

November 22, 2010

Amir Sedadi, Acting General Manager Department of Transportation 100 South Main Street, 10th Floor Los Angeles, CA 90012

Dear Mr. Sedadi:

SUBJECT: EVALUATION OF RESPONSE TO THE ARRA PERFORMANCE AND FINANCIAL AUDIT OF THE DEPARTMENT OF TRANSPORTATION

My Audit Division has evaluated your October 22, 2010 response to the ARRA Performance and Financial Audit of the Department of Transportation issued on September 16, 2010. I am pleased to see that the Department concurs overall with the observations and recommendations, and has indicated that almost all have been implemented.

I accept the Department's actions to address the report's recommendations and note that you intend to implement Recommendation 6 but that it has been delayed. Please provide a targeted implementation date to my office by December 10, 2010.

Your response also indicates that due to a lack of staff your Department cannot commit to reimbursing the General Fund for advanced MICLA funding more frequently than quarterly (Recommendation 7). Since our recommendation allowed for a bi-monthly transfer, we accept your alternative to reimburse the General Fund on a quarterly basis. As resources become available, we would encourage you to complete the reimbursements on a more frequent basis.

Additionally, your response notes that staffing shortages have precluded your Department from submitting invoices to Caltrans for reimbursement for approximately six months. While we understand the challenges of departments' work force reductions, according to the ARRA Program Agreement invoices should be submitted at least every



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six months, or any on-going federal-aid project could potentially be suspended. I encourage you to ensure invoices are submitted for reimbursement timely so that current or future ARRA funding is not jeopardized.

As part of my Office's follow-up program, we may request a periodic status report to ensure that the outstanding audit recommendation has been properly addressed.

If you have any questions, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

Sincerely,

WENDY GREUEL
City Controller