



Transmitted via e-mail

February 26, 2013

Mr. Thomas Howard, Executive Director  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814

Dear Mr. Howard:

**Final Report—Los Angeles County Flood Control District, Proposition 13 Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Los Angeles County Flood Control District's (District) grant 04-091-554-0.

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,

Originally signed by:

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

cc: Ms. Leslie Laudon, Manager, Division of Finance and Local Assistance, State Water Resources Board  
Ms. Monica Torres, Fiscal Unit Manager, State Water Resources Control Board  
Ms. Jennifer Taylor, Budget Officer, State Water Resources Control Board  
Mr. Patrick Kemp, Assistant Secretary, Administration and Finance, Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, Natural Resources Agency  
Ms. Julie Alvis, Deputy Assistant Secretary, Natural Resources Agency  
Ms. Gail Farber, Director, Los Angeles County Department of Public Works  
Mr. Gary Hildebrand, Assistant Deputy Director, Los Angeles County Flood Control District  
Ms. Angelica Cobian, Head, Internal Audit Group, Los Angeles County Department of Public Works

Los Angeles County Flood Control District  
Proposition 13 Bond Program  
Grant Agreement 04-091-554-0



Shaded Structure at the End of the East Basin

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

## **MEMBERS OF THE TEAM**

Diana Antony, CPA  
Manager

Lisa Negri  
Supervisor

Staff  
Lorena Romero

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  
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# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## **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 in bond proceeds provides grants to finance a variety of natural resource programs.

The Los Angeles Flood Control District (District) received a \$2.35 million Proposition 13 grant from the State Water Resources Control Board (SWRCB) for the Dominguez Gap Wetlands Multiuse Project. The project's scope included converting the East Basin into a treatment wetland to improve the quality of water recharged to the aquifer and to develop multiuse amenities including trails, shade structures, and interpretive signs.

## **SCOPE**

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 04-091-554-0 for the period November 15, 2004 through June 30, 2009.

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. 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. SWRCB and the 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.
- Examined the grant files, the 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.
- 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**

<b>Grant Agreement 04-091-554-0</b>	
	<b>Claimed</b>
Professional and Consultant Services	\$ 100,000
Construction Expenses	2,250,000
Total Grant Funds	2,350,000
Match Funds	4,497,526
Total Project Expenditures	\$6,847,526