2010-117 AUDIT SCOPE AND OBJECTIVES— Department of Water Resources, General Obligation Bond Funds

The audit by the bureau will provide independently developed and verified information related to Department of Water Resources' (Water Resources) management of bond funds and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.

2. Review and evaluate the current oversight and accountability structure—external to Water Resources—for the expenditure of bond funds to determine whether this structure is effective.

3. For the period between July 2005 and June 2010, determine the following:

   (a) Amount of bond funds received, obligated, and spent by Water Resources.

   (b) How Water Resources ensures that bond funds are used for the purposes for which they were approved.

   (c) Whether Water Resources tracks bond proceeds and expenditures separate from expenditures of State Water Project revenues and General Fund appropriations and whether the tracking methods provide for the accurate accounting and management of the bond funds.

   (d) The extent to which Water Resources has shifted bond funds between projects and programs and whether such fund shifts align with the purposes for which they were approved and are allowable.

   (e) How much, if any, bond funds have been spent on projects or programs that otherwise would be funded by State Water Project revenues and General Fund appropriations.

   (f) How much debt service the State has incurred related to Water Resources' general obligation bonds.

4. Assess whether Water Resources has demonstrated the ability to effectively manage the current volume of bond funds it has received, and how it plans to manage and use future bond funds