

DEPARTMENT OF TRANSPORTATION

DIVISION OF LOCAL ASSISTANCE

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*Making Conservation
a California Way of Life.*

September 29, 2017

Mr. John A. Gay, Director
Public Works Department
Imperial County
155 S. 11th Street
El Centro, CA 92243

Dear Mr. Gay:

This letter notifies Imperial County (County) of the California Department of Transportation's (Caltrans) determination for corrective actions regarding deficiencies identified by Caltrans' Indirect Cost Rate Proposal Audit, issued on June 26, 2017.

Finding 1: Misstated Direct and Indirect Salaries and Fringe Benefits

The audit finds that the County misstated its indirect and direct salaries and fringe benefits costs by utilizing fiscal year (FY) 2013-14 estimated costs instead of FY 2013-14 actual costs. When the County revised the costs from estimates to actuals, the results disclosed differences between estimates and actuals. The indirect and direct salaries and fringe benefits did not comply with 2 Code of Federal Regulations (CFR) 200 Subpart E, Section 200.403, which requires the costs to be adequately documented in order to be allowable under Federal Awards.

Finding 2: Unallowable Insurance Liability

The audit finds that the County's indirect costs included insurance liability costs of multiple civil suits. The audit determined that the insurance liability costs of \$593,268 are unallowable, as the costs do not comply, in part, with 2 CFR 200 Subpart E, Sections 200.435 and 200.441.

Corrective Action: For Findings 1 and 2, District 11 will work with the County to reconcile all reimbursements using the audited rates for FY 2015-16. Any resulting overpayments are to be repaid to Caltrans by November 30, 2017.

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

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Sincerely,



RIHUI ZHANG, Chief
Division of Local Assistance

- c: Rodney Whitfield, Director of Financial Services, Federal Highway Administration
- Tashia Clemons, Director, Program Development, Federal Highway Administration
- Kara Magdaleno, Administrative Program Assistant, Planning and Finance, Federal Highway Administration
- Roberto Rodrigues, F.I.R.E. & Program Review Coordinator, Federal Highway Administration
- Erwin Gojuangco, Acting Chief, Office of Guidance and Oversight, Division of Local Assistance, Caltrans
- Bing Luu, Chief, District 11, Division of Local Assistance, Caltrans
- James Ogbonna, Chief, Rural Transit and Intercity Bus Branch, Division of Rail and Mass Transportation, Caltrans
- Nick Hernandez, Transportation Planner, Rail Capital Projects, Division of Rail and Mass Transportation, Caltrans
- Ezequiel Castro, Senior Transportation Planner, State Transit Grant Program, Division of Rail and Mass Transportation, Caltrans
- C. Edward Philpot, Jr., Branch Chief, Transportation Equity, Office of Regional Planning, Caltrans
- Erin Thompson, Senior Transportation Planner, Regional and Interagency Planning, Division of Transportation Planning, Caltrans
- Lisa Gore, Associate Accounting Analyst, Division of Accounting, Caltrans
- MarSue Morrill, CPA, Chief, External Audits–Local Governments, Audits & Investigations, Caltrans
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