

DIVISION OF LOCAL ASSISTANCE



CALTRANS OVERSIGHT INFORMATION NOTICE



DLA COIN 11-01

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Welcome to COIN!

This is the eleventh issue of Caltrans Local Assistance Program Caltrans Oversight Information Notice, or "COIN" for short. These short, single-topic bulletins are intended to provide outreach information and guidance to local agencies on all issues pertaining to Federal-aid projects. They cover a wide variety of subjects, including discussions of findings resulting from process reviews by Caltrans and/or FHWA, changes in procedures or regulations, reminders of existing procedures or best practices, and other timely information. The goal is to ensure proper and timely delivery of Federal-aid projects.

TOPIC: Pre-award Audit Requirements for A&E Consultant Contracts

Recently, a number of local agencies, which have executed Architectural & Engineering (A&E) consultant contracts prior to the completion of pre-award audits, have exposed their projects to significant delays and impacts once these omissions were discovered and addressed. Local agencies are reminded that failure to complete a pre-award audit as outlined in Section 10.1 of the [Local Assistance Procedures Manual \(LAPM\)](#), may result in loss of funds for those consultant services.

The pre-award audit examines the consultant's accounting, estimating, administrative systems, proposed costs, financial condition, and the proposed contract language. In accordance with the most recent version of the [LAPM](#), pre-award audits are required prior to the execution of all State or federally funded A&E consultant service contracts above a dollar amount threshold. Caltrans Division of Local Assistance Office Bulletin, "DLA-OB 10-14 - \$1 Million Pre-award Audit Threshold", issued November 15, 2010, set this threshold at \$1 million, below which no audit would be required. Pre-award audits may also be required for consultant firms who have previously been identified as "high risk", regardless of contract dollar amount.

A&E contracts include all qualification-based professional services provided to the local agency by private consulting firms such as: environmental, right-of-way, design, program management, project management, construction management, feasibility studies, preliminary engineering, engineering, surveying, mapping, and similar contracts (including "on-call" contracts) that were funded with State or federal funds.