


Memorandum

*Serious drought.
Help Save Water!*

To: MARSUE MORRILL, CPA
Chief, External Audit–Local Governments
Audits and Investigations

Date: March 13, 2017

File: P1594-0036

From: MARK SAMUELSON 
Acting Division Chief
Local Assistance

Subject: **DIVISION CORRECTIVE ACTION PLAN–INDIRECT COST RATE PROPOSAL AUDIT–
COUNTY OF HUMBOLDT, DEPARTMENT OF PUBLIC WORKS**

This memorandum serves as the California Department of Transportation (Caltrans) Division of Local Assistance's (DLA) corrective action plan for findings described in Audits and Investigations' Indirect Cost Rate Proposal Audit for the County of Humboldt, Department of Public Works (County) dated February 27, 2017. We thank you and your staff for the efforts in completing this audit and for helping the County improve their financial management system.

DLA concurs with the audit finding:

- Finding 1: Unallowable Indirect Costs
The County proposed five separate indirect cost rates for Administration, Engineering, Real Property, Maintenance, and Natural Resources three of which were inaccurate.

District 1 is working with the County to have them adjust any prior billing to Caltrans, and reconcile all prior reimbursement claims using the audited rates, in accordance with 2 CFR 225. We expect this to be completed by July 1, 2017.

If you have any questions, please contact Phyllis Nahale, Division of Local Assistance at (916) 651-8257 or by email sent to phyllis.nahale@dot.ca.gov.

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