



Sacramento County Office of Emergency Services

Propositions 1 and 1E Bond Programs
Grant Agreements 4600010740 and 4600012937

Report No. 21-3860-081
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Final reports are available on our website at <https://www.dof.ca.gov>.

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Final Report—Sacramento County Office of Emergency Services, Propositions 1E and 1 Grant Audit

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Sacramento County Office of Emergency Services's grants 4600010740 and 4600012937, issued by the California Department of Water Resources.

The enclosed report is for your information and use. Because there were no audit findings requiring a response, we are issuing the report as final. This report will be placed on our website.

If you have any questions regarding this report, please contact Marilyn Standing Horse, Manager, or Alan Garrett, Supervisor, at (916) 322-2985.

Sincerely,

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Cindy Messer, Lead Deputy Director, California Department of Water Resources
Michael Tufts, Manager, Bond Accountability Office, DWR Executive, California Department of Water Resources
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BACKGROUND, SCOPE, METHODOLOGY, AND RESULTS

BACKGROUND

California voters approved the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E) and the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) to address California's water supply, infrastructure, and ecosystems needs.

The \$4.090 billion in Proposition 1E bond proceeds are intended to rebuild and repair California's most vulnerable flood control structures to protect homes and prevent loss of life from flood-related disasters, including levee failures, flash floods, and mudslides; and to protect California's drinking water supply system by rebuilding delta levees that are vulnerable to earthquakes and storms.

The \$7.545 billion in Proposition 1 bond proceeds fund projects and activities involving ecosystems and watershed protection and restoration; water supply infrastructure, including surface and groundwater storage; and drinking water protection.

The California Department of Water Resources (DWR) has provided \$20 million through the Delta Flood Emergency Response Grant Program to improve local flood emergency response and contribute to increased public safety. California public agencies in the legal Delta whose primary responsibility is flood emergency response and coordination are eligible to apply for these grants.¹

As part of the Delta Flood Emergency Response Grant Program, DWR awarded the Sacramento County Office of Emergency Services (SacOES) the following Proposition 1E and 1 grants:

- **Grant 4600010740** – \$927,000 in Proposition 1E funds to implement necessary steps to improve the ability of local, state, and federal agencies to plan and respond to flood emergencies in the Sacramento Delta.
- **Grant 4600012937** – \$10,333,908 in Proposition 1E and 1 funds to provide flood fighting capabilities to Reclamation Districts; provide flood fight material stockpiles and equipment for the region; and provide local training, mapping, and development of a customized program using the Flood Operation Decision Support System tool. The funds will also enhance emergency communication, safety and security, and complete ongoing local flood emergency planning efforts through the development of regional response and recovery framework documents.²

¹ Excerpt obtained from <https://water.ca.gov/Work-With-Us/Grants-And-Loans/Flood-Emergency-Response-Projects-Grants>.

² The grant agreement did not separately identify award amounts attributable to Propositions 1E or 1.

SacOES coordinates the overall Sacramento countywide response to large scale incidents and disasters. SacOES is responsible for alerting and notifying appropriate agencies when disaster strikes; coordinating all agencies that respond; ensuring resources are available and mobilized in times of disaster; developing plans and procedures in response to and recovery from disasters; and developing and providing preparedness materials for the public.³

SCOPE

In accordance with our bond oversight responsibilities, the California Department of Finance, Office of State Audits and Evaluations, audited the following grants:

<u>Grant Agreement</u>	<u>Audit Period⁴</u>
4600010740	November 3, 2014 through August 9, 2019
4600012937	January 28, 2019 through September 30, 2020

The audit objectives were to determine whether SacOES's:

1. Claimed grant expenditures were in compliance with the grant requirements.
2. Grant deliverables were completed as required in the grant agreements.

SacOES submitted claims for reimbursement detailing its expenditures by task as follows:

Schedules of Claimed Amounts

Grant Agreement 4600010740	
Task	Claimed⁵
Program Administration	\$ 46,181
Emergency Safety Plan and Maps	715,301
Public Alert and Notification System Upgrade	12,015
Flood Emergency Response Training and Exercises	150,191
Total Claimed Expenditures	\$ 923,688

Grant Agreement 4600012937	
Task	Claimed⁶
Grant Administration	\$ 91,714
Decision Support System	175,000
Training and Exercises	25,000
Flood Fight Materials	1,566,186
Flood Fight Equipment	202,410
Total Claimed Expenditures	\$ 2,060,310

³ Excerpts obtained from <https://sacoes.saccounty.net/Pages/default.aspx>.

⁴ An interim audit was conducted on grant 4600012937 because audit fieldwork concluded September 30, 2021, which was prior to the grant end date of January 28, 2022.

⁵ DWR awarded \$927,000 and SacOES claimed and was reimbursed \$923,688 as of August 9, 2019.

⁶ DWR awarded a total of \$10,333,908. SacOES claimed \$2,060,310 and was reimbursed \$1,854,280 as of September 30, 2020.

SacOES's 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 programs.

METHODOLOGY

To plan the audit, we gained an understanding of the grants and respective bond programs, and identified relevant criteria, by interviewing DWR and SacOES personnel, reviewing the grant agreements, program guidelines, SacOES's applicable policies and procedures, and California Government Code.

We conducted a risk assessment, including evaluating whether SacOES's key internal controls significant to our audit objectives were properly designed, implemented, and operating effectively. Key internal controls evaluated focused on processes related to the review and approval of project expenditures, contract procurement, project expenditure accounting, reimbursement invoice preparation, and project deliverables. Our assessment included conducting interviews with SacOES personnel, observing processes, and testing transactions related to project expenditures, contract procurement, and project deliverables. During our audit, we did not identify deficiencies in internal controls significant within the context of our audit objectives or that warranted the attention of those charged with governance.

Additionally, we assessed the reliability of data from SacOES's invoice summary spreadsheets included with the reimbursement claims. To assess the reliability of the spreadsheets, we interviewed SacOES personnel and traced data from the spreadsheets to source documents. We determined the data were sufficiently reliable to address the audit objectives. Further, we determined verification of the reliability of data from SacOES's accounting system, Comprehensive Online Management Personnel and Accounting System, was not necessary because other sufficient evidence was available to address the audit objectives.

Based on the results of our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methods are detailed in the Table of Methodologies.

Table of Methodologies

Audit Objective	Methods
<p>Objective 1: To determine whether SacOES's claimed grant expenditures were in compliance with the grant requirements.</p>	<ul style="list-style-type: none"> • Selected cost categories from tasks with the most quantitatively significant expenditures to verify compliance with grant requirements. Specifically: <ul style="list-style-type: none"> ○ Grant 4600010740 – selected consultant invoices from the Emergency Safety Plan and Maps task based on quantitative and qualitative significance from two reimbursement claims. ○ Grant 4600012937 – selected materials invoices from the Flood Fight Materials task based on quantitative significance from one reimbursement claim. • Determined if selected expenditures were authorized, eligible and grant related, incurred within the grant periods, supported by documentation, and mathematically accurate by reviewing vendor invoices, contract agreements, grant agreements, and accounting expenditure reports and comparing to relevant criteria. • Evaluated whether other revenue sources existed and whether they were used to reimburse expenditures claimed under grant 4600012937 by interviewing SacOES personnel, and reviewing vendor invoices and accounting expenditure reports to identify possible duplicate payments. • Reviewed procurement records to verify compliance with SacOES's procurement policies and procedures, and applicable state procurement requirements.
<p>Objective 2: To determine whether the grant deliverables were completed as required in the grant agreement.</p>	<ul style="list-style-type: none"> • Based on our review of the deliverables identified in the grant agreements, we selected deliverables from tasks deemed significant to achieving the grant purpose. Specifically, the following deliverables were selected for testing: <ul style="list-style-type: none"> ○ Grant 4600010740 – selected the Emergency Safety Plan and Maps, Public Alert and Notification System Upgrade, and Flood Emergency Response Training and Exercise tasks, and determined whether the deliverables were completed as required. We verified completion by reviewing the updated maps, training registration forms, self-registration forms for upgrading the public alert and notification system, list of agencies trained in use of public alert and notification system, final exercise plan, exercise after action report, and listing of exercise participants. ○ Grant 4600012937 – selected the Decision Support System, Flood Fight Materials, Flood Fight Equipment, and Emergency Equipment and Materials Management tasks and determined whether there is a system in place to complete the deliverables as required. We interviewed SacOES personnel, reviewed the flood operation decision support system manual, inventory lists, memorandums of agreements, and conducted a site visit. • Evaluated whether reporting requirements were met by reviewing the project completion report for grant 4600010740 and a quarterly progress report for grant 4600012937.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS

Based on the procedures performed and evidence gathered, we obtained reasonable assurance the claimed grant expenditures complied with the grant agreements' requirements. Additionally, we obtained reasonable assurance the grant deliverables for grant 4600010740 were completed as required in the grant agreement. For interim grant 4600012937, we obtained reasonable assurance the grant deliverables available for review at the time of our fieldwork in September 2021 were consistent with the deliverables specified in the grant agreement.