



Transmitted via e-mail

June 21, 2012

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

Dear Mr. Laird:

Final Report—City of Sacramento, Proposition 40 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Sacramento's (City) grant 40722-09.

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. This report will be placed on our website.

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

Sincerely,

Original signed by:

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

Enclosure

cc: 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
Ms. Polly Escovedo, Bonds & Grants Manager, California Natural Resources Agency
Ms. Linda Smith, Grants Administrator, California Natural Resources Agency
Mr. Jim Rinehart, Director of Economic Development, City of Sacramento
Ms. Leslie Fritzsche, Downtown Development Manager, City of Sacramento

AUDIT REPORT

City of Sacramento Proposition 40 Bond Program Grant Agreement 40722-09



Docks Promenade Parkway—Phase I
Source: City of Sacramento

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

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

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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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B A C K G R O U N D, S C O P E, M E T H O D O L O G Y A N D R E S U L T S

BACKGROUND

In November 2002, voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act (Proposition 40) authorizing the sale of \$2.6 billion in general obligation bonds. The bond proceeds provide grants to finance a variety of resource programs.

The California Natural Resources Agency (Resources) awarded the City of Sacramento (City) a Proposition 40 grant to develop 1,250 linear feet of promenade with benches, overlooks, lighting, signs, plantings and a small park along the Docks Section of the Sacramento River. The project will complete the promenade section between O and R streets in the City of Sacramento.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited the following grant:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Award</u>
40722-09	October 1, 2008 through May 1, 2011	\$1,500,000

The audit objectives were to determine whether the City'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 City's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. Resources 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, grant agreement, and applicable policies and procedures.
- Reviewed the grantee's accounting records, contracts, contractor invoices, and payment requests.
- 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.

- Conducted a site visit to verify existence of the promenade.
- Evaluated whether a sample of grant deliverables required by the grant agreement 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 audit 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 audit procedures performed, the grant expenditures claimed are in compliance with applicable laws, regulations, and the grant agreement. No observations or questioned costs were identified. The Schedule of Claimed Amounts is presented in Table 1.

Table 1: Schedule of Claimed Amounts

Grant Agreement 40722-09	
Category	Claimed
Demolition and Removal	\$ 41,735
Site Grading	70,969
Cast in Place Walls	197,766
Construction of Promenade	1,087,702
Underground Utilities	101,828
Total Expenditures	\$ 1,500,000