



Transmitted via e-mail

March 17, 2014

Mr. Charlton H. Bonham, Director
California Department of Fish and Wildlife
1416 9th Street, 12th Floor
Sacramento, CA 95814

Dear Mr. Bonham:

Final Report—Family Water Alliance, Inc., Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Family Water Alliance's (FWA) grants E0783007 and E0983005 for the periods June 1, 2008 through July 31, 2013, and June 1, 2010 through April 30, 2013, respectively.

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 FWA. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Rebecca McAllister, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Helen E. Carriker, Deputy Director, Administration, California Department of Fish and Wildlife
Mr. David S. Zezulak, Ecosystem Restoration Program Manager, California Department of Fish and Wildlife
Ms. Treva Porter, Senior Environmental Scientist, California Department of Fish and Wildlife
Ms. Sarah Rattanasamay, Staff Services Manager, California Department of Fish and Wildlife
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. Ashley D. Indrieri, Chief Operations Officer, Family Water Alliance, Inc.
Ms. Debra Lemburg, Project Coordinator, Family Water Alliance, Inc.

Family Water Alliance, Inc.
Proposition 84 Bond Program
Grant Agreements E0783007 and E0983005



Family Water Alliance, Inc., at the 2010 World Agriculture Expo
Source: fwafishforum.com

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

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Rebecca McAllister, CPA
Supervisor

Staff
Jason Narayan

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

California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The \$5.4 billion of bond proceeds finance a variety of resource programs.

Family Water Alliance, Inc. (FWA), received a \$4.5 million grant in 2008 and a \$1.5 million grant in 2010 from the California Department of Fish and Wildlife (CDFW), to construct and install fish screens on the Sacramento River and San Joaquin River systems and to initiate a pilot biological assessment. FWA has been the program manager for the Sacramento River Small Diversion Fish Screen Program (FSP) in cooperation with several state and federal agencies, and private contributors in spearheading research, development, and installation of self-cleaning, cylindrical fish screens on agricultural diversions.

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> ¹
E0783007	June 1, 2008 through July 31, 2013
E0983005	June 1, 2010 through April 30, 2013

The audit objectives were to determine whether FWA'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.

FWA's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CDFW 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:

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

¹ Interim audits were conducted for grants E0783007 and E0983005, as the grant periods end December 31, 2013 and June 20, 2014, respectively.

- Examined the grant files, the grant agreements, and applicable policies and procedures.
- Reviewed FWA's accounting records, vendor invoices, and bank statements.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreements.
- Evaluated whether a sample of grant deliverables 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 observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

RESULTS

The results of the audits 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 complied with the grant agreement requirements. FWA completed interim grant deliverables. Because the projects remain active, not all deliverables have been completed, including the final project reports. The Schedules of Claimed Amounts are presented in Table 1.

Table 1: Schedules of Claimed Amounts

Grant Agreement E0783007		
Task Number	Task Description	Claimed²
2	Public Participation	\$ 9,738
5	Stage 1 Construction	1,945,170
6	Monitoring and Systems Adjustments for Task 5 Sites	36,000
7	Stage 2 Construction	1,415,236
8	Monitoring and Systems Adjustments for Task 7 Sites	36,000
9	Stage 3 Construction	40,053
11	Pilot Biological Assessment-Stage 1	95,087
12	Endangered Species Action (ESA) Section 10 Permit Application and Required Fish Sampling Permits-Stage 1	12,798
13	Design, Installation, and Removal of Fish Sampling Equipment-Stage 1	15,364
14	Pilot Biological Assessment-Stage 2	360,035
16	Design, Installation, and Removal of Fish Sampling Equipment-Stage 2	75,902
17	Pilot Biological Assessment-Stage 3	282,341
18	ESA Section 10 Permit Application and Required Fish Sampling Permits-Stage 3	8,999
19	Design, Installation, and Removal of Fish Sampling Equipment-Stage 3	108,162
20	Project Close Out	44,435
	Total Project Expenditures	\$ 4,485,320

Grant Agreement E0983005		
Task Number	Task Description	Claimed³
4	Construction	\$ 842,537
	Total Project Expenditures	\$ 842,537

² The grant award was \$4,525,636 and the grantee claimed \$4,485,320 during the interim audit period.

³ The grant award was \$1,500,000 and the grantee claimed \$842,537 during the interim audit period.