



Transmitted via e-mail

May 21, 2012

Ms. Carol Mortensen, Director
Department of Resources Recycling and Recovery
1001 I Street, MS 25A
Sacramento, CA 95814

Dear Ms. Mortensen:

Final Report—San Joaquin County, Rubberized Asphalt Concrete Chip Seal Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of San Joaquin County's (County) Rubberized Asphalt Concrete Chip Seal grant TCS5-08-13 for the period April 21, 2009 through April 1, 2011.

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 Kimberly Tarvin, Manager, or Alma Ramirez, Supervisor, at (916) 322-2985.

Sincerely,

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

Enclosure

cc: On following page

cc: Mr. Mark E. Leary, Chief Deputy Director, Department of Resources Recycling and Recovery
Mr. Tom Estes, Deputy Director, Administration, Finance and Information Technology Services Division, Department of Resources Recycling and Recovery
Ms. Shirley Willd-Wagner, Chief, Financial Resources Management Branch, Department of Resources Recycling and Recovery
Ms. Audrey Traina, Chief, Office of Audits, Department of Resources Recycling and Recovery
Mr. Brian Kono, Manager, Statewide Disbursements Section, Office of Audits, Department of Resources Recycling and Recovery
Mr. Howard Levenson, Deputy Director, Materials Management and Local Assistance Division, Department of Resources Recycling and Recovery
Ms. Eloisa Hernandez, Section Manager, Financial Resources Management Branch, Department of Resources Recycling and Recovery
Mr. Thomas M. Gau, Director, Department of Public Works, San Joaquin County
Mr. Najee Zarif, Engineering Services Manager, Department of Public Works, San Joaquin County
Mr. Kevin Jorgensen II, Engineer IV, Department of Public Works, San Joaquin County

ICC: C/F, OSAE

12-3500-103 DCR

I:\OSAE\Final Documents\Final Reports\2011-2012\Financial\CalRecycle\CalRecycle G
San Joaquin TCS5-08-13 April 2011.docx

E-mail address for addressee:

Ms. Caroll Mortensen
Caroll.Mortensen@CalRecycle.ca.gov

E-mail address for ccs:

Mr. Mark E. Leary
Mark.Leary@CalRecycle.ca.gov

Mr. Tom Estes
Tom.Estes@CalRecycle.ca.gov

Ms. Shirley Willd-Wagner
Shirley.Wild-Wagner@CalRecycle.ca.gov

Ms. Audrey Traina
Audrey.Traina@CalRecycle.ca.gov

Mr. Brian Kono
Brian.Kono@CalRecycle.ca.gov

Mr. Howard Levenson
Howard.Levenson@CalRecycle.ca.gov

Ms. Eloisa Hernandez
Eloisa.Hernandez@CalRecycle.ca.gov

Mr. Thomas M. Gau
tgau@sjgov.org

Mr. Najee Zarif
nzarif@sjgov.org

Mr. Kevin Jorgensen II
kjorgensen@sjgov.org

AUDIT REPORT

San Joaquin County
Rubberized Asphalt Concrete Chip Seal
Grant Agreement TCS5-08-13

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

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Alma Ramirez, CPA
Supervisor

Staff
Weiping Kruschke

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
300 Capitol Mall, Suite 801
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

As the state's recycling and waste reduction authority, the Department of Resources Recycling and Recovery (CalRecycle) implements programs to reduce waste generation, divert materials from landfills, recover resources, remediate illegal sites, and ensure compliance with applicable state standards. In 1989, the Legislature enacted the California Tire Recycling Act (Act). The Act created the tire recycling program for the promotion and development of alternatives to the landfill disposal of tires.¹

San Joaquin County (County) received grant funding from CalRecycle to implement a rubberized asphalt concrete chip seal program.² The grant project consisted of repairing and sealing existing roadways with rubberized chip seal.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a performance audit of the following grant:

<u>Grant Agreement</u>	<u>Grant Period</u>	<u>Award</u>
TCS5-08-13	April 21, 2009 through April 1, 2011	\$250,000

The audit objectives were to determine whether the County's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements. 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.

County management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CalRecycle is responsible for the state-level administration of the grant program.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant agreement and related grant files.
- Reviewed the County's accounting records and subcontractor invoices.

¹ Source: www.CalRecycle.ca.gov

² Source: grant agreement TCS5-08-13

- 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.
- Determined if the rubberized chip seal material composition met the tire-derived requirement of the grant agreement.

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, the County was 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 Amounts

Grant Agreement TCS5-08-13 For the Period April 21, 2009 through April 1, 2011	
Category	Claimed
Contractual Services Cost	\$250,000
Total Expenditures	\$250,000