



Transmitted via e-mail

September 30, 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—Alameda County Flood Control & Water Conservation District, Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the following Proposition 84 grants issued by the California Department of Water Resources (DWR) to the Alameda County Flood Control & Water Conservation District (District):

<u>Agreement Number</u>	
4600008833	4600009963
4600008834	4600009964
4600008835	4600009966
4600009961	4600009967
4600009962	

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 Frances Parmelee, Manager, or Robert Scott, 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: 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
Dr. Daniel Woldesenbert, General Manager, Alameda County Flood Control & Water Conservation District
Mr. Rick Ruiz, Deputy Director, Alameda County Flood Control & Water Conservation District
Mr. Moses Tsang, Supervising Civil Engineer, Alameda County Flood Control & Water Conservation District
Ms. Jan Bass, Accounting Supervisor, Alameda County Flood Control & Water Conservation District

Alameda County Flood Control &
Water Conservation District
Proposition 84 Bond Program

Grant Agreements 4600008833, 4600008834, 4600008835,
4600009961, 4600009962, 4600009963, 4600009964,
4600009966, and 4600009967

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

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

Robert Scott, CPA
Supervisor

Staff
Kweku Atta-Mensah

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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(916) 322-2985

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 in bond proceeds finance a variety of natural resource programs.

The Alameda County Flood Control & Water Conservation District (District) provides flood protection for Alameda County residents and businesses. The District's mission is to support the public safety, health, and welfare of the residents and businesses of Alameda County by developing and maintaining functional and appropriate flood control systems. The District also preserves the natural environment through public outreach and enforcement of pollution control regulations governing District waterways.¹

The District received the following nine Proposition 84 grants totaling \$10.208 million from the California Department of Water Resources (DWR):

	Grant #	Grant Amount	Purpose	Project Completed
1	4600008833	\$150,000	Geotechnical evaluation of the San Lorenzo Creek levees in unincorporated areas of Alameda County.	Yes
2	4600008834	\$294,686	Geotechnical evaluation of Alameda Creek levees in the cities of Fremont and Union City.	Yes
3	4600008835	\$150,000	Geotechnical evaluation of Flood Control Zone 3A Line A-1 levees in Union City.	Yes
4	4600009961	\$4,241,000	Design and construction for Alameda Creek Zone 5 Line A (A1).	Yes
5	4600009962	\$876,960	Design and construction of levee improvements, bank protections, and railroad crossing improvements for Sulphur Creek Zone 2 Line K (A14).	No
6	4600009963	\$3,036,000	Design and construction of floodwall improvements, bank protection, access road, and pedestrian bridge for Zone 3A Line D (A10).	No
7	4600009964	\$1,225,000	Design and construction elements for Zone 6 Lines B and C (A5).	No
8	4600009966	\$56,250	Local levee evaluation project including levee improvements for Sulphur Creek Zone 2 Line K.	Yes
9	4600009967	\$178,000	Local levee evaluation project including floodwall improvements for Zone 6 Lines B and C.	Yes

¹ Source: <http://www.acfloodcontrol.org/about-the-district>

SCOPE

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

Grant Agreement	Audit Period
4600008833	April 1,2010 through January 17, 2011
4600008834	April 1,2010 through September 1, 2010
4600008835	April 1,2010 through January 1, 2011
4600009961	August 25, 2009 through February 28, 2012
4600009962	April 14,2009 through October 17, 2014 ²
4600009963	October 1, 2009 through May 21, 2012 ²
4600009964	March 2, 2009 through May 7, 2012 ²
4600009966	May 21, 2008 through October 12, 2009
4600009967	March 2,2009 through May 7, 2012

The audits' 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.

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 the Districts accounting records, vendor invoices, and 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 the grant deliverables were met by reviewing supporting documentation and conducting a site visit of a completed project to verify existence.

² An interim audit was conducted as the grant term ends April 2018.

In conducting our audits, we obtained an understanding of the District’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 controls that were identified during 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 requirements. The grant deliverables were completed as specified in the grant agreements for the completed projects. The District also completed interim deliverables for the projects that remain active (grants 4600009962, 4600009963, and 4600009964). Not all deliverables have been completed for the three active projects, including the final project reports.

All projects, except for grant agreement 4600009962, required the District to provide a minimum 50 percent match. Grant agreement 4600009962 required a 44 percent match. The Schedules of Claimed Amounts are presented below.

Schedules of Claimed Amounts

Grant Agreement 4600008833	
Task	Claimed
Review of Existing Information	\$ 2,604
Geotechnical Site Visit	1,568
Geological and Geomorphic Evaluation	8,535
Field Exploration	60,088
Laboratory Testing	16,173
Engineering Analysis	28,622
Design Report Preparation	16,750
Project Management and Coordination Meetings	8,815
Total Grant Funds	143,155
Match Funds	143,155
Total Project Expenditures	\$ 286,310

Grant Agreement 4600008834	
Task	Claimed
Field Exploration	\$ 107,264
Laboratory Testing	27,383
Engineering Analysis	121,076
Design Report Preparation	24,099
Project Management and Coordination Meetings	14,864
Total Grant Funds	294,686
Match Funds	294,686
Total Project Expenditures	\$ 589,372

Grant Agreement 4600008835	
Task	Claimed
Review of Existing Information	\$ 2,500
Geotechnical Site Visit	3,258
Geological and Geomorphic Evaluation	8,716
Field Exploration	74,837
Laboratory Testing	8,584
Engineering Analysis	27,387
Design Report Preparation	19,474
Project Management and Coordination Meetings	5,244
Total Grant Funds	150,000
Match Funds	150,000
Total Project Expenditures	\$ 300,000

Grant Agreement 4600009961	
Task	Claimed
Development of Plans, Specifications, and Estimates	\$ 215,000
CEQA Permitting and Environmental Documentation	63,000
Construction	3,930,000
FEMA Certification Submittal	33,000
Total Grant Funds	4,241,000
Match Funds	4,241,000
Total Project Expenditures	\$ 8,482,000

Grant Agreement 4600009962	
Task	Claimed³
Development of Plans, Specifications, and Estimates	\$ 250,261
CEQA Permitting and Environmental Documentation	60,661
Construction	284,675
Total Grant Funds	595,597
Match Funds	487,307
Total Project Expenditures	\$ 1,082,904

Grant Agreement 4600009963	
Task	Claimed⁴
Development of Plans, Specifications, and Estimates	\$ 264,743
CEQA Permitting and Environmental Documentation	20,363
Construction	2,516,689
Total Grant Funds	2,801,795
Match Funds	2,801,796
Total Project Expenditures	\$ 5,603,591

Grant Agreement 4600009964	
Task	Claimed⁵
Development of Plans, Specifications, and Estimates	\$ 80,000
CEQA Permitting and Environmental Documentation	30,000
Construction	928,978
FEMA Certification Submittal	1,448
DWR Adjustment to State Share Cost ⁶	123,293
Total Grant Funds	1,163,719
Match Funds	1,199,910
Total Project Expenditures	\$ 2,363,629

³ DWR awarded \$876,960 and as of November 2014, the District claimed \$595,597.

⁴ DWR awarded \$3,036,000 and as of November 2014, the District claimed \$2,801,795.

⁵ DWR awarded \$1,225,000 and as of November 2014, the District claimed \$1,163,719.

⁶ DWR approved the adjustment to reflect actual costs to the project.

Grant Agreement 4600009966	
Task	Claimed
Hydraulic and Hydraulic Investigations	\$ 8,012
Geologic and Geomorphic Evaluations	43,984
Engineering Feasibilities or Alternatives	6,318
Prepare Preliminary Feasibilities or Alternatives	1,499
DWR Adjustment to Claim (Costs in Excess of Budget)	(3,563)
Total Grant Funds	56,250
Match Funds	63,377
Total Project Expenditures	\$ 119,627

Grant Agreement 4600009967	
Task	Claimed
Hydraulic and Hydraulic Investigations	\$ 70,000
Geologic and Geomorphic Evaluations	86,000
Engineering Feasibilities or Alternatives	17,600
Prepare Preliminary Feasibilities or Alternatives	4,400
Total Grant Funds	178,000
Match Funds	189,620
Total Project Expenditures	\$ 367,620