

DEPARTMENT OF TRANSPORTATION**AUDITS AND INVESTIGATIONS**

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March 30, 2015

Ms. Patricia Reavey
 Director of Finance
 Alameda County Transportation Commission
 1111 Broadway, Ste. 800
 Oakland, CA 946607

Dear Ms. Reavey:

At the request of the California Department of Transportation (Caltrans), Audits and Investigations (A&I), the State Controller's Office (SCO) conducted an audit of the Alameda County Transportation Commission (ACTC) Indirect Cost Rate Proposals (ICRPs) for fiscal years (FY) 2011/2012 and FY 2012/2013 to determine whether the ICRPs are presented in accordance with Title 2, Code of Federal Regulations (CFR), Part 225.

Based on audit work performed by the SCO, we determined the ACTC's ICRPs are presented in accordance with Title 2 CFR, Part 225. The approved indirect cost rates are as follows:

<u>Rate Type</u>	<u>Effective Period</u>	<u>Rate</u>	<u>Applicable To</u>
Fixed w/Carry Forward*	FY 11/12	103.65%	All Programs
Fringe Benefit+	FY 11/12	66.05%	All Programs
Fixed w/Carry Forward*	FY 12/13	142.45%	All Programs
Fringe Benefit+	FY 12/13	69.35%	All Programs

* Base: Total Direct Salaries plus Fringe Benefits

+ Base: Total Direct Salaries

This report is intended solely for the information of the ACTC, Caltrans Management, the California Transportation Commission, and the Federal Highway Administration (FHWA). However, this report is a matter of public record and its distribution is not limited.

Ms. Patricia Reavey
March 30, 2015
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Please retain a copy of this letter with your ICRPs. Copies of this letter were sent to Caltrans' District 4, Caltrans' Division of Accounting, and FHWA. If you have any questions, please contact Alice Lee, Audit Manager, at (916) 323-7953.

Sincerely,



ZILAN CHEN
Chief, External Audits
Local Governments
Audits and Investigations

Enclosure:

Alameda County Transportation Commission, Audit Report, Indirect Cost Plan Audit,
FY 2011/2012 and FY 2012/2013, Prepared by California State Controller's Office

- c: Janice Richard, Director, Financial Services, Federal Highway Administration
- Jermaine Hannon, Director, Planning and Air Quality, Federal Highway Administration
- Kara Magdaleno, Administrative Program Assistant, Planning and Finance, Federal Highway Administration
- C. Edward Philpot, Jr., Branch Chief, Grants/Public Engagement, Office of Community Planning, California Department of Transportation
- Andrew Finlayson, Chief, State Agency Audit Bureau, California State Controller's Office
- James Ogbonna, Chief, Rural Transit and Intercity Bus Branch, Division of Mass Transportation, California Department of Transportation
- Ezequiel Castro, Chief, Associate Transportation Planner, Division of Mass Transportation, California Department of Transportation
- Erin Thompson, Senior Environmental Planner, Division of Transportation Planning, California Department of Transportation
- Michael Mock, Audit Manager, State Agency Audit Bureau, State Controller's Office
- Sean Tsao, Audit Manager, State Agency Audit Bureau, State Controller's Office
- Karen Hunter, Rail Transportation Associate, Division of Rail, California Department of Transportation
- Sylvia Fung, Chief, Office of Local Assistance, District 4, Division of Planning and Local Assistance, California Department of Transportation
- Lisa Gore, Associate Accounting Analyst, Division of Accounting, California Department of Transportation
- Lai Huynh, Audits & Federal Performance Measures Analyst, Division of Local Assistance, California Department of Transportation
- David Saia, LAPM/LAPG Coordinator, Division of Local Assistance, California Department of Transportation

P1590-0420
P1590-0458

**ALAMEDA COUNTY
TRANSPORTATION COMMISSION**

Audit Report

**INDIRECT COST RATE PROPOSAL AUDIT OF
CALTRANS CONTRACT NO. 77A0034
(Audit Request No. P1590-0420)**

July 1, 2011, through June 30, 2013



BETTY T. YEE
California State Controller

February 2015



BETTY T. YEE
California State Controller

February 25, 2015

Zilan Chen, Chief
External Audits-Local Governments
Audits and Investigations, MS 2
California Department of Transportation
1304 O Street, Suite 200, MS 2
Sacramento, CA 95814

Dear Ms. Chen:

The State Controller's Office (SCO) audited the indirect cost rate proposals (ICRPs) of the Alameda County Transportation Commission (Commission). The audit period included ICRPs for fiscal year (FY) 2011-12 and FY 2012-13:

Rate Type	Fiscal Year	Total Indirect Cost Rate
Fixed w/ Carry Forward ¹	2011-12	103.65%
Fringe Benefit	2011-12	66.05%
Fixed w/ Carry Forward ²	2012-13	142.45%
Fringe Benefit	2012-13	69.35%

¹ See Schedule 1 for a detailed calculation of the indirect cost rate.

² See Schedule 2 for a detailed calculation of the indirect cost rate.

The purpose of the audit was to determine whether the ICRPs were presented in accordance with Title 2, *Code of Federal Regulations*, Part 225 (2 CFR 295), Appendix A-F, and the California Department of Transportation's (Caltrans) Local Program Procedures (LPP) 04-10. The Commission's management is responsible for fair presentation of the ICRPs.

We determined that the Commission's accounting system appears adequate to properly capture costs and that the project costs were allowable, reasonable, and in compliance with applicable federal and state laws and regulations, and the fiscal provisions stipulated in the contract. Our audit did not disclose any reportable conditions.

The Commission proposed an Indirect Cost Rate of 103.65% and 142.45% for FY 2011-12 and FY 2012-13, respectively and a Fringe Benefit Rate of 66.05% and 69.35% for FY 2011-12 and FY 2012-13, respectively. Our audit did not identify any adjustment to these rates.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, at (916) 324-6310.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeffrey V. Brownfield". The signature is written in black ink and is positioned above the printed name.

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

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Audit Report

Summary

The State Controller's Office (SCO) audited the indirect cost rate proposals (ICRPs) of the Alameda County Transportation Commission (Commission). The audit period included ICRPs for fiscal year (FY) 2011-12 and FY 2012-13.

Rate Type	Fiscal Year	Total Indirect Cost Rate
Fixed w/ Carry Forward ¹	2011-12	103.65%
Fringe Benefit	2011-12	66.05%
Fixed w/ Carry Forward ²	2012-13	142.45%
Fringe Benefit	2012-13	69.35%

¹ See Schedule 1 for a detailed calculation of the indirect cost rate.

² See Schedule 2 for a detailed calculation of the indirect cost rate.

The purpose of the audit was to determine whether the ICRPs were presented in accordance with in accordance with Title 2, *Code of Federal Regulations*, Part 225 (2 CFR 225), Appendix A-F, and the California Department of Transportation's (Caltrans) Local Program Procedures (LPP) 04-10. The Commission's management is responsible for fair presentation of the ICRPs.

We determined that the Commission's accounting system appears adequate to properly capture costs and that the project costs were allowable, reasonable, and in compliance with applicable federal and state laws and regulations, and the fiscal provisions stipulated in the contract. Our audit did not disclose any reportable conditions.

The Commission proposed an Indirect Cost Rate of 103.65% and 142.45% for FY 2011-12 and FY 2012-13, respectively and a Fringe Benefit Rate of 66.05% and 69.35% for FY 2011-12 and FY 2012-13, respectively. Our audit did not identify any adjustment to these rates.

Background

The Commission coordinates countywide transportation planning efforts; programs local, regional, state and federal funding; and delivers projects and programs including those approved by voters in Alameda County transportation expenditure plans. The Commission is a joint-powers authority governed by 22-members comprised of elected officials from each of the 14 cities in Alameda County, all five members of the Alameda County Board of Supervisors and elected representatives from Alameda County Transit and BART.

The Commission was created in July 2010 by the merger of the Alameda County Congestion Management Agency (ACCMA) and the Alameda County Transportation Improvement Authority (ACTIA), to streamline operations, eliminate redundancies, and save taxpayers' dollars. As a result of the merger, the Commission is able to implement more cost-effective methods for planning, funding and delivering programs and projects that benefit Alameda County residents and businesses.

The Commission has assumed all duties of the ACCMA and ACTIA. As successor to ACTIA, the Commission delivers the expenditure plan for Measure B, the half-cent sales tax approved by 81.5 percent of county voters in 2000. The expenditure plan contains a number of capital projects, including freeway widening, interchange improvements, high-occupancy vehicle (HOV) lanes, BART extensions and transit station development, as well as programs for local street and road improvements (fixing potholes), special transportation services for seniors and disabled individuals, bicycle and pedestrian safety, and transit operations.

In assuming the duties of ACCMA, the Commission coordinates countywide transportation planning and attracts state and federal funding for project implementation.

The audit was performed by the SCO on behalf of Caltrans (Audit Request No. 1590-0420). The authority to conduct this audit is given by:

- Interagency Agreement No. 77A0034, dated March 31, 2010, between the SCO and Caltrans, which provides that the SCO will perform audits of proposed ICRPs submitted to Caltrans from local government agencies to ensure compliance with 2 CFR 225 (formerly Office of Management and Budget Circular A-87) and LPP 04-10.
- Government Code section 12410, which states, "The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state and may audit the disbursement of any money, for correctness, legality, and for sufficient provisions of law for payment."

Objectives, Scope, and Methodology

The scope of the audit was limited to the select financial and compliance activities. The audit consisted of recalculating the ICRP and making inquiries of department personnel. The audit also included tests of individual accounts in the general ledger and supporting documentation to assess allowability, allocability, and reasonableness of costs and an assessment of the internal control system related to the ICRP for FY 2011-12 and FY 2012-13. Changes to the financial management system subsequent to FY 2011-12 and FY 2012-13. were not tested and, accordingly, our conclusion does not pertain to changes arising after this fiscal year.

We conducted this performance audit in accordance with the 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.

Our audit was conducted to determine whether (1) the Commission's ICRP was presented in compliance with the cost principles prescribed in 2 CFR 225; (2) the ICRP was in compliance with the requirements for ICRP preparation and application identified in the Caltrans LPP 04-10; (3) and accounting system is accumulating and segregating reasonable, allowable, and allocable costs.

We did not audit the Commission's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that the proposed ICRP was in accordance with the 2 CFR 225 and LPP 04-10. In addition to developing appropriate auditing procedures, our review of internal control was limited to gaining an understanding of the transaction flow, accounting system, and applicable controls to determine the department's ability to accumulate and segregate reasonable, allowable, and allocable indirect and direct costs.

Conclusion

We determined that the Alameda County Transportation Commission's accounting system appears adequate to capture costs and that the project costs were allowable, reasonable, and in compliance with applicable federal and state laws and regulations and the fiscal provisions as stipulated by the contract. Our audit did not disclose any reportable conditions.

The Commission proposed an Indirect Cost Rate of 103.65% and 142.45% for FY 2011-12 and FY 2012-13, respectively and a Fringe Benefit Rate of 66.05% and 69.35% for FY 2011-12 and FY 2012-13, respectively. Our audit did not identify any adjustment to these rates.

Views of Responsible Officials

We discussed our audit results with the district's representatives during an exit conference conducted on January 6, 2015. Patricia Reavey, Finance Director, agreed with the audit results. Ms. Reavey agreed that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of the Alameda County Transportation Commission; the California Department of Transportation; and the SCO. It is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

February 25, 2015

**Schedule 1—
Alameda County Transportation Commission
Indirect Cost Rate Proposal (ICRP) Audit
Summary of Results
July 1, 2011, through June 30, 2012**

Description	Proposed Amounts	Audit Adjustment	Audited Amounts
Budgeted Direct Costs:			
Salaries	\$ 949,300 D	\$ —	\$ 949,300
Benefits	626,971 C	—	626,971
Total Budgeted Direct Costs	\$ 1,576,271 B	\$ —	\$ 1,576,271
Budgeted Indirect Costs:			
Salaries	\$ 759,989	\$ —	\$ 759,989
Benefits	501,940	—	501,940
Total Budgeted Indirect Salaries & Benefits	\$ 1,261,929	\$ —	\$ 1,261,929
Budgeted Indirect Services and Supplies			
Office and related expenses	\$317,605	\$ —	\$ 317,605
Rent	457,500	—	457,500
Business Insurance	57,738	—	57,738
Professional services - Legal	102,500	—	102,500
Professional services - Audit/Accounting	32,000	—	32,000
Dues, Subscriptions, & Memberships	7,125	—	7,125
Travel, Transportation, & Special Events	20,000	—	20,000
Professional services	119,500	—	119,500
Depreciation	134,046	—	134,046
Total Budgeted Indirect Services and Supplies	\$ 1,248,014	\$ —	\$ 1,248,014
Total Budgeted Indirect Costs	\$ 2,509,943	\$ —	\$ 2,509,943
FY 2009-10 Carryforward	(876,066)	—	(876,066)
Total Estimated Indirect Costs	\$ 1,633,877 A	\$ —	\$ 1,633,877
Fixed Indirect Cost Rate	103.65%(A/B)		103.65%
Fringe Benefit Rate	66.05%(C/D)		66.05%

Schedule 2—
Alameda County Transportation Commission
Indirect Cost Rate Proposal (ICRP) Audit
Summary of Results
July 1, 2012, through June 30, 2013

Description	Proposed Amounts	Audit Adjustment	Audited Amounts
Budgeted Direct Costs:			
Salaries	\$ 1,072,081 D	\$ —	\$ 1,072,081
Benefits	743,485 C	—	743,485
Total Budgeted Direct Costs	<u>\$ 1,815,566 B</u>	<u>\$ —</u>	<u>\$ 1,815,566</u>
Budgeted Indirect Costs:			
Salaries	\$ 494,287	\$ —	\$ 494,287
Benefits	342,786	—	342,786
Total Budgeted Indirect Salaries & Benefits	<u>\$ 837,073</u>	<u>\$ —</u>	<u>\$ 837,073</u>
Budgeted Indirect Services and Supplies			
Office and related expenses	\$ 314,205	\$ —	\$ 314,205
Rent	476,554	—	476,554
Business Insurance	57,375	—	57,375
Meetings, food, meals	1,952	—	1,952
Professional services - Legal	78,806	—	78,806
Professional services - Audit/Accounting	31,000	—	31,000
Dues, Subscriptions, & Memberships	14,500	—	14,500
Travel, Transportation, & Special Events	17,500	—	17,500
Professional services	149,627	—	149,627
Depreciation	73,695	—	73,695
Total Budgeted Indirect Services and Supplies	<u>\$ 1,215,214</u>	<u>\$ —</u>	<u>\$ 1,215,214</u>
Total Budgeted Indirect Costs	\$ 2,052,287	\$ —	\$ 2,052,287
FY 2010-11 Carryforward	534,044	—	534,044
Total Estimated Indirect Costs	<u>\$ 2,586,331 A</u>	<u>\$ —</u>	<u>\$ 2,586,331</u>
Fixed Indirect Cost Rate	142.45%(A/B)		142.45%
Fringe Benefit Rate	69.35%(C/D)		69.35%

**State Controller's Office
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