



Transmitted via e-mail

August 1, 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—Fresno Metropolitan Flood Control District, Proposition 1E Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Fresno Metropolitan Flood Control District's (District) grant 4600009616 issued by the California Department of Water Resources under Proposition 1E.

The enclosed report is for your information and use. Because there were no audit observations 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, Bond Accountability, California Department of Water Resources  
Mr. Jeff Ingles, Chief Auditor, California Department of Water Resources  
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency  
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency  
Mr. Bob Van Wyk, General Manager, Fresno Metropolitan Flood Control District  
Mr. Paul Merrill, Finance Manager, Fresno Metropolitan Flood Control District

Fresno Metropolitan Flood Control District  
Proposition 1E Bond Program  
Grant Agreement 4600009616



Fancher Creek Flood Control Improvement Project

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

## **MEMBERS OF THE TEAM**

Diana Antony, CPA  
Manager

Lisa Negri  
Supervisor

Staff  
MaryAnn Reamer

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, METHODOLOGY AND RESULTS

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## BACKGROUND

The Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E) authorizes \$4.09 billion in general obligation bonds to rebuild and repair California's most vulnerable flood control structures, and to protect California's drinking water supply system by rebuilding delta levees.

The California Department of Water Resources (DWR) awarded a Proposition 1E grant under the Stormwater Flood Management Grants program. These grants are for projects that manage stormwater runoff to reduce flooding. Projects yield multiple benefits which may include groundwater recharge, water quality improvements, ecosystem restoration, and reduction of instream erosion and sedimentation.

The Fresno Metropolitan Flood Control District (District) provides flood control and urban storm water services in a 400-square mile watershed located between the Kings and San Joaquin Rivers.<sup>1</sup> The District was awarded \$2.2 million to complete the Fancher Creek Flood Control Improvement Project. The project will improve local urban drainage systems and flood protection in the southeast area. The project includes improvements to the Fancher Creek Detention Basin which will allow removal of downstream property from the 100 year flood plain, improvements to the rural detention basin "BO," and building new storm drains to redirect urban discharges.

## SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant agreement 4600009616 for the period September 30, 2008 through October 31, 2013.<sup>2</sup>

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.

The District's 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.

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<sup>1</sup> Source: <http://fresnofloodcontrol.org/>

<sup>2</sup> An interim audit was conducted as the grant period ends December 31, 2014. In addition, match funds can be claimed as of September 30, 2008, prior to the grant's beginning date of September 5, 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 District'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 DWR's oversight process and conducting site visits to verify existence of work performed.

We conducted this audit in accordance with generally accepted government performance 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. Because the project was active at the time of our site visit, not all deliverables were completed; however, the District has completed interim deliverables in accordance with the grant agreement. The Schedule of Claimed Amounts is presented below.

### Schedule of Claimed Amounts

<b>Grant Agreement 4600009616</b>	
<b>Task</b>	<b>Claimed<sup>3</sup></b>
Construction	\$ 1,600,857
Match Funds	2,261,192
<b>Total Project Expenditures</b>	<b>\$ 3,862,049</b>

<sup>3</sup> DWR awarded \$2,231,086 and the District claimed \$1,600,857 as of October 31, 2013.