



Transmitted via e-mail

May 16, 2014

Mr. John Laird, Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Mr. Mark Nechodom, Director
Department of Conservation
801 K Street, MS 24-01
Sacramento, CA 95814

Dear Mr. Laird and Mr. Nechodom:

Final Report—Butte County Association of Governments, Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed the following audits of the Butte County Association of Governments (BCAG):

Grant Agreements

OCA09008
3010-503

Awarding Department

California Natural Resources Agency
Department of Conservation

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 BCAG. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or John Ponce, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: On following page

cc: 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. John Lowrie, Acting Assistant Director, Division of Land Resource Protection, Department of Conservation
Mr. David Thesell, Deputy Chief, Division of Land Resource Protection, Department of Conservation
Mr. Garth Hopkins, Chief, Headquarter Planning, Department of Transportation
Ms. Marilee Mortenson, Senior Environmental Planner, Headquarter Planning, Department of Transportation
Mr. Jeff Pulverman, Deputy District Director, District 3, Department of Transportation
Ms. Zilan Chen, Supervising Management Auditor, Audits and Investigations, Department of Transportation
Mr. Jon Clark, Executive Director, Butte County Association of Governments
Ms. Julie Quinn, Chief Fiscal Officer, Butte County Association of Governments

Butte County Association of Governments
Proposition 84 Bond Program
Grant Agreements OCA09008 and 3010-503



Butte Regional Transit

Source: [Butte County Association of Governments' website](#)

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

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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 Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The \$5.4 billion of bond proceeds finance a variety of natural resource programs.

The Butte County Association of Governments (BCAG) is an association of all local governments within Butte County. Its members include the cities of Biggs, Chico, Gridley, Oroville, the Town of Paradise, and the County of Butte. BCAG is responsible for the development of federal and state transportation plans and programs that secure transportation funding for the region's highways, transit, streets and roads, and pedestrian and other transportation system improvements.

BCAG is also the administrative and policymaking agency for the region's public transit service. Butte Regional Transit or "B-Line" is a consolidated transit system that provides urban and rural fixed route service and provides complementary Paratransit service in accordance with the Americans with Disabilities Act (ADA).¹

The California Natural Resources Agency (Agency) awarded BCAG a \$400,000 Proposition 84 grant to expedite the development of regional transportation, land use modeling, and data gathering to comply with Chapter 728, statutes of 2008 (SB 375) and promote the objectives of the Strategic Council established by Chapter 729, statutes of 2008 (SB 732). The Agency entered into an interagency agreement with the Department of Transportation (Caltrans) to administer BCAG's Proposition 84 funded Modeling Incentives and SB 375 Implementation program.

The Department of Conservation (Conservation) also awarded BCAG a \$100,000 Proposition 84 grant to meet the goals of the California Global Warming Solutions Act of 2006, and to encourage land use planning for sustainability and community revitalization associated with SB 375.

SCOPE

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

<u>Grant Agreement</u>	<u>Audit Period</u>
OCA09008	May 2010 through January 2013
3010-503	July 2011 through February 2013

The audit objectives were to determine whether BCAG'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.

¹ Excerpts from BCAG website.

BCAG's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Agency and Conservation are responsible for the state-level administration of the bond programs.

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 agreements, and applicable policies and procedures.
- Reviewed BCAG's accounting records, timesheets, vendor invoices, and subcontractor payroll records.
- 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 agreements.
- Evaluated whether a sample of grant deliverables required by the grant agreements were met.

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 were in compliance with the requirements of the grant agreements, and grant deliverables were completed as required. The Schedules of Claimed Amounts are presented in Table 1.

Table 1: Schedules of Claimed Amounts

Grant Agreement OCA09008	
Task	Claimed²
Task 1.1: Acquire Business Database	\$ 3,310
Task 1.3: Highway Speed Survey	11,625
Task 2.1: Commercial Dataset	35,000
Task 2.2: Existing Parcel Level Land Use Dataset	45,000
Task 2.3: Combined General Plan Dataset	25,000
Task 2.4: Bus Route and Stop Dataset	19,500
Task 2.5: Pedestrian and Bicycle Facilities Inventory	10,500
Task 2.6: Maintenance of GIS Datasets	20,000
Task 3.1: Update Land Use, Trip Generation/Distribution	30,835
Task 3.3: Increase Sensitivity for Age and Household Size	9,175
Task 3.4: Increase Sensitivity for Cost of Travel	5,000
Task 3.5: Calibrate/Validate Model	63,990
Task 3.6: Implement 2020 Year and Update 2035 Horizon	20,000
Task 4.1: Software Support and Services Agreement	14,602
Task 4.2: Development of Land Use Model	24,500
Task 4.3: Implementation of Land Use and Sketch Model	48,140
Task 4.4: Maintenance of Land Use/Sketch Model	13,360
Total Project Expenditures	\$ 399,537

Grant Agreement 3010-503	
Task	Claimed³
Task 3: Prepare Technical Methodology	\$ 8,022
Task 4: Implement Outreach	7,991
Task 5: Prepare Draft SCS/APS	71,052
Task 6: Prepare and Adopt Final SCS/APS	4,947
Total Project Expenditures	\$ 92,012

² The Agency awarded \$400,000 and BCAG claimed \$399,537.

³ Conservation awarded \$100,000 and BCAG claimed \$92,012.