



Transmitted via e-mail

September 13, 2013

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

Dear Mr. Cowin:

Final Report—County of Los Angeles Department of Public Works, Proposition 13 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the County of Los Angeles Department of Public Works' (County) grant E90023 issued by the California Department of Water Resources.

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 County. If you have any questions regarding this report, please contact Diana Antony, Manager, or Jon Chapple, Supervisor, at (916) 322-2985.

Sincerely,

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

Enclosure

cc: On following page

cc: 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
Ms. Tracie L. Billington, Chief, Financial Assistance Branch, California Department of Water Resources
Mr. Thomas J. Lutterman, Senior Engineering Geologist, Regional Partnerships Section, 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
Ms. Gail Farber, Director, County of Los Angeles Department of Public Works
Mr. Christopher Stone, Assistant Deputy Director, Water Resources Division, County of Los Angeles Department of Public Works
Ms. Michele Chimienti, Civil Engineer, Water Resources Division, Operations Section, County of Los Angeles Department of Public Works
Ms. Angelica Cobian, Head, Internal Audit Group, County of Los Angeles Department of Public Works
Mr. Minh Lam, Compliance Auditor, Internal Audit Group, County of Los Angeles Department of Public Works
Mr. Hector Hernandez, Liaison Engineer, Construction Division, County of Los Angeles Department of Public Works
Ms. Vi Nguyen, Financial Specialist III, County of Los Angeles Department of Public Works
Ms. Celine Tran, Accounting Officer III, County of Los Angeles Department of Public Works

AUDIT REPORT

County of Los Angeles Department of Public Works Proposition 13 Bond Program Grant Agreement E90023



Big Tujunga Dam
Source: County of Los Angeles Department of Public Works

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

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

Jon G. Chapple, CPA
Supervisor

Staff
Andrew Kortez
MaryAnn Reamer

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
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

In March 2000, California voters approved the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13). The \$1.97 billion of bond proceeds finance a variety of natural resource programs.

The County of Los Angeles Department of Public Works' (County) mission is to provide public infrastructure and municipal services to protect and enrich the daily lives of over ten million people in Los Angeles County.

The County received a \$6.6 million Proposition 13 grant from the California Department of Water Resources (DWR) for the Big Tujunga Dam modification project. This grant provided funding for a portion of a larger project. The project's total cost was \$103.3 million. The entire project consisted of rehabilitating the existing dam through several modifications, which include creating a thick-arch dam face, adding a new overtopping spillway, building raised parapet walls, installing a new dam control system, new control house, and new valves and valve chamber. These modifications were to address seismic and operational deficiencies that limited the dam's ability to store and release stormwater.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant E90023 for the period January 8, 2008 through December 31, 2012¹.

The audit objectives were to determine whether the County'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.

County 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:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.

¹ A Certification of Project Completion was filed on December 26, 2012. DWR completed a final project inspection on August 28, 2013 and approved the release of the final retention payment.

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the County’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.
- Evaluated whether a sample of grant deliverables required by the grant agreement were met.

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

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.

Based on the procedures performed, the grant expenditures claimed were in compliance with the requirements of the grant agreement and grant deliverables were completed as required. The Schedule of Claimed Amounts is presented in Table 1.

Table 1: Schedule of Claimed Amounts

Grant Agreement E90023	
Task	Claimed
Task 5 - Thickening Arch-Dam Modification ²	\$ 6,600,000
Total Grant Funds	\$ 6,600,000

² As noted in the Background Section of this report, this grant funded a portion (Task 5) of the Big Tujunga Dam modification project.