



Transmitted via email

February 24, 2012

Mr. Jim Branham, Executive Officer
Sierra Nevada Conservancy
11521 Blocker Drive, Suite 205
Auburn, CA 95603

Dear Mr. Branham:

Final Report—Truckee River Watershed Council, Proposition 84 Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the following Truckee River Watershed Council's (Council) Proposition 84 grants:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
SNC070136	March 19, 2008 through June 28, 2010	\$ 49,900
SNC070108	May 23, 2008 through December 31, 2010	\$ 91,500
SNC070229	May 28, 2008 through December 18, 2009	\$152,000

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 Council. If you have any questions regarding this report, please contact Diana Antony, Manager, or Beliz Chappuie, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Ms. Linda Hansen, Senior Representative, Sierra Nevada Conservancy
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. Lauren O'Brien, Chair, Truckee River Watershed Council
Ms. Lisa Wallace, Executive Director, Truckee River Watershed Council

AUDIT REPORT

Truckee River Watershed Council Proposition 84 Bond Program Grant Agreements SNC-070136, 070108, 070229



Lower Squaw Creek

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

MEMBERS OF THE TEAM

Diana Antony, CPA
Manager

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Staff
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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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BACKGROUND, SCOPE, AND METHODOLOGY,

BACKGROUND

In November 2006, California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The \$5.4 billion of bond proceeds provide grants to finance a variety of resource programs.

The Sierra Nevada Conservancy (Conservancy) awarded the Truckee River Watershed Council (Council) three Proposition 84 grants. The grants scope included restoration work within the Merrill and Davies Creeks, Coldstream Canyon, and Lower Squaw Creek basin. The Council was created to bring the community together to restore, protect and enhance the Truckee Watershed. The Council's approach is to identify, coordinate, fund, and implement restoration, prevention, and monitoring projects directly related to the health, beauty, and economy of the Watershed.¹

SCOPE

In accordance with the Department of Finance's (Finance) bond oversight responsibilities, we conducted an audit of the following grants:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
SNC070136	March 19, 2008 through June 28, 2010	\$ 49,900
SNC070108	May 23, 2008 through December 31, 2010 ²	\$ 91,500
SNC070229	May 28, 2008 through December 18, 2009	\$152,000

The audit objectives were to determine whether the Council'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. In order to design adequate procedures to conduct our audit, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The Council's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Conservancy and the California Natural Resources Agency are responsible for the state-level administration of the bond programs.

¹ Council website <http://www.truckeeriverwc.org/about/about-trwc>.

² An interim audit was performed because the grant period ends March 2012.

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 agreement, and applicable policies and procedures.
- Reviewed the Council's accounting and payroll records, vendor invoices, and bank statements.
- 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 existence.
- Evaluated whether a sample of grant deliverables required by the grant agreement were met.

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. The audit was conducted from November 2011 through February 2012.

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

Based on the audit procedures performed, the Council was in compliance with the grant agreement requirements. No observations or questioned costs were identified. The Schedules of Claimed Amounts are presented in Table 1.

Table 1: Schedules of Claimed Amounts

Grant Agreement SNC070136 For the Period March 19, 2008 through June 28, 2010	
Category	Claimed
Community Outreach Workshops	\$ 7,400
Technical Workshops	12,516
Initial Aquifer Study	29,962
Total Expenditures	\$49,878

Grant Agreement SNC070108 For the Period May 23, 2008 through December 31, 2010	
Category	Claimed
Data Collection, Mapping, and Pre-Project Monitoring	\$19,000
Final Design and Plan	38,000
CEQA Preparation	3,188
Technical Review and Administration	9,825
Total Expenditures	\$70,013

Grant Agreement SNC070229 For the Period May 28, 2008 through December 18, 2009	
Category	Claimed
Project Management	\$ 10,000
Site Restoration	137,000
Monitoring	5,000
Total Expenditures	\$152,000