

Memorandum



To:
JEANIE WARD-WALLER
DEPUTY DIRECTOR
Planning and Modal Programs

Date: March 30, 2020

File: P1594-0096

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

**Subject: Indirect Cost Rate Proposal Audit – City and County of San Francisco,
Department of Public Works**

At the request of the Independent Office of Audits and Investigations, the California Department of Finance, Office of Audits and Evaluations (Finance) completed an audit of the City and County of San Francisco, Department of Public Works' (City and County) Indirect Cost Rate Proposal Plan (ICRP) for fiscal year 2017/18. The purpose of the audit was to determine whether the ICRP was presented in accordance with Title 2 Code of Federal Regulations (CFR) Part 200 and Caltrans Local Assistance Procedures Manual (LAPM) Chapter 5.

Based on the audit, Finance determined that the City and County's ICRP was not in compliance with 2 CFR 200. Finance found weaknesses in the City and County's fiscal controls related to the preparation of the ICRP and identified unallowable costs that impacted the indirect cost rates.

The audited FY 2017/18 rates are noted in Table 1 noted below.

Table 1 – FY 2017/18

Bureau	Proposed Rate	Audited Rate*	Disposition
Bureau of Building Design and Construction	122.52%	58.07%	Reconcile prior billings and reimburse overpayments
Bureau of Infrastructure Design and Construction	122.52%	58.07%	Reconcile prior billings and reimburse overpayments
Bureau of Street-Use and Mapping	76.99%	28.81%	Reconcile prior billings and reimburse overpayments
Bureau of Building Repair	85.42%	85.42%	No action required
Bureau of Street Environmental Services	93.69%	93.69%	No action required
Bureau of Street and Sewer Repair	97.70%	97.70%	No action required
Bureau of Urban Forestry	117.31%	117.31%	No action required
General Administration	24.27%	24.27%	No action required

***Base: Total Direct Salaries and Wages**

Please provide our office with a corrective action plan addressing the recommendations in the audit report, including time lines, by May 29, 2020.

If you have any questions, contact Luisa Ruvalcaba, Audit Manager, at

luisa.ruvalcaba@dot.ca.gov

Jeanie Ward-Waller
June 10, 2020
Page 3

Attachment:

c: Julia Dawson, Deputy Director of Office of Financial Management & Administration, City and County of San Francisco, Department of Public Works
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
Angel Pyle, Assistant 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
Tony Tavares, District Director, District 4, California Department of Transportation
Sylvia Fung, DLAE, District 4, California Department of Transportation
Gilbert Petrissans, Chief, Division of Accounting, California Department of Transportation

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