

INDEPENDENT OFFICE OF AUDITS & INVESTIGATIONS EFFICIENCY MEASURES GENERAL GUIDANCE

In general, when we review efficiencies, we are looking to make sure that the methodology is reasonable and the estimates are supportable. We also make sure that any cost associated with the efficiency is included in the calculation. We can provide more detailed feedback if we are provided with a proposed methodology but I have included some general guidance below.

STEWARDSHIP

- The Financial Policy Board approved the definition of efficiencies as either cost avoidance or monetary savings. For purposes of the annual efficiencies report to the California Transportation Commission, Caltrans will consider efficiencies that result in cost avoidance or a reduction in support or capital costs.
- We are responsible for safeguarding taxpayer dollars. Process improvements that ensure we prevent or collect funds that should not have been dispersed to our partners and employees are not efficiencies but are stewardship measures.

TIME SAVINGS

- If the efficiency is based on time savings, there should be a sample of baseline projects comparable in type and cost. Baseline information should be supported by documentation.
- There should be a systematic process to establish the baseline data and a systematic process for capturing information moving forward.
- If time savings is achieved in one phase but the project is stalled in another phase, there should be some discussion whether that project should be included in the savings estimate.

TECHNOLOGY

- If the efficiency is achieved by using new technology, the cost of the new technology as well as implementation costs, if any, should be taken into consideration when estimating savings. However, the cost of the technology and implementation could potentially be spread across the useful life of the equipment.
- Again, there should be a supported baseline.

REDUCED MATERIAL OR LABOR COSTS

- There should be support for quantity and price for baseline projects.
- If the efficiency results in less frequent rehabilitation or maintenance, there should be support for historical costs.
- Reducing scope is not an efficiency if we will have to eventually do the work.
- If historical cost data is not available, consider consulting an independent cost estimator. Any estimates must include a detailed methodology including assumptions made by the estimator.