



Transmitted via e-mail

November 27, 2012

Mr. Thomas Howard, Executive Director
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Mr. John P. Donnelly, Executive Director
Wildlife Conservation Board
1807 13th Street, Suite 103
Sacramento, CA 95811

Dear Mr. Howard and Mr. Donnelly:

Final Report—County of San Luis Obispo Propositions 40 and 1E Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the County of San Luis Obispo's (County) Proposition 40 grants 06-214-553 and 06-216-553 issued by the State Water Resources Control Board, and Proposition 1E grant WC-1049TC issued by the Wildlife Conservation Board.

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 County. 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:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: 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
Ms. Leslie Laudon, Manager, Division of Finance and Local Assistance, State Water Resources Control Board
Ms. Monica Torres, Fiscal Unit Manager, State Water Resources Control Board
Ms. Jennifer Taylor, Budget Officer, State Water Resources Control Board
Ms. Cynthia Alameda, Budget Officer, Wildlife Conservation Board
Mr. Paavo Ogren, Director of Public Works, County of San Luis Obispo
Mr. Mark Hutchinson, Environmental Programs Manager, County of San Luis Obispo

AUDIT REPORT

County of San Luis Obispo Propositions 40 and 1E Bond Programs Grant Agreements 06-214-553, 06-216-553, WC 1049TC



Ferrasci Road Bridge

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

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

Lisa Negri
Supervisor

Staff
Marc Dermenjian

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 California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40), and the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E) for \$2.6 billion and \$4.09 billion, respectively. The bond proceeds finance a variety of resource programs.

The County of San Luis Obispo (County) received two Proposition 40 grants from the State Water Resources Control Board (SWRCB) to implement low impact development demonstration projects in the County. The County also received a Proposition 1E grant from the Wildlife Conservation Board (WCB) to replace a crossing barrier with a bridge on Santa Rosa Creek to allow for fish passage.

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>	<u>Amount</u>
06-214-553	December 1, 2006 through July 1, 2009	\$ 600,000
06-216-553	December 1, 2006 through June 30, 2009	\$ 450,000
WC-1049TC	April 5, 2011 through December 31, 2011	\$1,100,000

The audit objectives were to determine whether the County'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 County's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. SWRCB, WCB, and the California Natural Resources Agency 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 grant files, grant agreements, and applicable policies and procedures.

- Reviewed the grantee’s accounting records, vendor invoices, and bank statements.
- Selected a sample of expenditures to determine if costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted a site visit to verify project existence.
- Evaluated whether a sample of grant deliverables required by the grant agreements were met.

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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings 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 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 06-214-553	
Category	Claimed
Professional and Consultant Services	\$137,000
Construction	354,852
Total Grant Funds	491,852
Match Funds	189,253
Total Project Expenditures	\$681,105

Grant Agreement 06-216-553	
Category	Claimed
Professional and Consultant Services	\$105,000
Construction	345,000
Total Grant Funds	450,000
Match Funds	248,460
Total Project Expenditures	\$698,460

Grant Agreement WC-1049TC	
Category	Claimed
Construction	\$816,884
Total Grant Funds	\$816,884