State of California
DEPARTMENT OF TRANSPORTATION

California State Transportation Agency

Memorandum

Serious drought.
Help Save Water!

To: WILLIAM E. LEWIS
Assistant Director
Audits and Investigations

Date: October 29, 2014

File: 1575-0026

Coco Briseño

From: COCO BRISENO
Acting Deputy Director
Planning and Modal Programs

Subject: **DEPARTMENT CORRECTIVE ACTION PLAN TO INCURRED COST AUDIT – COUNTY OF SISKIYOU**

This memorandum serves as California Department of Transportation's (Caltrans) action plan for the Incurred Cost Audit – County of Siskiyou dated February 12, 2014. We thank you and your staff for the efforts in completing this audit and helping us improve Siskiyou County's procurement, contract management and internal control processes.

Finding 1 - Inadequate Procurement: While Caltrans agrees with the finding, there have been weaknesses in the County's consultant procurement process, the procedural deficiencies identified in the audit report is a systemic problem that Caltrans Division of Local Assistance (DLA) has been working with Federal Highways Administration and Audits & Investigation to address by developing a program level oversight action plan. In large part, this corrective action plan reflects the programmatic approach and is consistent with corrective action plans for other local agency procurements with similar deficiencies. Therefore, Caltrans has determined that no funds be recovered from the County at this time. Caltrans Director approval is attached. The County will be placed on increased review, and any future procurement will be approved by DLA until consultant procurement training can be provided to the agency.

Finding 2 - Contract Management Needs Improvement: Caltrans agrees with the finding. To ensure that future administration and billing of consultant contracts conform with State and federal regulations and Local Assistance Procedures Manual (LAPM), DLA will develop and provide training in these areas to the County within six months.

Finding 3 - Labor Costs Internal Control Weaknesses: Caltrans agrees with the finding. To ensure that future billing of labor costs conform with State and federal regulation and LAPM, DLA will develop and provide training in these areas to the County in the next six months.

If you have any questions or need additional information, please contact Lai Huynh, DLA, 916-653-3990.

Attachment:
Issue Memo–Request Approval of the Justification for recovery of Disallowed Costs from Incurred Cost Audit Report of the County of Siskiyou

c: Brian P Kelly, Secretary, California State Transportation Agency
Malcolm Dougherty, Director, Caltrans
Andre Boutros, Executive Director, California Transportation Commission
Scott Waite, Director, Department of Public Works, County of Siskiyou
Michael Tritz, Deputy Secretary for Audits and Performance Improvements, California State Transportation Agency
Janice Richard, Director of Financial Services, Federal Highway Administration
Norma Ortega, Chief Financial Officer, Caltrans
Ray Zhang, Chief, Division of Local Assistance, Caltrans
Clark Paulsen, Chief, Division of Accounting, Caltrans
Zilan Chen, Chief, External Audits, Division of Audits and Investigations, Caltrans
John Bulinski, District Director, Planning and Assistance, District 2, Caltrans
Ian Howat, Chief, Office of Local Assistance, District Local Assistance Engineer, District 2, Caltrans
Mark Samuelson, Chief, Office of Policy Development and Quality Assurance, Division of Local Assistance, Caltrans