



Transmitted via e-mail

April 24, 2015

Mr. Charlton H. Bonham, Director
California Department of Fish and Wildlife
1416 Ninth Street, 12th Floor
Sacramento, CA 95814

Mr. John Donnelly, Executive Director
California Wildlife Conservation Board
1700 9th Street, 4th Floor
Sacramento, CA 95811

Final Report—Cachuma Operation and Maintenance Board, Propositions 1E and 84 Grant Audits

Dear Mr. Bonham and Mr. Donnelly:

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the following grants issued by the California Department of Fish and Wildlife (DFW) and the California Wildlife Conservation Board (WCB) to the Cachuma Operation and Maintenance Board (COMB):

<u>Grantor</u>	<u>Agreement Number</u>	<u>Award Amount</u>
DFW	P1050003	\$442,736
DFW	P1050005	\$735,501
DFW	P1250007	\$521,141
WCB	WC-1191TC	\$398,000
WCB	WC-1254TC	\$150,000

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

We appreciate the assistance and cooperation of COMB. If you have any questions regarding this report, please contact Diana Antony, Manager, or Mindy Patterson, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by Cheryl McCormick for:

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

Enclosure

cc: On following page

cc: Mr. Gabe Tiffany, Deputy Director, California Department of Fish and Wildlife
Ms. Lisa Gallegos, Assistant Deputy Director for Administration, California Department of Fish and Wildlife
Mr. Peter Perrine, Assistant Executive Director, California Wildlife Conservation Board
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. Timothy Robinson, Fisheries Division Manager, Cachuma Operation and Maintenance Board
Ms. Janet Gingras, Administrative Manager, Cachuma Operation and Maintenance Board

Cachuma Operation and Maintenance Board
Propositions 1E and 84 Bond Program
Grant Agreements P1050003, P1050005, P1250007,
WC-1191TC and WC-1254TC

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

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

Mindy Patterson
Supervisor

Staff
Carlos Carrazco
Andrew Kortes

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, 6th 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), and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coast Protection Bond Act of 2006 (Proposition 84) for \$4.09 billion and \$5.4 billion, respectively. The bond proceeds finance a variety of natural resource programs.

Cachuma Operation and Maintenance Board (COMB) is a California Joint Powers Agency formed in 1956 pursuant to an agreement with the Bureau of Reclamation. COMB is responsible for diversion of water to the South Coast through the Tecolote Tunnel, and operation and maintenance of the South Coast conduit pipeline, meters, and instrumentation at control stations, and turnouts along the South Coast conduit and at four regulating reservoirs.¹

COMB received three grants from the California Department of Fish and Wildlife (DFW) totaling \$1.7 million funded by Proposition 84 and two grants from the California Wildlife Conservation Board (WCB) totaling \$548,000 funded by Proposition 1E. All grants funded fish passage improvement work at three crossings on the Quiota Creek, which included removing the existing crossings and replacing them with 60-foot bottomless arched culverts to provide steelhead access on the Quiota Creek.

SCOPE

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

<u>Grant Agreement</u>	<u>Award Amount</u>	<u>Audit Period</u>
P1050003	\$442,736	March 15, 2011 through December 20, 2012
P1050005	\$735,501	March 15, 2011 through January 23, 2012
P1250007	\$521,141	June 3, 2013 through January 7, 2014
WC-1191TC	\$398,000	July 5, 2012 through November 20, 2012
WC-1254TC	\$150,000	June 4, 2013 through January 9, 2014

The audit objectives were to determine whether COMB'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.

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

¹ Source: www.cachuma-board.org

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:

- Examined the grant files, the grant agreements, and applicable policies and procedures.
- Reviewed COMB's accounting records, vendor invoices, and canceled 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 agreements.
- Evaluated whether a sample of grant deliverables were met by reviewing supporting documentation, conducting a site visit to verify existence of projects, and relying upon grantor's final approvals of the projects.

In conducting our audits, we obtained an understanding of COMB'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 the conduct of our audits and determined to be significant within the context of our audit objectives are included in this report.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits 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 audits 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 agreements. The Schedules of Claimed Amounts are presented on the following page.

Schedules of Claimed Amounts

Grant P1050003	
Task	Claimed ²
Design/Permitting	\$ 60,379
Construction	339,729
Total Grant Funds	\$400,108

Grant P1050005	
Task	Claimed ³
Design/Permitting	\$ 54,067
Construction	646,461
Total Grant Funds	\$700,528

Grant P1250007	
Task	Claimed
Construction	\$521,141
Total Grant Funds	\$521,141

Grant WC-1191TC	
Task	Claimed ⁴
Construction	\$358,103
Total Grant Funds	\$358,103
Match Funds	159,250
Total Project Expenditures	\$517,353

Grant WC-1254TC	
Task	Claimed
Construction	\$150,000
Total Grant Funds	\$150,000
Match Funds	227,681
Total Project Expenditures	\$377,681

² DFW awarded \$442,736 and the grantee claimed \$400,108.

³ DFW awarded \$735,501 and the grantee claimed \$700,528.

⁴ DFW awarded \$398,000 and the grantee claimed \$358,103.