



*Final
Report*

County of San Diego, California

Auditor and Controller

American Recovery and Reinvestment Act (ARRA) Compliance Audit of the Gillespie Field Airport Construction Project

Office of **A**udits & **A**dvisory **S**ervices

December 2009
Report No. A10-037A



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

December 30, 2009

TO: John L. Snyder, Director
Department of Public Works

FROM: James L. Pelletier
Chief of Audits

**FINAL REPORT: AMERICAN RECOVERY AND REINVESTMENT ACT COMPLIANCE AUDIT
OF THE GILLESPIE FIELD AIRPORT CONSTRUCTION PROJECT**

Enclosed is our report on the American Recovery and Reinvestment Act (ARRA) Compliance Audit of the Gillespie Field Airport Construction Project. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JAMES L. PELLETIER
Chief of Audits

AUD:LF:aps

Enclosure

c: Chandra L. Wallar, Deputy Chief Administrative Officer, Land Use and Environment Group
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Kathleen A. Flannery, Group Finance Director, Land Use and Environment Group

BACKGROUND

The American Recovery and Reinvestment Act of 2009 (ARRA or the Act) was signed into law on February 17, 2009. The purposes of the Act are to preserve and create jobs, promote economic recovery, assist those most affected by the recession, provide investments to increase economic efficiency through technological advances in science and health, and invest in transportation, environmental protection, and other infrastructure.

The Act specifically appropriated \$1.3 billion for discretionary airport projects under the Federal Aviation Administration (FAA) grants-in-aid for airport programs, also known as the Airport Improvement Program (AIP). On June 15, 2009, the FAA awarded \$1.9 million of ARRA funding to the County of San Diego for the Gillespie Field Airport Construction Project (the ARRA Project). This ARRA Project is administered by the Department of Public Works (DPW), Airport Division.

Gillespie Field is a 757-acre publicly owned facility that serves the aviation needs of the City of El Cajon and the surrounding areas. Gillespie Field is the oldest and the largest of the County's general aviation airports.

At the request of the Chief Administrative Officer, the Office of Audits & Advisory Services (OAAS) conducted an audit of this ARRA Project to provide reasonable assurance of compliance with requirements established by the Act.

AUDIT SCOPE AND LIMITATIONS

The objectives of the audit were to establish whether grant monies were properly managed and accounted for, determine whether data related to the grant were properly captured and reported as mandated by the Act, and determine whether adequate internal controls for the administration of ARRA funds have been established. Audit work focused on grant activities conducted from June 15, 2009 to November 20, 2009.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

METHODOLOGY

OAAS implemented a multi-faceted methodology to audit the ARRA Project. The following briefly highlights the methods used:

- Reviewed Office of Management and Budget (OMB) ARRA guidance, Inspector General (IG) ARRA directives, and State of California ARRA related regulations to identify and understand specific ARRA requirements and expectations;
- Examined Government Accountability Office (GAO) reports that discussed significant risks related to ARRA;
- Interviewed DPW staff responsible for grant fiscal administration and project management;
- Examined policies and procedures governing the administration of grants;

- Reviewed processes for grant administration, monitoring, and reporting of grant activities; and
- Conducted specific audit procedures such as inspection of documents, reconciliation of records, verification of key transactions, and inquiries regarding fraud prevention controls.

AUDIT RESULTS

OAAS' audit work determined that DPW is generally in compliance with ARRA grant requirements. Specifically, OAAS found that funds received for the ARRA Project had been properly managed and accounted for and report data had been properly captured and submitted to the FAA and to OMB. Further, OAAS noted that adequate internal controls regarding the administration and oversight of ARRA grants had been implemented.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the DPW, Airport Division management and staff throughout this audit.

AUDIT TEAM

Laura Flores, Senior Auditor (Project Lead)