

# Safe, Clean Water Program

Audit/Financial Frequently Asked Questions

Revised on: January 9, 2024



	<b>Question</b>	<b>Answer</b>
1	How should my organization store and manage SCW funds?	SCW Program Contributions distributed to the Recipient shall be held in a separate interest-bearing account and shall not be combined with other funds. Interest earned from each account shall be used by the Recipient only for eligible expenditures consistent with the requirements of the SCW Program.
2	My organization uses one bank account, but our enterprise financial system is capable of separating revenues by funding source. Does this comply with Los Angeles County Flood Control District Code (LAC FCDC) Section <a href="#">16.13.A</a> ?	Yes.
3	What is the purpose of the audit requirement in LAC FCDC Section <a href="#">16.07</a> ?	The Recipient is responsible for obtaining an independent audit to determine Funded Activity compliance with the terms and conditions of the Transfer Agreement and all requirements applicable to the Recipient contained in chapters <a href="#">16</a> and <a href="#">18</a> of the LAC FCDC.
4	Can my organization's existing independent auditor conduct the independent audit of our use of SCW funds?	Yes, presuming they are qualified to give reasonable assurance that the organization's use of SCW Program funds complies with program requirements.

# Safe, Clean Water Program

Audit/Financial Frequently Asked Questions

Revised on: January 9, 2024



5	<p>What are the County’s expectations of the content, procedures/methodology, and any specific auditor qualifications? Does the County have detailed guidance on what items (e.g., controls, compliance) need to be tested in the required audit?</p>	<p>The engagement should comprise an examination* conducted by an independent public accounting firm, licensed by and in good standing with the State of California or having obtained California Practice Privilege from the California Board of Accountancy. Furthermore, the firm’s personnel should possess the academic disciplines and audit experience to successfully conduct the examination in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States.</p> <p>The scope of the examination should, at a minimum, be limited to the functions and responsibilities of the applicable program (e.g., District, Municipal, Regional) as defined in LAC FCDC Chapter sections 16.05 and 18.05-18.07. For the period under review, the auditor should perform a financial/compliance examination of financial records and operations for the purpose of expressing an opinion on the accuracy of SCW expenditure reporting, eligibility of expenditures, and auditee’s compliance with all other applicable requirements under LAC FCDC chapters 16 and 18. Additionally, the auditor should report on internal controls and compliance with applicable laws and regulations.</p> <p>*In general, an audit refers to the independent assessment of whether an entity’s financial information (e.g.,</p>
---	---	--

# Safe, Clean Water Program

Audit/Financial Frequently Asked Questions

Revised on: January 9, 2024



	<b>Question</b>	<b>Answer</b>
	(continued from Page 2)	financial condition) is fairly presented in all material respects. An examination, however, refers to the evaluation of subject matter (e.g., use of SCW funds) against criteria (SCW Program) to determine if the subject matter is in accordance with the criteria. While differing in scope and purpose, the same level of assurance is obtained by the auditor in an examination as in a financial statement audit.
6	With regard to the Municipal audit requirement in LAC FCDC Section <a href="#">16.07</a> (i.e., not less than once every three years), does year one start when expenditures were incurred or when Safe, Clean Water (SCW) funds were received?	Year one begins the Fiscal Year in which expenditures were incurred or funds were received, whichever occurs first.
7	When are Regional Program audits due?	The Recipient shall file a copy of the Activity Completion audit report with the District by the end of the ninth (9th) month from Activity Completion. For a Funded Activity that will be performed over the course of a period exceeding three years, the District may also perform an interim independent audit every three (3) years until Activity Completion and the Recipient shall file a copy of all interim audit reports by the ninth (9th) month from the end of each three (3) year period. Audit reports, including any interim audit reports prepared by the District shall be posted on the District's publicly accessible website.
8	What does "Activity Completion" mean?	"Activity Completion" means that all funded activity under the Transfer

# Safe, Clean Water Program

Audit/Financial Frequently Asked Questions

Revised on: January 9, 2024



	<b>Question</b>	<b>Answer</b>
	(continued from Page 3)	Agreement is complete to the reasonable satisfaction of the District based on review of reports and other documentation as deemed appropriate by the District.
9	If a Regional Program project is not complete within three years, does the project developer need to perform an audit report every three (3) years?	No. For a Funded Activity that will be performed over the course of a period exceeding three years, the District may perform an interim independent audit every three (3) years until Activity Completion.
10	Can a project applicant include anticipated audit costs in future Regional Program applications?	Yes.
11	Does our City Council need to approve the audit report?	While this is not a requirement of the Transfer Agreement or SCW ordinances, the report should be distributed to those charged with governance, such as a City Council, as noted in Government Auditing Standards. Report distribution should be discussed with your internal auditor or the external auditor conducting your SCW audit.
12	How should I submit my audit report once complete?	Please email all completed Regional Program reports to <a href="mailto:safecleanwaterla@pw.lacounty.gov">safecleanwaterla@pw.lacounty.gov</a> .  For municipalities, please email your reports to <a href="mailto:scwpmunicipal@pw.lacounty.gov">scwpmunicipal@pw.lacounty.gov</a> .
13	Who can I contact if I have any additional questions?	Please email <a href="mailto:safecleanwaterla@pw.lacounty.gov">safecleanwaterla@pw.lacounty.gov</a> and add "Audit Inquiry" in the subject line.