



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

January 15, 2010

Mr. Sam Schuchat, Executive Officer
California State Coastal Conservancy
1330 Broadway, 13th Floor
Oakland, CA 94612-2530

Dear Mr. Schuchat:

Final Report—City of Pacifica Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of Pacifica's (City) Proposition 12 grant agreement 03-178, for the period June 21, 2004 through March 31, 2006.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final.

In accordance with Finance's policy of increased transparency, this report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Diana Antony, Manager, or Evelyn Suess, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Stephen A. Rhodes, City Manager, City of Pacifica
Ms. Ann Ritzma, Administrative Services Director, City of Pacifica
Ms. Sandra McClellan, Assistant Finance Director, City of Pacifica
Mr. Neal Fishman, Deputy Executive Officer, California State Coastal Conservancy
Ms. Nadine Hitchcock, Deputy Executive Officer, California State Coastal Conservancy
Ms. Regine Serrano, Chief of Administrative Services, California State Coastal
Conservancy
Mr. Patrick Kemp, Assistant Secretary, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency

A GRANT AUDIT

City of Pacifica Proposition 12 Bond Program Grant Agreement 03-178



*San Pedro Creek/Capistrano Bridge Fish Passage
Source: City of Pacifica*

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

093760110

December 2009

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

Evelyn Suess
Supervisor

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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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BACKGROUND

In March 2000, the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12) was passed. The \$2.1 billion in bond proceeds provide funding for state stewardship of natural resources by investing in neighborhood and state parks, clean water protection, coastal beaches, and scenic areas.

The California State Coastal Conservancy (Conservancy) is one of many state departments that administer Proposition 12 programs and award these funds in the form of grants. The Conservancy works with other public agencies, local governments, nonprofit organizations, and private landowners to acquire and manage the coastline properties or lands for the public's benefit and use. The Conservancy has undertaken more than 1,800 projects along the 1,100-mile California coastline and around the San Francisco Bay.

The Conservancy awarded the City of Pacifica (City) a \$545,000 Proposition 12 grant to implement a series of habitat improvements on San Pedro Creek to facilitate upstream passage of steelhead fish. The project will eliminate an existing barrier to fish passage at Capistrano Bridge and would enhance nearly 2,000 feet of riparian habitat along the creek banks. Incorporated in 1957, the coastal community of Pacifica is dedicated and committed to the stewardship of its exceptional natural attributes and cultivating and sustaining a high quality of life for residents, businesses, and visitors.

SCOPE

In accordance with the Department of Finance's (Finance) bond oversight responsibilities, Finance conducted a grant audit of the City's Proposition 12 grant agreement 03-178 for the period June 21, 2004 through March 31, 2006.

The audit objective was to determine whether the City's grant revenues and expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The City's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements as well as evaluating the efficiency and effectiveness of the program. The Conservancy along with the California Natural Resources Agency are responsible for state-level administration of the bond programs.

METHODOLOGY

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

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant agreement and grant amendments, applicable policies and procedures, and grant files maintained by the Conservancy.
- Reviewed the City's accounting records, vendor invoices, pay warrants, and bank statements.
- Selected a sample of 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.
- Conducted a site visit to verify project completion.

The results of the audit are based on our review of documentation and other information made available to us and interviews with staff directly responsible for administering bond funds. The audit was conducted from March 2009 through April 2009.

This audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

RESULTS

Based on the audit procedures performed, the City met the fiscal requirements for the grant agreement. No observations or questioned costs were identified. The Schedule of Claimed, Audited, and Questioned Amount is presented in Table 1.

Table 1: Schedule of Claimed, Audited, and Questioned Amounts

Grant Agreement 03-178			
For the Period June 21, 2004 through March 31, 2006			
Category	Claimed	Audited	Questioned
Task 1 Administration/Construction Inspection	\$25,850	\$25,850	\$ 0
Task 2 Design, CEQA and Permits	15,000	15,000	0
Task 3 Mobilization and Demobilization of Equipment	51,550	51,550	0
Task 4 Stream Bypassing and Fish and Amphibian Removal	100,000	100,000	0
Task 5 Clearing and Grubbing	142,000	142,000	0
Task 6 Earthwork	69,960	69,960	0
Task 7 Rock Slope Protection, Cross Vanes, Step Pools, Rock Features	41,140	41,140	0
Task 8 Supply and Install Plants	99,500	99,500	0
Total Expenditures	\$ 545,000	\$ 545,000	\$ 0