



Transmitted via e-mail

December 19, 2013

Mr. Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

Dear Mr. Cowin:

Final Report—Amador Water Agency, Propositions 50 and 84 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Amador Water Agency's (Agency) grant agreements 4600004210, 460004493, and 4600008731 for the period from January 3, 2006 through December 31, 2011.

The enclosed report is for your information and use. Because there were no audit observations or issues requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of the Agency. If you have any questions regarding this report, please contact Susan Botkin, Manager at (916) 322-2985.

Sincerely,

Original signed by Sue Botkin for:

Richard R. Sierra, CPA
Acting Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Laura King Moon, Chief Deputy Director, California Department of Water Resources
Ms. Katherine Kishaba, Deputy Director of Business Operations, California Department of Water Resources
Ms. Gail Chong, Deputy Assistant DWR Executive, Bond Accountability, California Department of Water Resources
Mr. Jeffery Ingles, Chief Auditor, California Department of Water Resources
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency
Mr. Gene Mancebo, General Manager, Amador Water Agency
Ms. Karen Gish, Human Resources/Office Manager, Amador Water Agency
Mr. Marvin Davis, Controller, Amador Water Agency

AUDIT REPORT

Amador Water Agency Propositions 50 and 84 Bond Program Grant Agreements Numbers 4600004210, 4600004493, and 4600008731



Lake Tabeaud Pipeline at Tanner Reservoir

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Susan Botkin, CGFM
Manager

Staff
Michael Bratman

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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BACKGROUND, SCOPE, AND METHODOLOGY

BACKGROUND

California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50), and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coast Protection Bond Act of 2006 (Proposition 84) for \$3.44 billion and \$5.4 billion, respectively. The bond proceeds finance a variety of resource programs.

The Amador Water Agency (Agency) received \$0.9 million in three grant awards from the California Department of Water Resources (Department) to help create and monitor the groundwater of a pipeline between Lake Tabeaud to Tanner Reservoir and develop an Integrated Regional Water Management plan.

The Agency is the primary provider of drinking water for approximately 10,000 business and residential customers in Amador County. The Agency also sells water to the communities of Ione, Jackson, Plymouth, Sutter Creek, Amador City, as well as to several special districts.¹

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited the following grants:

| <u>Grant Agreement</u> | <u>Grant Period</u> |
|------------------------|---|
| 4600004210 | July 6, 2006 through December 30, 2008 |
| 4600004493 | January 3, 2006 through January 2, 2008 |
| 4600008731 | December 1, 2008 through December 31, 2011 ² |

The audit objectives were to determine whether the Agency's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant deliverables were completed as required. We did not assess the efficiency or effectiveness of program operations.

Agency management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Department and the California Natural Resources Agency are responsible for the state-level administration of the bond programs.

¹ Background information obtained from the grant application and the Agency's website.

² An interim audit was conducted on grant 4600008731 as the grant period is December 1, 2008 through May 15, 2012.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the Agency's accounting records, vendor invoices, and bank statements.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.
- Evaluated whether a sample of grant deliverables were met by reviewing supporting documentation and conducting site visits to verify existence of the projects.

We conducted this performance audit in accordance with 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Based on the procedures performed, the grant expenditures claimed complied with the grant agreements requirements. Additionally, the grant deliverables were completed as specified in the grant agreement. The Schedules of Claimed Amounts are presented in Tables 1 through 3.

Table 1: Schedule of Claimed Amounts

| Grant Agreement 4600004210 | |
|-----------------------------------|----------------------------|
| Category | Claimed¹ |
| Easements | \$ 14,935 |
| Preliminary Design | 16,939 |
| Environmental Documents | 7,256 |
| Permits | 2,475 |
| Construction CM | 407,858 |
| Public Outreach | 424 |
| Monitoring & Assessment | 424 |
| Project Management | 4,235 |
| Contingency | 45,455 |
| Total Grant Funds | \$ 500,001 |
| Match Funds | \$ 14,532,280 |
| Total Project Expenditures | \$ 15,032,281 |

Table 2: Schedule of Claimed Amounts

| Grant Agreement 4600004493 | |
|--------------------------------------|----------------------------|
| Category | Claimed² |
| Agency and Plan Coordination | \$ 31,000 |
| Stakeholder and Public Outreach | 17,000 |
| Development of IRWMP Plan Strategies | 4,500 |
| Data Compilation | 0 |
| IRWMP Plan Preparation | 62,000 |
| Quality Assurance & Control | 6,000 |
| Additional Services | 20,553 |
| Total Grant Funds | \$ 141,053 |
| Match Funds | \$ 39,103 |
| Total Project Expenditures | \$ 180,156 |

¹ The Agency was reimbursed at 3 percent of eligible expenditures. The Department awarded \$500,000; and paid the Agency the total amount. The Total Project Expenditures claimed were overstated by \$1, as the grant agreement was not mathematically accurate.

² The Agency was reimbursed at 75 percent of eligible expenditures. The Department awarded \$145,500; however, the Agency only claimed \$141,053.

Table 3: Schedule of Claimed Amounts

| Grant Agreement 460008731 | |
|--|----------------------------|
| Category | Claimed³ |
| Additional Paper Study Data Collection | \$ 7,175 |
| Surface Geology, Fault and Water Spring Mapping | 10,888 |
| Private Water Well Beneficial Use Survey | 6,302 |
| Existing Water Well Assessment | 5,762 |
| Long Term Pump Test Well No.'s 6 and 14 | 1,657 |
| Geophysical Pilot Testing, Downhole Logging | 31,952 |
| Drilling Plan and Monitoring Well Specifications | 4,173 |
| Testhole Drilling and Monitoring Well Installation | 116,853 |
| Source Sufficiency Report | 13,865 |
| Groundwater Management Plan Development | 6,332 |
| Outreach Plan | 1,017 |
| Website | 528 |
| Public Meetings | 3,619 |
| Project Management QA/CA | 2,394 |
| Total Grant Funds | \$ 212,517 |
| | |
| Match Funds | \$ 26,773 |
| Total Project Expenditures | \$ 239,290 |

³ The Agency was reimbursed at 14 percent of eligible costs. The Department awarded \$247,547; however, the Agency only claimed \$212,517. The claimed amount includes \$21,252 in retention to be paid to the Agency once the grant agreement is completed.