



Transmitted via e-mail

March 11, 2014

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—Anderson-Cottonwood Irrigation District Proposition 50 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Anderson-Cottonwood Irrigation District's (District) grant 4600004209 issued by the California Department of Water Resources.

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 District. If you have any questions regarding this report, please contact Diana Antony, Manager, or Lisa Negri, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
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, California Department of Water Resources
Mr. Jeffery Ingles, Chief Auditor, California Department of Water Resources
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Stan Wangberg, General Manager, Anderson-Cottonwood Irrigation District
Ms. Terri White, Chief Financial Officer, Anderson-Cottonwood Irrigation District

Anderson-Cottonwood Irrigation District
Proposition 50 Bond Program
Grant Agreement 4600004209



Crowley Gulch Siphon Inlet Structure

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

MEMBERS OF THE TEAM

Diana Antony
Manager

Lisa Negri
Supervisor

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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Office of State Audits and Evaluations
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BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Bond Act of 2002 (Proposition 50). The \$3.44 billion in bond proceeds finance a variety of natural resource programs.

The Anderson-Cottonwood Irrigation District's (District) mission is to utilize and protect its historic right to water, and to operate and improve the works essential for dependable conveyance of such water to its users. The District's distribution system includes approximately 35 miles of Main Canal, about 98 percent of which is unlined.¹

The District received a \$1,775,266 million grant from the California Department of Water Resources (DWR) to perform preliminary work for six projects, such as installing check structures and lining sections of water canal, producing planning documents for three of those projects, and completing construction of one project. The construction project removed the existing deteriorating structure at Crowley Gulch and replaced it with a siphon to prevent water losses.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 4600004209 for the period September 28, 2006 through December 31, 2012.

The audit objectives were to determine whether the District'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.

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

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.

¹ Source: <http://andersoncottonwoodirrigationdistrict.org/about.html>.

- Reviewed the District’s accounting records and vendor invoices.
- 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 a site visit to verify existence of the new water structure.

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.

RESULTS

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 agreement requirements. Additionally, the grant deliverables were completed as specified in the grant agreement. The Schedule of Claimed Amounts is presented in Table 1.

Table 1: Schedule of Claimed Amounts

Grant Agreement 4600004209	
Task	Claimed²
Water Balance	\$ 26,222
Design	120,836
Environmental Documents	49,379
Planning/Engineering	592,897
Construction	914,091
Total Grant Funds	1,703,425
Match Funds	40,000
Total Project Expenditures	\$ 1,743,425

² DWR awarded \$1,775,266 and the District claimed \$1,703,425.