

Audit of state water agency wins approval

Trio of local lawmakers had requested action

Zachary K. Johnson, Stockton Record, 5-7-10

STOCKTON - Three local legislators got their wish for an audit of the state agency that has received billions of dollars in voter-approved bond funds and would receive billions more if a water-bond measure passes in November.

On Wednesday, the Joint Legislative Audit Committee agreed to look into how the Department of Water Resources has managed more than \$15 billion in bond funds allocated to the department in the past decade.

The audit was requested by three legislators who represent parts of San Joaquin County and an integral part of the state's water supply: Sen. Lois Wolk, D-Davis; Assemblywoman Alyson Huber, D-El Dorado Hills; and Assemblywoman Joan Buchanan, D-Alamo.

"It's really important that they have good systems in place to keep track of public funds," Wolk said.

A report on the audit's findings is expected before the end of the year but it's uncertain if the report will be issued before voters are asked to approve an \$11.1 billion water bond in November.

The water bond was part of a package of legislation passed last year to overhaul state water policy. The three legislators requesting the audit had voted against the package of water bills last year. Their districts contain parts of the Sacramento-San Joaquin Delta, which is a source for much of the state's water supply and a central focus of discussion of state water policy.

The proposed water bond would bring \$2.25 billion to projects in the Delta. That money wouldn't pay to build a peripheral canal that would divert water from the Delta on its way across the state. But Wolk and Huber are wary that those dollars can bring such a conveyance system closer to reality.

But the bond management at the core of the upcoming audit predates the recent legislation, Wolk said.

"I've had my eye on the way the Department of Water Resources deals with bonds for a long time," she said.

The state's water infrastructure does require improvements, but how money being spent to do that requires more oversight, Huber said. This audit will improve that oversight, whether or not a November bond passes.

"This audit is going to ensure DWR can handle funds effectively," she said.

Information on how the department spends bond money is there for the asking, and the agency welcomes the audit, said Susan Sims, chief deputy director of the Department of Water Resources. "We open our books all the time," she said.

The department keeps track of every dollar spent, but it is now developing a much better system to track expenditures, Sims said.

"The information is all there, but it's in different places," he said.

In the meantime, the department is capable of managing the bond funds, she said.

"You have to, absolutely, track every dollar," she said.

The legislators' request for an audit stems from a suggestion from the nonpartisan Legislative Analyst's Office to perform such an audit. It was tucked into a March report analyzing state budget proposals for the budget year beginning in July.

It's difficult to track how DWR spends bond funds, and it is unclear whether the department's practice of shifting funding between different projects and programs has been in line with original funding intent, according to the legislative analyst.

The report goes on to recommend an audit should focus on ways to improve the department's reporting of bond expenditure and that an audit be performed in time to help the Legislature when making decisions for the 2011-12 budget year.