



Transmitted via e-mail

March 12, 2013

Mr. David Muraki, Director
California Conservation Corps
1719 24th Street
Sacramento, CA 95816

Dear Mr. Muraki:

Final Report—San Jose Conservation Corps and Charter School Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the San Jose Conservation Corps and Charter School's (SJCCCS) grant agreements 09-5319-1001, 09-5319-1002, 10-5319-1001, and 10-5319-1004.

The enclosed report is for your information and use. Because there were no audit observations or issues 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 SJCCCS. 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:

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

Enclosure

cc: Ms. Erin Healy, Programs and Operations Division Chief, California Conservation Corps
Ms. Maria Berumen, Administrative Division Chief, California Conservation Corps
Ms. Dana Brazelton, Manager, Special Projects Unit, California Conservation Corps
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Robert Hennessy, Executive Director/Founder, San Jose Conservation Corps and Charter School
Ms. Rosa Ibarra, Deputy Director, San Jose Conservation Corps and Charter School
Ms. Kim Nguyen, Director, San Jose Conservation Corps and Charter School

San Jose Conservation Corps
and Charter School
Proposition 84 Bond Program
Grant Agreements 09-5319-1001,
09-5319-1002, 10-5319-1001, and 10-5319-1004



1560 Berger Drive Project

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

MEMBERS OF THE TEAM

Susan Botkin, CGFM
Manager

Sherry Ma, CRP
Supervisor

Staff
Michael Bratman

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

You can contact our office at:

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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) for \$5.4 billion. The bond proceeds finance a variety of resource programs and are administered by several state agencies that provide grants to local government and non-profit organizations.

Founded in 1987, the San Jose Conservation Corps and Charter School (SJCCCS) is a nonprofit organization that provides “at risk” youths with academic education, hands on learning, and development of basic skills such as leadership, communication, computer literacy, and employment training needed to enter and succeed in the workforce.¹

The SJCCCS received \$2.3 million in four grant awards from the California Conservation Corps (Department):

- *1560 Berger Drive Build Out (09-5319-1001)* - \$1,487,437 for the construction and expansion of 19 classrooms and 2 bathrooms, installation of 34 doors and 38 door jams, electrical and computer wiring, and insulation of all exterior walls with corpsmember training and assistance.
- *Emergency Response and Watershed Training Center (09-5319-1002)* - \$789,821 for the construction of three handicap restrooms, a water conservation wash station, and exit hallways and stairways, as well as corpsmember training and assistance in earthquake retrofits, fire suppression systems, and painting.
- *1560 Berger Drive Phase II Development, Exterior Painting (10-5319-1001)* - \$37,742 for corpsmembers to paint the exterior of the 28,000 square foot building.
- *Thompson Creek Trail Project (10-5319-1004)* - \$6,763 for corpsmembers to remove and clean up an unsafe and habitat hazardous bridge.

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>
09-5319-1001	June 30, 2009 through May 31, 2011
09-5319-1002	June 30, 2009 through May 31, 2011
10-5319-1001	June 1, 2010 through May 31, 2012
10-5319-1004	June 1, 2010 through May 31, 2012

¹ Source: www.sjcccharterschool.org

The audit objectives were to determine whether the SJCCCS'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.

SJCCCS's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Department is responsible for the state-level administration of the bond program.

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 SJCCCS's accounting records and vendor invoices.
- 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 existence.
- Evaluated whether a sample of tasks completed by the grant agreements were met.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings 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 and grant deliverables were completed as required. The Schedules of Claimed Amounts are presented below:

Schedules of Claimed Amounts

Grant Agreement 09-5319-1001	
Task	Claimed²
A. Corpsmembers Hours	\$ 127,724
B. Construction Sub-contractors	1,342,791
C. Materials & Supplies	13,702
D. Equipment	1,342
E. Contingency	1,656
Total Project Expenditures	\$1,487,215

Grant Agreement 09-5319-1002	
Task	Claimed
A. Corpsmembers Hours (Phase 1)	\$ 65,126
B. Corpsmembers Hours (Phase 2)	75,077
C. Construction Sub-contractors	623,874
D. Materials & Supplies (Phase 1)	11,054
E. Materials & Supplies (Phase 2)	14,690
Total Project Expenditures	\$789,821

Grant Agreement 10-5319-1001	
Task	Claimed
A. Corpsmembers Hours	\$31,148
B. Materials & Supplies	6,594
Total Project Expenditures	\$37,742

² The Department awarded \$1,487,437; however, SJCCCS claimed \$1,487,215.

Grant Agreement 10-5319-1004	
Task	Claimed³
A. Project Management	\$1,009
B. Corpsmembers Hours	2,099
C. Materials & Supplies	697
D. Equipment	848
E. Personnel Costs	314
F. Professional Costs	32
G. Office and Other Expenses	20
H. Insurance	18
I. Equipment and Related Expenses	17
J. Facilities	46
K. Field Expenses	3
Total Project Expenditures	\$5,103

³ The Department awarded \$6,763; however, SJCCCS claimed \$5,103.