



Transmitted via e-mail

June 20, 2012

Mr. John Donnelly, Executive Director  
Wildlife Conservation Board  
1807 13th Street, Suite 103  
Sacramento, CA 95811

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

Dear Mr. Donnelly and Mr. Schuchat:

**Final Report—Resources Legacy Fund, Propositions 50 and 84 Grant Audits**

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Resources Legacy Fund's grant WC-7080BT issued by the Wildlife Conservation Board under Proposition 50, and grant 08-099 issued by the State Coastal Conservancy under Proposition 84.

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 Resources Legacy Fund. If you have any questions regarding this report, please contact Diana Antony, Manager, or Chikako Takagi-Galamba, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

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. Cynthia Alameda, Budget Officer, Wildlife Conservation Board  
Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, Natural Resources Agency  
Ms. Julie Avis, Deputy Assistant Secretary, Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, Natural Resources Agency  
Ms. Martha Campbell, Executive Director, Resources Legacy Fund  
Mr. Gary Gardner, Director of Grants Administration, Resources Legacy Fund  
Mr. Aaron O'Callaghan, Program Specialist, Resources Legacy Fund

# AUDIT REPORT

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## Resources Legacy Fund Proposition 50 and 84 Bond Programs Grant Agreements WC-7080BT and 08-099



Source: South Bay Salt Pond Restoration Project Website

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

## **MEMBERS OF THE TEAM**

Diana Antony, CPA  
Manager

Chikako Takagi-Galamba  
Supervisor

Staff  
Veronica Green

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

You can contact our office at:

Department of Finance  
Office of State Audits and Evaluations  
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Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## BACKGROUND

California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50), and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) for \$3.44 billion and \$5.4 billion, respectively. The bond proceeds finance a variety of resource programs.

The Resources Legacy Fund (RLF) helps philanthropic institutions and individuals become catalysts for conserving and restoring natural landscapes, protecting and enhancing marine systems, maintaining the integrity of wildlands and rivers, and strengthening supportive policies and organizations. (Source: RLF website)

The RLF received the following grant from the Wildlife Conservation Board (WCB):

- *Napa-Sonoma Marshes Wildlife Area, Napa Plant Site, South Unit Pre-Construction Planning and Design Project (WC-7080BT)*—Proposition 50 grant totaling \$150,000 for habitat protection, restoration and enhancement. The grant included pre-construction design documents including permitting tasks and stakeholder involvement.

The RLF also received the following grant from the State Coastal Conservancy (SCC):

- *South Bay Salt Pond Restoration Project (08-099)*—Proposition 84 grant totaling \$1,500,000 for implementing selected monitoring and applied studies identified in the South Bay Salt Pond Adaptive Management Plan.

## 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>	<u>Award</u>
WC-7080BT	May 22, 2008 through December 31, 2009	\$ 150,000
08-099	June 29, 2009 through July 31, 2011 <sup>1</sup>	\$ 1,500,000

The audit objectives were to determine whether the RLF’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.

RLF management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. WCB, SCC and the Natural Resources Agency are responsible for the state-level administration of the bond programs.

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<sup>1</sup> An interim audit was conducted on grant 08-099, as the grant term ends April 25, 2014.

## 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 RLF's accounting records, vendor invoices, and grant tracking documents.
- 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 of selected subcontractors to interview key personnel responsible for project management, and review a sample of project expenditures and accounting records.
- 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 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 the requirements of the grant agreements. No observations or questioned costs were identified. The Schedules of Claimed Amounts are presented in Table 1.

**Table 1: Schedules of Claimed Amounts**

<b>Grant Agreement WC-7080BT</b>	
<b>Category</b>	<b>Claimed</b>
90 Percent Design	\$ 66,136
100 Percent Design	32,745
Quality Assurance/Quality Control	16,664
Project Management	26,996
Other	11
Resources Legacy Fund Administration Fee	7,128
<b>Total Expenditures</b>	<b>\$ 149,680</b>

<b>Grant Agreement 08-099</b>	
<b>Category</b>	<b>Claimed</b>
Topic 1: Measuring Habitat Evolution Utilizing Satellite Imagery	\$ 30,364
Topic 2: Assessment of Mercury Bioavailability Utilizing Sentinel Species	250,556
Topic 3: Waterbird Nesting and Foraging in Managed Pools	144,597
Topic 4: Waterbird Response to Trail Use	77,985
Topic 5: Pond, Slough, and Bay Water Quality Interactions	113,621
Topic 6: Baseline Bird Data and Data Needs Assessment	34,527
Topic 7: Effects of Restoration on Fish Assemblages	0
Topic 8: CA Gull Displacement Study	90,386
Project Management	75,000
<b>Total Expenditures</b>	<b>\$ 817,036</b>