



Transmitted via e-mail

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Final Report—Humboldt County Resource Conservation District, Propositions 1E and 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the following grants awarded to the Humboldt County Resource Conservation District (District):

<u>Grantor</u>	<u>Agreement Number</u>	<u>Award Amount</u>
California Department of Water Resources	4600009931	\$3,000,000
California Department of Conservation	3010-213	\$141,218
California Department of Fish and Wildlife	1010513	\$105,596
California Department of Fish and Wildlife	1010520	\$211,739
California Department of Fish and Wildlife	1010521	\$205,966

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 District. If you have any questions regarding this report, please contact Diana Antony, Manager, or Mindy Patterson, Supervisor, 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: Ms. Laura King Moon, Chief Deputy Director, California Department of Water Resources
Ms. Katherine Kishaba, Deputy Director of Business Operations, California Department of Water Resources
Ms. Gail Chong, Deputy Assistant DWR Executive, Bond Accountability, California Department of Water Resources
Mr. Jeff Ingles, Chief Auditor, California Department of Water Resources
Mr. David Wright, Section Chief, Statewide Flood Grant Program, California Department of Water Resources
Mr. David Thesell, Deputy Chief, Division of Land Resource Protection, California Department of Conservation
Mr. John Lowrie, Assistant Director, Division of Land Resource Protection, California Department of Conservation
Mr. Gabe Tiffany, Acting Deputy Director, California Department of Fish and Wildlife
Ms. Lisa Gallegos, Assistant Deputy Director for Administration, California Department of Fish and Wildlife
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. Donna Chambers, Executive Director, Humboldt County Resource Conservation District

Humboldt County Resource Conservation District
Propositions 1E and 84 Bond Programs
Grant Agreements 4600009931, 3010-213,
P1010513, P1010520, and P1010521

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

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BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), and the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E), for \$5.4 billion and \$4.09 billion, respectively. The bond proceeds finance a variety of natural resource programs.

The Humboldt County Resource Conservation District (District) received the following grants:

- **Salt River Ecosystem Restoration Project** (Grant 4600009931)—\$3,000,000 awarded by the California Department of Water Resources (DWR) under Proposition 1E to alleviate chronic and economically damaging flooding, while restoring and enhancing fish and wildlife habitat in the Salt River Watershed.
- **Watershed Coordinator Project** (Grant 3010-213)—\$141,218 awarded by the California Department of Conservation (DOC) under Proposition 84 to foster education and encourage public cooperation to restore, improve, protect, and maintain ecosystems and agricultural, economic, and community sustainability in the coastal Salt River Watershed.
- **Salmon Creek Road Decommissioning and Sediment Control Project** (Grant P1010513)—\$105,596 awarded by the California Department of Fish and Wildlife (DFW) under Proposition 84 to implement erosion control measures to protect and improve salmonid spawning in a section of Salmon Creek.
- **Grizzly Creek Coordinated Conservation Planning Project** (Grant P1010520)—\$211,739 awarded by DFW under Proposition 84 to develop ranch plans and set conservation and restoration goals, establish priorities, and identify project sites and designs that will lead to improved spawning and rearing habitat for coho and Chinook salmon and steelhead trout on three ranches in the Grizzly Creek Watershed.
- **Mill Creek Roads Sediment Reduction Project** (Grant P1010521)—\$205,966 awarded by DFW under Proposition 84 to implement erosion control measures to protect and improve salmonid spawning for coho and Chinook salmon and steelhead trout in a section of Mill Creek.

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> ¹
DWR 4600009931	February 6, 2013 through May 29, 2014
DOC 3010-213	June 9, 2011 through May 29, 2014
DFW P1010513	June 1, 2011 through May 29, 2014
DFW P1010520	June 1, 2011 through May 29, 2014
DFW P1010521	June 1, 2011 through March 31, 2013

The audit objectives were to determine whether the District'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.

The District's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. DWR, DOC, DFW and the California Natural Resources Agency 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, we performed the following procedures:

- Examined the grant files, grant agreements, and applicable policies and procedures.
- Reviewed the District'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 inspections reports, photographs, and final reports.

In conducting our audits, we obtained an understanding of the District's internal controls including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the conduct of our audits and determined to be significant within the context of our audit objectives are included in this report.

¹ Interim audits were conducted on grants 4600009931, 3010-213, P1010513, and P1010520 because the grant periods end February 6, 2016, June 9, 2014, March 31, 2015, and March 31, 2015, respectively, which was after audit fieldwork was completed.

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 complied with the grant agreements requirements. 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 4600009931 (Salt River)	
Task	Claimed²
Project Administration, Engineering, & Management	\$37,465
Acquisition/Easements	600
Construction	0
Total Grant Funds	\$38,065

Grant Agreement 3010-213 (Watershed Coordinator)	
Task	Claimed³
Salaries and Wages	\$ 70,023
Equipment	1,599
Operating Costs	4,638
Administration	7,626
Total Grant Funds	83,886
Match Funds	143,948
Total Project Expenditures	\$227,834

² DWR awarded \$3,000,000 and the District claimed \$38,065 through February 28, 2014.

³ DOC awarded \$141,218 and the District claimed \$83,886 through December 31, 2013.

Grant Agreement P1010513 (Salmon Creek)	
Task	Claimed⁴
Personal Services	\$ 4,200
Operating Expenses	39,673
Administrative Overhead	420
Total Grant Funds	44,293
Match Funds	0
Total Project Expenditures	\$44,293

Grant Agreement P1010520 (Grizzly Creek)	
Task	Claimed⁵
Personal Services	\$ 10,111
Operating Expenses	177,691
Administrative Overhead	1,517
Total Grant Funds	189,319
Match Funds	0
Total Project Expenditures	\$189,319

Grant Agreement P1010521 (Mill Creek)	
Task	Claimed⁶
Personal Services	\$ 12,457
Operating Expenses	191,137
Administrative Overhead	1,868
Total Grant Funds	205,462
Match Funds	239,922
Total Project Expenditures	\$ 445,384

⁴ DFW awarded \$105,596 and the District claimed \$44,293 through February 28, 2014.

⁵ DFW awarded \$211,739 and the District claimed \$189,319 through September 30, 2013.

⁶ DFW awarded \$205,966 and the District claimed \$205,462.