

Agenda Date: September 20, 2010  
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Continued Item: No

## **Board Agenda Item**

**TO:** Air Pollution Control District Board

**FROM:** Terry Dressler, Air Pollution Control Officer

**CONTACT:** Ron Tan, Planning and Technology Supervisor (961-8812),  
Bill Dillon, Deputy County Counsel (568-2950)

**SUBJECT:** California Air Resources Board Audit of District's Carl Moyer Program

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### **RECOMMENDATION:**

Receive and file a report prepared by the California Air Resources Board (ARB) documenting an ARB audit of the Santa Barbara County Air Pollution Control District's (District's) Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program).

### **SUMMARY:**

As part of its ongoing review of this funding program, the ARB conducted an audit between October 2009 and February 2010 of the District's Carl Moyer Program.

Overall the ARB audit found that the District's Carl Moyer Program is effective and well-run. The program is meeting its goals and achieving the intended emission reductions.

The audit included two findings and one recommendation. The District responded with a letter addressing these. The audit report and District's response letter are attached to this Board letter, and the ARB has posted both at [www.arb.ca.gov/msprog/moyer/audits/2010audits.htm](http://www.arb.ca.gov/msprog/moyer/audits/2010audits.htm).

### **DISCUSSION:**

Established pursuant to Section 44275 of the California Health and Safety Code, the Carl Moyer Program is administered and overseen by the ARB. The Program provides monetary incentives to replace older diesel engines with cleaner new diesel engines or reduce pollution from these engines by installing emission controls. The District has participated in all twelve years of the Carl Moyer Program, received ARB grants totaling \$5,352,000, and provided \$1,378,646 in

matching funds for a program total of \$6,730,646. The District's Carl Moyer Program has reduced approximately 1,200 tons of nitrogen oxide, reactive organic gas and particulate matter emissions from heavy-duty diesel engines in Santa Barbara County that were not required to be regulated.

The District's Innovative Technologies Group is responsible for administering the projects eligible for grant funding under the Carl Moyer Program consistent with state guidelines and with the District's Carl Moyer Program policies and procedures. The District's grant program is supported by the District's fiscal group, which tracks and administers the grant funds.

The ARB conducted an audit between October 2009 and February 2010 of the District's Carl Moyer Program. The scope of the audit covered the District's implementation of the Carl Moyer program over two closed funding cycles, Year 8 (2005/06) and Year 9 (2006/07), and two open funding cycles, Year 10 (2007/08) and Year 11 (2008/09).

The ARB team reviewed the District's implementation of the statewide Carl Moyer Guidelines and the District's Carl Moyer Program policies and procedures; conducted a grant project file review; visited several grant sources in the field; and audited the District's Carl Moyer Program fiscal records. Nine project files were selected for audit file review, four projects were selected for on-site inspections, and one vehicle dismantler was selected for on-site demonstration of the District's Old Car Buy Back Program.

Overall the ARB audit found that the District's Carl Moyer Program is effective and well-run. The program is meeting its goals and achieving the intended emission reductions.

The audit included two findings: (1) the District incorrectly calculated and applied earned interest and administration fees, and (2) in the case of one grant award project, the District did not fully follow Guidelines procedures, and did not confirm the engine serial number during post-inspection of a baseline engine serial number obtained during pre-inspection. In addition, the audit recommended that the District consolidate the multiple databases it uses to track and manage the program to minimize data entry errors. These audit findings and recommendation were presented by the ARB during an exit teleconference held with the District on February 4, 2010. The District received the printed ARB audit report on May 28, 2010 and responded to the conclusions of the report in a letter dated June 17, 2010.

In this June 17 letter, the District outlines its approach to address the ARB report findings and recommendation.

With respect to Finding 1 Incorrect calculation and application of interest earned on Carl Moyer Program balances and administration fees, the District, on its own initiative, reviewed interest calculations and discovered that interest was not calculated correctly. In consultation with the ARB, the District fiscal group has made the appropriate corrections. The District will provide all correcting entries to the ARB Carl Moyer Program liaison on or before August 31, 2010 for final review and approval.

As stated in the audit report, no mitigation action is possible for Finding 2 Incorrect handling of one project whose baseline engine's serial number could not be confirmed during pre-inspection.

The District staff has modified its Carl Moyer Program Policies and Procedures to ensure this issue does not reoccur in the future. District staff will now tag baseline equipment that do not display a defined identification or serial number with a unique District identifier during the pre-inspection, and will subsequently document the presence of this unique identifier on the destroyed unit during the post-inspection.

Regarding Recommendation 1 associated with repetitive program tracking mechanisms, during the upcoming Moyer Year 12, the District will identify databases and spreadsheets that are candidates for an efficient and orderly consolidation, or that may be supplanted by reports by the District's fiscal group's tracking and reporting system, which is currently under development.

In summary, the District states in its June 17 response letter that it is very pleased that the overall conclusion of the ARB audit report is that the "Santa Barbara County Air Pollution Control District is implementing an effective and efficient Carl Moyer Program that achieves the expected emission reductions and meets State requirements." The District pledges to work with the ARB to continually improve all aspects of the Carl Moyer Program.

The audit report and District's response letter are attached to this Board letter and the ARB has posted both at [www.arb.ca.gov/msprog/moyer/audits/2010audits.htm](http://www.arb.ca.gov/msprog/moyer/audits/2010audits.htm).