of California, Governor's Executive Order where essential employees were allowed to come to work, but all other county employees were directed to telecommute as long as the Shelter in Place order was in effect.
- The Purchasing Agent aka Procurement Manager was appointed as the Director of General Services Department in September 2022 due to the retirement of the former director. The Procurement Division moved from the Department of Financial Services to the General Services Department upon the Purchasing Agent's new appointment.

Auditee's Management Response:

This report was forwarded to the respective department directors with a request for response. Their responses are reproduced in italicized font below each recommendation.

## Detailed Findings and Recommendations

We selected 10 capital projects from the Capital Improvement Plan that were completed and in-process from July 1, 2019 to January 31, 2021 and reviewed capital project transactions from July 1, 2015 to July 12, 2022. Projects were selected to represent the variety of projects managed by Yolo County. The following characteristics were considered: Type of facility (airport, roads, courthouse, jail, landfill, etc.), project manager assignment, and appropriation amounts. The projects selected are listed below:

Project Name	Project Description	Department
Airport Drainage	Two-phase project consisting of the design and construction for drainage improvements to the Yolo County Airport.	County Administrator's Office
County Roads Striping Project	Striping of approximately 734 miles of centerline and right edge lines, including the removal of existing striping and placing a seal coat over removed centerline striped areas.	Community Services - Public Works
Historic Courthouse Re-Occupancy	Renovation of the Yolo County's Historic Courthouse building to accommodate staff space for the Probation Department Administrative Staff.	General Services Department
Knights Landing Boat Ramp Improvements	Upgrades and improvements to the boat launch in Knights Landing, which include expansion of existing boat ramp, parking, camp host facilities, information kiosk, and slope stabilization.	General Services - Parks Division
Central Library Services/Archives & Records Center Remodel	Renovation of the Central Library Services/Archives & Records Center facility, which include building repairs, HVAC upgrades (heating, ventilation and air conditioning), and installation of compact shelving and solar panels.	General Services and Library
Construction of Liquid Waste Digester	Construction of a pond cover for a portion of one of the liquid waste management ponds and the installation of new food processing equipment.	Community Services - IWM Division
Sheriff Detention Expansion Phase II A: Monroe	Expansion and renovation of the county's existing jail to accommodate inmates and make the County AB109 compliant.	County Administrator's Office
Telecom Countywide Phone System Replacement	Replacement of the existing, aging County phone system with a current, feature-rich system that would provide many efficiencies to County staff.	Innovation and Technology Services
Energy Services	Replacement of old lighting, irrigation and bathroom systems with high efficiency alternatives, and a base plant conversion.	General Services Department
Construction of Module 6F	Design and construction of a Waste Management Unit to allow for various landfill operations.	Community Services - IWM Division

### A. Contract Administration

The County of Yolo has the following contract types for capital projects:

**Public Works Contracts:** Public work projects are defined in Public Contract Code (PCC) Section 22002 as any of the following: "construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; and painting or repainting any publicly owned, leased, or operated facility." Public works contracts are issued in accordance with the Public Contract Code.

**California Uniform Public Construction Cost Accounting Act (CUPCCAA):** The County voluntarily opted into a state program, the California Uniform Public Construction Cost Accounting Act (CUPCCAA) that allows the use of informal bidding procedures for small construction projects that cost equal to or less than

\$200,000. The Act provides for alternative bidding procedures for certain public works projects by establishing higher threshold amounts for force-account and bid thresholds.

Special Services Contracts: These contracts include architectural, engineering, environmental, land surveying services, and related incidental services. Special services can include investigations, designs, plans and specifications, reports cost estimates, shop drawings, supervision of construction, land surveying materials testing and other related services in support of a project. Environmental services are generally performed in connection with project development and permit processing to comply with federal and state environmental laws.

Requisition & Purchase Order: Internal documents used by a department seeking to procure goods, supplies and/or services costing equal to or greater than \$5,000.

Agents managing contracts:

Purchasing Agent: The Board of Supervisors had created and designated a Purchasing Agent who has the ability to make purchases (including but not limited to executing agreements) up to the maximum amounts specified by State law, County ordinance and resolutions of the Board.

Capital Project Manager (CPM): The CPM is selected by the project's department and is responsible for the day-to-day management of each capital project. The CPM is responsible for the proper planning and use of county resources to accomplish the goals of the project as reflected in the statement of work. For that purpose, the CPM manages and monitors all phases and stages over the life of the project, coordinates the work of all project teams, and liaises with vendor project managers. The CPM determines the appropriate involvement of all teams to keep the project on target, resolve issues, reviews deliverables and scope changes. The CPM keeps the Operating Project Review Committee regularly informed of the project status for regular reporting to the Board of Supervisors.

Contract Administration Best Practice:

Contract monitoring provides entities with assurance that they are receiving the services or goods for which they have paid. Proper oversight and monitoring creates a strong control environment that can deter fraud, waste, and abuse. The following are components of an effective contract monitoring system that include an ethical tone that starts at the top of the organization, ongoing monitoring, and through recordkeeping:

- Develop procedures to establish a consistent, high quality contract monitoring & compliance system across the organization.
- Provide training in contract compliance & monitoring to those with the responsibility for contract oversight.
- Define clear expectations and deliverables in the contract scope of work.
- Use standard project schedules to document project progress, responsibilities, timing, and problems encountered.
- Perform onsite monitoring to ensure the contractor's compliance.
- Evaluate the contractor's performance and provide feedback.
- Ensure that contract files are organized and complete. Maintain a copy of the contract, modifications, and amendments, as well as all contract activities and communication issues.

*Audit Objective/Methodology*

To review contract terms and conditions, and determine whether projects were completed timely, within the estimated budget, and that no payments were made after the completion date. The auditors reviewed 99 contracts and 101 purchase orders for transactions related to the capital projects under review.

To accomplish our objective, the following procedures were performed:

- Reviewed the project contracts, amendments, and work authorizations to obtain an understanding of the contracted terms and conditions and the estimated costs.
- Determined the amounts paid for each capital project for the period under review.
- Compared estimated cost to the actual cost to determine cost overruns.
- Determined if any payments were made after the contract end date.

Below is a summary of the amounts paid for the capital projects selected during the period of July 1, 2015 to July 12, 2022. The total amount paid is based on information made known to the auditor and may not include all expenditures for the capital projects. The information is illustrated to help the readers of this report obtain an understanding of the type of payments made for capital projects.

Project Name	Transactions			Total Expenditures (7/1/2015 to 7/12/2022)			
	# of Contracts	# of Purchase Orders	# of Expenditure Transactions	Amounts Paid Through Contract Agreements	Amounts Paid Through Purchase Orders	Other Payments *	Total Amount Paid
Airport Drainage	5	1	43	\$1,260,582	\$3,900	\$737	\$1,265,219
County Roads Striping Project	1	0	6	\$2,864,368	\$0	\$0	\$2,864,368
Historic Courthouse Re-Occupancy	16	14	2129	\$11,400,480	\$597,768	\$45,664	\$12,043,912
Knights Landing Boat Ramp Improvements	13	2	103	\$1,685,956	\$12,828	\$31,782	\$1,730,566
Central Library Services/Archives & Records Center Remodel	14	18	882	\$1,017,582	\$506,506	\$119,720	\$1,643,809
Construction of Liquid Waste Digester	20	31	733	\$5,091,146	\$268,890	\$30,171	\$5,390,206
Sheriff Detention Expansion Phase II A: Monroe	13	34	1007	\$39,664,127	\$663,175	\$265,132	\$40,592,434
Telecom Countywide Phone System Replacement	2	0	40	\$1,299,732	\$0	\$0	\$1,299,732
Energy Services	2	0	15	\$9,796,181	\$0	\$362	\$9,796,543
Construction of Module 6F	13	1	88	\$11,426,096	\$6,125	\$13,529	\$11,445,750
<b>Totals</b>	<b>99</b>	<b>101</b>	<b>5046</b>	<b>\$85,506,250</b>	<b>\$2,059,192</b>	<b>\$507,097</b>	<b>\$88,072,539</b>

\* Amount includes payments made through claims and purchase orders less than \$1,000.

**Finding #1: Various systems used to track capital project expenditures**

*GFOA Capital Project Monitoring and Reporting Best Practices: GFOA recommends that jurisdictions plan and design systems to collect, store, and analyze project data to report results. Often, more than one system or technological solution is required to properly address all informational requirements. To assist in this process, responsible officials should:*

- *Decide which system will be the primary system(s) for storing capital project financial and/or operational data.*
- *Assure that appropriate system controls and security have been incorporated, consistent with the jurisdiction's technology standards.*
- *Strive for consistency and standardized language when compiling information from various sources. A data dictionary or similar documentation that establishes standards is ideal.*

The following factors should be taken into consideration when establishing a data system specifically for capital projects:

- The appropriate technological solutions for project accounting, scheduling and reporting.
- Positional roles, including access, input and editing privileges for system users who will be charged with compiling, analyzing and reporting financial and management information.
- The process for controlling and managing changes to project scope, schedule, cost, funding, and contract requirements.
- Processes for identifying direct and indirect asset construction component costs.
- Accountability and data integrity within the financial management system.
- Triggers and protocols for identifying and addressing project cost overruns and schedule delays.

The auditors reviewed the expenditure reports provided by the departments and found that different systems were used to track their capital project expenditures. In addition, system data limitations were also noted by the auditor as illustrated in the table below:

Project Name	System Used	Concerns Noted	System Limitation
Airport Drainage	Excel Spreadsheet	<ul style="list-style-type: none"> <li>▪ Spreadsheet not reconciled to the Infor system.</li> <li>▪ Expenditure transactions coded incorrectly in Infor and not identified on the spreadsheet.</li> </ul>	No security incorporated in spreadsheet such as protected cells (potential compromise of data integrity).
County Roads Striping Project	WinCAMS (a government cost accounting software)	<ul style="list-style-type: none"> <li>▪ Expenditures recorded in WinCAMS and uploaded to the Infor system account.</li> <li>▪ Project expenditures only tracked in the WinCAMS system and not recorded in separate accounting units and/or activity codes in the Infor system.</li> </ul>	Expenditure reports only available to WinCAMS users.
Historic Courthouse Re-Occupancy	e-Builder system (Yolo County project management software)	<ul style="list-style-type: none"> <li>▪ Expenditure reports not reconciled to the Infor system.</li> <li>▪ Transactions recorded under incorrect vendor names or vendor names not matching the Infor system.</li> <li>▪ Contract numbers not used to easily identify the amounts paid under each contract agreement.</li> </ul>	System is underutilized. The system is only used for a limited number of capital projects to stay within the contract amount (\$75 million average annual capital spending threshold).
All other capital projects	Infor System (under established accounting units or activity codes)	<ul style="list-style-type: none"> <li>▪ Project expenditures coded incorrectly in the Infor system.</li> <li>▪ Payments not posted to the contract agreement established for the capital project.</li> </ul>	Under review with the new Infor CloudSuite implementation.

Using various systems without standard requirements creates inconsistencies as noted by the auditor and lack of assurance that financial/contract information is associated under the correct contract agreement for the capital project.



### **Recommendation 1**

We recommend that General Services review the current practice for tracking capital projects expenditures and consult with the Capital Improvement Committee (CIC) to consider establishing guidelines on approved data systems specifically used for storing capital project financial and/or operational data. (Priority 3 Issue – 180 days required corrective action)

#### ***Management Response 1***

*General Services: A working group of the Department of General Services, Community Services and County Counsel are reviewing existing processes. The group agrees that Excel is not an acceptable practice. The group recognizes that WinCAMS has unique functionality to meet State CalTrans requirements. The group recognizes that E-Builder has key functionalities for other departments. Infor projects functionality has improvements over the old system but still lacks key project management functions served by E-Builder and WinCAMS respectively. Two areas of the county are currently evaluating whether to migrate from Excel to WinCAMS, E-Builder, or an alternate solution. The results of this effort will be discussed at an upcoming Capital Improvement Committee prior to March 31, 2024. (Anticipated Date of Completion 3/31/2024)*

### **Finding #2: Expenditure reports used to monitor capital projects required substantial amount of manual effort**

*GFOA Capital Project Monitoring and Reporting Best Practices:* *GFOA recommends that when selecting a system or means to monitor/manage projects, responsible officials should take steps to ensure it will provide the capability to report on projects and programs with minimal manual effort. Officials should be able to produce status project reports that will help keep officials informed regarding project process. Meaningful reports should provide straightforward project information for executive leadership and internal staff as well as citizens and the media.*

The auditors requested expenditure reports for each capital project. The reports provided were general ledger reports from the Infor system. These reports were lengthy (more than 2,000 transactions) and did not include contract numbers, payment numbers, and payment dates to perform an analysis of the total amounts paid to contractors for the capital projects. In addition, these reports included several lines for adjusting entries and transfers to other accounting units and a substantial amount of manual effort and knowledge of the reports was needed to extract the expenditure transactions from the reports.

Additionally, the fiscal staff was not using Crystal/LBI reports as instructed by the Enterprise Resource Planning Manager.

The Department of Financial Services (DFS) was later able to provide a Crystal/LBI report (Invoice Distribution with Payment Detail by Post Date) for a different audit project. The report captures all payments recorded under an accounting unit or activity code, including vendor names, contract numbers, payment numbers, invoice numbers and amounts paid. This information can be meaningful for management and staff to determine the amounts paid to contractors for a specific period of time, identify payments made under incorrect accounting codes, or to identify the overall cost for capital projects.

Without meaningful reports, the county cannot get an accurate overall cost for the capital project, the contracts applied, or the amounts paid to each contractor to ensure that budget overruns do not occur. In addition, without capturing all the transaction details on a single report, it is difficult to analyze data, identify trends or anomalies that may warrant further management review.



**Recommendation 2**

We recommend that General Services consult with DFS and the Enterprise Resource Planning Manager on developing a standard report to capture the overall cost of a capital project and provide training where reports can be generated to monitor project expenditures. (Priority 3 Issue – 180 days required corrective action)

**Management Response 2**

*General Services: The Department of General Services will collaborate with the Department of Financial Services and the Department of Innovation and Technology Solutions to identify the best reports to use in the new financial system. (Anticipated Date of Completion 3/31/2024)*

**Finding #3: Project expenditures coded incorrectly in the Infor system**

*GFOA Capital Project Monitoring and Reporting Best Practices: Finance officials should monitor capital project activity on a regular basis. At a minimum, such monitoring should include:*

- *A review of project-related financial transactions to support budget review, auditing and asset management.*
- *A review of expenditures, both in relation to the current budget, and over the entire project life.*
- *Review of encumbrances and estimates of planned expenditure activity.*

Departments use different accounting codes to track project expenditures in the Infor system. The auditors obtained a download of payment transactions from the Infor system; performed a summary of expenditure transactions and compared the amounts to the department expenditure reports and the actual amounts paid under a contract agreement; and reviewed the invoice detail. The following exceptions were found where the departments are not consistent with the coding of expenditure transactions in the Infor system.

Project Name	Audit Result	Amount
Airport Drainage	Expenditure transactions coded to other accounting codes	\$173,611
Historic Courthouse Re-Occupancy	Utility bill for other capital project coded to project	(\$5,000)
Historic Courthouse Re-Occupancy	Consulting services coded to other accounting codes	\$28,934
Knights Landing Boat Ramp Improvements	Environmental assessments and project management services coded to other accounting code	\$90,490
Central Library Services/Archives & Records Center Remodel	Expenditures for shelving and installation coded to other accounting code	\$5,000
Construction of Liquid Waste Digester	Engineering services and electric supplies for other capital projects coded to project	(\$150,621)
Construction of Liquid Waste Digester	Engineering services for other capital projects coded to project	(\$7,728)
Construction of Liquid Waste Digester	Installation services coded to other activity codes	\$8,905
Telecom Countywide Phone System Replacement	Payments made out of an escrow account and credit memos not applied to the established contract agreement in the Infor system	\$651,842
Construction of Module 6F	Services for multiple capital projects that are billed in one invoice (unable to determine that the payments were for the project)	(\$47,021)
Construction of Module 6F	Quality assurance and surveying services for other capital projects coded to the established accounting code	(\$42,661)
<b>Total expenditures not properly tracked to the project</b>		<b>\$705,751</b>

Not coding project expenditures correctly may result in inaccurate balances, budget overruns, and overpayments to contractors.

**Recommendation 3**

We recommend that DFS explore ways to restrict account coding for capital projects in the new Infor CloudSuite system to ensure that expenditures are coded correctly prior to approving payments for financial reporting purposes. (Priority 1 Issue – 60 days required corrective action)

**Management Response 3**

*Department of Financial Services: Management will evaluate whether system functionality exists to restrict account coding for capital projects. However, even if this is technically feasible, it is not entirely clear how the ability to restrict account coding will remediate this issue. As mentioned above, with the transition to CloudSuite, DFS now reviews contracts and purchase orders for the correct account coding prior to being released. The CloudSuite system also includes a new Project Ledger that is envisioned to be the primary mechanism by which capital projects are tracked. Once the Project Ledger is fully deployed, it will provide a better means of reviewing and tracking account coding. (Anticipated Date of Completion 7/1/2024)*

**Finding #4: Payments made through claim instead of the authorized procurement method**

*County of Yolo Policy on Procurement: The authorized procurement method to procure goods, supplies and/or services costing equal to or greater than \$5,000 or \$5,000 or more worth of purchases from the same vendor in a fiscal year must be acquired through a purchase order. A purchase order is a formal document issued by the Procurement Division to the vendor that contains all the specifications, terms and conditions of the purchase.*

The auditors performed a summary of expenditure transactions to identify the total amount paid under each capital project. The auditors found that payments for construction services, specialized services, and goods & supplies that exceeded \$5,000 in a fiscal year were made through a claim instead of the authorized procurement method. The exceptions are illustrated below:

Project Name	Description of Services/Items Procured	# of Transactions	Amount
Historic Courthouse Re-Occupancy	Plumbing services; security system installation; building inspection	14	\$38,078
Central Library Services/Archives & Records Center Remodel	Roofing services; cabinet replacements and painting services; electrical services and supplies; floor installation; windows installation, landscape construction; door security installation	51	\$63,515
Construction of Liquid Waste Digester	Building materials and supplies	10	\$11,921
Energy Services	On-call legal services	3	\$6,573
<b>Totals</b>		<b>78</b>	<b>\$120,087</b>

Payments made to vendors through a claim instead of the authorized procurement method may result in overpayments to vendors and services not in compliance with the contract agreement and requirements prescribed by county policy. In addition, no oversight for transactions under \$5,000 increases the risk of duplicate payments and misappropriation of county funds.

**Recommendation 4**

We recommend that DFS develop a process to ensure that vendor payments for construction services, specialized services, and goods & supplies equal to or greater than \$5,000 or \$5,000 or more worth of purchases from the same vendor in a fiscal year be acquired through the authorized procurement method. (Priority 2 Issue – 120 days required corrective action)

**Management Response 4**

*Department of Financial Services: DFS will coordinate with the Procurement Division within the General Services Department to ensure that appropriate training and guidance is provided to County departments. In addition, a more robust review process is already in place to flag claims that exceed \$5,000. (Anticipated Date of Completion 6/30/2024)*

**Finding #5: Contract amounts not properly adjusted in the Infor system**

*GFOA Capital Project Monitoring and Reporting Best Practices: GFOA recommends that finance officials monitor capital project activity on a regular basis. The monitoring should include a review of encumbrances and estimates of planned expenditure activity. At the completion of the project, officials should confirm that all remaining contract encumbrances are properly closed out and remaining funds are handled appropriately.*

The auditors noted that outstanding contract balances in the Infor system purchase order application module were not properly adjusted when the contract expired, payments made on an escrow account, or for change order that had been approved by the department. The exceptions are listed below:

Project Name	Audit Result	# of Exceptions	Amount
County Roads Striping Project	Contract expired, outstanding balance not been adjusted.	1	\$32,900
Historic Courthouse Re-Occupancy	Contract expired, outstanding balance not been adjusted.	3	\$17,095
Central Library Services/Archives & Records Center Remodel	Contract expired, outstanding balance not been adjusted.	1	\$673
Construction of Liquid Waste Digester	Contract expired, outstanding balance not been adjusted.	2	\$768,286
Sheriff Detention Expansion Phase II A: Monroe	Contract expired, outstanding balance not been adjusted.	4	\$63,528
Telecom Countywide Phone System Replacement	Payments made on escrow account and credit memos not recorded in Infor.	1	\$651,842
Telecom Countywide Phone System Replacement	Change order approved by the department not recorded in Infor.	1	\$35,791
Telecom Countywide Phone System Replacement	Contract expired, outstanding balance not been adjusted.	2	\$127,528
Energy Services	Change order approved by the department not recorded in Infor.	1	\$276,183
Construction of Module 6F	Contract expired, outstanding balance not been adjusted.	2	\$87,865
Construction of Module 6F	Change order approved by the department not recorded in Infor.	1	\$81,013
<b>Total Adjustments Needed in Infor</b>		<b>19</b>	<b>\$2,142,704</b>

In addition, these contracts had outstanding encumbrance balances totaling \$153,087 that were not adjusted at the fiscal year end. According to Yolo County's business practice, service lines are created in the Infor system to encumber the amount of funds of what is expected to be paid for by fiscal year end. Any remaining amounts are liquidated to release the encumbrance.

Not adjusting contracts in accordance with the amounts paid and contract terms may result in inaccurate outstanding balances and payments remitted outside of approved contract terms. Encumbered amounts not adjusted at fiscal year end may overstate fund balance in the financial statements.

### **Recommendation 5**

- a. We recommend that General Services monitor the contract balances in the Infor system on a regular basis to determine if any adjustments are needed. (Priority 1 Issue – 60 days required corrective action)
- b. We recommend that DFS develop procedures to ensure that outstanding encumbrance balances for contracts are liquidated if not used as part of the year end closing process. (Priority 1 Issue – 60 days required corrective action)

### **Management Response 5**

- a. General Services: *The new financial management system allows a better control of contract balances. Additionally, the new system has an improved dashboard system that improves the contract management function to reduce the occurrence of this issue.*
- b. Department of Financial Services: *DFS will coordinate with the Procurement Division in General Services to improve procedures for managing contract balances and liquidating outstanding encumbrance balances as part of the year-end closing process. In addition, the new Infor CloudSuite system provide a dashboard that allows the Procurement Division to more proactively manage expired contracts. Management believes that this constitutes a relatively minor risk to the County, and suggests this recommendation be changed to a Priority 2 or Priority 3 issue. (Anticipated Date of Completion 6/30/2024)*

### **Finding #6: Contract agreements with no central file location**

National Association of State Procurement Officials (NASPO): *State and Local Government Procurement, "Contract Administration Best Practices Guide", documenting and maintaining a contract file are good practices to ensure the delivery is in line with the contract requirements and issues are addressed timely. All contract performance issues should be properly documented and included in the official contract file. The contract file should contain the essential record of contract award and performance as follows:*

- **Pre-award documents**
  - Solicitation document
  - All responses to bids or proposals
  - Copy of contract, including all attachments and amendments
- **Post-award to contract closeout documents (Contract Administration files)**
  - Copies of all correspondence with the contractor
  - Notes from all meetings and verbal communications
  - Documentation of performance issues/complaints, cure letters
  - Contract amendments
  - Documentation of deliverables
  - Payment records
  - Contract closeout documentation

County of Yolo Policy on CUPCAA Procurement: *Departments are responsible to conduct effective project management. This includes:*

- a. *Understanding the contract terms and conditions,*
- b. *Monitoring contractor's progress and performance to ensure services conform to the contract's scope of work,*

- c. Being the first line of communication between the county and the contractor,
- d. Documenting all contract actions and maintaining contract-related documents,
- e. Resolving disputes at the informal level.

The county lacks a central database or contract monitoring system that captures all contracts for a capital project. The auditors requested copies of contracts, change orders and amendments for the capital projects from the departments. Some of the departments provided a copy of the main construction contract but did not provide a copy of the related change orders and amendments. Further, the county was unable to provide a report that listed all contracts associated with each capital project under review.

To identify the contracts associated with each capital project, the auditors used the Invoice Distribution with Payment Detail by Post Date report and reviewed the documentation saved in the Infor system. The following documents were missing:

Project Name	Document Type	# of Documents
Historic Courthouse Re-Occupancy	Change orders (3) and amendment (1)	4
Knights Landing Boat Ramp Improvements	Work authorization	1
Central Library Services/Archives & Records Center Remodel	Change order	1
Construction of Liquid Waste Digester	Amendment	1
Sheriff Detention Expansion Phase II A: Monroe	Contract agreement (1) and change order (1)	2
Telecom Countywide Phone System Replacement	Change orders (16) and amendment (1)	17
Construction of Module 6F	Amendments (2); contract agreements (2); and contract agreement available, but not signed (1)	5
	<b>Total Documents Not Available in the Infor system</b>	<b>31</b>

Without a complete contract file that contains the essential record of contract award and performance, the county management cannot determine if the contractor is in compliance with the contract terms and conditions, be able to identify problems timely, anticipate amendments such as contract prices, extension and renewals, manage deliverables and payments, or other terms deemed appropriate in the contract.

**Recommendation 6**

We recommend that General Services ensure that all contractual agreements, amendments, and change orders are included in the Infor system to have a complete record of the capital project on file. (Priority 1 Issue – 60 days required corrective action)

**Management Response 6**

General Services: *The new financial management system contains a document repository solution and improved workflows that requires Procurement review and approval before activating a contract to minimize this issue.*

**Finding #7: Contract agreement forms for public works contracts not standardized**

Best Practice: *The contract documents for a public works contract comprise the entire agreement between the parties and may be amended only by written signature signed by both parties or by change order. The contract documents shall include the contract agreement, plans and specifications, bidding documents, all proposals*

*submitted by contractor, the general conditions and/or supplementary conditions issued by the county. The following contract documents should be incorporated into the agreement (attached as exhibits):*

- *Contract Agreement*
  - *Contract Drawings*
  - *Technical Specifications*
  - *Duly issued Addenda*
  - *General and/or Special Conditions*
  - *Supplementary conditions, if any*
  - *Contractor's Bid Proposal Contractor's Guarantee and Bond*
  - *Designation of Subcontractors*
  - *Performance Bond*
  - *Payment Bond*
- List not inclusive*

There is no consistent or standardized contract agreement template used for public works contracts. The auditors found that departments use different templates that vary in detail and content as stated below:

Construction Agreement: Broken into sections for scope of work; conduct of work; indemnification; compensation; insurance; compliance with laws; independent contractor relations; performance bonds; terms of agreement; audit requirements; and contract documents attached as exhibits (see list above).

Work Order: Template is broken down into articles which include scope of work; materials provisions; contract price schedule; contract law provisions; and safety guidelines. This template is only used by the Community Services Department.

Long Form Service Agreement: County template that is intended to be used for service contract agreements. The template includes scope of work; description of services performed; compensation amount; insurance compensation; and audit requirements.

In addition, contract agreements are lengthy or are missing documents as stated below:

Project Name	Agreement Number	# of Pages	Template Used	Documents Missing
Airport Drainage	Agreement No. 19-160	18	Construction Agreement	<ul style="list-style-type: none"> <li>▪ Contract documents (as recommended by best practice stated above)</li> </ul>
County Roads Striping Project	Agreement No. 5555-2019-3011	17	Work Order	<ul style="list-style-type: none"> <li>▪ Contract documents</li> </ul>
Historic Courthouse Re-Occupancy	Agreement No. 18-249	113	Construction Agreement	<ul style="list-style-type: none"> <li>▪ Table of contents to easily identify sections within the agreement</li> <li>▪ Fee schedule or payment detail information (progress payments, invoice content, retention fee, etc.)</li> </ul>
Knights Landing Boat Ramp Improvements	Agreement No. 20-07	72	Construction Agreement	<ul style="list-style-type: none"> <li>▪ Fee schedule or payment detail information (progress payments, invoice content, retention fee, etc.)</li> </ul>
Central Library Services/Archives	Agreement No. 18-247	66	Construction Agreement	<ul style="list-style-type: none"> <li>▪ Fee schedule or payment detail information (progress payments, invoice content, retention fee, etc.)</li> </ul>

Project Name	Agreement Number	# of Pages	Template Used	Documents Missing
& Records Center Remodel				
Construction of Liquid Waste Digester	Agreement No. 21-09	471	Work Order	<ul style="list-style-type: none"> <li>▪ Table of contents to easily identify sections within the agreement</li> <li>▪ Fee schedule or payment detail information (progress payments, invoice content, retention fee, etc.)</li> </ul>
Sheriff Detention Expansion Phase II A: Monroe	Agreement No. 18-78	8	Construction Agreement	<ul style="list-style-type: none"> <li>▪ Contract documents</li> <li>▪ Fee schedule or payment detail information (progress payments, invoice content, retention fee, etc.)</li> </ul>
Telecom Countywide Phone System Replacement	Agreement No. 19-96	262	Long Form Service Agreement	<ul style="list-style-type: none"> <li>▪ Table of contents to easily identify sections within the agreement</li> <li>▪ Contract documents. In addition, blank templates are attached to the agreement</li> </ul>
Construction of Module 6F	Agreement No. 19-87	381	Work Order	<ul style="list-style-type: none"> <li>▪ Table of contents to easily identify sections within the agreement</li> </ul>

Not using standardized forms makes it challenging for the auditors or other third-party reviewers to subsequently obtain an understanding of the services provided and estimated fees to determine compliance with the Board approved contract agreements.

**Recommendation 7**

We recommend that General Services develop a standardized contract agreement template for public works contracts to ensure all the components of the contract are included in the agreement and are easily available for third-party reviewers. (Priority 1 Issue – 60 days required corrective action)

**Management Response 7**

*General Services:* General Services is working with County Counsel for revised contract templates. (Anticipated Date of Completion 3/31/2024)

**Finding #8: Board of Supervisors staff reports not saved in the Infor system**

Government Code Section 25500: All contracts are required by law to be approved by the Board of Supervisors. The Board of Supervisors may employ a purchasing agent to help fulfill this duty.

National Association of State Procurement Officials (NASPO): Monitoring contract performance is a key function in the contract administration process to make ensure that all involved parties are performing their duties in accordance with the contract. All notes from meetings and verbal communications should be properly documented and included in the official contract file.

The auditors found that several capital projects did not have a copy of the Board of Supervisors (BOS) staff report saved in the Infor system. The BOS staff report includes pertinent information; such as, authorization for department heads to negotiate and sign contracts; delegation of authority to approve change orders; bidding amounts; contract term extensions; limit amounts; and sole source justifications. The following capital projects were missing the BOS staff reports:



Project	# of BOS Staff Reports
Airport Drainage	4
Historic Courthouse Re-Occupancy	3
Knights Landing Boat Ramp Improvements	6
Central Library Services/Archives & Records Center Remodel	4
Construction of Liquid Waste Digester	5
Sheriff Detention Expansion Phase II A: Monroe	6
Construction of Module 6F	1
<b>Total BOS Staff Reports Missing</b>	<b>29</b>

Without BOS staff reports easily available for review, county management cannot determine if the contract agreement was properly authorized and executed.

**Recommendation 8**

We recommend that General Services develop a checklist for required documentation to be saved in the Infor system along with their contract packet. (Priority 3 Issue – 180 days required corrective action)

**Management Response 8**

General Services: A checklist will be developed as recommended. (Anticipated Date of Completion 3/31/2024)

**Finding #9: Contract agreements not signed by an authorized official**

County of Yolo Policy on Procurement: The Board of Supervisors delegates to the Purchasing Agent the ability to make purchases including but not limited to executing agreements up to the maximum amount specified in state laws or contract amounts up to \$200,000.

The following contract agreements were not signed by the Purchasing Agent and other concerns noted:

Project	Audit Result	# of Exceptions	Amount
Historic Courthouse Re-Occupancy	Contract agreement signed by the Purchasing Agent one month after the contract start date	1	\$20,670
Historic Courthouse Re-Occupancy	Contract not signed by the Purchasing Agent (no signature)	1	\$158,060
Knights Landing Boat Ramp Improvements	Contract signed by the department head	2	\$41,469
Central Library Services/Archives & Records Center Remodel	Contract signed by the department head	1	\$9,885
Construction of Liquid Waste Digester	Unable to determine if contract was signed by an authorized county official (missing signature page).	1	\$50,000
	<b>Total Contracts Not Signed by Purchasing Agent</b>	<b>6</b>	<b>\$280,084</b>

Contract agreements not signed by the authorized official may result in unauthorized payments to vendors and noncompliance with county policy.



**Recommendation 9**

We recommend that General Services communicate to departments and contract administrators the policy requirement to have all agreements under \$200,000 be submitted to the Purchasing Agent for approval as delegated by the Board of Supervisors. (Priority 1 Issue – 60 days required corrective action)

**Management Response 9**

*General Services: A new template was created for projects of this value to address this issue and is readily available on the County's intranet.*

**Finding #10: Work authorizations for on-call services not properly used**

*Yolo County Requirements for On-Call Consultant Agreement: The County has on-call contracts for special services: These agreements are for an as-needed services for architectural, engineering, legal and other consulting services. On-call consultant contracts are typically utilized on an emergency basis and are intended to allow the General Services Department to quickly respond to facilities related issues. Any project that is awarded to an on-call consultant is subject to a review process that, depending upon the size of the contract, may include the County Procurement Agent, the County Administrator's Office, or the Board of Supervisors. Work authorizations are normally approved by the department head or designee up to \$100,000. Any work authorizations for a single project that individually or collectively exceed \$100,000 shall be valid only if approved in advance by the Board of Supervisors.*

The auditors identified 37 contracts for countywide on-call consulting services for architectural, engineering and legal services and 13 contracts for specialized services that include trucking services, waste placement, demolition, moving expenses, air quality/lab testing, software support, and audit services. Payments made under these contracts included services for multiple capital projects. The exceptions noted are listed below.

- There were no work authorizations on file that described the scope of services to be performed for the amounts paid on the following capital projects:

Project	# of Contracts	Amount
Historic Courthouse Re-Occupancy	3	\$135,520
Knights Landing Boat Ramp Improvements	6	\$30,104
Central Library Services/Archives & Records Center Remodel	4	\$143,998
Construction of Liquid Waste Digester	15	\$543,487
Sheriff Detention Expansion Phase II A: Monroe	5	\$1,205,023
Construction of Module 6F	9	\$1,107,990
<b>Totals</b>	<b>42</b>	<b>\$3,166,122</b>

- Below are the capital projects that had a work authorization on file but the amounts paid exceeded the authorized amounts:

Project	Work Authorization Amount	Amount Paid	Amount Exceeding Work Authorization
Airport Drainage	\$23,850	\$25,649	\$1,799
Historic Courthouse Re-Occupancy	\$900,000	\$954,756	\$54,756
Construction of Module 6F	\$690,681	\$763,723	\$73,042
<b>Total</b>	<b>\$1,614,531</b>	<b>\$1,744,129</b>	<b>\$129,598</b>

For all capital projects examined, the expenditures were not tracked on a separate service line in the Infor system to identify the amount paid for each project.

Without work authorizations there is a lack of clarity regarding the work to be performed and may result in poor performance, delays in services, and disputes over requirements, all leading to potential higher costs of services. Work authorizations for a single project that individually or collectively exceed the \$100,000 threshold may not be in compliance with county policy.

### **Recommendation 10**

- a. We recommend that General Services review the work authorizations for on-call services to ensure that the work authorizations are descriptive of work to be performed and only those individuals with appropriate authority approve the work authorizations. (Priority 2 Issue – 120 days required corrective action)
- b. We recommend that DFS provide guidance to the departments on the proper entry to pay for on-call work authorizations on separate service lines in the Infor system to identify the amounts paid and the amounts remaining on the work authorization. (Priority 2 Issue – 120 days required corrective action)

### ***Management Response 10***

- a. General Services: *The new financial system includes a document repository and workflow approval process that requires Procurement review and approval before activating a new work authorization. This is intended to reduce the occurrence of this issue.*
- b. Department of Financial Services: *DFS will coordinate with Procurement to ensure that appropriate guidance and training is provided to County departments. In addition, the new Infor CloudSuite system includes an integrated document repository and workflow that will help to facilitate the processing and retention of work authorizations. (Anticipated Date of Completion 6/30/2024)*

**B. Change Order Management**

Change orders and contract amendments are written orders signed by the Board of Supervisors or the department head or designee directing the contractor or consultant to make a change to the original contract. Change orders and contract amendments may include changes to the contract terms, schedule, scope or work or a variety of reasons such as omissions in the project’s design, unforeseen conditions at the project site, unanticipated increased costs, and time extensions needed to complete the project.

Any change to the statement of work, though minor, must be documented and must be approved at the proper level as shown in the table below:

Change	Decision Authority
Change under \$1,000 or with no net cost effect	Yolo County CPM
Change \$1,000 - \$99,999	Department head or other county officer authorized by the Board of Supervisors
Change over \$99,999	Board of Supervisors

The designated Capital Project Manager (CPM) is responsible for reviewing the deliverables for each payment milestone and checking off the requirements that are listed on the statement of work and approved change orders. Once deliverables are verified in this manner, the CPM informs the department head who will approve the contractors’ billings.

*Audit Objective/Methodology*

To review contract modifications (change orders, amendments, and purchase orders) and determine whether the modifications were in compliance with the original contract terms and conditions, made in writing, properly approved, submitted timely, properly encumbered, and that the dollar thresholds were in compliance with County Policy and Governing Codes.

To accomplish our objective, the following procedures were performed:

- Determined whether the contract change was in accordance with the terms of the original contract.
- Determined that written approval was obtained prior to amending the contract.
- Confirmed that authority was delegated to department heads/designee to approve contract change and that the authority was in accordance with County Policy and Governing Codes.
- Determined that contract change was submitted in a timely manner.
- Determined that contract change amount was within County Policy and established thresholds by Governing Codes.
- Determined whether the contract change was properly encumbered in the Infor system.

During the audit period, there were a total of 215 contract modifications and 16 work authorizations totaling \$13,130,809 as illustrated in the table below. The auditors reviewed all changes to determine the cause of change and for compliance with County Policy and Governing Codes.

Project Name	Document		Original Amount	Change Orders		Amendments		Changes on Purchase Orders		Work Authorizations		Total Changes			Contract Adjusted Total (Running Bal) (A+B)
	# of Contracts	# of Purchase Orders	Contract/ Purchase Order Amount (A)	# of Changes	Change Amount	# of Changes	Change Amount	# of Changes	Change Amount	# of Changes	Change Amount	# of Changes	Change Amount (B)	Change %	
Airport Drainage	5	1	\$918,510	0	\$0	7	\$114,480	0	\$0	5	\$399,298	12	\$513,778	56%	\$1,432,288
County Roads Striping Project	1	0	\$2,407,698	3	\$489,573	0	\$0	0	\$0	0	\$0	3	\$489,573	20%	\$2,897,271
Historic Courthouse Re-Occupancy	16	14	\$8,943,981	8	\$1,940,849	7	\$57,000	1	\$406	1	\$900,000	17	\$2,898,256	32%	\$11,842,237
Knights Landing Boat Ramp Improvements	13	2	\$1,448,907	0	\$0	3	\$129,910	0	\$0	4	\$169,878	7	\$299,788	21%	\$1,748,695
Central Library Services/Archives & Records Center Remodel	14	18	\$1,310,018	6	\$52,150	3	\$28,404	1	\$12,000	0	\$0	10	\$92,554	7%	\$1,402,571
Construction of Liquid Waste Digester	20	31	\$4,716,505	33	\$601,898	21	\$145,604	22	\$0	0	\$0	76	\$747,502	16%	\$5,464,007
Sheriff Detention Expansion Phase II A: Monroe	13	34	\$34,191,609	25	\$2,392,791	7	\$325,160	13	\$7,987	6	\$3,987,157	51	\$6,713,095	20%	\$40,904,705
Telecom Countywide Phone System Replacement	2	0	\$1,315,372	16	(\$35,791)	4	\$147,680	0	\$0	0	\$0	20	\$111,889	9%	\$1,427,261
Energy Services	2	0	\$10,065,791	1	(\$276,183)	0	\$0	0	\$0	0	\$0	1	(\$276,183)	-3%	\$9,789,608
Construction of Module 6F	13	1	\$8,874,512	22	\$849,877	12	\$690,681	0	\$0	0	\$0	34	\$1,540,558	17%	\$10,415,070
	<b>99</b>	<b>101</b>	<b>\$74,192,903</b>	<b>114</b>	<b>\$6,015,164</b>	<b>64</b>	<b>\$1,638,919</b>	<b>37</b>	<b>\$20,394</b>	<b>16</b>	<b>\$5,456,333</b>	<b>231</b>	<b>\$13,130,809</b>		<b>\$87,323,712</b>

**Finding #11: Change orders and amendments not properly tracked**

GFOA Capital Project Monitoring and Reporting Best Practices: GFOA recommends that jurisdictions establish policies and procedures for capital project monitoring and reporting. Finance officials should:

- Review contract status information including time remaining and percentage used
- Highlight significant changes to project scope, costs, schedule, or funding
- Compare the actual results in relation to the established performance measures

Best Practice: While it is recognized that change orders will likely occur on any construction contract, it is preferable to keep them to a minimum to:

- Ensure the maximum amount of construction costs are subjected to competitive bidding procedures
- Reduce the effect of change orders on the department's planning process
- Reduce the amount of administrative time and effort in processing change orders

Entities should have an adequate change order reporting and tracking mechanism in place. Entities should be able to easily generate a single report that lists all change orders for a given time period. The report should include various levels of detail to evaluate capital construction project performance and identify weaknesses and room for improvement.

The county does not have a system in place to track and monitor change orders/amendments for capital projects and their related number of changes, cumulative increases in contract value, and the reasons for the changes.

To identify the change orders/amendments associated with each contract, the auditors reviewed all documents saved in the Infor system. The auditors found that the 99 contracts reviewed included 114 change orders and 64 amendments that resulted in contract increases totaling \$7.7 million. Some of the reasons for the changes are listed below:

Project Name	Description of Change Orders/Amendments <i>(List Not Inclusive)</i>	# of Contracts	Original Contract Amount (A)	Change Orders/Amendments (B)	Contract Adjusted Total (A+B)	Contract Increase %
Airport Drainage	<ul style="list-style-type: none"> <li>Work stoppage due to court order</li> <li>Additional work not anticipated at the beginning of project</li> <li>Extend contract term and compensation (no reason)</li> </ul>	5	\$918,510	\$114,480	\$1,032,990	12%
County Roads Striping Project	<ul style="list-style-type: none"> <li>Extend contract term</li> <li>Additional roadway striping</li> </ul>	1	\$2,407,698	\$489,573	\$2,897,271	20%
Historic Courthouse Re-Occupancy	<ul style="list-style-type: none"> <li>Extend contract term and compensation (no reason)</li> <li>Additional demolition services, material testing, and building repairs</li> </ul>	16	\$8,346,598	\$1,997,849	\$10,344,447	24%
Knights Landing Boat Ramp Improvements	<ul style="list-style-type: none"> <li>Additional work for environmental and permitting services</li> <li>Extend contract term and compensation (no reason)</li> </ul>	13	\$1,436,079	\$129,910	\$1,565,989	9%
Central Library Services/Archives & Records Center Remodel	<ul style="list-style-type: none"> <li>Additional work for air conditioner control units and electrical work</li> <li>Additional storage services</li> </ul>	14	\$793,704	\$80,554	\$874,258	10%
Construction of Liquid Waste Digester	<ul style="list-style-type: none"> <li>Additional services for pumps and control panels</li> <li>Installation of new pump, ground wire system, and lighting</li> <li>Additional equipment testing and storage due to project delays</li> <li>Extend contract term and compensation (no reason)</li> </ul>	20	\$4,457,219	\$747,502	\$5,204,721	17%
Sheriff Detention Expansion Phase II A: Monroe	<ul style="list-style-type: none"> <li>Several building updates (color change, card reader, cameras, gravel, piping, gas line, fence, etc.)</li> <li>Additional services due to departure of project manager</li> </ul>	13	\$33,663,661	\$2,717,951	\$36,381,612	8%
Telecom Countywide Phone System Replacement	<ul style="list-style-type: none"> <li>Additional equipment, licenses, installation, and training</li> <li>Credits for equipment returned</li> </ul>	2	\$1,315,372	\$111,889	\$1,427,261	9%
Energy Services	<ul style="list-style-type: none"> <li>Credits for reducing scope of work</li> </ul>	2	\$10,065,791	(\$276,183)	\$9,789,608	-3%
Construction of Module 6F	<ul style="list-style-type: none"> <li>Additional construction services (unforeseen circumstances, errors in the plans, and material testing)</li> <li>Material overages</li> <li>Construction services for another capital project since contractor was already available on-site</li> </ul>	13	\$8,867,587	\$1,540,558	\$10,408,145	17%
<b>Totals</b>		<b>99</b>	<b>\$72,272,218</b>	<b>\$7,654,083</b>	<b>\$79,926,301</b>	<b>11%</b>

A report was available from the e-Builder system that included the change orders for one of the contracts reviewed. The report included 162 changes totaling \$987,754 that were categorized as errors/ omissions and owner requests (requests from department management). It is undetermined if those changes were in accordance with the terms and conditions of the original contract.

Without a system in place to track and monitor change orders/amendments for capital projects, the county does not get an accurate or timely measure of the overall cost exposure on each contract. In addition, not monitoring change orders/amendments may result in improper approvals, non-compliance with governing codes, overpayments to contractors, and project delays.

### **Recommendation 11**

We recommend that General Services develop a system to track and monitor change orders/amendments for capital projects. It is also recommended that a report that includes reason for the changes and the associated dollar impact be available to identify trends or anomalies that may warrant possible corrective action. (Priority 1 Issue – 60 days required corrective action)

### **Management Response 11**

*General Services:* Change order controls will be implemented via Infor for those monetary change orders. A new change order procedure is being developed and will be distributed to departments to ensure change orders are properly recorded and document the reason of the change and costs. (Anticipated Date of Completion 3/31/2024)

### **Finding #12: Change orders and amendments used interchangeably**

*Best Practice:* **Change orders** refer to changes that take place on **construction contracts** between the county and companies involved in the construction of the capital project. These changes, such as schedule updates, costs, specification changes, the scope of work expansions, and unanticipated changes, are reflected in separate change order forms. Modification to the original base contract does not generally take place except for modifications to certain terms and/or conditions.

**Amendments** are changes to **professional services agreements** and refer to changes that take place on base contracts for services provided to the county. These services include project management services, engineering design services, staffing services, media services, and more. Amendments made directly on professional services contracts address all types of changes, such as modifications to completion dates, price, and scope of work as well as changes to staffing and terms and conditions.

The county uses a series of change orders and amendments to authorize changes to the scope of work and contract value. There is no clear definition for change orders and amendments. The county uses the terms interchangeably when making changes to public works, CUPCCA, and other general services/specialized services contracts as illustrated in the table below:

- Total of 99 contracts reviewed
- 114 change orders totaling \$6 million
- 64 amendments totaling \$1.6 million

Project Name	Public Works			CUPCCA Public Works Contracts			Other General/Specialized Services		
	# of Contracts	# of Change Orders	# of Amendments	# of Contracts	# of Change Orders	# of Amendments	# of Contracts	# of Change Orders	# of Amendments
Airport Drainage	1	0	1	0	0	0	4	0	3
County Roads Striping Project	1	3	0	0	0	0	0	0	0
Historic Courthouse Re-Occupancy	2	6	5	7	2	1	7	0	0
Knights Landing Boat Ramp Improvements	1	0	1	0	0	0	12	0	2
Central Library Services/Archives & Records Center Remodel	1	5	2	8	1		5	0	1
Construction of Liquid Waste Digester	4	24	3	4	2	3	12	7	15
Sheriff Detention Expansion Phase II A: Monroe	1	23	1	1	0	0	11	2	6
Telecom Countywide Phone System Replacement	1	16	0	0	0	0	1	0	4
Energy Services	1	1	0	0	0	0	1	0	0
Construction of Module 6F	1	15	0	0	0	0	12	7	12
<b>Totals</b>	<b>14</b>	<b>93</b>	<b>13</b>	<b>20</b>	<b>5</b>	<b>4</b>	<b>65</b>	<b>16</b>	<b>43</b>

Not having a clear definition of change orders and amendments as recommended by best practice creates confusion among departments on which form to use when making changes to contract agreements.

**Recommendation 12**

We recommend that General Services provide a clear definition in policy of the use of change orders and amendments for public works, CUPCCA, and general services/specialized services contracts to avoid confusion among departments when making changes to scope of work and contract values. (Priority 3 Issue – 180 days required corrective action)

**Management Response 12**

General Services: Staff will provide new templates to standardize terminology with the County Counsel's Office. (Anticipated Date of Completion 3/31/2024)

**Finding #13: Forms used for construction contract modifications do not include all components for the changes made**

Best Practice: When so authorized by the Board, changes or additions in the work may be ordered in writing by the authorized entity (or designated party). Any changes or additions will be in accordance with written contract procedures for changed work and be an integral part of the contract work, which cannot be accomplished feasibly and economically by separate contract. Delegated change order authority to the authorized entity shall be in accordance with County Policy and Governing Codes.

Yolo County Requirements for Contract Change Order and Amendment Process: The total value of the contract inclusive of the original amount and all approved and pending change orders determine the applicable change order process. Departments requesting a change order must consider:

1. Why is the change order needed? Was the original project specification/description insufficiently or overly detailed?
2. Is the requested change already included in the project?
3. Was the project sufficiently monitored prior to needing the change order? Is additional monitoring required?
4. Does the change order correct a short-term problem that may indicate the existence of a long-term or future problem?
5. Is there sufficient correspondence justifying the need for the change order?

There is no official form used for contract modifications (changes or additions) to public works contracts. Each department has created their own template whereas there is no consistency with the templates used as noted below:

- Several county forms are used by the departments (short-form service amendments, long-form service amendments, department templates with their depart, etc.)
- Statutory limit amounts for contract modification as required by County Policy and Governing Codes not included on the forms
- Justifications for contract modifications not constantly used
- Review by the Purchasing Agent not required on forms
- Updated fee schedules not attached
- Quotes received from the contractors used as contract modification forms

Without a form that includes all components of contract modifications, departments may not properly document description of additional work, justification for change, updates to fee schedules, or other requirements as prescribed by the Public Contract Code and County Policy.

### **Recommendation 13**

We recommend that General Services work with County Counsel on developing an official form for contract modifications for public works contracts to ensure all the components of the contract modification are documented, reviewed, properly authorized, and are in accordance with the Public Contract Code and County Policy. (Priority 3 Issue – 180 days required corrective action)

#### ***Management Response 13***

*General Services: Staff will work with County Counsel to ensure common elements are on all department forms. (Anticipated Date of Completion 3/31/2024)*

### **Finding #14: Change orders for public works contracts exceeded the delegated authority for department heads**

*Public Contract Code Section (PCC) 20142: The Board of Supervisors may, by ordinance, resolution, or board order, authorize the county engineer, or other county officer, to order changes or additions in the work being performed under construction contracts. When so authorized, any change or addition in the work shall be ordered in writing by the county engineer, or other designated officer, and the extra cost to the county for any change or addition to the work so ordered shall not exceed:*

- \$5,000 when the total amount of the original contract does not exceed \$50,000
- 10 percent of the amount of any original contract that exceeds \$50,000, but does not exceed \$250,000

*For contracts whose original cost exceeds \$250,000, the extra cost for any change or addition to the work so ordered shall not exceed \$25,000, plus 5 percent of the amount of the original contract cost in excess of \$250,000.*

*In no event shall any such change or alteration exceed \$210,000.*

Department heads submit their requests to the Board of Supervisors to obtain authority to approve change orders and amendments for public works contracts. The auditors reviewed 106 change orders and amendments and found the following capital projects that exceeded the delegated authority under the Public Contract Code 20142:

- Total of 8 change orders and amendments exceeded department head authority
- \$1.7 million exceeded the department head delegated authority as prescribed by the PCC 20142



- 2 change orders were within the PCC 20142 individually, but were approved within the same day and the aggregate amount exceeded the department head's authority by \$12,460

Change orders that exceed the department head's authority:

Project	Agreement Number	Original Contract Amount (A)	Change Orders/ Amendments (B)	Contract Adjusted Total (A+B) (C)	Change Orders/ Amendments Approved by Department Heads (D)	Max Amount per PCC 20142 * (E)	Amount Exceeding Delegated Authority (D-E)	# of Change Orders/ Amendments Exceeding Dept Head Authority
County Roads Striping Project	Agreement No. 5555-2019-3011	\$2,407,698	\$489,573	\$2,897,271	\$489,573	\$293,320	\$196,254	2
Historic Courthouse Re-Occupancy	Agreement No. 18-249	\$7,453,146	\$1,899,667	\$9,352,813	\$1,899,667	\$1,001,347	\$898,321	4
Sheriff Detention Expansion Phase II A: Monroe	Agreement No. 18-78	\$32,673,000	\$2,369,569	\$35,042,569	\$2,369,569	\$1,932,799	\$436,770	1
Construction of Module 6F	Agreement No. 19-87	\$8,851,787	\$849,877	\$9,701,664	\$849,877	\$650,392	\$199,485	1
<b>Total Amounts</b>		<b>\$51,385,631</b>	<b>\$5,608,686</b>	<b>\$56,994,317</b>	<b>\$5,608,686</b>	<b>\$3,877,857</b>	<b>\$1,730,829</b>	<b>8</b>

\* \$25,000 plus 5% of the original contract cost in excess of \$250,000 for each change order (\$210,000 max amount per change order)

Change orders approved within the same day where the aggregate amount exceeded the department head's authority:

Project	Agreement Number	Change Orders/ Amendments Approved by Department Heads (A)	Max Amount per PCC 20142 * (B)	Amount Exceeding Delegated Authority (B-A)	# of Change Orders/ Amendments Exceeding Dept Head Authority
Sheriff Detention Expansion Phase II A: Monroe	Agreement No. 18-78	\$222,460	\$210,000	\$12,460	2

The county is not in compliance with the thresholds for change orders and amendments for public works contracts when the amount is delegated to the department heads as prescribed by the PCC 20142.

**Recommendation 14**

We recommend that General Services work with County Counsel on reviewing the process for contract modifications for public works contracts to ensure that the amounts are in compliance with the PCC 20142. It is also recommended that General Services consult with legal counsel to determine if the amounts exceeding delegated authority need to be ratified by the Board of Supervisors. (Priority 3 Issue – 180 days required corrective action)

**Management Response 14**

General Services: General Services is working with County Counsel to establish written procedures and templates to guide staff preparing and review change orders in a manner consistent with state law. (Anticipated Date of Completion 3/31/2024)

**Finding #15: Change orders and amendments for public works contracts exceeded the amount prescribed by governing code**

Public Contract Code Section (PCC) 20137: A duly authorized officer of the county can approve contract change orders up to the statutory limit of 10% of the original contract price before requiring competitive solicitation, except under certain conditions described below:

- Under *Graydon v. Pasadena Redevelopment Agency (1980) 104.Cal.App.3d 631 (Graydon Law)*, competitive bidding is not required where such bidding would be unavailing and impractical and would not produce any public advantage.
- A finding of impracticability under Graydon Law is adopted by the Board of Supervisors if it is in the county's and public's best interest to work with the existing contractor on a project rather than competitively bidding these project changes.

In no event shall any such change or alteration exceed \$210,000 as prescribed in the PCC 20142.

The auditors reviewed 14 public works contracts that included 106 change orders and amendments (contract modifications). Contract modifications exceeded the amount allowed under the Public Contract Code 20137 as stated below:

- 9 contract modifications totaling \$1.6 million exceeded the amount allowed under the PCC 20137 (10% of the original contract price or \$210,000 max per change order).
- 9 contract modifications had no Graydon Law Requests on file.
- 2 change orders totaling \$12,460 were within the PCC 20137 individually, but were approved within the same day and the aggregate amount exceeded the 10% threshold

The contract modifications that exceeded the 10% threshold are listed below:

Project	Agreement Number	Original Contract Amount (A)	Change Orders/ Amendments (B)	Contract Adjusted Total (A+B) (C)	Max Amount PCC 20137 *	Graydon Law Requests on File	Documentation Not Available for Graydon Law Requests	# of Change Orders/ Amendments Exceeding the 10% Threshold
Airport Drainage	Agreement No. 19-160	\$884,610	\$99,480	\$984,090	\$88,461	\$0	\$11,019	1
County Roads Striping Project	Agreement No. 5555-2019-3011	\$2,407,698	\$489,573	\$2,897,271	\$447,550	\$0	\$42,023	2
Historic Courthouse Re-Occupancy	Agreement No. 18-249	\$7,453,146	\$1,899,667	\$9,352,813	\$1,001,347	\$0	\$898,321	4
Sheriff Detention Expansion Phase II A: Monroe	Agreement No. 18-78	\$32,673,000	\$2,369,569	\$35,042,569	\$1,932,799	\$0	\$436,770	1
Construction of Module 6F	Agreement No. 19-87	\$8,851,787	\$849,877	\$9,701,664	\$650,392	\$0	\$199,485	1
<b>Total Change Orders</b>		<b>\$52,270,241</b>	<b>\$5,708,166</b>	<b>\$57,978,407</b>	<b>\$4,120,548</b>	<b>\$0</b>	<b>\$1,587,618</b>	<b>9</b>

\* 10% of the original contract cost for each change order (\$210,000 max amount per change order)

Change orders approved within the same day where the aggregate amount exceeded the 10% threshold:

Project	Agreement Number	Change Orders/ Amendments Approved by Department Heads (A)	Max Amount per PCC 20142 * (B)	Amount Exceeding Delegated Authority (B-A)	# of Change Orders/ Amendments Exceeding Dept Head Authority
Sheriff Detention Expansion Phase II A: Monroe	Agreement No. 18-78	\$222,460	\$210,000	\$12,460	2

The county is not in compliance for contract modification amounts that exceeded the 10% threshold as prescribed by the PCC 20137. In addition, the county is not in compliance with competitive bidding requirements if Graydon Law requests are not submitted to the Board of Supervisors.

**Recommendation 15**

We recommend that General Services work with County Counsel on reviewing the process for contract modifications to ensure that the amounts do not exceed the threshold as prescribed by the PCC 20137 and the requirements under the Graydon Law Requests. It is also recommended that General Services consult with legal counsel to determine if the amounts exceeding the 10% threshold need to be ratified by the Board of Supervisors. (Priority 3 Issue – 180 days required corrective action)

**Management Response 15**

General Services: Staff is working with County Counsel on a template to guide departments on the change order thresholds. (Anticipated Date of Completion 3/31/2024)

**Finding #16: Change orders and amendments not signed by an authorized official**

County of Yolo Policy on Procurement: The Board of Supervisors delegated the Purchasing Agent the ability to make purchases including but not limited to executing agreements up to the maximum amount specified in state laws and contract amounts up to \$200,000. All change orders must be signed by the contractor, the department head, and Purchasing Agent.

The auditors found 22 change orders and amendments that were not signed by an authorized official. In addition, 36 out of the 37 change orders for purchase orders reviewed were not signed by the department head as instructed on the change order form.

Project	Audit Result	Contract Type	# of Exceptions	Contract Modification Amount
Historic Courthouse Re-Occupancy	Change order/amendment not signed by the Purchasing Agent (typed signature)	Special Services	1	\$57,000
Historic Courthouse Re-Occupancy	Change order/amendment signed by the department head and not signed by the Purchasing Agent	CUPCCAA	1	\$3,502
Central Library Services/Archives & Records Center Remodel	Change order/amendment signed by the department head and not signed by the Purchasing Agent	General Services	1	\$12,000
Construction of Liquid Waste Digester	Change order/amendment signed by the department head and not signed by the Purchasing Agent	CUPCCAA	2	\$557

Project	Audit Result	Contract Type	# of Exceptions	Contract Modification Amount
Construction of Liquid Waste Digester	Change order/amendment not signed by the department head (typed signature)	Public Works	1	\$3,501
Sheriff Detention Expansion Phase II A: Monroe	Change order/amendment not signed by the department head (typed signature)	Public Works	5	\$119,551
Sheriff Detention Expansion Phase II A: Monroe	Change order/amendment signed by the department head and not signed by the Purchasing Agent (extend contract term)	General Services	1	\$0
Sheriff Detention Expansion Phase II A: Monroe	Change order/amendment signed by the department head and not signed by the Purchasing Agent	Special Services	6	\$3,987,157
Sheriff Detention Expansion Phase II A: Monroe	Change order/amendment signed by the department head and not signed by the Purchasing Agent	Special Services	2	\$23,222
Telecom Countywide Phone System Replacement	No signature on change order/amendment	Public Works	1	\$491
Construction of Liquid Waste Digester	Change order/amendment missing signature page. Unable to determine if contract was signed by an authorized county official.	Public Works	1	\$41,750
		<b>Totals</b>	<b>22</b>	<b>\$4,248,730</b>

Contract modifications not signed by an authorized official may result in unauthorized payments to vendors and noncompliance with county policy.

**Recommendation 16**

We recommend that General Services communicate to departments and contract administrators the policy requirements for approval of contract modifications. (Priority 1 Issue – 60 days required corrective action)

**Management Response 16**

*General Services: Staff is working with County Counsel to develop a procedure on change orders to ensure proper review occurs. (Anticipated Date of Completion 3/31/2024)*

**Finding #17: Contract modifications not in compliance with contract terms and conditions**

*California State Contracting Manual: The contract manager should assess and request amendments, renewals or new contracts as required allowing sufficient time to process and execute such changes before the contract expires or funds are depleted in order to prevent a lapse in service.*

The auditors found that 37 contract modifications (change orders and amendments) did not comply with the original contract terms and conditions as stated below:

Project	Audit Result	# of Exceptions
Historic Courthouse Re-Occupancy	Change order/amendment approved after contract term expired.	1
Historic Courthouse Re-Occupancy	Change order approved after the services were performed.	3
Central Library Services/Archives & Records Center Remodel	Change order/amendment approved after contract term expired.	5
Construction of Liquid Waste Digester	Change orders totaling \$244,163 for additional construction services/materials were not part of the original contract agreement (additional work performed since contractor was already on-site).	11
Construction of Liquid Waste Digester	Change orders not approved in sequential order (e.g. change order #10 approved before change order #8).	5
Sheriff Detention Expansion Phase II A: Monroe	Contract term extension exceeded the term authorized by the Board of Supervisors.	10
Sheriff Detention Expansion Phase II A: Monroe	No description of additional work performed. Unable to determine if change order was in accordance with the terms of the original contract.	2
Construction of Module 6F	Change order in the amount of \$124,375 was for construction services for another capital project.	1
	<b>Total Exceptions</b>	<b>37</b>

Contract modifications not in compliance with the original contract terms and conditions may result in unauthorized payments to vendors and noncompliance with county policy.

**Recommendation 17**

We recommend that General Services review their process for change orders and amendments to ensure that contract modifications comply with the original terms and conditions. (Priority 3 Issue – 180 days required corrective action)

**Management Response 17**

General Services: As mentioned in a prior finding, County Procurement staff is working with County Counsel's Office to develop a procedure covering change order review and approvals. (Anticipated Date of Completion 3/31/2024)

## C. Project & Cost Management

Project & Cost Management is where contract administrators monitor the delivery of services against invoices received from the contractors.

According to Best Practice, the contract administrator should perform the following:

- a. Ensure that contractor invoices are accurate, complete and sufficiently supported.
- b. Maintain records regarding any change to payment schedules, pricing, or timing.
- c. Properly review and approve payments that are linked to satisfactory performance.

### *Audit Objective/Methodology*

To determine whether payments to contractors were made in accordance with contract provisions, properly approved, and supported by adequate documentation. The auditors selected a sample of 176 transactions during the audit period.

To accomplish our objective, the following procedures were performed:

- Determined whether the payments were made as in accordance with contract provisions.
- Determined that invoices were approved by an authorized county official.
- Determined that payments were supported by adequate documentation for audit purposes.

### ***Finding #18: Invoices not in accordance with contract provisions***

*Best Practice:* *Contract administration procedures require payments to vendors be conditioned on satisfactory performance and not made unless there has been assurance that the vendor is making adequate progress in fulfilling contractual requirements.*

The auditors found 109 exceptions of payments that were not made in accordance with the contract provisions:

Exception	Airport Drainage	County Roads Striping Project	Historic Courthouse Re-Occupancy	Knights Landing Boat Ramp Improvements	Central Library Services/ Archives & Records Center Remodel	Construction of Liquid Waste Digester	Sheriff Detention Expansion Phase II A: Monroe	Telecom Countywide Phone System Replacement	Energy Services	Construction of Module 6F	Total # of Exceptions
Invoice includes a retention fee. The retention fee was not part of the contract agreement	5				1	4					10
Engineering and architectural services billed in October 2019 not paid until 17 months after the services were performed			3								3
Fees charged on invoice do not agree to contract agreement				4			1				5
Invoice includes payment for hours spent on travel (to/from project). Travel hours are not part of the contract agreement.					1						1
Invoice includes payment for mileage. Mileage is not part of the contract agreement	3										3
Invoice includes payment for multiple projects. No documentation to determine the actual services performed for the project.				2		2					4
Invoice includes reimbursement for meals, mileage, car rental, parking, fuel, airfare, and lodging. These expenses are not part of the contract agreement.								2			2
Invoice includes payment for services performed before a change order or amendment was approved			1							2	3
Payment for legal services was made through a claim instead of an authorized procurement method (purchase order or contract)									2		2
Payment made out of a progress payment form, but the form was not signed by the contractor (typed signature) to agree to the percentage of work completed as required by the contract agreement.							4				4
Services were performed after a notice of completion was filed with the County's Clerk-Recorder										1	1
Payment not made within 30 calendar days as required by the agreement (between 36 to 230 days after invoice date)	2	1	7	4	10	5	6	6	6	8	55
Professional services were performed before the work authorization was approved	1										1
Retainage fee and professional services not paid until 12 and 14 months after the services were performed							2				2
Sales tax charged for furniture design services in the amount of \$1,044			1								1
Services provided after the work authorization/contract end date. No amendment on file extending the term	1	1	5								7
Unable to determine if payment is in accordance with contract provisions because a copy of the contract amendment or work authorization for additional services performed was not available for review			2			1	2				5
<b>Total Exceptions</b>	<b>12</b>	<b>2</b>	<b>19</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>15</b>	<b>8</b>	<b>8</b>	<b>11</b>	<b>109</b>

Inadequate contract monitoring can result in project delays due to misunderstanding or paying for services that are not performed satisfactorily.

### **Recommendation 18**

We recommend that DFS provide guidance to the departments on reviewing invoices against contract terms and conditions prior to processing payments for capital projects. (Priority 2 Issue – 120 days required corrective action)

#### ***Management Response 18***

*Department of Financial Services: DFS will coordinate with the Procurement Division in General Services to ensure that appropriate training and guidance is provided to County departments. In addition, the Procurement Division indicated that they are working with County Counsel to update contract template language to reduce ambiguity, and to develop a form for invoice disputes. (Anticipated Date of Completion 6/30/2024)*

### **Finding #19: Inadequate supporting documentation for expenditure transactions**

Government Code Sections 29741-29745: *The auditor shall issue his warrant on the county treasury for such an amount for each claim as he finds to be a correct and legal county charge. If the auditor finds that any claim is not a proper county charge, he shall reject it and endorse his rejection thereon.*

Best Practice: *Invoices for payment shall be detailed and shall contain full documentation of all work performed and all reimbursable expenses incurred. Where the scope of work on the contract is divided into various tasks, invoices shall detail the related expenditures accordingly. Labor expenditures need documentation to support time, travel and field expenses. No expense should be reimbursed without adequate documentation. This documentation will include, but not be limited to, receipts for material purchases, rental equipment and subcontractor work.*

The auditors found 84 exceptions of expenditure transactions that did not have adequate supporting documentation:



Exception	Airport Drainage	County Roads Striping Project	Historic Courthouse Re-Occupancy	Knights Landing Boat Ramp Improvements	Central Library Services/ Archives & Records Center Remodel	Construction of Liquid Waste Digester	Sheriff Detention Expansion Phase II A: Monroe	Telecom Countywide Phone System Replacement	Energy Services	Construction of Module 6F	Total # of Exceptions
Invoice amount does not agree to the actual amount paid			1								1
Invoice amount was adjusted by the department. No revised invoice available for review.						1	1			1	3
Invoice is missing pages with detail of all services provided (task, time spent, and rate per hour charged)				4			4	1			9
Invoice not approved by an authorized approving official	4		8	3	2	3	2	2		1	25
Invoices missing for payments made to subcontractors/subconsultants										3	3
No invoice on file. Payment of \$11,250 made out of a handwritten invoice with no vendor signature.							1				1
No vendor invoice on file. Payment made out of an application for payment form. No specification in the contract agreement for the use of this form as payment method.	3	5	2	3	4	7	1			2	27
No vendor invoice on file - payment made out of a Yolo County Claim Form prepared by the Director of General Services				1							1
No vendor invoice or any other document available for review to support payment			1								1
Vendor invoice on file, but does not include detail of the services provided as required by the contract agreement	6		4		2					1	13
<b>Total Exceptions</b>	<b>13</b>	<b>5</b>	<b>16</b>	<b>11</b>	<b>8</b>	<b>11</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>8</b>	<b>84</b>

Departments not providing detailed documentation to support the charge expensed may result in improper charges against county funds.

**Recommendation 19**

We recommend that DFS review transactions for payments made under contract agreements prior to processing payments to ensure that transactions are supported by sufficient documentation to support the charges against county funds and ensure compliance with Government Code Sections 29741-29745. (Priority 2 Issue – 120 days required corrective action)

**Management Response 19**

*Department of Financial Services: Management concurs that appropriate processes and procedures need to be in place to ensure that transactions are supported by adequate documentation. However, DFS does not currently have adequate staffing levels to review and approve payments made under purchase order or contract agreements. Despite this, management does commit to ensuring that County departments receive*

*adequate training and guidance on the documentation that is required to support transactions. In addition, DFS will implement a process to sample transactions on a quarterly basis in order to monitor compliance with County policies. (Anticipated Date of Completion 7/1/2024)*

## D. Project Closeout

Contract closeout is the process of documenting that all obligations of the contract are fulfilled. Departments are responsible to complete the close-out process. The closeout process consists of:

- a. Verifying all deliverables are inspected and accepted by the County.
- b. Evaluating and documenting contractor's performance against the contract requirements to determine if all required work is completed.
- c. Ensuring all County issued equipment and materials are returned to the County.
- d. Resolving all ownership issues, including disposition of any leftover material or equipment.
- e. Resolving all disputes or corrective actions.
- f. Reminding contractor of record retention requirements in the contract.
- g. Documenting and communicating any deficiencies found as part of this process to the appropriate parties.
- h. Confirming all outstanding invoices less the final payment and retention, if applicable, are paid.
- i. Making the final payment.
- j. For contracts greater than \$60,000, filing a notice of completion.
- k. Notifying Procurement that contract is ready to close.

GFOA recommends that jurisdictions establish policies and processes for project close-out. Upon project completion, officials should ensure that actions are taken to finalize project activity, including, at minimum:

- Confirm that the project is closed out appropriately within all systems used to manage, monitor and report on the project.
- Confirm that all remaining contract encumbrances are properly closed out and remaining funds are handled appropriately.
- Confirm that the established procedures for user acceptance of project work and final project completion have been followed.
- Confirm that all closeout and reporting requirements of grantors and bond covenants have been completed.
- Confirm that all project closeout data is properly recorded on the fixed assets schedule and capital assets are added to the government's capital asset tracking system, if any.
- Confirm that procedures are in place to meet any continuing disclosure or ongoing reporting requirements.

### *Audit Objective/Methodology*

To review the closeout of the capital projects selected and determine whether projects were properly closed-out in the Infor system; notice of completion forms were filed timely; and that a reconciliation was performed at the completion of the project. The auditors reviewed closing procedures for the main construction contract for each capital project under review.

To accomplish our objective, the following procedures were performed:

- Requested a copy of the reconciliation at the completion of the project.
- Requested a copy of the closeout checklist.
- Confirmed that all remaining contract encumbrances were properly closed in the Infor system.
- Determined that a notice of completion was filed timely with the County Clerk-Recorder.

**Finding #20: Reconciliation not performed for main construction contract at the end of the project**

GFOA Capital Project Monitoring and Reporting Best Practices: Finance Officials should report on project status and activities. Producing project status reports will help keep officials informed regarding project progress. Meaningful reports should provide straightforward project information for executive leadership and internal staff as well as citizens and the media, and, at minimum:

- Provide a comparison of actual results to the project plan, including:
  - Percent of project completed
  - Percent of project budget expended
  - Revenue and expenditure activity
  - Available appropriation
- Highlight significant changes to project scope, costs, schedule, or funding.
- To aid in the reporting, an annual snapshot of key schedule, cost estimate, and available funding information should be taken to establish baseline data for performance measures and report components.

The auditors requested a copy of the department reconciliation for the main construction contract at the completion of the capital project. The following exceptions were noted:

- 1 reconciliation was available and agreed to project expenditures
- 7 reconciliations were not available for review
- 2 reconciliations were provided, but the amounts did not include all expenditures for the project as shown below:

Project	Project Expenditures (as identified by auditor)	Department's Reconciliation	Difference
Knights Landing Boat Ramp Improvements	\$1,730,566	\$1,674,617	\$55,950
Construction of Module 6F	\$11,445,750	\$5,534,220	\$5,911,530
<b>Totals</b>	<b>\$13,176,316</b>	<b>\$7,208,837</b>	<b>\$5,967,480</b>

Not performing a reconciliation of capital project expenditures on a regular basis or at the end of the project may result in budget overruns and delays on the completion of the project.

**Recommendation 20**

We recommend that General Services work with DFS on developing a process to ensure that a detailed reconciliation of capital project expenditures is performed by the departments on a regular basis. It is also recommended that the actual expenditures be compared to the approved budgets to ensure the project is within the approved plan. (Priority 1 Issue – 60 days required corrective action)

**Management Response 20**

General Services: Staff will develop a reconciliation procedure with the Department of Financial Services to guide departments on the reconciliation process. (Anticipated Date of Completion 3/31/2024)

### **Finding #21: Contract closeout checklists not prepared**

*Best Practice: Formal, written closeout procedures are recommended at the completion stage of the contract so that important elements are not overlooked. Contract closeout begins when the contract has been completed, all services have been performed and all products delivered. Depending on the type of contract, the process can be simple or complex.*

*The use of a checklist of closeout procedures helps to assure that all actions have been completed. It should be included in the contract file when closing contracts. Several contract closeout steps are related to monitoring the performance of the vendor, while others are more administrative in nature. A contract closeout checklist should include verification that:*

- All invoices have been paid
- All property has been returned
- All deliverables have been accepted
- There are no pending lawsuits
- All required reports have been received
- Contract audit has been completed, if necessary
- There are no outstanding classified materials
- There are no outstanding changes or amendments
- All security badges and keys have been returned
- All disallowed costs have been settled

The auditors found that the departments did not complete a contract closeout checklist at the completion of the capital project. Without a closeout checklist, the county is at risk of overlooking critical closeout tasks and ensuring that all administrative actions are completed, all disputes settled, and a final payment has been made.

### **Recommendation 21**

We recommend that General Services develop a checklist to be completed by departments as part of their closeout process to ensure that all administrative actions have been completed before physically closing out the capital project. (Priority 3 Issue – 180 days required corrective action)

### **Management Response 21**

*General Services: Staff will develop a checklist for use by all departments. (Anticipated Date of Completion 3/31/2024)*

### **Finding #22: Notices of completion not available**

*California Civil Code Section 9202: A public entity may record a notice of completion on or within 15 days after the date of completion of a work of improvement. The notice shall be signed and verified by the public entity or its agent. The notice shall comply with the requirements of Chapter 2 (commencing with Section 8100) of Title 1, and shall also include the date of completion. An erroneous statement of the date of completion does not affect the effectiveness of the notice if the true date of completion is 15 days or less before the date of recordation of the notice.*

The auditor found that notices of completion were not available for 5 of the 10 construction contracts reviewed. A notice of completion is a voluntary construction document that establishes the official date of completion for the project. The document is filed at the discretion of the departments and is not a requirement under county's policy. However, there is no other official document available that indicates that all contract requirements have been satisfactorily met and accepted. Without a notice of completion, there is no documentation that certifies that the contract is completed and ready to proceed to the closeout process.

**Recommendation 22**

We recommend that General Services develop a process to certify that the capital project has been completed; project requirements have been met and accepted; and that the project is ready for the closeout process. (Priority 3 Issue – 180 days required corrective action)

***Management Response 22***

*General Services: A process was developed and approved by the Board of Supervisors on July 11, 2023. Applicable departments were notified of this process at that time.*

## E. County Policy and Procedures

Upon completion of the project, the department shall submit a request to the Board of Supervisors for approval and execution of Notice of Completion of the contract.

### *Audit Objective/Methodology*

To determine if procedures for handling capital projects confer with standards of internal control, Best Practice, and California Governing Codes.

To accomplish our objective, the following procedures were performed:

- Reviewed the county's policy for recommended essential components within a capital projects policy.
- Verified that the capital projects processes are documented.

### ***Finding #23: County policy on capital project management***

*Best Practice: Entities should document the policies and procedures of the capital project delivery process with particular focus on the financial (budgetary/accounting) controls and approvals. These policies and procedures should range from the high-level development of the annual capital budget to the day-to-day approvals required to issue purchase orders and pay invoices. The goal is to provide for an appropriate system of financial internal controls while achieving workflow efficiencies, timely and accurate financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) and federal and state regulations, and to mitigate risk while ensuring the safeguarding of the entity's assets.*

### Capital Project Lifecycle

- *Pre-feasibility/feasibility & planning (environment review, financial analysis, development plan, schedule & budget, risk assessment)*
  - *Resource allocation & commitment (prioritize projects, capital availability, owner agreements)*
  - *Contract selection (contractor award, contracting terms and conditions)*
  - *Contract management (contract administration, change orders, change order authorization, progress billings)*
  - *Commission & turnover (operations, close-out documents, post financial analysis)*
  - *Maintenance (work orders tracking, billing and invoicing processing, warranty claims)*
- List not inclusive*

The county has a Capital Asset Management Policy that describes the policies and procedures utilized in the County's Capital Improvement Plan (CIP); places guidelines for budgeting, financing, and accounting of the County's capital assets; and provides criteria for the prioritization of CIP projects. The policy does not include all the components of the capital project life-cycle management program.

Outdated and/or inconsistent policy and procedures may result in governing standards not being followed as intended and may allow for non-compliant matters to arise.

### **Recommendation 23**

We recommend that General Services review and update the County Policy on Capital Asset Management to ensure that it meets the established governing standards or recommended Best Practices. The updated policy and guidance should be disseminated to all fiscal staff, capital project managers and county employees involved in the contracting process. (Priority 3 Issue – 180 days required corrective action)

***Management Response 23***

General Services: *Staff will work with County Counsel and the Department of Financial Services to update this policy. (Anticipated Date of Completion 3/31/2024)*

***Finding #24: Documentation of capital project processes***

The county does not have a capital projects procedures manual that details procedures for handling various tasks for capital projects.

Best Practice recommends that the following components be present in a capital project procedures manual:

- Project initiation/budget approval
- Financial prequalification
- Contract/purchase order approval
- Proposed change orders
- Purchase order amendments
- Billing/invoicing
- Project reporting

*List not inclusive*

Not providing project managers and employees involved in the capital project process with a comprehensive capital projects procedures manual may result in procedures not being followed as approved and allows inconsistent procedures to be carried forth by departments.

***Recommendation 24***

We recommend that General Services consider developing a capital projects procedures manual that details capital project procedures and processes not provided elsewhere and coordinate instructions of various authorities on specific capital project subjects. As part of this process, we strongly recommend that General Services searches industry best practices and retain such information as support and future reference. (Priority 3 Issue – 180 days required corrective action)

***Management Response 24***

General Services: *Staff will research best practices and incorporate them into the policy and procedures work mentioned in prior recommendations above. (Anticipated Date of Completion 3/31/2024)*



Yolo County  
 Division of Internal Audit  
 Audit Plan - Status of Projects  
 Fiscal Year 2023-2024

No.	Type	Name	Entity	Preliminary Scope	Priority	Hours	% Complete	Status	Report Issued	No. of Findings	Internal or Outsource
1	CF One-time Project	Capital Projects	Countywide	Perform a review of county capital projects to identify and test key processes and controls related to contract administration, change order management, project & cost management, and project closeout.	High	60	100%	Completed	12/15/2023	24	Yolo
2	CF Continuous & Mandated Audits	Purchase Card Audit (General Services)	Department	Perform a review to provide reasonable assurance to county management that there is an acceptable level of operational accountability in the purchase card program, including the areas of card management, merchant management, and transaction analysis.	High	200	100%	Completed	10/24/2023	9	Yolo
3	CF Outsource	Payroll Processing and Changes, Employee Leave/FMLA, and Pay Rates (Human Resources)	Department	Perform a review of payroll processes including the health benefit calculation, leave balances, and the accuracy of employee pay rates.	High	250	0%	Not Started			Outsource
4	CF Outsource	Governance and Strategy (Innovation & Technology)	Department	Assess the IT strategic planning process. Understand how performance is evaluated, the operating budget is tracked, and resources are consumed.	High	250	100%	Completed	10/26/2023	11	Outsource
5	Outsource	Fiscal Monitoring (Health & Human Services Agency)	Department	Fiscal monitoring services for County Health & Human Services Agency as required by Code of Federal Regulations 2 CFR part 200 etal. FY21-22 Reviews	Med	300	100%	Completed	8/23/2023	6 Reviews; no reportable conditions on compliance and internal controls. Improvements needed in policy & procedures	Outsource
6	Outsource	Workforce Compensation, Workforce Recruitment, and Succession Planning	Countywide	Assess salary levels to determine if the County is offering competitive compensation and benefit packages to attract and retain professionals. Also, review staffing classifications and levels to determine if the County has adequate employees to meet the needs of the citizens and employee turnover is considered when planning.	High	300	0%	Not Started			Outsource
7	One-time Project	Contract Compliance	Countywide	Assess contract compliance practices related to competitive bidding process.	High	250	0%	Planned for Jan-June 2024			Yolo
8	One-time Project	Training, Professional Development and Cross-Training	Countywide	Assess the practices related to technical training, Continuing Professional Development (CPD), and internal departmental process cross-training. Also, review the NEOGOV Learn System to determine if employee mandated trainings are being monitored and tracked to ensure compliance.	High	250	0%	Planned for Jan-June 2024			Yolo

Yolo County  
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No.	Type	Name	Entity	Preliminary Scope	Priority	Hours	% Complete	Status	Report Issued	No. of Findings	Internal or Outsource
9	Outsource	Technology System (Assessor/Clerk-Recorder/ Registrar of Voters)	Department	Access the practices related to maintaining the confidentiality, integrity and availability of data housed within the Parcel Number Recorders Reference Search System to ensure essential information can be utilized by County staff and residents to make informed decisions.	High	250	0%	Not Started			Outsource
10	Outsource	Vendor Performance Monitoring	Countywide	Evaluate policies and procedures established to assess vendor performance and service level agreements compliance to determine effective third-party risk management, service provider due diligence and performance. Audit will focus on the following: - Development of key performance indicators - Identification of key monitoring documentation - Establish status reporting - Assignment of monitoring ownership - Escalation procedures for non-compliance or non-performance	High	250	0%	Not Started			Outsource
11	Continuous & Mandated Audits	FWA Reporting and Hotline	Countywide	Maintain hotline, investigate matters, and report to Board/Audit Subcommittee. Includes developing internal fraud manual and user's guide.	Med	100	50%	Ongoing			Yolo
12	Continuous & Mandated Audits	Treasury Cash Counts (Financial Services - Treasury)	Department	Conduct quarterly cash count as required by Government Code Section 26920(a)(1).	Med	16.5	75%	Quarterly; Completed 6/30, 9/30 & 12/31	7/19/2023 11/16/2023 1/17/2024		Yolo
13	Continuous & Mandated Audits	Fiscal Monitoring (Health & Human Services Agency)	Department	Arrange subrecipient monitoring services for HHSA, add any findings into IA's audit case mgmt. system for tracking CAPs, report stats to HHSA on progress of fiscal reviews. Includes drafting subrecipient monitoring policy and procedures.	Med	180	50%	Working with HHSA on new MOU			Yolo
14	Continuous & Mandated Audits	Fiscal Reviews for SUD/SABG contracts (Health & Human Services Agency)	Department	Perform fiscal reviews for Substance Use Disorder/Substance Abuse Prevention & Treatment Block Grant contracts. Separate engagement with HHSA. 14 fiscal reviews	Med	250	25%	Scoping out audit procedures for 9 SUD reviews			Yolo

Yolo County  
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No.	Type	Name	Entity	Preliminary Scope	Priority	Hours	% Complete	Status	Report Issued	No. of Findings	Internal or Outsource
15	Outsource	Fiscal Monitoring (Health & Human Services Agency)	Department	Fiscal monitoring services for County Health & Human Services Agency as required by Code of Federal Regulations 2 CFR part 200 etal. FY22-23 Reviews	Med	300	100%	Completed	12/15/2023	6 Reviews; no reportable conditions on compliance and internal controls. Improvements needed in policy & procedures (1 agency)	Outsource
16	Other Internal Audit Activity	Internal Audit Risk Assessment and Audit Planning	Internal Audit	Annual Risk Assessment procedures and developing/updating the three-year Internal Audit Plan based on the results that are updated annually.	N/A	380	50%	Ongoing			Yolo
17	Other Internal Audit Activity	Ad Hoc Audits, Investigations, and Research	Audit Function	Internal Audit is asked by the Board or by Executive management to perform certain audits or research.	N/A	40	50%	Ongoing			Yolo
18	Other Internal Audit Activity	Follow-up on Prior Internal Audit Findings	Countywide	Information requests, meetings, and additional verification/testing will be conducted to determine if prior issues have been remediated.	N/A	32	50%	Ongoing			Yolo
19	Other Internal Audit Activity	Financial Oversight Committee and Financial Services Administration	Administration	Administrative support for the Financial Oversight Committee and Audit Subcommittee meetings.	N/A	172.5	50%	Ongoing			Yolo
20	Other Internal Audit Activity	Internal Meetings and Planning	Audit Function	General planning, project management meetings, workload and planning reviews required by the IIA standards.	N/A	551	50%	Ongoing			Yolo
21	Other Internal Audit Activity	Staff Benefits and Leave	Other Administration	Required time based on labor bargaining units	N/A	1146	50%	Ongoing			Yolo
22	Other Internal Audit Activity	Training, Professional Development, Audit Communication with Mgmt./Staff	Audit Function	80 hours for training and continuing professional education (CPE) 352 hours for office time (2 hours/week)	N/A	432	50%	Ongoing			Yolo
23	Other Internal Audit Activity	Manage Co-Sourced/External Resources	Audit Function	Internal Audit to manage and coordinate with external resources.	N/A	100	50%	Ongoing			Yolo
<b>Total audit &amp; non-audit hours and benefits &amp; leave</b>						<b>6060</b>					

**Fund: 1000**  
**Acct Unit: 1001-1051-165008**  
**Internal Audit**

Account		FY 22-23 ACTUALS	FY 23-24 ADOPTED BUDGET	Actuals YTD (Through 12/30/23)	FY 24-25 RECOMMENDED BUDGET	Comments on Recommended Budget
440020	AUDITING AND ACCOUNTING FEES	19,880		13,902	80,000	Estimate based on 3-year audit plan
441813	INTERFUND-ACCOUNTING AND AUDITS		10,560	-	-	
<b>Total fees and charges</b>		<b>19,880</b>	<b>10,560</b>	<b>13,902</b>	<b>80,000</b>	
<b>Total Revenue</b>		<b>19,880</b>	<b>10,560</b>	<b>13,902</b>	<b>80,000</b>	
	SALARY AND WAGES	336,673	360,729	145,669	389,439	Projection for Audit Manager and two Auditor III positions
	EMPLOYEE BENEFITS	232,050	249,669	95,306	268,552	
<b>Total Salaries and Employee Benefits</b>		<b>568,723</b>	<b>610,398</b>	<b>240,975</b>	<b>657,991</b>	
510025	COMMUNICATIONS INTERNAL CHARGE	1,346	1,802	902	2,000	Internal charges
510090	MEMBERSHIPS	1,440	2,000	-	1,800	IIA, AGA, CFE
510110	OFFICE EXPENSE	416	500	1,128	5,000	Office supplies, new chairs, and moving expenses
510112	OFFICE EXPENSE-PRINTING	182		119	300	Whistleblower materials
510120	IT SERVICE-DEPARTMENT SYSTEM MAINT	515		-	-	
510121	IT SERVICE-ERP	4,285	5,870	2,936	6,500	Internal charges
510122	IT SERVICE-CONNECTIVITY	4,752	4,987	2,494	5,500	Internal charges
510251	PROFESSIONAL & SPECIAL SERVICES-AUDITING & ACCOUNTING	57,312	100,000	-	100,000	On-Call Auditors
510252	PROFESSIONAL & SPECIAL SERVICES-INFO TECH SERVICES	35,610	44,380	25,498	45,000	ACL, Auditor Assistant, AUDTRACK, Hotline, Huddle
510173	RENT INTERNAL CHARGE	2,368	3,138	-	3,200	Internal charges
510180	TRAINING	6,537	9,950	1,208	9,100	CPE training & staff development
510190	MINOR EQUIPMENT		888	-	920	Animaker, Survey Monkey, Zoom
510200	TRANSPORTATION AND TRAVEL	533	1,000	150	1,900	CPE travel
<b>Total Services &amp; Supplies</b>		<b>115,294</b>	<b>174,515</b>	<b>34,435</b>	<b>181,220</b>	
540510	TRANSFERS OUT-EQUIPMENT PRE FUND	2,244	3,000	3,597	7,200	Laptops for new hires
550010	EXPENSE TRANSFER REIMBURSEMENT	67,630	75,880	12,096	75,880	DFS admin allocation (CFO, Deputy CFO, and Office Support Specialist)
<b>Total Other</b>		<b>69,874</b>	<b>78,880</b>	<b>15,693</b>	<b>83,080</b>	
<b>Total All Expenditures</b>		<b>753,891</b>	<b>863,793</b>	<b>291,103</b>	<b>922,291</b>	
<b>Total All Revenue</b>		<b>19,880</b>	<b>10,560</b>	<b>13,902</b>	<b>80,000</b>	
<b>Variance</b>		<b>734,011</b>	<b>853,233</b>	<b>277,201</b>	<b>842,291</b>	

**Approvals:**

Signature	Date
Signature	Date
Signature	Date