

SACRAMENTO COUNTY

Audit Report

LOCAL OVERSIGHT PROGRAM

Contract Numbers D18-08-003 and D19-08-003

July 1, 2018, through June 30, 2020



BETTY T. YEE
California State Controller

January 2022



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California State Controller

January 5, 2022

Cristina Mayorga-Ochoa, Manager
Division of Financial Assistance
State Water Resources Control Board
1001 I Street, 17th Floor
Sacramento, CA 95814

Dear Ms. Mayorga-Ochoa:

The State Controller's Office audited the reimbursement claims filed by Sacramento County for costs of the State Water Resources Control Board's Local Oversight Program. Our audit pertained to Contract Numbers D18-08-003 and D19-08-003 for the period of July 1, 2018, through June 30, 2020.

The county claimed and was reimbursed \$1,009,176 during the audit period. Our audit found that the entire amount is allowable.

If you have any questions, please contact Efren Lose, Chief, Local Government Audits Bureau, by telephone at (916) 324-7226.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

cc: Azita Jackson, Program Analyst
State Water Resources Control Board
Marie Woodin, Director
Sacramento County Environmental Management Department
Megan Floyd, Program Manager
Sacramento County Environmental Management Department
Sue Frost, Chair
Sacramento County Board of Supervisors
Joyce Renison, Assistant Auditor-Controller
Sacramento County

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Audit Report

Summary

The State Controller's Office (SCO) audited the reimbursement claims filed by Sacramento County for the costs of the Local Oversight Program (LOP). Our audit pertained to Contract Numbers D18-08-003 and D19-08-003 between the county and the State Water Resources Control Board (SWRCB) for the period of July 1, 2018, through June 30, 2020.

The county claimed and was reimbursed \$1,009,176 during the audit period. Our audit found that the entire amount is allowable.

Background

California Health and Safety Code section 25297.1 authorizes the SWRCB to implement the LOP to provide funding for the clean-up of unauthorized releases of hazardous substances from underground storage tanks. To implement this program, the SWRCB has contracted with local agencies to reimburse the reasonable costs incurred by those local agencies to oversee the clean-up activities of underground storage tanks within their jurisdictions.

Audit Authority

Health and Safety Code section 25297.1(e)(1) and a contractual agreement between the SWRCB and the SCO give the SCO authority to audit the costs incurred by local agencies implementing the LOP.

Objective, Scope, and Methodology

Our audit objective was to determine whether the costs claimed, as presented in the Schedule, were incurred for program purposes, adequately supported, and in compliance with California Health and Safety Code section 25297.1.

The audit period was July 1, 2018, through June 30, 2020.

To achieve our objective, we performed the following procedures:

- We gained an understanding of the county's internal controls that are significant to the audit objective by reviewing policies and procedures and interviewing key personnel.
- We evaluated and assessed the control activities over the claim preparation process by inspecting documents and records, and inquiring with key personnel.
- We assessed the reliability of computer-processed data by reviewing existing information about the data and the system that produced it; by interviewing agency officials knowledgeable about the data; and by judgmentally tracing a non-statistical sample of data to source documents. We determined that the data was sufficiently reliable for the purposes of achieving our audit objective.
- We conducted a risk assessment to determine the nature, timing, and extent of substantive testing.
- We verified that reimbursements received by the county were deposited and completely recorded in the county's revenue account.

- We reconciled the amounts claimed for each cost component listed on the quarterly LOP contract invoices to the corresponding county LOP expenditure detail documentation.
- We reviewed the mathematical accuracy of the county's labor rate calculations.
- We verified that the \$438,289 in total indirect costs claimed was allowable by reviewing the county's indirect cost rate calculations, and comparing the claimed indirect cost rate to the allowable contract rate.
- We verified through sampling that the costs claimed were supported by proper documentation and eligible in accordance with applicable criteria. Based on our risk assessment, we performed the following tasks:
 - For personnel services costs, we selected a non-statistical block sample of two pay periods from one quarter of each fiscal year. We tested \$39,835 of \$548,973: \$21,015 from the fourth quarter of fiscal year (FY) 2018-19; and \$18,820 from the fourth quarter of FY 2019-20.
 - For services, supplies, and equipment costs, we selected all costs claimed from one quarter of each fiscal year and tested all items that were equal to or greater than the significant item amount (calculated based on materiality threshold). We also tested additional items that were valued below the significant item amount, based on auditor judgment and non-statistical sampling.
 - Services and Supplies – We tested \$7,073 of \$21,720: \$5,583 from the third quarter of FY 2018-19; and \$1,490 from the first quarter of FY 2019-20.
 - Equipment – We tested all \$194 in equipment costs, which were from the third quarter of FY 2018-19.

For the selected samples, errors found were not projected to the intended (total) population.

We did not audit the county's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed are allowable for reimbursement.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

The \$1,009,176 in costs claimed by Sacramento County for the SWRCB LOP under Contract Numbers D18-08-003 and D19-08-003 for the period of July 1, 2018, through June 30, 2020, were incurred for program

purposes, adequately supported, and in compliance with applicable State requirements.

**Follow-up on Prior
Audit Findings**

Our prior LOP audit report, for the period of July 1, 2016, through June 30, 2018, issued on March 23, 2020, disclosed no findings.

**Views of
Responsible
Officials**

We discussed our audit results with the county's representatives during an exit conference on October 22, 2021. Marie Woodin, Director of the Environmental Management Department, agreed with the audit results. Ms. Woodin further agreed that a draft audit report was not necessary and that we could issue the audit report as final.

Restricted Use

This audit report is solely for the information and use of Sacramento County, the SWRCB, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

January 5, 2022

Schedule—
Summary of Program Costs
July 1, 2018, through June 30, 2020

Program Costs	Costs Claimed	Withheld by SWRCB	Net Costs Reimbursed	Allowable Per Audit
Program Management Costs:				
Personnel Services	\$ 94,591	\$ -	\$ 94,591	\$ 94,591
Indirect Costs	<u>75,887</u>	<u>-</u>	<u>75,887</u>	<u>75,887</u>
Total Program Management Costs	<u>170,478</u>	<u>-</u>	<u>170,478</u>	<u>170,478</u>
Site-Specific Costs:				
Personnel Services	454,382	-	454,382	454,382
Indirect Costs	<u>362,402</u>	<u>-</u>	<u>362,402</u>	<u>362,402</u>
Total Site-Specific Costs	<u>816,784</u>	<u>-</u>	<u>816,784</u>	<u>816,784</u>
Services and Supplies	21,720	-	21,720	21,720
Equipment	<u>194</u>	<u>-</u>	<u>194</u>	<u>194</u>
Total Program Costs	<u>\$ 1,009,176</u>	<u>\$ -</u>	<u>\$ 1,009,176</u>	<u>\$ 1,009,176</u>

**State Controller's Office
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<http://www.sco.ca.gov>