



Transmitted via e-mail

August 21, 2014

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

Dear Mr. Laird:

Final Report—Dana Adobe Nipomo Amigos, Proposition 40 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Dana Adobe Nipomo Amigos' grants 08-C1-10 and CCHER435, issued by the California Cultural and Historical Endowment under Proposition 40.

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 the Dana Adobe Nipomo Amigos. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Sherry Ma, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

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, Acting Executive Officer, California Cultural and Historical Endowment
Mr. Rudy Stowell, President, Dana Adobe Nipomo Amigos
Ms. Marina Washburn, Executive Director, Dana Adobe Nipomo Amigos

Dana Adobe Nipomo Amigos
Proposition 40 Bond Program
Grant Agreements 08-C1-10 and CCHER435



Restored Historic Dana Adobe

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

MEMBERS OF THE TEAM

Susan Botkin, CGFM
Manager

Sherry Ma, CRP
Supervisor

Staff
Ava Bradford
David Shockey

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

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) for \$2.6 billion. The bond proceeds are to finance a variety of resource programs.

The Dana Adobe Nipomo Amigos' (Dana Adobe) mission is to restore and preserve the historic Dana Adobe site, promote development of Rancho Nipomo Heritage Park as a means of enhancing knowledge and understanding of California Rancho Era, encourage an appreciation of the many people who contributed to that era's influence on the present and future of California, and demonstrate the interdependent nature of the site's ecosystem and human economies over time.¹ The California Cultural and Historical Endowment (CCHE) awarded Dana Adobe the following Proposition 40 grants to purchase and restore portions of the Dana Adobe:

- **Grant 08-C1-10** - \$861,167 to assist with the purchase of 29 acres surrounding the Dana Adobe and restore select exterior features of the historical buildings and structures.
- **Grant CCHER435** - \$330,960 to complete the restoration of Dana Adobe historical building's north and south wings.

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>
08-C1-10	November 1, 2008 through June 30, 2011
CCHER435	December 15, 2010 through June 30, 2013

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

Dana Adobe's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CCHE and the California Natural Resources Agency are responsible for the state-level administration of the bond program.

¹ www.danaadobe.org

METHODOLOGY

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

- Interviewed key personnel to obtain an understanding of grant-related internal controls.
- Examined the grant files, the grant agreements, and applicable policies and procedures.
- Reviewed Dana Adobe's accounting records, vendor invoices, and bank statements.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreements.
- Evaluated whether a sample of grant deliverables were met by reviewing supporting documentation, prior photos, and inspection of project area.

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.

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, grant expenditures claimed complied with the grant agreements' requirements. Additionally, the grant deliverables were completed as specified in the grant agreements. The Schedules of Claimed Amounts are presented below.

Schedules of Claimed Amounts

Grant Agreement 08-C1-10	
Task	Claimed
Land Acquisition	\$ 418,000
Archeology	58,703
Detail Construction Documents	24,764
South Wall Restoration	53,235
Project Manager	17,500
Masonry	35,758
Plasterer	15,630
Wood Shingle Roof on Main House	40,000
Restorations: Demolition and Reconstruction/Adobe Bricks	153,577
Administration	44,000
Total Grant Funds	\$ 861,167
Match Funds	\$ 861,167
Total Project Expenditures	\$ 1,722,334

Grant Agreement CCHER435	
Task	Claimed
Restoration Guidance and Planning Services	\$ 15,716
Archeology Analysis and Native American Monitoring	15,958
North Wall/North and South Wing Restoration	38,421
Whole House Restoration	177,343
Courtyard and West Veranda Restoration	34,163
Roof and Gutters – North and South Wing	21,779
Administration	27,580
Total Grant Funds	\$ 330,960
Match Funds	\$ 198,576
Total Project Expenditures	\$ 529,536