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STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2023-

DELEGATES AUTHORITY TO THE EXECUTIVE DIRECTOR, THE CHIEF DEPUTY DIRECTOR OR THE DEPUTY DIRECTOR OF THE DIVISION OF ADMINISTRATIVE SERVICES TO EXECUTE CERTAIN CONTRACTS AND AMENDMENTS FOR THE CLEAN WATER STATE REVOLVING FUND, THE DRINKING WATER STATE REVOLVING FUND AND THE PUBLIC WATER SYSTEM SUPERVISION GRANT ANNUAL AUDITS

WHEREAS:

1. The Division of Administrative Services administers routine service contracts and interagency agreements with both public and private entities in support of the State Water Resources Control Board (State Water Board) and Regional Water Quality Control Boards (Regional Water Boards). The contracts are for non-controversial activities, involve the transaction of routine State business, and do not involve significant policy decisions that would require the consideration of the State Water Board during publicly held Board meetings.
2. In [Resolution No. 2015-0022](#), the State Water Board delegated authority for such non-controversial contract approvals to State Water Board Executive staff. This resolution limited such authority to execute contracts and amendments to contracts of no more than \$750,000.00 in value and no more than three years in length.
3. There is an ongoing requirement to provide annual financial statements prepared in accordance with generally accepted accounting principles (GAAP) that are audited by an independent certified public accountant for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Funds (DWSRF), plus a programmatic audit for the Public Water System Supervision grant (PWSS). The audit of these three programs requires extensive knowledge of the Federal Clean Water Act, the Federal Safe Drinking Water Act, the Federal Single Audit requirements, and myriad other complex federal regulations and IRS rules. Therefore, the State Water Board requires a highly skilled external audit firm with the resources needed to ensure compliance with all the various requirements. Additionally, the Government Finance Officers Association (GFOA), which is the preeminent organization in the nation and who publishes the Governmental Accounting, Auditing, and Financial Reporting "Blue Book", documented the following in their research several years ago:

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- a. Public sector audits require more skill than private sector audits,
- b. While fees are always a valid consideration, we should “give priority to auditor qualifications,”
- c. Time and money invested in learning a client is expensive, and
- d. Time and money invested in preparing audit bids is expensive.

Based on the above, the GFOA has historically recommended multiyear contracts of at least five years be used for audit contracts.

4. The State Water Board, Division of Administrative Services is seeking to streamline contract and amendment processing for these audit services. Increasing the delegated authority amount for State Water Board Executive staff to approve contracts and amendments for these audit services to no greater than \$500,000 per fiscal year with a contract term of no more than five years in length will assist the Division of Administrative Services (Contracts and Accounting staff) in streamlining the contract processing.
5. The Division of Administrative Services ensures that the State Water Board conducts its contracting activities in compliance with State contracting laws, regulations, policies, and procedures.

THEREFORE BE IT RESOLVED THAT:

The State Water Board hereby authorizes the Executive Director, Chief Deputy Director, or the Deputy Director of the Division of Administration Services to execute, for and on behalf of the State Water Board and Regional Water Boards, contracts, interagency agreements, and amendments described herein and to perform all acts and to do all things necessary and convenient to implement such contracts, interagency agreements, and amendments. This delegation shall be limited to the following actions:

1. Execution of contracts, interagency agreements, and amendments for the CWSRF, DWSRF and PWSS annual audits which shall be no greater than \$500,000 per fiscal year and no more than five years in length;
2. Notwithstanding the foregoing, all contracts with state officers or employees or appointed state officials or with former state officers or employees or appointed state officials, shall comply with the provisions of Public Contract Code section 10410 et seq., and except for any contract requiring a person's services as an expert witness in a civil case, shall require approval of the State Water Board at a public board meeting;

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3. Except as otherwise specifically provided by the State Water Board, the Executive Director or the Executive Director's designee shall be the duly authorized representative of the State Water Board for the purpose of making a final determination of any dispute arising under or relating to the performance of any contracts to which the State Water Board is a party;
4. The Deputy Director of the Division of Administrative Services may redelegate responsibilities herein as appropriate to managerial staff within the Division of Administrative Services; and
5. This resolution supersedes Resolution 2015-0022 for any future contract, interagency agreement, or amendment pertaining to CWSRF, DWSRF and PWSS annual audits except for any contract or amendment for legal services; and that this authorization shall remain in full force and effect until modified or revoked by the State Water Board.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on January 18, 2023.

Jeanine Townsend
Clerk to the Board