



# INSPECTOR GENERAL

California Department of Transportation

## County of Santa Cruz

Indirect Cost Rate Proposal Audit



**Independent Office of Audits and Investigations**

**Bryan Beyer**, Inspector General  
**Diana Antony**, Chief Deputy

November 2022  
22A.ICAP07



# Inspector General

California Department of Transportation

Bryan Beyer, Inspector General

Diana Antony, Chief Deputy

November 21, 2022

Tony Tavares, Director  
California Department of Transportation  
1120 N Street  
Sacramento, CA 95814

## Final Report — County of Santa Cruz, Indirect Cost Rate Proposal Audit

Dear Director Tavares:

On behalf of the Independent Office of Audits and Investigations, the Department of Finance, Office of State Audits and Evaluations, completed its audit of the County of Santa Cruz's (County) Indirect Cost Rate Proposal (ICRP) for fiscal year 2021-22.

Enclosed is the final report, which includes the County's response to the draft report. The final report is a matter of public record and will be posted on IOAI's website. A detailed Corrective Action Plan (CAP) addressing the findings and recommendations must be developed in accordance with the Local Assistance Procedures Manual, Chapter 20, Section 20.5. The CAP should be sent to [IOAI.Reports@dot.ca.gov](mailto:IOAI.Reports@dot.ca.gov).

If you have any questions, please contact Fabiola Torres, Audit Chief, at (916) 323-7111.

Sincerely,

Bryan Beyer, CIG  
Inspector General

Gavin Newsom, Governor

Independent Office of Audits and Investigations  
P.O. Box 942874, MS-2 (916) 323-7111  
Sacramento, CA 94274-0001 <https://oig.dot.ca.gov>

Tony Tavares  
November 21, 2022  
Page 2

cc: Tim Gubbins, District 5 Director, California Department of Transportation  
Ben Shelton, Chief, Internal Audits, California Department of Transportation  
Matt Machado, Director, Department of Public Works, County of Santa Cruz  
Kim Moore, Assistant Director, Department of Public Works, County of Santa Cruz  
Laura Bowers, Chief Deputy Auditor-Controller, Auditor-Controller-Treasurer-Tax Collector's Office,  
County of Santa Cruz  
Rodney Whitfield, Director, Financial Services, Federal Highway Administration  
Grace Regidor, Transportation Finance Specialist, Financial Services, Federal Highway  
Administration

22A.ICAP07



## **County of Santa Cruz Department of Public Works**

Indirect Cost Rate Proposal  
Fiscal Year 2021-22

Report No. 22-2660-048  
November 2022

### **Team Members**

Cheryl L. McCormick, CPA, Chief  
Rebecca G. McAllister, CPA, Assistant Chief  
Humberto E. Cervantes, CPA, Manager  
Mindy Patterson, Supervisor  
Garrett Fujitani, Lead  
Brian Johnson  
Jon Sutherland

Final reports are available on our website at <https://www.dof.ca.gov>.

You can contact our office at:

California Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

---



November 16, 2022

Fabiola Torres, Chief, Planning and Modal Office  
Independent Office of Audits and Investigations  
California Department of Transportation  
1304 O Street, Suite 200  
Sacramento, CA 95814

**Final Report—County of Santa Cruz, Department of Public Works, Indirect Cost Rate Proposal Audit**

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the County of Santa Cruz, Department of Public Works (County), Indirect Cost Rate Proposal for fiscal year 2021-22, California Department of Transportation Audit Number 22A.ICAP07.

The enclosed report is for your information and use. The County's response to the report finding is incorporated into this final report. The County agreed with our finding. We appreciate the County's assistance and cooperation during the engagement, and its willingness to implement corrective actions. This report will be placed on our website.

If you have any questions regarding this report, please contact Rick Cervantes, Manager, or Mindy Patterson, Supervisor, at (916) 322-2985.

Sincerely,

Cheryl L. McCormick, CPA  
Chief, Office of State Audits and Evaluations

cc: Jonathan Cox, Audit Manager, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation  
Monte Laskosky, Auditor, Planning and Modal Office, Independent Office of Audits and Investigations, California Department of Transportation

# BACKGROUND, SCOPE, AND METHODOLOGY

---

## BACKGROUND

The California Department of Transportation's (Caltrans) Local Assistance Program oversees more than \$1 billion annually available to over 600 cities, counties, and regional agencies for the purpose of improving their transportation infrastructure or providing transportation services. This funding comes from various federal and state programs specifically designed to assist the transportation needs of local agencies.<sup>1</sup>

The County of Santa Cruz Department of Public Works (County) is responsible for providing the essential infrastructure needs for the unincorporated Santa Cruz County communities.<sup>2</sup>

At the discretion of local government agencies (LGA), indirect costs may be recovered when seeking reimbursement for federal-aid transportation projects and state-funded projects. To recover indirect costs, LGAs annually submit an Indirect Cost Rate Proposal (ICRP), which may also include a fringe benefit rate, to Caltrans. Caltrans reviews the documentation supporting the rate(s) and issues an acceptance letter allowing the LGAs to bill Caltrans and seek reimbursement of indirect costs, which Caltrans's Independent Office of Audits and Investigations (IOAI) may audit for compliance with Title 2 Code of Federal Regulations Part 200 (2 CFR 200), and Caltrans's Local Assistance Procedures Manual Chapter 5 (LAPM). Effective July 1, 2022, the ICRP review and acceptance process was transferred from IOAI to the Caltrans Internal Audits Office.

## SCOPE

At the request of IOAI, the California Department of Finance, Office of State Audits and Evaluations, audited the County's ICRP for fiscal year 2021-22.

The audit objectives were to:

1. Determine whether the 2021-22 ICRP is in compliance with 2 CFR 200 and the LAPM.
2. Recalculate the 2021-22 ICRP rate if unallowable costs are identified.

The 2021-22 ICRP includes transactions related to actual costs incurred and billed to Caltrans in 2019-20.

The County is responsible for preparing its ICRP in accordance with state and federal requirements, which includes implementing internal controls and maintaining an adequate financial management system to accumulate and segregate reasonable, allowable, and allocable costs.

---

<sup>1</sup> Excerpts obtained from Caltrans's Division of Local Assistance website <http://www.dot.ca.gov/localassistance/index.html>.

<sup>2</sup> Obtained from the County website <https://dpw.co.santa-cruz.ca.us/Home/AboutPublicWorks.aspx>.

## **METHODOLOGY**

In planning the audit, we gained an understanding of the County's operations, and identified relevant ICRP requirements by interviewing Caltrans and County personnel and reviewing 2 CFR 200, the LAPM, and applicable County policies and procedures.

We conducted a risk assessment, including evaluating whether key internal controls significant to our audit objectives were properly designed, implemented, and operating effectively. Key internal controls evaluated focused on the separation of indirect and direct costs, including labor, and preparation of the ICRP. Our assessment included interviewing County personnel about processes and testing transactions related to timekeeping and payroll, accounts payable, and ICRP preparation for the effectiveness of existing processes and procedures. During our audit, we did not identify deficiencies in internal control significant within the context of our audit objectives or that warranted the attention of those charged with governance.

Additionally, we assessed the reliability of data from the County's project tracking and financial management systems, Cost Accounting Management System (CAMS) and One Solution, respectively. Our assessment included reviewing information process flows, testing transactions for completeness and accuracy, and determining whether costs were separately categorized by tracing them to the accounting records. We determined the data were sufficiently reliable to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methods are detailed in the Table of Methodologies.

## Table of Methodologies

Audit Objective	Methods
<p><b>Objective 1:</b> Determine whether the 2021-22 ICRP is in compliance with 2 CFR 200 and the LAPM.</p>	<ul style="list-style-type: none"> <li>• Selected 2019-20 significant and high-risk cost categories to verify compliance with 2 CFR 200 and the LAPM as follows: (1) significant indirect costs pool categories were determined based on change analysis from the two prior years' actual costs and cost categories with ending balances that meet or exceed 1 percent of the current direct cost base; (2) direct and indirect salaries and fringe benefits were considered significant categories based on the impact to the rate; and (3) high-risk indirect costs pool categories were determined based on costs commonly identified for non-compliance with 2 CFR 200 and the LAPM. Specifically, costs were selected from direct and indirect salaries and fringe benefits, and the indirect costs pool.               <ul style="list-style-type: none"> <li>○ Selection of direct and indirect salaries and fringe benefits were based on quantitative and qualitative factors such as total salaries, percentage of time charged to direct and indirect activities, and employee job classification.                   <ul style="list-style-type: none"> <li>▪ Determined if direct and indirect salaries and fringe benefits were allowable, supported, and segregated by interviewing County staff, tracing the amounts to accounting and payroll records, verifying vacation and sick leave were in compliance with County policies, and performing analytical procedures for fringe benefits.</li> </ul> </li> <li>○ Selection of indirect costs pool costs were based on quantitative and qualitative factors such as dollar amount of transactions and the timing and type (i.e., description) of costs.                   <ul style="list-style-type: none"> <li>▪ Determined if indirect costs pool costs were allowable, supported, properly segregated, and equitably allocated by interviewing County staff, evaluating allocation methodologies, and tracing the indirect costs to accounting records, invoices, and contracts.</li> </ul> </li> </ul> </li> <li>• Determined the carry forward calculations<sup>3</sup> were supported by:               <ul style="list-style-type: none"> <li>○ Verifying the 2019-20 rate was supported by the approved ICRP submission.</li> <li>○ Verifying the 2019-20 actual costs were supported by accounting records and reconciled to audited financial data.</li> <li>○ Recalculating the 2019-20 recovered indirect costs, carry forward, and the 2021-22 adjusted indirect costs.</li> </ul> </li> <li>• Verified the actual indirect costs recovered by the County were billed at the IOAI approved indirect cost rate by tracing the rate used on Caltrans billings to the rate in Caltrans's Acceptance Letter and recalculated the indirect costs billed to Caltrans.</li> </ul>

---

<sup>3</sup> The County uses a schedule of estimated direct and indirect costs to determine the annual indirect cost rate. These estimates are reconciled to actual costs. The difference between the actual costs and the estimated costs is carried forward and is included in the calculation of a future ICRP rate. This is referred to as the carry forward calculation.

Audit Objective	Methods
<p><b>Objective 2:</b> Recalculate the 2021-22 ICRP rate if unallowable costs are identified.</p>	<ul style="list-style-type: none"> <li>Recalculated the 2021-22 ICRP rate by correcting the error in the carry forward amount from 2019-20.</li> </ul>

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**CONCLUSION**

Based on the procedures performed and evidence gathered, we determined the County’s 2021-22 ICRP is not in compliance with 2 CFR 200 and the LAPM. We identified weaknesses in the County’s review process when preparing the ICRP as described in Finding 1.

**Table 1: Accepted and Audited 2021-22 ICRP Rate<sup>4</sup>**

Fiscal Year	Rate Type	Accepted Rate (a)	Audited Rate (b)	Difference (a)-(b)
2021-22	ICRP	49.21%	41.79%	7.42%

See Appendix A for the Summary of Accepted and Audited Costs and Rate for the 2021-22 ICRP.

**FINDING AND RECOMMENDATIONS**

**Finding 1: ICRP Preparation Process Needs Improvement**

The County does not appropriately prepare the ICRP to ensure the calculations are accurate and supported. Specifically, the County did not use the 2017-18 carry forward beginning balance of \$(2,170,220) to calculate the 2019-20 carry forward amount for the 2021-22 ICRP rate. The County should have used the \$(2,170,220) listed in the ICRP accepted by Caltrans on September 30, 2020. Not including the accepted carry forward amounts in the ICRP calculations results in incorrect ICRP rates and recovery of indirect costs for federal and state-funded projects.

The ICRP carry forward amounts accepted in prior ICRPs must be used to determine the actual recovered indirect costs adjustment (i.e., difference between estimated and actual indirect costs) used in the ICRP rate calculations. The County believed the carry forward amount is recovered when the new rate is calculated and the subsequent invoices are issued to Caltrans for reimbursement based on its interpretation of the submission packet instructions and guidance it received from Caltrans to not use the carry forward amount from the prior ICRP. However, the County did not provide documented evidence indicating Caltrans’s guidance.

LAPM Chapter 5, Documentation of Proposal section and ICRP Submission Certification section 2C requires the accurate calculation of the carry forward to determine the recovered indirect costs adjustment. Additionally, the ICRP Submission Certification section 2B states that any changes to the method of accounting for costs which affect the amount of reimbursement from the use of the ICRP will require Caltrans’s approval.

<sup>4</sup> The ICRP submitted by the County was accepted by IOAI on December 31, 2021.

**Recommendations:**

- A. Reconcile the 2021-22 billings using the audited rate in Table 1 and resolve any over-payments with Caltrans.
- B. Ensure Caltrans approved carry forward amounts are used to prepare future ICRP submissions. Obtain documented approvals from Caltrans for adjustments to rates and amounts previously accepted by Caltrans.

**Summary of Accepted and Audited Costs and Rates  
Indirect Cost Rate Proposal  
County of Santa Cruz, Department of Public Works  
2021-22**

<b>Table A.1: 2019-20 Actual Costs (Carry Forward Year)</b>			
<b>Description</b>	<b>Accepted Amounts</b>	<b>Audit Adjustments</b>	<b>Audited Amounts</b>
<b>Direct Costs</b>			
Salaries	\$ 16,997,313	\$ 0	\$ 16,997,313
Fringe Benefits	12,225,606	0	12,225,606
<b>Total Indirect Cost Base<sup>5</sup></b>	<b>\$ 29,222,919</b>	<b>\$ 0</b>	<b>\$ 29,222,919</b>
<b>Indirect Costs Pool</b>			
Salaries and Wages	\$ 4,431,754	\$ 0	\$ 4,431,754
Fringe Benefits	3,187,614	0	3,187,614
Clothing and Personal	21,277	0	21,277
Radio	411,229	0	411,229
Telecom Services	266,407	0	266,407
Liability Insurance	1,857,676	0	1,857,676
Maintenance - Mobile Equipment	730	0	730
Maintenance - Mobile Equipment Supplies	101	0	101
Maintenance - Office Equipment	3,279	0	3,279
Maintenance - Other Equipment	4,457	0	4,457
Maintenance - Other Equipment Supplies	46,143	0	46,143
Facilities Maintenance - General Services	12,005	0	12,005
Employee Certificates and Licenses	6,385	0	6,385
Memberships	18,093	0	18,093
Miscellaneous Expense	901	0	901
Services and Supplies - Other Services	16,060	0	16,060
Services and Supplies - Other Supplies	112,350	0	112,350
Duplicating Services	2,395	0	2,395
Books	1,859	0	1,859
Personal Computer Software	190,614	0	190,614
Photo Copy/Printer Supplies	3,432	0	3,432
Postage	6,646	0	6,646
Supplies	139,203	0	139,203
Accounting and Auditing Fees	2,807	0	2,807
Consulting and Management Service	21,444	0	21,444
County Counsel	24,436	0	24,436
County Overhead	869,738	0	869,738
Data Processing Services	231,002	0	231,002
Department of Public Works (DPW) Services - General Money	(12,977)	0	(12,977)
DPW Services - Construction Contracts	4,363	0	4,363
Laboratory and Diagnostic Services - Outside	583	0	583
Laundry Services	95	0	95

<sup>5</sup> 2019-20 Indirect Cost Base is forwarded to Table A.2: 2019-20 Calculated Indirect Cost Recoveries.

<b>Table A.1: 2019-20 Actual Costs (Carry Forward Year)</b>			
<b>Description</b>	<b>Accepted Amounts</b>	<b>Audit Adjustments</b>	<b>Audited Amounts</b>
General Services	17,625	0	17,625
Purchasing Services	62,430	0	62,430
Risk Management Services	732,667	0	732,667
General Accounting Services	9,243	0	9,243
Legal Services	95	0	95
General Services Division Facilities Maintenance	61,221	0	61,221
Personnel Recruitment	2,942	0	2,942
Management Services	8,152	0	8,152
Planning Services	18,793	0	18,793
Professional and Special Services - Other	229,329	0	229,329
Geographic Information System Services	342,805	0	342,805
Special Miscellaneous Expense	92	0	92
Publication Printing Costs	3,731	0	3,731
Legal Notices	89	0	89
Equipment Lease and Rent	(32,934)	0	(32,934)
Field Equipment	2,718	0	2,718
Road Maintenance	2,001	0	2,001
Security Services	4,838	0	4,838
Sanitation Maintenance	189	0	189
Subscriptions Books and Education Materials	1,998	0	1,998
Airfare	1,983	0	1,983
Education and Training	39,884	0	39,884
Gas, Oil, Fuel	290	0	290
Lodging	7,783	0	7,783
Meals	2,766	0	2,766
Mileage	2,250	0	2,250
Travel - Other	1,022	0	1,022
Registrations	8,722	0	8,722
Service Center Charges	6,163	0	6,163
Utilities	14,830	0	14,830
Utilities - Other	342	0	342
Water	7,281	0	7,281
Other Charges - Miscellaneous	142,099	0	142,099
Taxes and Licenses	3,300	0	3,300
Department Overhead Costs	180	0	180
<b>Total Indirect Costs Pool<sup>6</sup></b>	<b>\$ 13,589,020</b>	<b>\$ 0</b>	<b>\$ 13,589,020</b>

<sup>6</sup> 2019-20 Total Indirect Costs Pool is forwarded to Table A.3: 2019-20 Carry Forward Calculation.

# APPENDIX A (continued)

## Summary of Accepted and Audited Costs and Rates Indirect Cost Rate Proposal County of Santa Cruz, Department of Public Works 2021-22

Table A.2: 2019-20 Calculated Indirect Cost Recoveries				
Description	Accepted Amounts	Audit Adjustments	Audited Amounts	Finding No.
(A) Indirect Costs Base (from Table A.1)	\$ 29,222,919	\$ 0	\$ 29,222,919	
(B) 2019-20 Indirect Cost Rate <sup>7</sup>	43.79%	0	43.79%	
<b>(C) Calculated Indirect Cost Recoveries (A) x (B)<sup>8</sup></b>	<b>\$ 12,796,716</b>	<b>\$ 0</b>	<b>\$ 12,796,716</b>	

Table A.3: 2019-20 Carry Forward Calculation				
Description	Accepted Amounts	Audit Adjustments	Audited Amounts	Finding No.
(D) 2019-20 Indirect Costs Pool (from Table A.1)	\$ 13,589,020	\$ 0	\$ 13,589,020	
(E) Calculated Indirect Cost Recoveries (from table A.2)	12,796,716	0	12,796,716	
(F) 2017-18 Carry Forward		(2,170,220)	(2,170,220)	1
<b>(G) 2019-20 Carry Forward (D) – (E) + (F)<sup>9</sup></b>	<b>\$ 792,304</b>	<b>\$(2,170,220)</b>	<b>\$(1,377,916)</b>	

Table A.4: 2021-22 ICRP Indirect Cost Rate				
Description	Accepted Amounts <sup>10</sup>	Audit Adjustments	Audited Amounts	Finding No.
(H) 2021-22 Budgeted Indirect Costs <sup>11</sup>	\$ 13,589,020	\$ 0	\$ 13,589,020	
(I) 2019-20 Carry Forward (from Table A.3)	792,304	(2,170,220)	(1,377,916)	1
<b>(J) Net 2021-22 Budgeted Indirect Cost Pool (H) + (I)</b>	<b>\$ 14,381,324</b>	<b>\$(2,170,220)</b>	<b>\$ 12,211,104</b>	
(K) 2021-22 Budgeted Direct Salaries and Wages plus Fringe Benefits (Indirect Cost Base) <sup>12</sup>	\$ 29,222,919	\$ 0	\$ 29,222,919	
<b>(L) 2021-22 County of Santa Cruz DPW Rate (J)/(K)</b>	<b>49.21%</b>	<b>(7.42)%</b>	<b>41.79%</b>	

<sup>7</sup> 2019-20 Indirect Cost Rate was accepted by IOAI on September, 30, 2020.

<sup>8</sup> Calculated Indirect Cost Recoveries is forwarded to Table A.3: 2019-20 Carry Forward Calculation.

<sup>9</sup> 2019-20 Carry Forward is forwarded to Table A4: 2021-22 ICRP Indirect Cost Rate.

<sup>10</sup> The ICRP costs and calculated rates submitted by the County were accepted by IOAI on December, 31, 2021.

<sup>11</sup> Because the 2021-22 costs are budget estimates, specific costs/transactions were not tested.

<sup>12</sup> Ibid.





# County of Santa Cruz

## Department of Community Development and Infrastructure

701 Ocean Street, Fourth Floor, Santa Cruz, CA 95060  
Planning (831) 454-2580      Public Works (831) 454-2160  
sccoplanning.com      dpw.co.santa-cruz.ca.us

**Matt Machado** - Deputy CAO / Director

**Carolyn Burke**  
Assistant Director  
Permit Division

**Stephanie Hansen**  
Assistant Director  
Housing & Policy

**Kent Edler**  
Assistant Director  
Special Services

**Steve Wiesner**  
Assistant Director  
Transportation

**Travis Cary**  
Director  
Capital Projects

**Kim Moore**  
Assistant Director  
Administration

November 4, 2022

CHERYL L MCCORMICK, CPA  
California Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6th Floor  
Sacramento, CA 95814

SUBJECT:    RESPONSE TO COUNTY OF SANTA CRUZ AUDIT RECOMMENDATION

Dear Ms. McCormick:

On September 26, 2022, the California Department of Finance conducted a Microsoft Teams exit conference to discuss the County of Santa Cruz Indirect Cost Rate Proposal (ICRP) Audit draft report, finding and recommendations.

Attached is the County's response to Indirect Rate Proposal Audit findings. The attached document provides responses to the following finding identified in the audit report:

1. ICRP Preparation Process Needs Improvement

Thank you, for your time and attention on this Audit.

Sincerely,

DocuSigned by:  
*Matt Machado*  
50EBAC64454C48C...

MATT MACHADO  
Deputy CAO  
Director of Community Development  
& Infrastructure

Attachment: County of Santa Cruz Responses to the Indirect Cost Rate Proposal Audit Finding  
Response to County of SC Audit Recommendation.doc

## County of Santa Cruz, Department of Public Works Responses to the Indirect Cost Rate Proposal Audit Findings

### **Finding 1: ICRP Preparation Process Needs Improvement**

The County does not appropriately prepare the ICRP to ensure the calculations are accurate and supported. Specifically, the County did not use the 2017-18 carry forward beginning balance of \$(2,170,220) to calculate the 2019-20 carry forward amount for the 2021-22 ICRP rate. The County should have used the \$(2,170,220) listed in the ICRP accepted by Caltrans on September 30, 2020. Not including the accepted carry forward amounts in the ICRP calculations results in incorrect ICRP rates and recovery of indirect costs for federal and state-funded projects.

The ICRP carry forward amounts accepted in prior ICRPs must be used to determine the actual recovered indirect costs adjustment (i.e., difference between estimated and actual indirect costs) used in the ICRP rate calculations. The County believed the carry forward amount is recovered when the new rate is calculated, and the subsequent invoices are issued to Caltrans for reimbursement based on its interpretation of the submission packet instructions and guidance it received from Caltrans to not use the carry forward amount from the prior ICRP. However, the County did not provide documented evidence indicating Caltrans's guidance.

LAPM Chapter 5, Documentation of Proposal section and ICRP Submission Certification section 2C requires the accurate calculation of the carry forward to determine the recovered indirect costs adjustment. Additionally, the ICRP Submission Certification section 2B states that any changes to the method of accounting for costs which affect the amount of reimbursement from the use of the ICRP will require Caltrans's approval.

### **Recommendations:**

A. Reconcile the 2021-22 billings using the audited rate in Table 1 and resolve any over-payments with Caltrans.

B. Ensure Caltrans approved carry forward amounts are used to prepare future ICRP submissions. Obtain documented approvals from Caltrans for adjustments to rates and amounts previously accepted by Caltrans.

### **AUDITEE'S RESPONSE**

We agree with the finding and will adjust the 2022-2023 indirect cost based on the recommendations agreed upon with Caltrans. The County is in the process of making changes to the make sure that the

indirect cost carry-forward approved by Caltrans is used in the subsequent calculation of the current years Indirect Cost Rate Proposal calculations.

The County will review all Caltrans billings and adjust the difference between the accepted rate and the audited rate and will adjust future invoices to account for the amount due back to Caltrans.