



December 8, 2009

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, MS-25A
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

Final Report—County of Calaveras, Household Hazardous Waste Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the following County of Calaveras' (County) Household Hazardous Waste Grants:

<u>Grant Agreements</u>	<u>Audit Period</u>	<u>Awarded</u>
HD12-03-21	October 1, 2003 through March 31, 2006	\$78,101
HD13-04-29	August 1, 2004 through March 31, 2007	\$24,409

The enclosed report is for your information and use. After review of the draft report, the County chose not to provide a written response.

In accordance with Finance's policy of increased transparency, this report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal.

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,

Original signed by:

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

Enclosure

cc: On following page

cc: Mr. Tom Garcia, Director, Department of Public Works, County of Calaveras
Ms. Cynthia Knapp, Recycling Program Coordinator, Department of Public Works,
County of Calaveras
Ms. Shirley Willd-Wagner, Manager, Financial Assistance Division, California Integrated
Waste Management Board
Ms. Susan Villa, Branch Manager, Administration and Finance Division, California
Integrated Waste Management Board
Ms. Corky Mau, Branch Manager, Financial Assistance Division, California Integrated
Waste Management Board
Ms. Linda Dickinson, Grant Manager, Grant and Loan Resources Branch, California
Integrated Waste Management Board
Mr. Steve Hernandez, Supervisor, Grant Programs—A, Grant and Loan Resources
Branch, California Integrated Waste Management Board
Mr. Brian Kono, Audit Manager, Audit and Evaluation Unit, California
Integrated Waste Management Board

A GRANT AUDIT

County of Calaveras

Grant Agreements

HD12-03-21

and HD13-04-29

Prepared By:

Office of State Audits and Evaluations

Department of Finance

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Alma Ramirez, CPA
Supervisor

Staff
Alice Yip

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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(916) 322-2985

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BACKGROUND

As the state's recycling and waste reduction authority, the California Integrated Waste Management Board (Board) implements programs to reduce waste generation, divert materials from landfills, recover resources, remediate illegal sites, and ensure compliance with applicable state standards. The Household Hazardous Waste (HHW) Grant Program, authorized under Section 74200 of the Public Resources Code, provides funding to local governments for the establishment or expansion of HHW collection programs.

The County of Calaveras was awarded two grants to develop collection areas for recyclable/universal waste at the Avery Transfer Station, Red Hill Yard Waste Facility, and the Wilseyville Transfer Station.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of the County's HHW discretionary grants listed below:

<u>Grant Agreements</u>	<u>Audit Period</u>	<u>Awarded</u>
HD12-03-21	October 1, 2003 through March 31, 2006	\$78,101
HD13-04-29	August 1, 2004 through March 31, 2007	\$24,409

The audit objective was to determine whether the County's grant expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The County is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Board is responsible for evaluating the efficiency and effectiveness of the program operations.

METHODOLOGY

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

- Interviewed key personnel.
- Obtained an understanding of the grant related internal controls.
- Examined the grant files.
- Reviewed the County's accounting records.

- Determined whether a sample of expenditures were:
 - Allowable
 - Grant related
 - Incurred within the grant period
 - Supported by accounting records
 - Properly recorded
 - Were not also billed to other Board grants
- Visited a transfer station site.

The results of our audit are based on our review of documentation, other information made available to us, and interviews with County staff. The audit was conducted from January 2009 through September 2009.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and recommendations.

Except as noted below, the County's expenditures were expended in compliance with applicable laws, regulations, and the grant requirements. The claimed, audited, and questioned amounts are presented in Table 1. Additionally, one finding was identified as reported below.

Table 1: Schedules of Claimed, Audited, and Questioned Amounts

Grant Agreement HD12-03-21			
For the Period October 1, 2003 through March 31, 2006			
Categories	Claimed	Audited	Questioned
Permanent Collection	\$ 60,040	\$ 60,040	\$ 0
Publicity/Education	13,545	13,545	0
Total	\$ 73,585	\$ 73,585	\$ 0

Grant Agreement HD13-04-29			
For the Period August 1, 2004 through March 31, 2007			
Categories	Claimed	Audited	Questioned
Permanent Collection	\$ 5,719	\$ 0	\$ 5,719
Publicity/Education	18,690	18,690	0
Total	\$ 24,409	\$ 18,690	\$ 5,719

FINDING 1: The County Claimed \$5,719 in Vehicle Purchase Costs without Pre-Approval

The County claimed and was reimbursed \$5,719 for a semi van trailer on Grant Agreement HD13-04-29. However, the semi van trailer was not included in the original grant agreement budget or scope of work, and was not pre-approved by the Board via a written budget modification. The County purchased the semi van trailer on August 15, 2006, but didn't request Board approval until March 14, 2007, seven months after the purchase was made. Even though the County did not follow the requirements specified by the grant agreement, the Board approved the purchase on March 23, 2007, eight days prior to the grant's expiration date. As a result, this expenditure is not eligible for reimbursement.

The Grant Agreement, Exhibit A, Terms and Conditions, states the Board shall reimburse the grantee only for the activities and costs specified in the approved Work Plan, approved in the Budget Itemization, and incurred during the term of the grant agreement. Furthermore, the grant manager's written approval is required for any changes or modifications to the approved Work Plan or approved Budget Itemization prior to the performance of the changed work or expenditure of funds. The grant agreement also states that failure to obtain prior written approval of expenditures may result in withholding or disallowance of grant reimbursements.

Recommendation: Ensure claimed expenditures are based on the approved budget, and that all future budget modifications have written Board approval prior to the performance of the changed work or related expenditure of funds. Return \$5,719 to the board.