



DEPARTMENT OF  
**FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

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

Transmitted via e-mail

June 20, 2012

Mr. Samuel P. Schuchat, Executive Officer  
State Coastal Conservancy  
1330 Broadway, 13<sup>th</sup> Floor  
Oakland, CA 94612-2530

Dear Mr. Schuchat:

**Final Report—California Department of Parks and Recreation, Propositions 12 and 40 Grant Audits**

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the California Department of Parks and Recreation's grants 03-168, 05-067, 06-105, and 07-162, issued by the State Coastal Conservancy under Propositions 12 and 40.

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 California Department of Parks and Recreation. If you have any questions regarding this report, please contact Diana Antony, Manager, or Lisa Negri, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

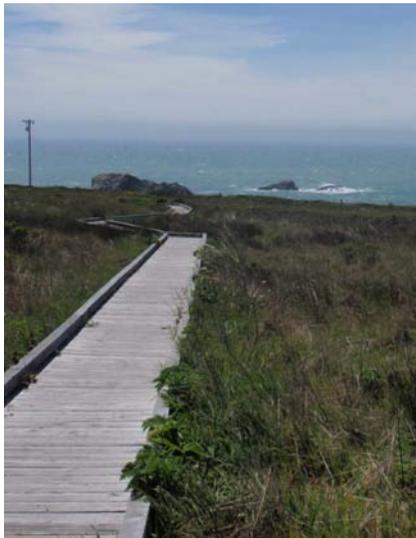
cc: On following page

cc: Ms. Nadine Hitchcock, Deputy Executive Officer, State Coastal Conservancy  
Ms. Mary Small, Assistant Executive Officer, State Coastal Conservancy  
Ms. Regine Serrano, Chief of Administrative Services, State Coastal Conservancy  
Ms. Ruth Coleman, Director, California Department of Parks and Recreation  
Ms. Alexandra Stehl, Statewide Trails Section, Planning Division, Department of Parks and Recreation  
Mr. Chet Bardo, Santa Cruz District Superintendent, Department of Parks and Recreation  
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, Natural Resources Agency  
Ms. Julie Alvis, Deputy Assistant Secretary, Natural Resources Agency  
Ms. Marcy Brown, Manager, Statewide Bonds Unit/Budget Section, Department of Parks and Recreation  
Ms. Liz Burko, Russian River District Superintendent, Department of Parks and Recreation  
Ms. Debonne Holm, Administrative Chief, Angeles District, Department of Parks and Recreation  
Mr. Barney Matsumoto, Manager, Southern Service Center, Department of Parks and Recreation  
Mr. Paul Keel, San Mateo Sector Superintendent, Santa Cruz District, Department of Parks and Recreation

# AUDIT REPORT

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## California Department of Parks and Recreation Propositions 12 and 40 Bond Programs Grant Agreements 03-168, 05-067, 06-105, and 07-162



Kortum Trail  
Sonoma Coast State Beach



Elephant Seal Boardwalk  
Hearst San Simeon State Park



Waters Ridge Trail  
Julia Pfeiffer Burns State Park

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

## **MEMBERS OF THE TEAM**

Diana Antony  
Manager

Lisa Negri  
Supervisor

Staff  
Mary Halterman

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

You can contact our office at:

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915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## BACKGROUND

California voters approved the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12), and the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) for \$2.1 billion and \$2.6 billion, respectively. The bond proceeds finance a variety of resource programs.

The State Coastal Conservancy (Conservancy) awarded the following Proposition 12 and 40 grants to the California Department of Parks and Recreation (Department):

- *Sonoma County Coastal Trail* (Grant Agreement 03-168)—Proposition 12 grant totaling \$455,000 to prepare a trails plan for the Sonoma County Coastal Trail and conduct minor trail construction.
- *Coastal Trail in State Parks* (Grant Agreement 05-067)—Proposition 12 grant totaling \$1,066,160 to complete improvement projects on the Coastal Trail sections within the State Parks system using the services of the California Conservation Corps.
- *Pigeon Point Lighthouse Access Improvements* (Grant Agreement 06-105)—Proposition 40 grant totaling \$350,000 to complete construction of a new parking lot for up to 27 cars, a new two-unit bathroom, bluff top paths, a viewing platform, and landscaping at the Pigeon Point Light Station State Historic Park.
- *Topanga Creek Rodeo Grounds Berm Removal* (Grant Agreement 07-162)—Proposition 12 grant totaling \$440,000 for removal of a berm and restoration of riparian habitat for endangered southern steelhead trout along Topanga Creek.

## SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we conducted a performance audit of the following grants:

<u>Grant Agreement</u>	<u>Audit Period</u> <sup>1</sup>
03-168	May 3, 2004 through May 26, 2011
05-067	May 2, 2006 through March 5, 2012
06-105	May 25, 2007 through March 14, 2012
07-162	June 16, 2008 through March 31, 2010

The audit objectives were to determine whether the Department's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine

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<sup>1</sup> An interim audit was conducted on grants 03-168 and 06-105. The grant terms ended December 31, 2011 and April 15, 2012, respectively; however, both grants are pending final reimbursement claims. An interim audit was also conducted on grant 05-067, as the grant term ends March 30, 2013.

whether the grant deliverables were completed as required. We did not assess the efficiency or effectiveness of program operations.

The Department's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Department and the Conservancy 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, payroll documents, 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 site visits to verify existence.
- Evaluated whether a sample of grant deliverables required 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. The grant expenditures claimed were in compliance with the requirements of the grant agreements and deliverables were completed as required. The Schedules of Claimed Amounts are presented in Table 1.

**Table 1: Schedules of Claimed Amounts<sup>2</sup>**

<b>Grant Agreement 03-168</b>	
<b>Category</b>	<b>Claimed</b>
Planning and Design	\$ 13,975
Environmental Documentation	107,821
Permitting	8,114
Rehabilitation	293,071
Total Grant Expenditures	422,981
Total Match Expenditures	180,926
Total Project Expenditures	\$ 603,907

<b>Grant Agreement 05-067</b>	
<b>Category</b>	<b>Claimed</b>
Planning & Administration (All Trails)	\$ 171,647
Water's Ridge Coastal Trail (Julia Pfeiffer Burns State Park)	191,090
Elephant Seal Boardwalk (San Simeon State Park)	174,062
Garrapata Coastal Trail (Garrapata State Park)	50,041
Little River Coastal Trail (Little River State Beach)	0
Potential Trail Implementation Projects	0
Total Expenditures	\$ 586,840

<b>Grant Agreement 06-105</b>	
<b>Category</b>	<b>Claimed</b>
Development/Project Management	\$ 3,296
Plans/Permits/Site Review	5,504
Landscape	18,446
Construction Costs – Materials	85,790
Utility Costs	12,991
Equipment	863
Public Works Contracting	179,370
Total Expenditures	\$ 306,260

<b>Grant Agreement 07-162</b>	
<b>Category</b>	<b>Claimed<sup>3</sup></b>
Berm Removal/Hydroseeding	\$ 178,652
Personnel	39,583
Total Grant Expenditures	218,235
Total Match Expenditures	2,235,544
Total Project Expenditures	\$ 2,453,779

<sup>2</sup> As of the audit date, the Department had not claimed the full grant award amounts for grants 03-168, 05-067, and 06-105.

<sup>3</sup> The Department was awarded \$440,000 and only claimed \$218,235.