


Memorandum

*Making Conservation
a California Way of Life.*

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

Date: July 20, 2017

File: P1594-0037

From: JOHN HOOLE 
Acting Chief
Division of Local Assistance

Subject: **DIVISION CORRECTIVE ACTION PLAN–WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS–INDIRECT COST RATE PROPOSAL**

This memorandum serves as the California Department of Transportation's (Caltrans) Division of Local Assistance (DLA) Corrective Action Plan for findings described in the State Controller's Office audit of the Western Riverside Council of Governments (WRCOG) dated May 2017. We thank you and your staff for the efforts in completing this audit, and for helping the WRCOG improve their financial management system.

The DLA concurs with the Audit finding:

Finding 1–Unallowable “Event Support” Expenses Claimed

The WRCOG included unallowable “event support” expenses in the indirect cost rate calculation. These expenses are unallowable because they represent public relations costs that are not allocable to the federal and State projects.

A&I Recommendation

WRCOG should adhere to all applicable provisions of 2 CFR 225 when preparing future ICRPs.

It is further recommended that District 8 work with the WRCOG to adjust the proposed rate to reflect the adjustments identified in the audit.

Corrective Action

District 8 will work with the WRCOG to reconcile all Fiscal Year 2013–14 reimbursements using the audited rates. Any resulting overpayments are to be repaid to Caltrans by October 1, 2017.

If you have any questions, please contact Carmen Wills, Division of Local Assistance, at (916) 653-3990 or by email sent to carmen.wills@dot.ca.gov.

c: Ernie Reyna, CPA, Chief Financial Officer, WRCOG
Veneshia Smith, Financial Program Manager, Federal Highway Administration
Kara Magdaleno, Administrative Officer, Federal Highway Administration
Roberto Rodrigues, F.I.R.E. & Program Review Coordinator, Federal Highway Administration

MARSUE MORRILL

July 20, 2017

Page 2 of 2

Erwin Gojuangco, Acting Chief, Policy Development & Quality Assurance, Division of
Local Assistance, Caltrans

Winton Emmett, Chief, Project Implementation North, Division of Local Assistance, Caltrans

Sean Yeung, District Local Assistance Engineer, District 8, Caltrans

Lisa Gore, Associate Accounting Analyst, Division of Accounting, Caltrans

Tami Gill, Audit Manager, External Audits–Local Governments, Audits & Investigations,
Caltrans

Carmen Wills, Audits Analyst, Office of Policy Development and Quality Assurance,
Division of Local Assistance, Caltrans