



**JOHN CHIANG**  
California State Controller

May 17, 2012

Kevin L. Graves, Manager  
Division of Water Quality  
State Water Resources Control Board  
1001 I Street, 15<sup>th</sup> Floor  
Sacramento, CA 95814

Dear Mr. Graves:

The State Controller's Office audited the reimbursement claims filed by Stanislaus County for costs of the State Water Resources Control Board's (SWRCB) Local Oversight Program (Chapter 1574, Statutes of 1990). Our audit pertained to Contract Nos. 06-027-250, 07-019-250, and 08-018-250 for the period of July 1, 2006, through June 30, 2009.

The county claimed and was reimbursed \$655,951 during the audit period. Our audit disclosed that the entire amount is allowable.

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey V. Brownfield".

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/bf

cc: Jenniffer Jordan  
Local Oversight Program  
Division of Water Quality  
State Water Resources Control Board  
The Honorable William O'Brien, Chairman  
Stanislaus County Board of Supervisors  
Sonya Harrigfeld, Director  
Department of Environment Resources  
Stanislaus County  
Steven Mar, Bureau Chief  
Division of Audits, State Controller's Office  
Joe Vintze, Audit Manager  
Division of Audits, State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the reimbursement claims filed by Stanislaus County for the costs of the Local Oversight Program (Chapter 1574, Statutes of 1990). Our audit pertained to the Contract Nos. 06-027-250, 07-019-250, and 08-018-250 between the county and the State Water Resources Control Board (SWRCB) for the period of July 1, 2006, through June 30, 2009. Our audit was conducted in Modesto, California.

The county claimed and was reimbursed \$655,951 during the audit period. Our audit disclosed that the entire amount is allowable.

## Background

Statutory authority exists at the federal, state, and local levels to require corrective action at underground storage tank (UST) release sites owned by a responsible party, and to rank and fund remedial work at UST sites when a responsible party cannot be identified or has insufficient financial resources to accomplish the needed work. A statewide program, now known as the Local Oversight Program, was established in fiscal year 1987-88 to provide funding in support of oversight efforts by local agencies. Local agencies contract with the SWRCB to oversee the preliminary assessment of UST release sites and remedial work, if necessary. The program is funded through a combination of state and federal funds.

California Health and Safety Code section 25297 and a contractual agreement between the SWRCB and the SCO authorize the SCO to conduct audits of this program.

## Objectives, Scope, and Methodology

Our audit objectives were to determine whether the costs claimed, as presented in the Summary of Program Costs (Schedule 1), were incurred for program purposes, were adequately supported, and were in compliance with the contract and with applicable state and federal regulations.

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.

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. Accordingly, we examined transactions, on a test basis, to support the amounts claimed for reimbursement.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and the claim preparation process, as necessary, to develop appropriate auditing procedures.

**Conclusion**

The \$655,951 in costs claimed by Stanislaus County for the SWRCB Local Oversight Program under Contract Nos. 06-027-250, 07-019-250, and 08-018-250 for the period of July 1, 2006, through June 30, 2009, were incurred for program purposes, were adequately supported, and were in compliance with the contract and with applicable state and federal regulations.

**Views of  
Responsible  
Official**

We discussed our audit results with the county's representative during an exit conference on February 16, 2012. Beronia Benjamine, Program Manager, agreed with the audit results. Ms. Benjamine further agreed that a draft audit report was not necessary and that we could issue the audit report as final.

**Restricted Use**

This report is solely for the information and use of Stanislaus 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 report, which is a matter of public record.



JEFFREY V. BROWNFIELD  
Chief, Division of Audits

May 17, 2012

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**Schedule 1—  
Summary of Program Costs  
July 1, 2006, through June 30, 2009**

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	<u>Costs Claimed</u>
Program management costs:	
Salaries and benefits	\$ 186,258
Services and supplies	2,199
Overhead	<u>90,042</u>
Total program management costs	<u>278,499</u>
Site-specific costs:	
Salaries and benefits	273,760
Overhead	<u>103,692</u>
Total site-specific costs	<u>377,452</u>
Total program costs	655,951
Less amount reimbursed by the SWRCB	<u>(655,951)</u>
Amount due from (due to) SWRCB	<u>\$ —</u>