

Independent Office of Audits and Investigations



# INSPECTOR GENERAL

## Annual Summary Report

July 1, 2024 — June 30, 2025





For questions or assistance concerning the contents of this report, please contact (916) 323-7111 or email [IOAI.Reports@dot.ca.gov](mailto:IOAI.Reports@dot.ca.gov). Alternative format reports available upon request.



# Inspector General

California Department of Transportation

Bryan Beyer, Inspector General

Matt Espenshade, Chief Deputy

March 11, 2026

Governor Gavin Newsom  
Members of the Legislature  
California Transportation Commission

## **ANNUAL SUMMARY REPORT**

Government Code section 14460(d)(2) requires a summary report of investigation and audit findings and recommendations at least annually to the Governor, the Legislature, and the California Transportation Commission. Please find the enclosed Annual Summary Report for the period July 1, 2024, through June 30, 2025.

During this reporting period, the Independent Office of Audits and Investigations published 10 audit and special reports and performed 213 reviews, resulting in 55 recommendations that are intended to promote performance improvements and increased accountability and transparency. The financial impact of these audits and reviews could potentially be as much as \$13.8 million.

If you have any questions on this report, please contact our office at [IOAI.Reports@dot.ca.gov](mailto:IOAI.Reports@dot.ca.gov).

Sincerely,

Bryan Beyer, CIG  
Inspector General

**Gavin Newsom**, Governor

Independent Office of Audits and Investigations

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# HIGHLIGHTS

## Investigations

Investigations Opened	20
Investigations Closed	50
Complaints Received	1,093
Complaints Closed	1,086

## Complaint Sources

Inspector General Hotline Phone Number* 1-844-283-8442 Hotline Calls	150
Hotline Email Address <a href="mailto:Ask.Investigations@dot.ca.gov">Ask.Investigations@dot.ca.gov</a> Hotline Emails	722
Other Emails	217
Independent Office of Audits and Investigations P.O. Box 942874, MS-2 Sacramento, CA 94274 Letters	4

\* Includes four phone calls directly to Independent Office of Audits and Investigations employees.

## Local Agency and Caltrans Project Compliance Audits and Special Reports

Audits and Special Reports Issued	10
Recommendations	55
Potential Financial Impact	\$8,906,574

## Reviews of A&E Cost Proposals and Other Review Activities

Reviews of Architectural and Engineering Cost Proposals	213
Potential Financial Impact	\$4,939,935

<b>Potential Financial Impact, Audits and Reviews<sup>†</sup></b>	
<b>Total</b>	<b>\$13,846,509</b>

<sup>†</sup>The total potential financial impact includes our recommendations for cost recovery and avoidance.

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## BACKGROUND

Pursuant to Government Code section 14460, the Independent Office of Audits and Investigations (IOAI) conducts audits and investigations to ensure the California Department of Transportation (Caltrans) and external entities that receive state and federal transportation funds from Caltrans are spending those funds efficiently, effectively, economically, and in compliance with applicable state and federal requirements. External entities include, but are not limited to, private for-profit and nonprofit organizations, local transportation agencies, and other local agencies that receive transportation funds either through a contract with Caltrans or through an agreement or grant administered by Caltrans.

Additionally, pursuant to Government Code section 14110.1, Caltrans is required to undertake several activities to increase procurement opportunities for small/micro enterprises, disabled veteran-owned, and new and limited contracting small businesses, as well as underrepresented, disadvantaged, formerly incarcerated, and/or LGBT business enterprises or individuals. This code also directs the Inspector General to review, audit, and report on Caltrans' outreach efforts required by this section. The Inspector General is also required to "audit businesses as appropriate to ensure that persons associated with entities that do not meet the definition of a new or limited contracting small business enterprise do not create a new associated entity that would meet the definition of new or limited contracting small business enterprise and thereby subvert the purposes of this section."

In accordance with Government Code section 14460(d)(2), the Inspector General provides an annual summary of investigation and audit findings and recommendations to the Governor, Legislature, and California Transportation Commission (CTC).

### **Communication Strategies**

In addition to an annual report, Government Code section 14460 requires the Inspector General to report all audit and confidential investigation findings to the Secretary of the California State Transportation Agency (CalSTA) and to the Director and Chief Deputy Director of Caltrans on a regular and ongoing basis. Additionally, to promote transparency and provide clear and concise information to the public, the IOAI website provides ongoing access to reports issued to the public, including final audit reports of Caltrans programs and external entities. The website also includes resources for consulting firms and local agencies.

#### **Established Communications**

- Ongoing meetings with the Secretary of CalSTA and the Director of Caltrans.
- Monthly reports provided to CalSTA and Caltrans regarding new and ongoing audits and investigations.
- Ongoing communications with Legislative staff, CTC staff, federal agency representatives, local agency representatives, and other external entities as needed.

## IOAI Activities

Pursuant to Government Code section 14460, IOAI provides a full scope, independent, and objective audit and investigation program. Performance audits provide objective analysis and conclusions to assist management and those charged with governance and oversight in improving program performance and operations, reduce costs, facilitate decision-making, and contribute to public accountability. Performance audits vary widely depending on the audit objectives and scope. The most common audits conducted by IOAI include the following:

- Performance Audits assess the extent to which legislative, regulatory, or programmatic goals and objectives are being achieved and determine if Caltrans has adequate controls in place to manage the programs. These audits are performed under government auditing standards.
- Project Compliance Audits determine whether project costs claimed and reimbursed are allowable, reasonable, and adequately supported in compliance with agreement provisions and state and federal laws and regulations and whether project deliverables (outputs) and benefits (outcomes) are completed as described in executed project agreements or approved amendments. Additional types of compliance audits include audits of contractor and consultant contracts. These audits are performed under government auditing standards.

IOAI also performs review activities, including, but not limited to, reviews of architectural and engineering (A&E) cost proposals.

Pursuant to Government Code section 14110.1, IOAI has a dedicated unit that reviews the programs, policies, and procedures related to diversity and small business development efforts by Caltrans. This unit works with IOAI auditors and investigators to identify risks and determine the audits and investigations needed to assist Caltrans in preparing for and executing legal requirements. In addition, the unit is tasked with providing recommendations and sharing best practices that assist Caltrans to expand its diversity efforts and small business development opportunities.

IOAI's Investigations Unit conducts independent administrative investigations involving allegations of employee misconduct and assists external entities, such as law enforcement, with their investigations. This unit also administers the Inspector General Hotline (Hotline), which is available 24 hours per day, 7 days per week, to receive allegations of employee misconduct or fraud, waste, and abuse.

## INVESTIGATIONS

Investigations Opened      20 (73 allegations)

Investigations Closed      50 (212 allegations)

Complaints Received    1,093 (1,404 allegations)

Complaints Closed      1,086 (1,411 allegations)



California Department of Transportation

**Report a Concern:  
1-844-283-8442**

The Investigations Unit conducts independent administrative investigations of alleged employee misconduct. The unit maintains the Hotline, which is available 24 hours a day, 7 days a week, to receive allegations of Caltrans employee misconduct or fraud, waste, and abuse. Administrative investigations can result from complaints received from various sources, including:

- Caltrans' employees
- Members of the public
- Contractors
- Law enforcement and other governmental entities
- Internal and external audit findings

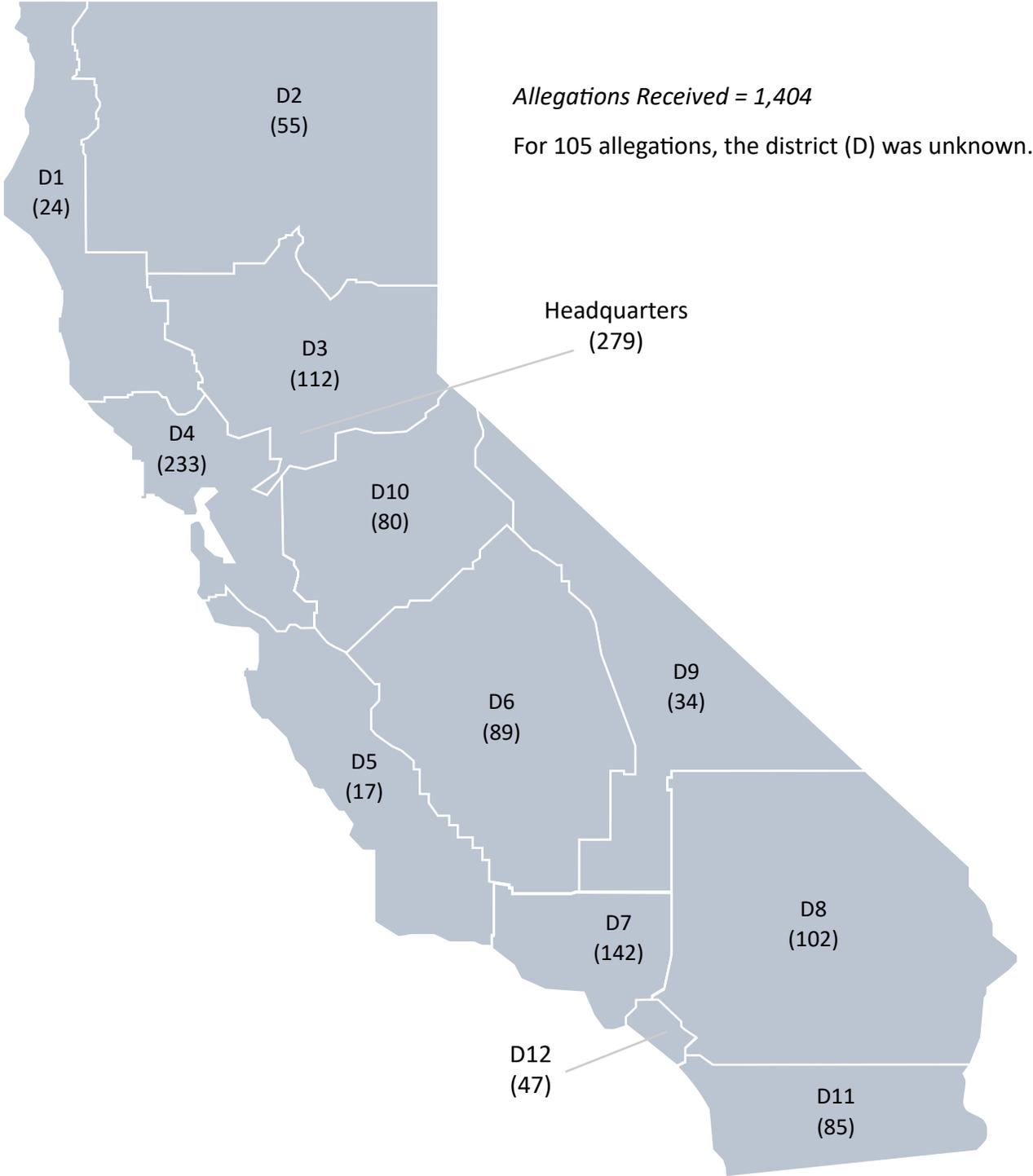
The Investigations Unit reviews reported allegations to determine the appropriate course of action, which may include:

- An administrative investigation
- Referral to Caltrans management
- Referral to law enforcement/governmental entity due to potential criminal misconduct

For administrative investigations, the unit works collaboratively with all levels of Caltrans management statewide. After completing an administrative investigation, the unit refers completed cases to the appropriate Caltrans hiring authority and Caltrans' Office of Discipline Services to determine the appropriate level of discipline. Discipline can include, but is not limited to, corrective action, such as counseling or a written warning, or adverse action, including a temporary salary reduction, temporary suspension without pay, demotion, or termination. The Investigation Unit also assists external entities, such as law enforcement entities, with their investigations.

*Complaints closed during 2024-25 include complaints received in previous fiscal years. Similarly, investigations closed during 2024-25 include investigations opened in prior fiscal years.*

**Allegations Received, by District**



**Investigations Unit Fiscal Year 2024–25 Examples**

The IOAI Investigations Unit conducts independent administrative investigations of alleged employee misconduct and assists other investigatory entities, as shown below.



**Teleworking Outside the Country**

IOAI received a complaint from Caltrans alleging an employee teleworked outside the country on multiple occasions, thus violating their telework agreement and falsifying timesheets. Our administrative investigation found sufficient evidence to support these allegations. However, we did not find that the employee violated Caltrans’ Information Technology Use directive established at the time. Additionally, we found one supervisor failed to act on suspicions of the employee teleworking outside of the country, while another supervisor inappropriately authorized a portion of the employee’s out-of-country telework and was dishonest during our investigation. Caltrans dismissed two of the employees, demoted another, and later updated its policy to explicitly prohibit access to Caltrans’ networks from outside the country.

**\$24,000 in State Fuel Card Misuse**

Caltrans management informed IOAI that it identified an employee who may have been using a State fuel card for personal use. We opened an administrative investigation and compared fuel card usage data with the employee’s work schedule, work locations, and home address. Evidence our investigators reviewed indicated the employee misused state fuel cards, spending over \$24,000. During our interrogation, the employee admitted to the misuse, including selling fuel for personal profit. After receiving our investigation report, Caltrans took disciplinary action and dismissed the employee. We also referred the matter to the California Highway Patrol and assisted in their criminal investigation.




**Personal Use of State Vehicle**

IOAI received a complaint from Caltrans alleging an employee was using a state vehicle for personal use, including storing the vehicle at their residence without proper authorization. Our administrative investigation, which included analyses of Global Positioning System (GPS) data, found sufficient evidence to support the allegations. During the interrogation, the employee admitted to using state vehicles during work hours, in the evenings, and on weekends for personal trips. Caltrans took disciplinary action and placed the employee on suspension for 60 days.

### Explicit Conduct, False Time Claims, Misuse of State Vehicle

During our administrative investigation, we found that an employee used his state cell phone and email to send extensive non-work-related content, including pornographic images and adult videos. For example, on one occasion while on duty in a state vehicle, the employee used his state cell phone to take and text explicit photos of himself. We also found sufficient evidence that the employee misused state vehicles, claimed compensation for time not worked, engaged in secondary employment that interfered with his Caltrans duties, and was dishonest during our interrogation. Following our investigation report, Caltrans dismissed the employee.



### Fishing on State Time

A member of the public reported and provided photos of a Caltrans employee fishing during work hours while also using a state vehicle. We opened an administrative investigation and analyzed GPS data and other evidence. Evidence revealed that the employee not only claimed compensation for time not worked but also used state vehicles to make over 70 non-work-related stops in about a nine-month period—several of which included fishing trips. When confronted with the evidence during our interrogation, the employee admitted to committing the misconduct. After receiving our investigation report, Caltrans dismissed the employee.



### Damage to State Vehicle, Excessive Idling

IOAI investigated allegations that a Caltrans employee intentionally damaged a state vehicle by disabling the GPS tracking device, urinating in the gas tank, and misusing the clutch. Although there was some corroborating evidence that supported these allegations, our investigation found there was insufficient evidence to meet the burden of proof. However, we additionally discovered during the investigation that the employee violated Caltrans' unnecessary idling directives by idling his state vehicle on over 1,100 occasions at the maintenance yard for nearly 500 hours. The employee is no longer employed at Caltrans



## LOCAL AGENCY AND CALTRANS PROJECT COMPLIANCE AUDITS AND SPECIAL REPORTS

As noted on the following page, IOAI completed nine project compliance audits in fiscal year 2024-25, of which six were local agency–related audits and three were Caltrans district–related. IOAI also completed one review of Caltrans’ compliance and oversight activities related to federal infrastructure funding. Pursuant to the Stewardship and Oversight Agreement between the Federal Highway Administration (FHWA) and Caltrans, IOAI performs various monitoring activities to assess local agencies’ internal controls. Specifically:

**Project Compliance Audits** are performed to determine whether project costs claimed and reimbursed or incurred are allowable, reasonable, and adequately supported in compliance with agreement provisions, established guidelines, and state and federal laws and regulations, and whether project deliverables (outputs) and benefits (outcomes) are reasonable in comparison with the project cost, scope, schedule, and benefits described in executed project agreements or approved amendments. Compliance audits include audits of contractor and consultant contracts to determine whether costs reimbursed by Caltrans are in compliance with agreement provisions and Caltrans Standard Specifications. These audits are performed under government auditing standards. IOAI contracts with the California Department of Finance to perform some of these audits.

**Indirect Cost Reviews** are incorporated within the project compliance audits on a risk basis, if significant, to ensure compliance with Title 2 Code of Federal Regulations (CFR) Part 200 requirements. Starting in July 2022, Caltrans’ Internal Audits Office reviews indirect rates and issues acceptance letters to the local agency, which allows the local agency to bill Caltrans for indirect costs. Audits may also be performed by IOAI on a risk basis.

Total Reports:	10
Local Agencies	6
Caltrans Districts	3
Caltrans Program	1

Total Projects Audited	<b>16</b>
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Total Project Expenditures	<b>\$1,283,781,348</b>
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Total Questioned Costs*	<b>\$8,906,574</b>
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*\*Questioned costs are amounts reported to Caltrans management. Actual amounts recovered may differ during final resolution by Caltrans.*

The following are summaries for the ten project compliance audits and special reports completed during fiscal year 2024-25.

## 2024-25 Published Reports

[Publications | IOAI](#)

### Management Letter - California Department of Transportation, District 4

P2600-0001

Issue Date: 7/11/2024

#### Results in Brief

We obtained reasonable assurance that the costs incurred by Caltrans' District 4 (District) for the project were allowable and adequately supported in accordance with Caltrans' agreement provisions and state and federal regulations. However, we found issues related to the District's practices involving change orders. Specifically, the District made significant bid item quantity changes without change orders or documenting the reasons for not issuing change orders. We also found that the District did not adequately document the reasonableness of the compensation made to the construction contractor for three change orders that the District did issue.

**Project Name:** I-880 Pavement Rehabilitation

**Total Project Costs:** \$68,812,233

**Total Questioned Costs:** \$0

**Number of Projects:** 1

### California Department of Transportation, District 7, Interstate 5 North High Occupancy Vehicle Corridor

22A.PROG01

Issue Date: 11/8/2024

#### Results in Brief

We obtained reasonable assurance that the costs incurred by Caltrans' District 7 (District) for the project were allowable and adequately supported in accordance with Caltrans' executed agreement provisions, except for \$678,156, which we determined were unsupported. Specifically, we found that the District did not maintain source documents, such as executed contracts and invoices to support architectural and engineering consultant invoices, which we would have reviewed for work performed in segments 2 and 4 of the project. In addition, Caltrans did not comply with the Commission's Resolution G-12, which delegates to the Director of Caltrans the authority to adjust project allocations within specific limits, which resulted in an unauthorized adjustment of nearly \$41 million.

**Project Name:** Interstate 5 North High Occupancy Vehicle Corridor

**Total Project Costs:** \$916,110,612

**Total Questioned Costs:** \$678,156

**Number of Projects:** 1

**Los Angeles County Metropolitan Transportation Authority**

23A.PJCT09

Issue Date: 01/15/2025

**Results in Brief**

We obtained reasonable assurance that the costs claimed by Los Angeles County Metropolitan Transportation Authority (LA Metro) and reimbursed by Caltrans for the Willowbrook/Rosa Parks Station Mezzanine Improvements Project (Mezzanine Project) were allowable and adequately supported in accordance with Caltrans' agreement provisions and applicable state regulations, except for \$1,546,077 in questioned costs. Specifically, LA Metro charged the state for changes made to elements of a larger project and we question whether those changes were within the scope of the Mezzanine Project. Additionally, due to the unreliability of LA Metro's accounting data for the Mezzanine Project, we could not determine whether it had met the matching fund requirement that was a condition of the award of the grant. Finally, LA Metro did not accept the construction contracts for both projects in the time frame allowed by applicable guidelines.

**Project Names:** Willowbrook/Rosa Parks Station Mezzanine Improvements Project, and the Willowbrook/Rosa Parks Station and Blue Line Light-Rail Operational Improvements Project

**Total Project Costs: \$53,302,000**

**Total Questioned Costs: \$1,546,077**

**Number of Projects: 2**

**Stanislaus County**

24A.PJCT02

Issue Date: 3/14/2025

**Results in Brief**

We obtained reasonable assurance that the costs claimed by Stanislaus County (County) and reimbursed by Caltrans for four projects were allowable and adequately supported in accordance with Caltrans' agreement provisions, federal regulations, and state requirements, except for \$180,827 of questioned costs that we identified. We determined the County billed Caltrans twice for the same consultant costs, it billed Caltrans for subconsultant indirect costs that it incurred using an unauthorized indirect cost rate, and it billed Caltrans for consultant costs that it incurred prior to the effective date of the applicable contract. Additionally, we determined the County has not submitted a required completion report to Caltrans for one project.

**Project Names:** Crows Landing Road Over San Joaquin River Bridge Replacement Project, Hickman Road Over Tuolumne River Bridge Replacement Project, McHenry Avenue From Ladd Road/Patterson Road to the Stanislaus River Road Widening Project, and Santa Fe Avenue Over Tuolumne River Bridge Replacement Project

**Total Project Costs: \$65,579,833**

**Total Questioned Costs: \$180,827**

**Number of Projects: 4**

**San Diego Metropolitan Transit System**

23A.PJCT08

Issue Date: 04/08/2025

**Results in Brief**

We obtained reasonable assurance that the costs claimed by San Diego Metropolitan Transit System (San Diego Metro) and reimbursed by Caltrans for one project was allowable and adequately supported in accordance with Caltrans agreement and state regulations, except for \$4,045,810 in questioned costs. Specifically, we determined San Diego Metro did not adhere to state regulations when procuring A&E services, including construction management and A&E design. Additionally, San Diego Metro failed to provide key documentation to support whether the Trolley Capacity Improvements Project was completed as designed, within scope, and on schedule. Furthermore, San Diego Metro did not report to Caltrans the methodologies it used to quantify the benefits for the Trolley Capacity Improvements Project on the Final Delivery Report, as required by applicable guidelines.

**Project Names:** Blue Line Rail Corridor Transit Enhancements Project and Trolley Capacity Improvements Project

**Total Project Costs: \$66,079,138**

**Total Questioned Costs: \$4,045,810**

**Number of Projects: 2**

**County of Sacramento**

24A.PJCT03

Issue Date: 4/29/2025

**Results in Brief**

We obtained reasonable assurance that the costs claimed by the County and reimbursed by Caltrans for three projects were allowable and adequately supported in accordance with the project agreement provisions, federal regulations, and state requirements, except for \$496,600 in questioned costs that we identified. Specifically, for two on-call contracts, the County did not comply with various state and federal procurement requirements, causing us to question the amounts claimed by the County and reimbursed by Caltrans for the contracts.

**Project Names:** Hazel Avenue Improvement – Phase 3 Project, Old Florin Town Streetscape Improvement – Phase 2 Project, and Power Inn Road Bicycle and Pedestrian Improvements Project

**Total Project Costs: \$16,508,152**

**Total Questioned Costs: \$496,600**

**Number of Projects: 3**

**City of Bakersfield**

24A.PJCT05

Issue Date: 5/1/2025

**Results in Brief**

We obtained reasonable assurance that the costs claimed by the City of Bakersfield (City) and reimbursed by Caltrans for four phases of one project were allowable, adequately supported by accounting records and source documents, and in compliance with relevant criteria. We also obtained reasonable assurance the project deliverables/ outputs were consistent with the project scopes and schedules, except that the City did not submit a completion report and it did not report actual benefits for one phase.

**Project Name:** Centennial Corridor Project, Phases 1 - 4

**Total Project Costs: \$136,736,845**

**Total Questioned Costs: \$0**

**Number of Projects: 1**

**City of Artesia**

23A.PJCT03

Issue Date: 5/13/2025

**Results in Brief**

We obtained reasonable assurance that the costs claimed by the City of Artesia (City) and reimbursed by Caltrans for one project were allowable and adequately supported in accordance with Caltrans' agreement provisions and state requirements, except for \$188,866 of questioned costs that we identified. We determined that the City did not maintain records sufficient to support construction costs that it billed Caltrans, that the City billed Caltrans for A&E consultant costs that it incurred without complying with significant procurement requirements, and that the City did not achieve or accurately report to Caltrans the project outputs and outcomes. Additionally, we determined that the City submitted its project completion report, its request for reimbursement, and its final report of expenditures well beyond the six-month due dates.

**Project Name:** Norwalk Artesia Boulevards Safe Streets Project

**Total Project Costs: \$1,738,472**

**Total Questioned Costs: \$188,866**

**Number of Projects: 1**

**California Department of Transportation, District 10**

22A.PROJ01

Issue Date: 6/26/2025

**Results in Brief**

We obtained reasonable assurance that the costs incurred by Caltrans' District 10 for the project were allowable and adequately supported in accordance with Caltrans' agreement provisions and state and federal regulations, except for \$1,770,238. Specifically, for two on-call contracts, Caltrans' Division of Procurement and Contracts (DPAC) did not comply with federal requirements when it procured these contracts. In addition, Caltrans' Central Region Services (CRS), located in District 6, and Caltrans' Division of Engineering Services (DES) did not comply with federal requirements, contract provisions, and its internal policies and guidelines when it issued four task orders under the two on-call contracts, causing us to question the amounts incurred by CRS and DES under the issued task orders for the project.

**Project Name:** State Route 99 Stanislaus Capital Preventive Maintenance Ramps

**Total Project Costs: \$29,344,063**

**Total Questioned Costs: \$1,770,238**

**Number of Projects: 1**

**Special Report**

**California Department of Transportation's Compliance and Oversight Activities Related to the Infrastructure Investment and Jobs Act**

24A.PROG06

Issue Date: 06/04/2025

**Results in Brief**

At the request of the California State Transportation Agency, we completed a review of the Caltrans' compliance and oversight activities related to the Infrastructure Investment and Jobs Act (IIJA). Caltrans appears to have adequate system in place to track and monitor federally funded projects. Although Caltrans' system appears appropriate, we did identify some risks associated with IIJA funds. To address those risks, we recommend Caltrans should formalize its process for reviewing project eligibility and assigning federal funds; and Caltrans should continue to monitor Federal Highway Administration funding to ensure lapses do not occur, particularly for new programs created by IIJA.

## REVIEWS OF A&E COST PROPOSALS AND OTHER REVIEW ACTIVITIES

As a service to Caltrans, IOAI reviews A&E financial documents submitted to the contracting agency to determine if proposed indirect cost rates are supported, reasonable, and in compliance with the cost principles and administrative requirements set forth in 48 CFR Part 31 and 23 CFR Part 172. A contracting agency can either be Caltrans or a local agency. For Caltrans contracts with A&E firms, we also review proposed direct costs.

Reviews	213
Valued at	\$1,994,949,426
≈ Avoided Costs	\$4,939,935

Contracts Between Caltrans and A&E Consultants	Contracts Between Local Agencies and A&E Consultants
Reviews <span style="float: right;">46</span>	Reviews <span style="float: right;">167</span>
Valued at <span style="float: right;">\$770,676,103</span>	Valued at <span style="float: right;">\$1,224,273,323</span>
≈ Avoided Costs <span style="float: right;">\$4,126,195</span>	≈ Avoided Costs <span style="float: right;">\$813,740</span>

### A&E Cost Proposal Reviews and Other Review Activities Fiscal Year 2024–25 Examples

The following summaries represent examples of reviews completed during the fiscal year 2024–2025.

#### **City of Fresno, Capital Projects Department Contract with Moore Twining. Total Contract Value: \$5,000,000**

P1391-1540  
Issue Date: 10/29/2024

#### **Results in Brief**

IOAI determined that the prime proposed higher indirect cost rates than they could support, resulting in approximately \$334,315 of avoided costs. IOAI recommended the proposed costs be adjusted to reflect the indirect cost rates that IOAI determined to be in accordance with the federal cost principles.

**County of Los Angeles, Department of Public Works Contract with Michael Baker International LLC (Engineering Segment) and 10 Subconsultants. Total Contract Value: \$50,000,000**

P1391-1575

Issue Date: 1/24/2025

**Results in Brief**

IOAI determined that one consultant proposed higher indirect cost rates than they could support resulting in approximately \$241,286 of avoided costs. IOAI recommended the proposed costs be adjusted to reflect the indirect cost rates that IOAI determined to be in accordance with the federal cost principles.

**Caltrans Contract with DB E.C.O. North America Inc. and 14 Subconsultants. Total Contract Value: \$59,085,000**

P1410-0533

Issue Date: 8/22/2024

**Results in Brief**

IOAI concluded seven consultants were unable to support their proposed direct costs resulting in avoided costs totaling \$642,549. IOAI recommended the proposed direct costs be adjusted.

**Caltrans Contract with HDR Construction Control and 17 Subconsultants. Total Contract Value: \$39,000,000**

P1410-0543

Issue Date: 10/17/2024

**Results in Brief**

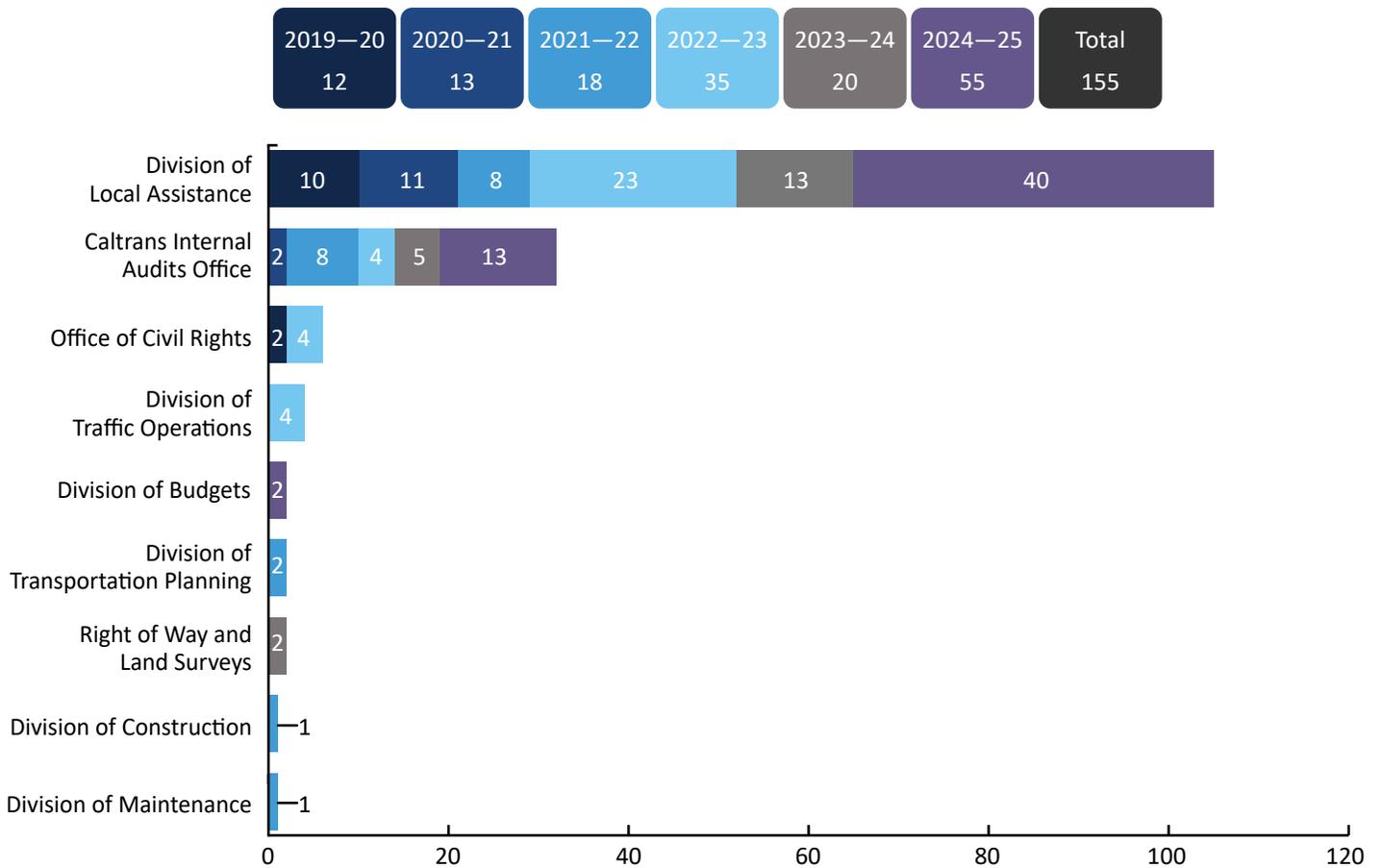
IOAI determined that four consultants proposed higher indirect cost rates than they could support resulting in approximately \$446,414 of avoided costs. IOAI also concluded five consultants were unable to support their proposed direct costs resulting in additional avoided costs totaling \$403,000, for a combined total of \$849,414. IOAI recommended the proposed costs be adjusted to reflect the allowable costs in accordance with the federal cost principles.

## STATUS OF RECOMMENDATIONS

This section provides the implementation status of recommendations from our past reports, as of June 30, 2025. Based on our review of documentation provided by Caltrans, we assigned one of four status types to each of our previous recommendations: (1) fully implemented, (2) partially implemented, (3) not implemented, and (4) will not implement. Please see the bottom of the next page for descriptions of those four recommendation status types.

For reports that we issued between July 1, 2024, and June 30, 2025, this section presents the status of all recommendations that we issued during that period, regardless of recommendation status. For reports that we issued before July 1, 2024, we report only on efforts to implement any recommendations that were not fully implemented as of June 30, 2024. In other words, any recommendations that Caltrans fully implemented on or before June 30, 2024, are not included in this report.

### Recommendations Partially or Not Implemented, By Caltrans’ Responsible Entity and Fiscal Year, as of June 30, 2025



**Status of Recommendations for 2024–25**

Total Recommendations	55
Not Implemented	55

**Project Compliance Audits**

**California Department of Transportation, District 7, Interstate 5 North High Occupancy Vehicle Corridor**

22A.PROG01  
Issue Date: 11/8/2024

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
Ensure project managers have a clear understanding of their responsibilities identified in Caltrans policies regarding the tracking of project expenditures to make certain expenditures are within the approved budget for each project segment and phase.	Not Implemented
Ensure project costs are expensed to the approved allocated budget, by fund and phase, and charged to projects in accordance with the proportional share noted in executed funding agreements.	Not Implemented
Adhere to policies in CTC Resolution G-12 when adjusting project allocations.	Not Implemented

*Continued, next page.*

**Status Categories**

**Fully Implemented:** Caltrans provided sufficient evidence to demonstrate that the actions required to meet the intent of the recommendation identified in the corrective action plan have been taken.

**Partially Implemented:** Caltrans provided evidence to demonstrate some actions have been taken, but additional steps are required to fully meet the intent of the recommendation.

**Not Implemented:** Caltrans provided no evidence of progress or corrective action to address the recommendation.

**Will Not Implement:** Caltrans decided not to take action on the recommendation.

STATUS OF RECOMMENDATIONS

District 7, *continued.*

Recommendations	Status
Coordinate with the CTC to reimburse the \$678,156 of unsupported A&E consultant costs to the appropriate fund source.	Not Implemented
Ensure its internal record retention policy complies with relevant state and federal laws and regulations.	Not Implemented
Maintain documents to support incurred project costs. The audit trail should facilitate the tracing of incurred expenditures to source documents, including, but not limited to, invoices, executed contracts, and project-specific task orders.	Not Implemented

**Los Angeles County Metropolitan Transportation Authority**

23A.PJCT09

Issue Date: 1/15/2025

Entity Responsible:

Division of Local Assistance

Recommendations	Status
Los Angeles County Metropolitan Transportation Authority (LA Metro) should work with Caltrans to determine the amount of work performed for the Mezzanine Project and develop a corrective action plan that recovers any reimbursed expenses not associated with the Mezzanine Project.	Not Implemented
LA Metro should perform a thorough review of work performed to ensure costs are properly assigned to the correct task order.	Not Implemented
Caltrans should coordinate with LA Metro to develop a corrective action plan to resolve whether LA Metro met the matching requirements for the Mezzanine Project. We also recommend that Caltrans recover any difference between the required matching amount and the actual matching amount as determined by Caltrans.	Not Implemented
LA Metro should establish an adequate review process to monitor and ensure matching requirements are met.	Not Implemented
LA Metro should develop and implement procedures to monitor expected project deadlines and ensure staff understand requirements associated with funding program guidelines.	Not Implemented

**Stanislaus County**

24A.PJCT02  
Issue Date: 3/14/2025

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
The County should reimburse Caltrans \$132,566.	Not Implemented
The County should work with Caltrans to ensure its current process is sufficient for identifying, reviewing, and fixing potential duplicate billings prior to seeking reimbursement from Caltrans.	Not Implemented
The County should update its electronic invoice file-naming convention to include the invoice number and its documented process to include the new naming convention.	Not Implemented
The County should reimburse Caltrans \$31,228.	Not Implemented
The County should design and implement a control to ensure the consultant and subconsultant indirect cost rates authorized by our office are properly reflected in the contract prior to execution.	Not Implemented
The County should reimburse Caltrans \$17,033.	Not Implemented
The County should document policies and procedures to ensure County project staff receive training on Local Assistance Procedures Manual (LAPM) requirements and complete the Federal-Aid series training provided by Caltrans prior to administering Caltrans-funded projects. The County should retain evidence of training completion in the project files.	Not Implemented
The County should submit the completion report for the McHenry Avenue Project to Caltrans. The County should include in the completion report an evaluation of actual project benefits compared to those included in the executed project agreements.	Not Implemented
The County should develop a training plan to ensure County project managers are aware of project reporting requirements.	Not Implemented

STATUS OF RECOMMENDATIONS

**San Diego Metropolitan Transit System**

23A.PJCT08  
Issue Date: 4/8/2025

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
<p>Caltrans should coordinate with San Diego Metro to develop a corrective action plan to appropriately resolve this finding. This includes recovering \$4,045,810 in questioned costs identified in this audit. Caltrans should also recover any related reimbursed costs that occurred after our audit period and prevent any future reimbursements to these agreements.</p>	<p>Not Implemented</p>
<p>San Diego Metro should follow the ranking order and solicit proposals from three or more of the top qualified consultants for each work order. In cases where multiple consultants share the same ranking, all those consultants should receive the same solicitation for proposals, ensuring each has an opportunity to compete for that work order. For future qualification listings, San Diego Metro should consider selection criteria and tiebreaking mechanisms to identify a single firm per ranking.</p>	<p>Not Implemented</p>
<p>San Diego Metro should revise its Master Agreements with consultants to allow for only qualification-based competitive proposal methods when soliciting or procuring for A&amp;E services.</p>	<p>Not Implemented</p>
<p>San Diego Metro should maintain all procurement records.</p>	<p>Not Implemented</p>
<p>San Diego Metro should prepare a detailed independent cost estimate for each of the future agreements to be used as a basis for cost negotiations.</p>	<p>Not Implemented</p>
<p>San Diego Metro should implement a document management system to ensure critical project documents, such as Notices of Completion, are properly created, filed, and easily retrievable.</p>	<p>Not Implemented</p>
<p>For all future projects, San Diego Metro should require project managers to complete and file a Notice of Completion for each project</p>	<p>Not Implemented</p>
<p>San Diego Metro should submit a revised Final Delivery Report with methodologies for the Trolley Project to Caltrans.</p>	<p>Not Implemented</p>
<p>For future projects, San Diego Metro should ensure its Final Delivery Report includes methodologies used to quantify both before and after (planned and actual) project benefits.</p>	<p>Not Implemented</p>

**County of Sacramento**

24A.PJCT03  
Issue Date: 4/29/2025

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
The County should reimburse Caltrans \$496,600.	Not Implemented
Caltrans should coordinate with the County to develop a corrective action plan that prevents future reimbursements related to these two on-call contracts.	Not Implemented
The County should design and implement a process to ensure compliance with state and federal requirements and Caltrans' agreement provisions, including record retention requirements. This process should ensure that the County maintains a clear audit trail to support the solicitation, proposal, evaluation, and selection of consultants and to facilitate the tracing of negotiation activities to source documents.	Not Implemented
The County should provide training to staff on all applicable state and federal procurement requirements, including record retention requirements.	Not Implemented

**City of Bakersfield**

24A.PJCT05  
Issue Date: 5/1/2025

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
Coordinate with Caltrans to facilitate the submission of the Completion Report for project 0618000213, including the evaluation of project benefits (outcomes) achieved.	Not Implemented
Review the funding program guidelines for all projects to clearly understand the reporting requirements.	Not Implemented

STATUS OF RECOMMENDATIONS

**City of Artesia**

23A.PJCT03  
Issue Date: 5/13/2025

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
The City should reimburse Caltrans \$34,766.	Not Implemented
Caltrans should review all bid items the City billed that were measured in linear feet, square feet, each, or lump sum. Based on its review, Caltrans should determine if the City should reimburse additional costs.	Not Implemented
The City should establish a process for Caltrans projects to ensure it obtains source documents directly or through its A&E consultant and maintains the documents to support actual bid item quantities that it bills to Caltrans.	Not Implemented
The City should reimburse Caltrans \$82,419.	Not Implemented
The City should update its purchasing policy or create a new policy for awards from Caltrans to ensure it complies with the A&E procurement requirements in Chapter 10 of the LAPM.	Not Implemented
The City should reimburse Caltrans \$71,681.	Not Implemented
Caltrans should review the project outputs to determine if the City should reimburse any additional costs for costs associated with unapproved scope changes.	Not Implemented
For future Caltrans projects, the City should create an internal project scope change review and approval process to ensure it complies and documents its compliance with applicable Caltrans requirements for project scope changes.	Not Implemented
The City should update its project completion report and final delivery report to include accurate measurements of project outputs. The City should submit the updated reports to Caltrans.	Not Implemented
The City should update its project completion report and final delivery report to include an evaluation of all project outcomes and the methodologies it used to evaluate the project outcomes. The City should submit the updated reports to Caltrans.	Not Implemented

*Continued, next page.*

Artesia, *continued.*

Recommendations	Status
For future Caltrans projects, the City should create a report preparation and review process to ensure it is aware of all reporting requirements associated with the applicable Caltrans funding and to ensure it completely and accurately reports on project outputs and outcomes.	Not Implemented
The City should establish and document its own process to ensure it is aware of project reporting requirements and that it meets applicable reporting deadlines without relying on Caltrans or a Caltrans reporting system.	Not Implemented
The City should establish and document its own process to ensure it is aware of project invoicing and final expenditure report requirements and that it meets applicable deadlines without relying on Caltrans.	Not Implemented

**California Department of Transportation, District 10**

22A.PROJ01  
Issue Date: 6/26/2025

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
The District should coordinate with the Federal Highway Administration to develop a corrective action plan to appropriately resolve this finding. This includes any necessary reimbursement by the District of the \$1,770,238 in questioned costs identified in this audit and a plan that prevents future reimbursements to the consultants related to these two on-call contracts.	Not Implemented
CRS and DES should design and implement a process to ensure compliance with federal requirements and Caltrans’ agreement provisions and provide training to their staff. This process should ensure that CRS and DES maintain a clear audit trail to support the negotiation activities, preparation of a detailed independent cost estimate, and analysis of costs to be performed at the task order level.	Not Implemented
CRS should develop, implement, and maintain an adequate review process to ensure consultant expenditures are actual costs incurred and are eligible based on executed agreements and program guidelines.	Not Implemented
DPAC should verify and document that the consultant is not suspended, debarred, or ineligible to participate in the contract before contract award.	Not Implemented
DPAC should provide training to staff on all applicable federal procurement requirements, including record retention requirements and ensure it maintains a clear audit trail to support the evaluation and selection of consultants.	Not Implemented

**Special Report**

**California Department of Transportation’s Compliance and Oversight Activities Related to the Infrastructure Investment and Jobs Act**

24A.PROG06  
Issue Date: 6/4/2025

Entity Responsible:  
Division of Budgets

Recommendations	Status
Caltrans should formalize its process for reviewing project eligibility and assigning federal funds.	Not Implemented
Continue to monitor FHWA funding to ensure lapses do not occur, particularly for new programs created by IIJA.	Not Implemented

**Status of Recommendations for 2023–24\***

Total Recommendations	35
Not Implemented	16
Partially Implemented	4
Fully Implemented	15

**Performance Audits**

**[Airspace Program \(Part I\): Audit of the California Department of Transportation’s Oversight of an Airspace That Caught Fire Underneath Interstate 10 in Los Angeles on November 11, 2023](#)**

24A.PROG03  
Issue Date: 5/30/2024

Entity Responsible:  
Right of Way and Land Surveys

Recommendations	Status
Ensure lessees/tenants are using their leased spaces as specified in their lease agreement. Hold lessees/tenants accountable if they refuse to be compliant.	Partially Implemented
Review all leases and ensure all of them have proof of adequate liability insurance, as specified in their lease agreements. Hold lessees/tenants accountable if they refuse to be compliant.	Partially Implemented

*\*The following pages report only on efforts to implement any recommendations that were not fully implemented as of June 30, 2024. The list of recommendations in this section only includes recommendations that have not been fully implemented as of June 30, 2025.*

**Project Compliance Audits**

**San Joaquin Regional Rail Commission**

P1575-0074  
 Issue Date: 9/29/2023

Entity Responsible:  
 Division of Local Assistance

Recommendations	Status
Caltrans should coordinate with San Joaquin Regional Rail Commission (SJRRRC) to develop a corrective action plan that recovers all of the SJRRRC’s past reimbursed expenses, as well as prevents any of its future reimbursements, related to the two sole-source contracts.	Not Implemented
The SJRRRC should provide training to its staff on state procurement requirements.	Partially Implemented
Caltrans should coordinate with the SJRRRC to develop a corrective action plan that recovers all of the SJRRRC’s past reimbursed expenses, as well as prevents any of its future reimbursements, related to the contract for on-call network integration services.	Not Implemented
Caltrans should coordinate with the SJRRRC to develop a corrective action plan to recover up to \$124,400 in questioned costs identified in this audit. For clarity, these costs are separate from those previously identified related to the two sole-source contracts and the on-call contract for network integration services.	Not Implemented
The SJRRRC should ensure that all consultants have accepted indirect cost rates prior to contract execution and throughout the duration of its contracts (if required).	Partially Implemented
The SJRRRC should establish a process to ensure that it submits all required deliverable documents by the established deadlines.	Not Implemented

**Town of Apple Valley**

23A.PJCT02  
Issue Date: 11/27/2023

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Coordinate with Caltrans Senate Bill 1 program coordinators to resubmit the Completion Reports to include the evaluation of project benefits (outcomes) achieved.	Not Implemented
Ensure all project documentation is maintained, including data, methodologies, and assumptions used to support the benefits reported to Caltrans.	Not Implemented

**California Department of Transportation, District 11**

23A.PJCT06  
Issue Date: 12/15/2023

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
The District should calculate the proportional share of the soil material used for the Siempre Viva and Otay Mesa Port of Entry projects and charge the expenses to each project, accordingly.	Not Implemented
The District should ensure that costs incurred for a project are not expensed to other projects.	Not Implemented
The District should ensure project managers have a clear understanding of the requirements identified in the Construction Manual regarding contract change order work that is outside the scope of an existing contract.	Not Implemented
The District should remove \$24,652 in consultant costs from the Siempre Viva project and apply them to the Otay Mesa Port of Entry project where the work was performed.	Not Implemented
The District should train staff on the requirements outlined in Caltrans’ directives about project change management, including Caltrans’ Project Change Handbook.	Not Implemented

STATUS OF RECOMMENDATIONS

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**County of Solano**

P1575-0072  
Issue Date: 2/16/2024

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Caltrans should coordinate with the FHWA and the County to develop a corrective action plan to appropriately resolve this finding. This includes recovering up to \$346,574 in questioned costs.	Not Implemented
The County should design and implement a process to ensure its project records for all federally funded projects include the required documentation, including, but not limited to, the Certificates of Compliance and Certified Mill Test Reports.	Not Implemented
Caltrans should coordinate with the County to recover \$7,472 of unallowable indirect costs.	Not Implemented
The County should design and implement a process to ensure that it charges only allowable costs to each project.	Not Implemented
The County should develop formal procedures to monitor and track contracts and provide training to its staff on its contract tracking process.	Not Implemented

**Status of Recommendations for 2022–23\***

Total Recommendations	42
Not Implemented	30
Partially Implemented	5
Fully Implemented	7

**Performance Audits**

**Transportation Management Systems Audit**

P3010-0659  
Issue Date: 10/6/2022

Entity Responsible:  
Division of Traffic Operations

Recommendations	Status
Acknowledge for transparency purposes in future public reports, such as its annual Performance Benchmark Report and State Highway System Management Plan, that it did not factor a Transportation Management System (TMS) unit’s functional availability when it previously determined and reported on the condition of TMS units and that it may have overstated the overall percentage of TMS units that it had reported in good condition.	Not Implemented
Update its TMS inventory and maintain the corresponding documentation to support life cycle dates that are reflected in the database.	Partially Implemented
Ensure its inventory only includes TMS units that are owned by Caltrans.	Partially Implemented
Establish additional guidance to ensure staff consistently and accurately determine life cycle dates, including but not limited to, specific source documents to be used to determine a TMS unit’s installation and replacement dates.	Partially Implemented

*\*The following pages report only on efforts to implement any recommendations that were not fully implemented as of June 30, 2024. The list of recommendations in this section only includes recommendations that have not been fully implemented as of June 30, 2025.*

**Review**

**Review of Caltrans’ Small and Disadvantaged Business Enterprise Outreach Plan, Activities, and Related Reporting Requirements**

22S.SPEC09  
Issue Date: 4/26/2023

Entity Responsible:  
Office of Civil Rights

Recommendations	Status
To evaluate the effectiveness of its outreach efforts, Caltrans should perform an assessment of past activities and determine which were successful at increasing the number of bid submittals and contract awards to small, disabled veteran, and disadvantaged business enterprises.	Not Implemented
To comply with the reporting requirement listed in Government Code section 14110, Caltrans should develop and submit to the Legislature its plan to increase by up to 100 percent the dollar value of contracts and procurements awarded to small, disabled veteran, and disadvantaged business enterprises.	Not Implemented
To increase public transparency and accountability over its small, disabled veteran, and disadvantaged business enterprise programs, Caltrans should timely submit all required plans and annual reports specified in Government Code sections 14110.1(a)(2) and 14110.1(d) to the Legislature.	Not Implemented
To increase the transparency of its disadvantaged business enterprise reporting methods, Caltrans should separately account for state and federal award information that is included in its calculations.	Not Implemented

**Project Compliance Audits**

**Caltrans District 10**

P2500-0019  
Issue Date: 7/13/2022

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
Ensure an adequate audit trail is established and documentation is maintained to support project costs, including match, as required by Caltrans guidelines. The audit trail should facilitate the tracing of incurred expenditures to the accounting records and source documents.	Partially Implemented
Review the project agreements and program guidelines to ensure an understanding of the reporting requirements.	Not Implemented
Develop and implement processes to ensure sufficient monitoring of projects to meet all reporting deadlines, including the timely submittal of Final Delivery Reports.	Not Implemented

**City of Claremont**

P1575-0066  
Issue Date: 9/16/2022

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Caltrans should coordinate with the City to develop a corrective action plan to resolve and close the findings identified in this audit. IOAI also recommends that Caltrans determine the allowability of the questioned costs and recover \$725,849, if applicable.	Partially Implemented

STATUS OF RECOMMENDATIONS

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**City of Turlock**

22A.INCA04  
Issue Date: 2/17/2023

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Caltrans should coordinate with the City to develop a corrective action plan to resolve and close the finding identified in this audit. IOAI also recommends that Caltrans determine the allowability of the questioned costs and recover \$744,870, or any amount it determines to be not supported.	Not Implemented
The City should maintain a clear audit trail to support project costs and to facilitate the tracing of incurred costs to source documents. An audit trail would also support the quantities and measurements of materials used and document the progress of construction projects.	Not Implemented
The City should provide training to staff on all applicable construction record completion and retention requirements.	Not Implemented

**Santa Clara Valley Transportation Authority**

22A.PJCT03  
Issue Date: 5/30/2023

Entity Responsible:  
Caltrans Internal Audits Office

Recommendation	Status
Santa Clara Valley Transportation Authority (VTA) should submit a Final Delivery Report that, among other required elements, includes an evaluation of the benefits achieved by the project. As part of this effort, VTA should maintain a clear audit trail to document the methodologies and assumptions used for the project's benefit evaluation.	Not Implemented

**County of Monterey**

22A.INCA02  
Issue Date: 6/22/2023

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
<p>Caltrans should coordinate with the FHWA and the County to develop a corrective action plan to appropriately resolve this finding. This includes recovering \$1,056,214 in questioned costs identified in this audit.</p>	<p>Not Implemented</p>
<p>Caltrans should recover the \$92,583 in costs that IOAI determined were unallowable. For clarity, IOAI included the amount of these costs as part of the \$1,056,241 in questioned costs.</p>	<p>Not Implemented</p>
<p>Caltrans should coordinate with the County to ensure claimed costs, including indirect costs, are in compliance with federal regulations. Toward that end, IOAI recommends that Caltrans recover \$56,249 for the costs IOAI determined were unallowable. For clarity, these costs are separate from those identified in the \$1,056,241 in questioned costs.</p>	<p>Not Implemented</p>
<p>Caltrans should coordinate with the County to ensure whether claimed costs, including direct labor costs and fringe benefits, were in compliance with federal regulations. IOAI recommends that Caltrans recover \$6,555 in questioned costs. For clarity, these costs are separate from the \$1,056,241 in questioned costs.</p>	<p>Not Implemented</p>

STATUS OF RECOMMENDATIONS

**City of Sanger**

22A.INCA05  
Issue Date: 6/30/2023

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
<p>Caltrans should coordinate with the FHWA and the City to develop a corrective action plan to appropriately resolve this finding. This includes recovering \$2,381,417 in questioned costs identified in this audit.</p>	<p>Not Implemented</p>
<p>The City should design and implement a review process to ensure project files include all relevant source documents, including but not limited to contract item quantity calculation sheets (Q Sheets), weight tickets, detailed daily reports, and Contract Change Order memorandums. This process should ensure that the City maintains a clear audit trail to support project costs and to facilitate the tracing of incurred costs to source documents.</p>	<p>Not Implemented</p>
<p>The City should ensure the designated “person in responsible charge” performs all the duties as required by state and federal requirements.</p>	<p>Not Implemented</p>
<p>Caltrans should coordinate with the FHWA and the City to develop a corrective action plan to appropriately resolve this finding. This includes recovering \$480,520 in questioned costs identified in this audit. These questioned costs are separate from the \$2,381,417 previously identified.</p>	<p>Not Implemented</p>
<p>The City should design and implement a process to ensure compliance with state and federal requirements and Caltrans agreement provisions, including updating its retention policy. This process should ensure that the City maintains a clear audit trail to support the solicitation, proposal, evaluation, and selection of consultants and to facilitate the tracing of negotiation activities to source documents.</p>	<p>Not Implemented</p>
<p>The City should provide training to staff on all applicable state and federal procurement requirements, including all applicable procurement and record retention requirements.</p>	<p>Not Implemented</p>
<p>Caltrans should recover the \$36,911 costs that IOAI determined were unallowable. For clarity, IOAI included these costs as part of the \$480,520 in questioned costs.</p>	<p>Not Implemented</p>
<p>The City should design and implement a process to ensure the City obtains written approvals when its consultants utilize subcontractors.</p>	<p>Not Implemented</p>

*Continued, next page.*

Sanger, *continued.*

Recommendations	Status
Caltrans should align its Active Transportation Program guidelines and its direction on how to report outcomes information with the CTC’s expectations as described in the Senate Bill 1 Accountability and Transparency Guidelines.	Not Implemented
The City should submit an updated Completion Report that includes the actual benefits achieved compared to the estimated benefits included in the executed project agreements. Additionally, if the benefits achieved differ from the estimated benefits identified in the project agreements, the difference should be noted, quantified, and explained.	Not Implemented
The City should submit an updated Final Delivery Report that includes an evaluation of the benefits achieved. As part of this effort, the City should maintain a clear audit trail to document methodologies and assumptions used for the project’s benefit evaluation.	Not Implemented

**Other Reports**

**Tulare County, Resource Management Agency**

P1594-0115  
Issue Date: 9/23/2022

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Caltrans should coordinate with the County to develop a corrective action plan to resolve and close the findings identified in this audit.	Not Implemented
The County should reconcile the 2019–20 and 2020–21 indirect billings using the audited rates and resolve any over- and underpayments with Caltrans.	Not Implemented
The County should develop, document, and implement Indirect Cost Rate Proposal (ICRP) policies and procedures to comply with 2 CFR 200 and provide the training to staff responsible for preparing and reviewing the ICRPs.	Not Implemented

## STATUS OF RECOMMENDATIONS

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### County of Santa Cruz

22A.ICAP07

Issue Date: 11/21/2022

Entity Responsible:

Division of Local Assistance

Recommendations	Status
Reconcile the 2021–22 billings using the audited rate and resolve any overpayments with Caltrans.	Not Implemented

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**Status of Recommendations for 2021–22\***

Total Recommendations	27
Not Implemented	14
Will Not Implement	2
Partially Implemented**	4
Fully Implemented	7

**Performance Audits**

**Baseline for SB 1 Performance Outcomes – Bridges**

P3010-0658  
Issue Date: 1/31/2022

Entity Responsible:  
Division of Maintenance

Recommendations	Status
Caltrans should revise subsequent Annual Performance Benchmark Reports, or issue an interim report if requested by the CTC. Future reports should:	
A. Separately account for and report Highway Maintenance (HM) and State Highway Operation and Protection Program (SHOPP) fixed bridge accomplishments, including a clear description of the methodology and milestone dates used to report fixed bridges.	Partially Implemented
B. Use the Construction Contract Acceptance milestone to report HM and SHOPP bridge accomplishments, or an alternate milestone that is formally implemented. If an alternate milestone is used, such as “open to traffic” or Expected Construction Work Completion, the milestone should be formally established and implemented as a project delivery milestone that requires a resident engineer to validate and document project performance.	Will Not Implement

*\*The following pages report only on efforts to implement any recommendations that were not fully implemented as of June 30, 2024. The list of recommendations in this section only includes recommendations that have not been fully implemented as of June 30, 2025.*

*\*\*The recommendation for the Baseline for SB 1 Performance Outcomes – Bridges included two actions. The first action has been partially implemented. The second action will not be implemented as indicated by Caltrans. The overall status of this recommendation is considered partially implemented.*

**Project Compliance Audits**

**Orange County Transportation Authority**

P2500-0008  
Issue Date: 8/13/2021

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Remit \$250,000 to Caltrans.	Not Implemented

**City of Woodland**

P1575-0067  
Issue Date: 1/6/2022

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Remit \$131,435 to Caltrans for unsupported construction costs. Caltrans will determine the final disposition of questioned costs.	Partially Implemented

**District 6**

P2500-0003  
Issue Date: 2/24/2022

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
Coordinate with Caltrans to reimburse the Proposition 1B State Route 99 Corridor Account for the \$3,154,412 (\$3,087,904 + \$63,797 + \$2,711) of unsupported and ineligible Proposition 1B expenditures.	Not Implemented
Ensure a clear audit trail is established and documentation is maintained to support project costs. The audit trail should facilitate the tracing of incurred expenditures to the accounting records and source documents.	Not Implemented
Develop, implement, and maintain an adequate review process to ensure expenditures are allowable based on executed agreements and program guidelines.	Not Implemented

*Continued, next page.*

District 6, *continued.*

Recommendations	Status
Submit Final Delivery Reports for future completed projects to Caltrans/CTC within the specified time frames as required.	Not Implemented
Submit Supplemental Final Delivery Reports for all projects addressing all benefits (outcomes).	Not Implemented
Ensure future Final Delivery Reports address all project benefits (outcomes).	Not Implemented
Ensure total project expenditures are accurately reported in future Final Delivery Reports and Supplemental Final Delivery Reports.	Not Implemented

**City of Sacramento**

P1575-0069  
Issue Date: 6/30/2022

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Caltrans should coordinate with the City to develop a corrective action plan to resolve and close the findings identified in this audit. IOAI also recommends that Caltrans determine the allowability of the questioned costs and recover \$1,072,862, if applicable.	Not Implemented
Caltrans should review construction costs for project BRLS-5002(164) that it reimbursed to the City subsequent to the period covered in this audit report to ensure all reimbursed costs are documented with adequate supporting records.	Not Implemented
The City should design and implement a review process to ensure project files include all relevant source documents, including, but not limited to, Q sheets, weight tickets, and complete daily reports. This process should ensure that the City maintains a clear audit trail to support project costs and to facilitate the tracing of incurred expenditures to source documents.	Not Implemented
The City should provide training to staff on all applicable construction record completion and retention requirements.	Not Implemented

STATUS OF RECOMMENDATIONS

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**Placer County**

P1575-0071  
Issue Date: 6/30/2022

Entity Responsible:  
Caltrans Internal Audits Office

Recommendation	Status
Caltrans should coordinate with the County to develop a corrective action plan to resolve and close the findings identified in this audit. IOAI also recommends that Caltrans determine the allowability of the questioned costs and recover \$2,255,394, if applicable.	Partially Implemented

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**Other Reports**

**Kiewit/Mason AJV**

P1200-2693  
Issue Date: 12/10/2021

Entity Responsible:  
Division of Construction

Recommendation	Status
Remit \$11,607 in questioned partnering and rental sign costs. Alternatively, work with Caltrans to determine the final disposition of questioned costs.	Will Not Implement

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**City of Chico**

P1594-0114  
Issue Date: 12/15/2021

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Reconcile the 2019–20 and 2020–21 billings using the audited rates and reimburse Caltrans for any overpayments.	Partially Implemented

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**Association of Monterey Bay Area Governments**

P1594-0111  
Issue Date: 2/24/2022

Entity Responsible:  
Division of Transportation Planning

Recommendations	Status
Implement a review process to ensure leave balances are removed from indirect salaries prior to the allocation of fringe benefits costs.	Not Implemented
Implement a reconciliation process to ensure actual indirect costs used in the carry forward calculation, such as depreciation costs, trace and agree to the accounting system.	Not Implemented

**Riverside County**

22A.ICAP02  
Issue Date: 5/26/2022

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Reconcile the 2020–21 and 2021–22 billings using the audited rates and resolve any over- and underpayments with Caltrans.	Will Not Implement

**Status of Recommendations for 2020–21\***

Total Recommendations	32
Not Implemented	8
Partially Implemented	5
Fully Implemented	19

**Project Compliance Audits**

**Yuba County**

P1575-0061  
Issue Date: 8/19/2020

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Reimburse Caltrans \$196,935 of disallowed costs for unsupported construction costs.	Partially Implemented
Establish and implement written procedures for developing proper equipment usage rates and perform periodic updates to ensure the rate reflects the most current equipment costs.	Partially Implemented
Include the missing contract provisions in agreements.	Not Implemented

*\*The following pages report only on efforts to implement any recommendations that were not fully implemented as of June 30, 2024. The list of recommendations in this section only includes recommendations that have not been fully implemented as of June 30, 2025.*

**City of Perris**

P1575-0060  
Issue Date: 10/13/2020

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Reimburse Caltrans \$686,526 in disallowed costs due to issues related to the responsible charge.	Not Implemented
Designate a City employee as the responsible charge to comply with the requirements of LAPM Chapter 20 and the Federal Master Agreement and regulations.	Not Implemented
Reimburse Caltrans for the \$304,411 disallowed construction costs identified.	Not Implemented
Develop and implement policies to ensure reimbursement requests and semiannual reports are submitted timely and comply with state and federal requirements, and train staff accordingly.	Not Implemented

**City of Santa Ana**

P1575-0062  
Issue Date: 11/23/2020

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Remit \$504,283 in questioned costs. Alternatively, work with Caltrans and the FHWA to determine any allowable amounts that may be included in the \$504,283 questioned costs.	Not Implemented
Caltrans should also review billings on other projects to determine if indirect costs were reimbursed.	Partially Implemented

STATUS OF RECOMMENDATIONS

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**Merced County**

P2500-0012  
Issue Date: 12/18/2020

Entity Responsible:  
Caltrans Internal Audits Office

Recommendations	Status
Remit \$140,672 to Caltrans.	Not Implemented
Develop, implement, and maintain an invoice review process to ensure claimed expenditures are Proposition 1B funding eligible based on agreement terms and program guidelines prior to submitting reimbursement claims to Caltrans.	Not Implemented

**Other Reports**

**City of Redding**

P1594-0107  
Issue Date: 12/31/2020

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Develop and document ICRP and Geographic Information System (GIS) cost allocation procedures to ensure future ICRPs and GIS cost allocations are properly supported, prepared, and reviewed.	Partially Implemented
Reconcile the 2017–18 and 2018–19 billings using the audited rates and reimburse Caltrans for any overpayments.	Partially Implemented

**Status of Recommendations For 2019–20\***

Total Recommendations	13
Not Implemented	9
Partially Implemented	3
Fully Implemented	1

**Performance Audits**

**Good Faith Efforts**

P3010-0652  
Issue Date: 6/29/2020

Entity Responsible:  
Office of Civil Rights

Recommendations	Status
Caltrans should update its Standard Specifications and Statement of Qualification Submittal Instructions for bidders to state that appropriate North American Industry Classification System (NAICS) codes are required to count for disadvantaged business enterprises participation work on contracts.	Not Implemented
Office of Civil Rights should expand operational procedures to include steps that ensure disadvantaged business enterprises are certified for the NAICS code(s) applicable to the kind of work performed on the contract so that disadvantaged business enterprises are properly counted toward disadvantaged business enterprises participation goals.	Not Implemented

*\*The following pages report only on efforts to implement any recommendations that were not fully implemented as of June 30, 2024. The list of recommendations in this section only includes recommendations that have not been fully implemented as of June 30, 2025.*

**Project Compliance Audits**

**City of Ontario**

P2525-0064  
Issue Date: 1/13/2020

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Review the LAPM to ensure an understanding of all contracting requirements.	Partially Implemented
Revise current procedures for the review of consultant invoices to ensure compliance with contract requirements.	Not Implemented
Maintain documentation to support benefits (outcomes) reported in the Final Delivery Reports.	Partially Implemented
If necessary, submit Supplemental Final Delivery Reports to accurately report benefits (outcomes) achieved for the projects.	Partially Implemented

**City of Commerce**

P2525-0053  
Issue Date: 2/28/2020

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Remit \$1,625,386 to Caltrans.	Not Implemented

**City of Fairfield**

P2525-0054  
Issue Date: 5/22/2020

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Submit a Supplemental Final Delivery Report listing the pre- and post-comparable benefits (outcomes).	Not Implemented

**City of Dinuba**

P2535-0128  
Issue Date: 6/10/2020

Entity Responsible:  
Division of Local Assistance

Recommendation	Status
Remit \$157,239 to Caltrans.	Not Implemented

**Other Reports**

**Humboldt County**

P1594-0103  
Issue Date: 9/20/2019

Entity Responsible:  
Division of Local Assistance

Recommendations	Status
Adjust the 2015–16 actual indirect costs pools by \$270,093 for the unallowable costs and ensure these costs are not included in future indirect costs pools.	Not Implemented
Adjust the 2015–16 actual direct cost bases by \$152,026 and ensure these costs are included in future direct cost bases.	Not Implemented
Review all indirect accounts to ensure costs are in compliance with 2 CFR 200 and properly segregated between direct, indirect, and unallowable costs.	Not Implemented

## AGENCIES/TERMS/ACRONYMS

**A&E**

Architectural and engineering

**CalSTA**

California State Transportation Agency

**Caltrans**

CA Department of Transportation

**CFR**

Code of Federal Regulations

**CRS**

Caltrans' Central Region Services

**CTC**

CA Transportation Commission

**DES**

Caltrans' Division of Engineering Services

**DPAC**

Caltrans' Division of Procurement and Contracts

**FHWA**

Federal Highway Administration

**GPS**

Global Positioning System

**ICRP**

Indirect Cost Rate Proposal

**IIJA**

Infrastructure Investment and Jobs Act

**IOAI**

Independent Office of Audits and Investigations

**LAPM**

Local Assistance Procedures Manual

**Q Sheets**

Contract item quantity calculation sheets

**SB 1**

Senate Bill 1 – Road Repair and Accountability Act of 2017

**SHOPP**

State Highway Operation and Protection Program

**Corrective Action Plan**

A formal document that outlines the actions the audited entity will take to address and resolve issues identified during an audit. The corrective action plan should specify the audit finding, specific actions to correct the issue, estimated completion dates, and responsible parties for implementing corrective action.

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