



Transmitted via e-mail

May 9, 2012

Mr. Mark Cowin, Director  
Department of Water Resources  
P.O. Box 942836, Room 1115-1  
Sacramento, CA 94236-0001

Dear Mr. Cowin:

**Final Report—Placer County Flood Control and Water Conservation District Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Placer County Flood Control and Water Conservation District's grant 4600003317 issued by the Department of Water Resources.

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 Placer County Flood Control and Water Conservation District. 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: Ms. Katherine Kishaba, Deputy Director of Business Operations, Department of Water Resources  
Ms. Gail Chong, Deputy Assistant DWR Executive, Bond Accountability, Department of Water Resources  
Mr. Jeff Ingles, Chief Auditor, 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  
Mr. E. Brian Keating, P.E. CFM, District Manager, Placer County Flood Control and Water Conservation District

Placer County Flood Control and  
Water Conservation District  
Proposition 13 Bond Program  
Grant Agreement 4600003317



Existing Miners Ravine Off-Channel Detention Basin Facility  
Source: Placer County Flood Control and Water Conservation District.

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

## **MEMBERS OF THE TEAM**

Diana Antony  
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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# BACKGROUND, SCOPE METHODOLOGY AND RESULTS

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## BACKGROUND

In March 2000, California voters approved the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Act (Proposition 13), authorizing the State of California to sell \$1.97 billion in general obligation bonds. The bond proceeds provide funds for safe drinking water, water quality, flood protection, and water reliability programs. Proposition 13 also provides funding for the protection, restoration, and interpretation of the diverse cultural influences and extraordinary human achievements that have contributed to the unique development of California.

The Flood Corridor Protection Program was established and initially funded by Proposition 13. Funding under this Program is intended to be used for acquisition, restoration, enhancement, and protection of real property while preserving sustainable agriculture and enhancing wildlife habitat in and near flood corridors throughout the state.<sup>1</sup>

The Placer County Flood Control and Water Conservation District (District) was formed in 1984. The District's primary mission is to protect lives and property from the effects of flooding through comprehensive, integrated planning, consistent standards, management programs, and capital improvements.<sup>2</sup>

Funding from the Flood Corridor Protection Program was granted by the Department of Water Resources (DWR) for property acquisition, construction, and maintenance of the Miner's Ravine Off-Channel Detention Basin, which would mitigate the impacts of flooding within the Dry Creek Watershed in Placer County.

## SCOPE

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

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
4600003317	August 28, 2003 through June 16, 2010 <sup>3</sup>	\$1,033,612

The audit 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. In order to design adequate procedures to conduct our audit, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations. Further, no assessment was performed on the reasonableness of the land acquisition costs or the conservation value of acquired land or projects completed.

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<sup>1</sup> Source: <http://www.water.ca.gov/floodmgmt/fpo/sgb/fpcp/>

<sup>2</sup> Source: <http://www.placer.ca.gov/Departments/Works/FloodControl.aspx>

<sup>3</sup> The grant project was completed by June 16, 2010 which is prior to the end of the grant term, August 28, 2011.

District management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. DWR is 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:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the District’s accounting records, vendor invoices, and copies of check warrants.
- 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 existence.
- Evaluated whether a sample of grant deliverables required by the grant agreement were met.

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. The audit was conducted from June 2011 through April 2012.

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

Based on the audit procedures performed, grant expenditures claimed are in compliance with the requirements of the grant agreement. No observations or questioned costs were identified. The Schedule of Claimed Amounts is presented in Table 1.

**Table 1: Schedule of Claimed Amount**

<b>Grant Agreement 4600003317</b>	
<b>For the Period August 28, 2003 through June 16, 2010</b>	
<b>Category</b>	<b>Claimed</b>
Acquisition of Fee Title	\$ 178,000
Permanent Conservation Easement	4,500
Plan to Minimize Landowner Impacts	25,000
Implementation Activities	808,945
Post Project O&M	16,667
<b>Total Expenditures</b>	<b>\$1,033,112</b>