

# Safe, Clean Water Program

Audit/Financial Frequently Asked Questions

Prepared on: December 5, 2022



	<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

Prepared on: December 5, 2022



	Question	Answer
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 audit engagement should be conducted 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 audit 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 <a href="#">16.05</a> and <a href="#">18.05-18.07</a>. For the period under review, the auditor should perform a financial/compliance audit 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 <a href="#">16</a> and <a href="#">18</a>. Additionally, the auditor should report on internal controls in accordance with Government Auditing Standards (i.e., Report on Internal Control Over Financial Reporting and on Compliance and Other Matters...).</p>
6	<p>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?</p>	<p>Year one begins when expenditures were first incurred.</p>

# Safe, Clean Water Program

Audit/Financial Frequently Asked Questions

Prepared on: December 5, 2022



	<b>Question</b>	<b>Answer</b>
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 (9 <sup>th</sup> ) 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 (9 <sup>th</sup> ) 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 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	Who can I contact if I have any additional questions?	<a href="mailto:safecleanwaterla@pw.lacounty.gov">Please</a> email <a href="mailto:safecleanwaterla@pw.lacounty.gov">safecleanwaterla@pw.lacounty.gov</a> and add "Audit Inquiry" in the subject line.