



Transmitted via e-mail

August 15, 2014

Mr. John Laird, Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Mr. Samuel P. Schuchat, Executive Officer
State Coastal Conservancy
1330 Broadway, 13th Floor
Oakland, CA 94612

Dear Mr. Laird and Mr. Schuchat:

Final Report—Big Sur Land Trust, Propositions 40, 50 and 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Big Sur Land Trust's (BSLT) grants awarded by the California Natural Resources Agency (Resources), and the State Coastal Conservancy (SCC):

<u>Agency</u>	<u>Agreement Number</u>	<u>Award Amount</u>
SCC	07-212	\$ 500,000
SCC	07-207	\$ 250,000
SCC	08-082	\$ 500,000
Resources	R81702-0	\$ 1,437,021
Resources	40745-11	\$ 500,000
Resources	R81703-0	\$ 180,160
Resources	R81731-0	\$ 1,242,400

The enclosed report is for your information and use. Because there were no audit observations requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of BSLT. If you have any questions regarding this report, please contact Jon Chapple, Manager, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Polly Escovedo, Manager, California Natural Resources Agency
Ms. Linda Smith, Grant Administrator, California Natural Resources Agency
Ms. Mary Small, Deputy Executive Officer, State Coastal Conservancy
Ms. Nadine Peterson, Deputy Executive Officer, State Coastal Conservancy
Ms. Regine Serrano, Chief of Administrative Services, State Coastal Conservancy
Mr. Bill Leahy, Executive Director, Big Sur Land Trust
Mr. Richard Hamilton, Chief Operating Officer, Big Sur Land Trust

Big Sur Land Trust
Propositions 40, 50 and 84 Bond Programs
Grant Agreements 07-212, 07-207, 08-082, R81702-0,
40745-11, R81703-0 and R81731-0



Odello East and West Inspiration Point
Source: Big Sur Land Trust

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40); the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50); and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), for \$2.6 billion, \$3.44 billion, and \$5.4 billion, respectively. The bond proceeds finance a variety of natural resource programs.

The Big Sur Land Trust (BSLT) is a non-profit entity funded by private donations and public conservation funding. The mission of BSLT is to conserve significant lands and waters of California's Central Coast, and to inspire love of the land and conservation of treasured landscapes.¹ BSLT received the following grant awards from the California Natural Resources Agency (Resources), and the State Coastal Conservancy (SCC):

- *Carmel River Parkway McWhorter Acquisitions* (SCC 07-212)—Proposition 84 grant totaling \$500,000 to acquire the 12 acre McWhorter property in Monterey County.
- *Lower Carmel River Floodplain Restoration Project* (SCC 07-207)—Proposition 84 grant totaling \$250,000 to prepare project designs and an environmental review for the Lower Carmel River Floodplain in Monterey County.
- *Carmel River Parkway Quail Acquisition* (SCC 08-082)—Proposition 84 grant totaling \$500,000 to acquire the 3-acre Quail Center and a public access easement.
- *Palo Corona Project* (Resources R81702-0)—Proposition 50 grant totaling \$1,437,021 to develop approximately four and one-half miles of multi-use recreational trails and restore approximately four acres of riparian habitat.
- *Upper Hatton Canyon Trail* (Resources 40745-11)—Proposition 40 grant totaling \$500,000 to construct a 1.35 mile multi-use trail and retaining walls in Carmel Valley.
- *Moo Land Development Project* (Resources R81703-0)—Proposition 50 grant totaling \$180,160 to restore 3 acres of riparian habitat and install park facilities, including a seasonal pedestrian bridge, two restrooms, and other amenities.

¹ Source: www.bigsurlandtrust.org.

- *South Bank Trail Project* (Resources R81731-0)—Proposition 50 grant totaling \$1,242,400 to construct a one-mile trail on the south side of the Carmel River between Palo Corona Regional Park and Rancho San Carlos Road in Monterey County.

SCOPE

In accordance with the Department of Finance’s bond oversight responsibilities, we audited the following grants:

<u>Grant Agreement</u>	<u>Audit Period</u>
SCC 07-212	June 30, 2008 through March 25, 2013
SCC 07-207	June 30, 2008 through November 30, 2010
SCC 08-082	March 25, 2009 through November 15, 2009
Resources R81702-0	January 1, 2007 through July 31, 2013 ²
Resources 40745-11	April 1, 2008 through May 1, 2012
Resources R81703-0	December 1, 2006 through April 10, 2012
Resources R81731-0	April 23, 2009 through May 1, 2011

The audit objectives were to determine whether the BSLT’s grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant deliverables were completed as required. We did not assess the efficiency or effectiveness of program operations. Furthermore, no assessment was performed on the reasonableness of the land acquisition costs or the conservation value of acquired land or projects completed.

BSLT management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. Resources and SCC are responsible for the state-level administration of the bond programs.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, the grant agreements, and applicable policies and procedures.
- Reviewed the grantee’s accounting records, vendor invoices, and payment requests.
- Selected a sample of claimed expenditures to determine if costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Evaluated whether a sample of grant deliverables required by the grant agreements were met by reviewing supporting documentation and conducting site visits to verify project existence.

² An interim audit was conducted because the grant term ends May 1, 2015.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

RESULTS

The results of the audits are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

Based on the procedures performed, the grant expenditures claimed were in compliance with the requirements of the grant agreements. Additionally, grant deliverables available for inspection at the time of our audits were completed as specified in the grant agreements. The Schedules of Claimed Amounts are presented below.

Schedules of Claimed Amounts

Grant Agreement SCC 07-212	
Task	Claimed
Land Acquisition – McWhorter Property	\$ 500,000
Total Grant Funds	\$ 500,000

Grant Agreement SCC 07-207	
Task	Claimed³
Project Design	\$ 3,417
Manage/Administer Grant and Budget	3,418
Technical Studies	7,859
Causeway Design & Approval	60,034
Floodplain and Restoration Design	36,083
Permit Scoping/Environmental Review	4,995
CEQA/NEPA Strategy	731
Total Grant Funds	\$ 116,537

Grant Agreement SCC 08-082	
Task	Claimed⁴
Land Acquisition – Quail Center	\$ 500,000
Total Grant Funds	\$ 500,000

³ The \$116,537 represents Proposition 84 funds reimbursed to the grantee for the project. The original grant award was \$250,000. SCC reimbursed BSLT with other funding sources to complete the project.

⁴ The grant was executed as intended and expenditures properly recorded. Subsequently, the land was re-purchased by the seller and the grant funds returned to SCC.

Grant Agreement Resources R81702-0	
Task	Claimed⁵
Conservation and Resource Interpretation	\$ 76,777
Recreation & Trails	1,093,438
Total Grant Funds	\$ 1,170,215

Grant Agreement Resources 40745-11	
Task	Claimed
Design and Engineering	\$ 91,153
CEQA Environmental Review	5,711
Permit Processing	11,431
Construction	340,000
Project Administration	16,642
Bond Acknowledgement Signage	2,720
Plant Establishment	2,343
Trail Standards and Identity	30,000
Total Grant Funds	\$ 500,000

Grant Agreement Resources R81703-0	
Task	Claimed⁶
Riparian Habitat Restoration	\$ 53,137
Recreation & Trails	33,491
Conservation & Resource Interpretation	26,957
Contingency	10,554
Total Grant Funds	\$ 124,139

Grant Agreement Resources R81731-0	
Task	Claimed⁷
Preliminary Costs	\$ 90,812
Construction Costs	1,144,961
Interpretive Enhancements	4,870
Total Grant Funds	\$ 1,240,643

⁵ An interim audit was conducted for Resources grant R81702-0. The awarded amount is \$1,437,021 which includes project savings of \$56,021 from grant R81703-0 that were allocated to grant R81702-0. BSLT claimed \$1,170,215 as of July 31, 2013. The project is scheduled for completion by May 1, 2015.

⁶ The original grant amount was \$180,160. Project savings of \$56,021 were subsequently allocated to grant R81702-0.

⁷ The grant award was \$1,242,400; however, Resources disallowed ineligible costs totaling \$1,757.