

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller - Treasurer - Tax Collector	(2) MEETING DATE 4/1/2014	(3) CONTACT/PHONE Jim Erb 781-5831; Kerry Bailey 788-2979	
(4) SUBJECT Submittal of a compliance audit of the Los Osos Water Conservation Rebate Program. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review and file the Los Osos Water Conservation Rebate Program compliance audit report and Public Work's response.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 2 -			

# County of San Luis Obispo



TO: Board of Supervisors  
FROM: James Erb, CPA, Auditor - Controller - Treasurer - Tax Collector  
DATE: 4/1/2014  
SUBJECT: Submittal of a compliance audit of the Los Osos Water Conservation Rebate Program. District 2.

## **RECOMMENDATION**

It is recommended that the Board receive, review and file the Los Osos Water Conservation Rebate Program compliance audit report and Public Works' response.

## **DISCUSSION**

The Auditor-Controller-Treasurer-Tax Collector-Public Administrator was approached by County Counsel, Public Works, and the Administrative office to review a concern regarding the Los Osos Water Conservation Rebate Program. In response to the concern an audit was initiated to determine whether the rebate program was being administered in accordance with program guidelines and if the rebates were accurate and eligible for the rebate program.

Public Works developed an adequate process for tracking and reviewing properties, fixtures, and rebate applications; however, some errors were found in the database which raised questions as to rebate eligibility. Additionally, Public Works staff's well-intentioned goal of issuing rebates to homeowners within ten days of receipt of the application created an environment which limited critical review of the rebate applications.

As a consequence, rebate applications were approved which should have raised concerns regarding their accuracy and eligibility for the rebate program. Our testing identified \$4,869 (3%) of rebates which were questionable. The majority of the questionable applications were submitted for work done by a single plumbing company which was responsible for \$2,952 (61%) of the questionable rebates. The attached Los Osos Water Conservation Rebate Program compliance audit report details our observations and recommendations along with Public Works' responses. Public Works has also provided additional comments included in the attached departmental response.

Auditing standards require a follow-up process to monitor and ensure that management actions have been effectively implemented or that management has accepted the risk of not taking action. Accordingly, we will perform a follow-up audit of the Los Osos Water Conservation Rebate Program to monitor Public Works' implementation of our recommendations.

## **OTHER AGENCY INVOLVEMENT/IMPACT**

Public Works, Planning and Building, County Counsel, Administrative Office.

## **FINANCIAL CONSIDERATIONS**

Public Works issued rebates totaling \$502,055 between October 23, 2012 and October 16, 2013.

## **RESULTS**

Performing compliance audits provides oversight and accountability of funds and contributes to the County's vision of a well governed community.

**ATTACHMENTS**

1. Los Osos Water Conservation Rebate Program Report
2. Public Works Response