

**Independent Office of Audits And Investigations**

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December 31, 2020

JEANIE WARD-WALLER  
DEPUTY DIRECTOR  
Planning and Modal Programs  
California Department of Transportation

Dear Ms. Ward-Waller:

The Department of Finance, Office of State Audits and Evaluations (Finance), performed an Indirect Cost Rate Proposal (ICRP) audit of the City of Redding, Public Works Department's (City) ICRPs for fiscal years 2017-18 and 2018-19. The audit was performed to determine whether the ICRPs were prepared in compliance with Title 2 Code of Federal Regulations (CFR) Part 200, and the California Department of Transportation's Local Assistance Procedures Manual (LAPM). In addition, the audit was performed to recalculate 2017-18 and 2018-19 rates if unallowable costs were identified. The final audit report, including City's response, is enclosed.

The audit determined that the City's 2017-18 and 2018-19 rates were not in compliance with 2 CFR 200 and the LAPM. Weaknesses were identified in the City's fiscal controls related to the preparation of the ICRPs and 2017-18 and 2018-19 rates were adjusted.

Please provide our office with a corrective action plan addressing the recommendations in the enclosed report, including timelines, by February 26, 2021.

Ms. Jeanie Ward-Waller  
December 31, 2020  
Page 2

If you have any questions contact MarSue Morrill, Audit Chief, at  
marsue.morrill@dot.ca.gov.

Sincerely,

RHONDA L. CRAFT  
INSPECTOR GENERAL

Enclosures

Final Audit Report

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