



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

Transmitted via e-mail

April 17, 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—Yolo County Flood Control and Water Conservation District, Proposition 50 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Yolo County Flood Control and Water Conservation District's (District) grants 4600004172 and 4600008208.

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 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: On following page

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
Ms. Tracie Billington, Chief, Financial Assistance Branch, Division of Integrated Regional Water Management, 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. Tim O'Halloran, General Manager, Yolo County Flood Control and Water Conservation District
Mr. Max Stevenson, Water Resources Associate, Yolo County Flood Control and Water Conservation District
Ms. Barbara McGriff, Financial Supervisor, Yolo County Flood Control and Water Conservation District

Yolo County Flood Control and
Resource Conservation District
Proposition 50 Bond Program
Grant Agreements 4600004172 and 4600008208



Title: Yolo County Flow Monitoring Site and Berryessa Peak Wireless Radio Relay Station
Source: District website: <http://www.ycfcwd.org/>

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

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

Lisa Negri
Supervisor

Staff
Danielle Brandon

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

In November 2002, California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Bond Act of 2002 (Proposition 50), which authorized the State of California to sell \$3.44 billion in general obligation bonds. Bond proceeds provide funds for grants and loans to assist in meeting safe drinking water standards; acquisition, restoration, protection, and development of river parkways; and coastal watershed and wetland protection.

The Yolo County Flood Control and Water Conservation District (District) received two Proposition 50 grants from the Department of Water Resources (DWR) to create a network of ultrasonic flow measurement stations to measure irrigation, flood and drainage flows; and to perform data collection, monitoring, and water quality and quantity analysis of new active management activities.

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>Award</u>
4600004172	January 26, 2006 through June 30, 2008	\$ 272,000
4600008208	June 20, 2008 through September 30, 2010 ¹	\$ 250,000

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.

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 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:

¹ An interim audit was conducted on grant 4600008208; although the grant period ends May 15, 2012, the last payment request was for the period ending September 30, 2010.

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, grant agreement, and applicable policies and procedures.
- Reviewed the District'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.
- On a sample basis, evaluated whether 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 July 2011 through March 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, the grant expenditures claimed complied with the laws, regulations, and grant requirements. No observations or questioned costs were identified. The Schedules of Claimed Amounts are presented in Table 1.

Table 1: Schedules of Claimed Amounts

Grant Agreement 4600004172	
For the Period January 26, 2006 through June 30, 2008	
Category	Claimed
Materials/Installation/Implementation	\$ 272,000
Total Expenditures	\$ 272,000

Grant Agreement 4600008208	
For the Period June 20, 2008 through September 30, 2010	
Category	Claimed
Task 1: Develop Canal Capacity and Canal Recharge Enhancement Program	\$ 110,000
Task 2: Perform Gravel Pit Recharge Monitoring and Evaluation	22,402
Task 3: Perform Water Quality and Quantity Monitoring	54,135
Task 4: Develop IGSM Conjunctive Use Enhancement Scenarios	1,847
Total Expenditures	\$ 188,384