



Transmitted via e-mail

October 13, 2015

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—San Joaquin Area Flood Control Agency, Proposition 1E Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the San Joaquin Area Flood Control Agency's (Agency) grant 4600010046 issued by the California Department of Water Resources.

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 Agency. If you have any questions regarding this report, please contact Jon Chapple, Manager, or Rebecca McAllister, 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  
Ms. Katherine Miller, Chair, Board of Directors, San Joaquin Area Flood Control Agency  
Mr. James B. Giottonini, Executive Director, San Joaquin Area Flood Control Agency  
Mr. Roger Churchwell, Deputy Executive Director, San Joaquin Area Flood Control Agency  
Ms. Marlo Duncan, Project Manager, San Joaquin Area Flood Control Agency

San Joaquin Area Flood Control Agency  
Proposition 1E Bond Program  
Grant Agreement 4600010046



Aerial View of Stockton Area Levee Project  
Source: San Joaquin Area Flood Control Agency

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

## **MEMBERS OF THE TEAM**

Jon G. Chapple, CPA  
Manager

Rebecca McAllister, CPA  
Supervisor

Staff  
Randy McClendon, CISA  
Jeffrey Neller

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

You can contact our office at:

Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

---

## BACKGROUND

California voters approved the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E). The \$4.09 billion in bond proceeds finance a variety of natural resource programs.

The San Joaquin Area Flood Control Agency (Agency) is a joint powers authority created for the purpose of addressing flood protection for the City of Stockton and the surrounding San Joaquin County area.<sup>1</sup> The Agency's mission is to study, plan and implement flood protection projects, reducing the risk of flooding to people, structures and the economy. To accomplish this mission, the Agency coordinates and partners with local, state and federal agencies.

The Agency received a \$1.8 million grant from the California Department of Water Resources (DWR) to assist with the preparation of a Regional Flood Management Plan (RFMP) for the Lower San Joaquin River/Delta South Region.<sup>2</sup> The RFMP will outline regional strategies and solutions for implementing prioritized flood control improvement projects/programs and will review ways to mitigate residual flood risk.

## SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant agreement 4600010046 for the period March 6, 2013 through December 31, 2014.<sup>3</sup>

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.

The Agency'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.

## METHODOLOGY

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

- Examined the grant files, the grant agreement, and applicable policies and procedures.

---

<sup>1</sup> Source: [www.sjafca.com](http://www.sjafca.com).

<sup>2</sup> The total cost for the RFMP is estimated to exceed \$2 million. The Agency is responsible for costs exceeding the grant amount.

<sup>3</sup> This is an interim audit since the grant term ends June 30, 2017.

- Reviewed the Agency's accounting records, consultant invoices, and cancelled checks.
- 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 progress reports, regional financial plans, draft reports, and final reports.

In conducting our audit, we obtained an understanding of the Agency's internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.

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 requirements. Additionally, the grant deliverables available for review at the time of our audit were completed as specified in the grant agreement. The Schedule of Claimed Amounts is presented below.

### Schedule of Claimed Amounts

<b>Grant Agreement 4600010046</b>	
<b>Task</b>	<b>Claimed<sup>4</sup></b>
Project Management	\$ 72,335
Public Outreach	256,932
Assessment Without Project Hazards	383,391
Damage Analysis	29,613
Develop Projects to Address Flood Hazards	359,898
Develop Prioritized Implementation Schedule	8,502
Develop Regional Financial Plan	76,822
Update Regional Atlases	3,853
Draft RFMP	72,693
Final RFMP	46,053
<b>Total Grant Expenditures</b>	<b>\$ 1,310,092</b>

<sup>4</sup> DWR awarded \$1,813,181 and the Agency claimed \$1,310,092 as of December 31, 2014.