



Arizona Department of Transportation
Office of Audit and Analysis

June 16, 2011

**YUMA METROPOLITAN PLANNING
ORGANIZATION
INDIRECT COST RATE**

**INDIRECT COST RATE REVIEW
MULTIMODAL PLANNING DIVISION
ARIZONA DEPARTMENT OF TRANSPORTATION
AUDIT REPORT NO. LG11-05**

Auditors:

Gregory P. Hill, Chief Auditor
Eric Wetstein, External Audit Manager
Doug Ahlborn, External Audit Supervisor
Scott Olson, Senior External Auditor

Required Distribution:

John A. Bogert, Chief of Staff
John Nichols, Administrative Services Division Director
John Fink, Controller

Distribution:

Jennifer Toth, MPD Director
Mary Ann Roder, MPD Administrative Manager
Winifred Gettings, Cost Accounting Administrator, FMS

Other Distribution:

Roman Moreno, Arizona Division, Financial Manager, FHWA
Charlene Fitzgerald, Executive Director, YMPO
Shelly Kreger, Accounting Liason

Office of Audit & Analysis
Audit Report No. LG11-05

BACKGROUND

Under the IGA, Contract No. T0649E0001 between ADOT and the Yuma Metropolitan Planning Organization (YMPO) signed July 1, 2005; YMPO has requested ADOT Multimodal Planning Division (MPD) to reimburse its indirect costs on a rate basis for FY 2011. MPD requested the ADOT Office of Audit and Analysis to review the proposed indirect cost rate to determine if the rate calculation is consistent with the proposed Indirect Cost Plan, and to review the Plan to determine if it is in compliance with 2 CFR 225 (formerly OMB Circular A-87).

OBJECTIVE

The objective of the review was to determine if the proposed indirect cost rate calculation is consistent with the proposed Indirect Cost Plan and if the Indirect Cost Plan complies with 2 CFR 225 as required by Contract No. T0649E0001.

SCOPE AND METHODOLOGY

Our procedures included:

- Interviewing YMPO personnel.
- Reviewing the procedures and methodology used to compute the rate.
- Testing calculations for mathematical accuracy, based on FY 2009 actual costs.
- Determining that the procedures and methodology used were in accordance with 2 CFR 225.
- Verifying that YMPO single audit supported data used in the calculations.

This review was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on the stated objective. We believe that the evidence obtained satisfies the GAGAS standards.

CONCLUSION

Based on the review, no information came to our attention that would indicate that YMPO's indirect cost rate was not calculated in accordance with the stated objective. We believe that the proposed indirect cost rate of 61.76% for FY 2011 was accurately computed, that it is consistent with the proposed Indirect Cost Plan, and that the plan complies with 2 CFR 225.

Please contact Doug Ahlborn, External Audit Supervisor, at (602) 712-7881, if you have any questions regarding this report.


Eric Wetstein,
External Audit Manager