



Transmitted via e-mail

May 22, 2012

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

Dear Ms. Mortensen:

Final Report—University of California, Davis Tire-Derived Product Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the University of California, Davis' (UC Davis) Tire-Derived Product grant TDP7-08-26 for the period April 1, 2009 through March 31, 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 UC Davis. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Alma Ramirez, 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: 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
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
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
Dr. Ahmad Hakim-Elahi, Director, Office of Research, Sponsored Programs, University of California, Davis
Ms. Barbara Brady, Director of Communication, Administrative and Resource Management, University of California, Davis
Ms. Amy Holzman, External Audit Coordinator, Internal Audit Services, University of California, Davis

AUDIT REPORT

University of California, Davis Tire Derived Product Grant Agreement TDP7-08-26

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

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Alma Ramirez, CPA
Supervisor

Staff
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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
300 Capitol Mall, Suite 801
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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

The University of California, Davis (UC Davis) received grant funding from CalRecycle to implement a tire-derived product program. The program requires UC Davis to purchase recycled rubber mats and crumb rubber to be utilized at three of its facilities.²

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>
TDP7-08-26	April 1, 2009 through March 31, 2011	\$149,690

The audit objectives were to determine whether UC Davis' 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.

UC Davis' 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 relevant internal controls.
- Examined the grant agreement and related grant files.
- Reviewed UC Davis' accounting records and vendor invoices.

¹ Source: www.CalRecycle.ca.gov

² Source: grant agreement TDP7-08-26.

- 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.
- Determined if tire-derived product met the requirements of the grant agreement.
- Performed a site visit of a sample of facilities to verify installation of tire-derived product.

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, UC Davis 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 TDP7-08-26 For the Period April 1, 2009 through March 31, 2011	
Category	Claimed³
Direct Cost	\$135,555
Total Expenditures	\$135,555

³ UC Davis only claimed \$135,555 of the \$149,690 awarded.