

## Memorandum



**To:**  
JEANNIE WARD-WALLER  
DEPUTY DIRECTOR  
Planning and Modal Programs

**Date:** April 14, 2020

**File:** P1580-0024

**From:**  
MARSUE MORRILL, CPA  
AUDIT CHIEF  
Independent Office of Audits and Investigations

### **SUBJECT: INDIRECT COST ALLOCATION PLAN AUDIT – KERN COUNCIL OF GOVERNMENTS**

At the request of the Independent Office of Audits and Investigations, the Department of Finance, Office of Audits and Evaluations (Finance) completed an audit of the Kern Council of Governments' (KCOG) Indirect Cost Allocation Plans (ICAPs) for fiscal years (FYs) 2017-18 and 2018-19. The purpose of the audit was to determine whether the ICAPs were presented in accordance with Title 2 Code of Federal Regulations (CFR) Part 200, and the California Department of Transportation's Local Assistance Procedures Manual (LAPM).

Based on the audit, Finance found \$13,561 of unallowable costs included in the indirect costs pool. These unallowable costs, however, did not result in a change to the accepted ICAP rates. Finance also found KCOG inappropriately billed \$5,767 prior to approval from the Caltrans' District Office.

Please provide our office with a corrective action plan addressing the recommendations in the audit report, including time lines, by June 13, 2020.

If you have any questions, please contact Luisa Ruvalcaba, Audit Manager, by email at [luisa.ruvalcaba@dot.ca.gov](mailto:luisa.ruvalcaba@dot.ca.gov)

Jeannie Ward-Waller  
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Attachment:

c: Ahron Hakimi, Executive Director, KCOG  
Dee Lam, Acting Division Chief, Division of Local Assistance, California Department of Transportation  
Marlon Flournoy, Division Chief, Division of Transportation Planning, California Department of Transportation  
Kyle Gradinder, Division Chief, Division of Rail & Mass Transportation, California Department of Transportation  
Rodney Whitfield, Director, Financial Services, Federal Highway Administration  
Veneshia Smith, Financial Manager, Financial Services, Federal Highway Administration  
Sharri Bender Ehlert, District Director, District 6, California Department of Transportation  
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