

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**UC Davis Health
UCDMC Capital Projects
Audit & Management Advisory Services Project #25-11**

August 2025

Fieldwork Performed by:

Hiba Baloch, Senior Auditor

Reviewed by:

Janet Cox, Health Audit Manager

Approved by:

Ryan Dickson, Director

UCDMC Capital Projects AMAS Project #25-11

MANAGEMENT SUMMARY

Background

As part of the fiscal year (FY) 2025 audit plan, AMAS conducted an audit of UC Davis Health's Facilities, Planning, and Development (FP&D) division.

Facilities Planning and Development supports UC Davis Health's mission to deliver excellent, innovative healthcare and improve lives. It advises and assists UC Davis Health's leadership with the planning, oversight and allocation of investments in future and existing capital and space improvements for all of UC Davis Health. FP&D's diverse portfolio ranges from small office renovations to state-of-the-art hospital buildings, not only at the Medical Center in Sacramento but at satellite locations throughout the region. In addition to construction projects, FP&D manages furniture planning and replacements, medical equipment replacements, lease negotiations and lease space property management, capital and space planning, and serves as the building official for UC Davis Health.¹

Purpose and Scope

The purpose of this audit was to evaluate project management practices with a focus on contracting and procurement compliance, contractual amendments, and contractor payments.

To accomplish these objectives, we reviewed internal user guides and manuals; examined project documentation; interviewed staff to understand how they utilize PM Web, the division's project management portal; assessed a sample of construction contracts and related amendments to ensure compliance with relevant policy and law; verified internal procedures for monitoring contractor performance; and evaluated financial processing.

The timeframe under review was calendar years 2023 and 2024.

Conclusion

Given the financial significance of numerous capital projects supporting the mission of the medical center, FP&D's expert staff remain committed to refining and implementing critical procedures and internal controls. To enhance transparency, FP&D has implemented accountability tools such as Power BI client dashboards, to provide real-time project status updates to clients and UC Davis Health leadership.

We verified FP&D staff host regular training sessions to ensure user-proficiency of all Project Managers utilizing PM Web. Over the past year, the team has developed a robust Project Management resource guide and continues to maintain a comprehensive library of *User Guides* (step-by-step tutorials) addressing a wide range of PM Web related topics. These resources are intended to help mitigate common technical issues encountered by Project Managers. Moreover, FP&D developed internal procedures in collaboration with Capital Finance to promote accurate billing practices and ensure alignment with major capital projects. A dedicated

¹Copied from <https://health.ucdavis.edu/facilities/aboutus/>

contracting team improves adherence to industry standards and ensures compliance with University and state public contracting regulations.

We also identified two opportunities for improvement: (1) procedures have not been formalized to validate invoicing for services billed by general contractors (2) the FP&D Project Playbook, an internal resource designed to standardize project management practices across UCDH, is incomplete. Several sections lack comprehensive guidance, including clearly defined roles and responsibilities.

This audit was conducted in conformance with the Institute of Internal Auditors' 2024 International Professional Practices Framework's (IPPF) Global Internal Audit Standards.

Observations, Recommendations, and Management Corrective Actions

- A. There is no internal procedure regularly validating vendor billing is consistent with Vizient pricing, which may result in UCDH paying higher than agreed-upon rates.**

A formal review process to confirm price accuracy has not been established.

Oversight of vendor billing is essential to ensure charges align with pricing agreements established through Vizient, a performance improvement company with which UCDH holds a group purchasing agreement. Though not a University requirement, Vizient supports UCDH with access to competitively negotiated contract portfolios covering medical equipment, tools, and materials. The intention of entering into this agreement is to leverage optimal resources and cost saving for UCDH.

We identified a control gap as there is not a procedure to consistently ensure that pricing charged by general contractors for subcontractor services and other materials complies with the Vizient agreement.

Recommendations

We recommend FP&D develop an internal procedure requiring periodic review of contractors supporting documentation, in coordination with a Vizient representative, to validate billing rates. The process should include guidance with identifying potential markups, documenting any variances, and taking corrective action when Vizient pricing is not applied. Establishing this new process will support transparency, reinforce cost controls, and help UCDH maximize the benefits of its Vizient agreement.

This will help ensure UCDH is shielded from instances of overpayment.

Management Corrective Actions

By April 30, 2026 FP&D will coordinate with Vizient to develop a procedure requiring periodic audit testing and analysis of contractor invoices and supporting documentation.

Owner: Executive Director, Capital Projects

B. The project management resource for capital projects is incomplete

A complete and accurate guide for standardizing practices within UCDH is essential to promote efficient, timely, and successful execution of projects.

Although the Project Playbook intends to serve as a comprehensive resource for all UCDH stakeholders involved in capital project planning and execution, we identified significant informational gaps appearing as incomplete or absent procedures. Several sections remain underdeveloped or labeled as “*under construction*” increasing the risk for inconsistent or missing documentation, incongruent project management practices, noncompliance with UCOP Facilities Manual, and ambiguity in the delegation of responsibility.

We also noted inconsistent practices regarding project documentation. The Project Playbook and related User Guides identify PM Web as the official platform for uploading project records and facilitating project closeout. However, we found FP&D utilizes a secondary platform, Universal File System (UFS) as a document repository. Within UFS, individual project folders are created, and documentation is maintained for project review and as historical reference. Nonetheless, we identified empty subfolders labeled “Closeout” for projects categorized as Closed and were expected to contain complete documentation.

Recommendations

We recommend FP&D prioritize completion and enhancement of the Project Playbook to ensure it serves as a comprehensive and authoritative resource for all UCDH stakeholders involved in capital project delivery. The Playbook should include fully developed procedures, clearly defined responsibilities, and expectations for consistent documentation to align with internal practices. At a minimum, the sections below should be reviewed for updating:

- 3.3: Progressive Design Build 3.6 Contract Managers at Risk
- 5.2.3: Construction Management Plan
- 5.2.4: Project Oversight
- 5.2.5: Contract Modifications
- 6: Transition
- 7: Project Closeout Checklist
- 8: Project Reporting

Management Corrective Actions

By April 30, 2026 FP&D will ensure completeness and accuracy of information in each section of the Project Playbook.

Owner: Associate Executive Director, Business Administration