



Transmitted via e-mail

November 10, 2014

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

Dear Mr. Branham:

**Final Report—American Land Conservancy Proposition 84 Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the American Land Conservancy's (ALC) grant 192, issued by the Sierra Nevada Conservancy.

The enclosed report is for your information and use. Because there were no audit observations 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 ALC. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Jennifer Arbis, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Patrick Kemp, Assistant Secretary for Administration and Finance, California Natural Resources Agency  
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency  
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency  
Ms. Joan Keegan, Assistant Executive Officer, Sierra Nevada Conservancy  
Ms. Amy Lussier, Chief, Administrative Services Division, Sierra Nevada Conservancy  
Ms. Kerry O'Toole, President, American Land Conservancy  
Ms. Nita Vail, Chief Executive Officer, California Rangeland Trust  
Mr. Marshall Cook, Transaction Director, California Rangeland Trust

American Land Conservancy  
Proposition 84 Bond Program  
Grant Agreement 192



Oakvale Ranch  
Source: California Rangeland Trust

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

## **MEMBERS OF THE TEAM**

Kimberly Tarvin, CPA  
Manager

Jennifer Arbis  
Supervisor

Staff  
Jason Craft

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

American Land Conservancy (ALC) is a nonprofit land conservation organization designed to conserve land for the benefit of people and wildlife. ALC was awarded a \$1 million Proposition 84 grant from the Sierra Nevada Conservancy (SNC) to acquire the Oakvale Ranch conservation easement, a 3,941 acre ranch located in the Yosemite foothills in Mariposa County.<sup>1</sup> ALC subsequently transferred the Oakvale Ranch conservation easement to California Rangeland Trust (CRT), a nonprofit organization founded in 1998 to conserve the open space, natural habitat and stewardship provided by California's ranches.<sup>2</sup> CRT, the Assignee on the easement deed, monitors and enforces the terms of the easement and upholds its conservation purposes.

## SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant agreement 192 for the period June 16, 2010 through March 1, 2013.

The audit objectives were to determine whether ALC'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. Further, no assessment was performed on the reasonableness of the easement acquisition costs or the conservation value of acquired easement or projects completed.

ALC management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. SNC and the California Natural Resources Agency are 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:

- Examined the grant files, the grant agreement, and applicable policies and procedures.

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<sup>1</sup> Excerpt from [www.sierranevada.ca.gov/docs/SNC080234sum.pdf](http://www.sierranevada.ca.gov/docs/SNC080234sum.pdf)

<sup>2</sup> Excerpt from [www.rangelandtrust.org](http://www.rangelandtrust.org)

- Reviewed the accounting records, appraisal documents, conservation easement deed, and escrow statements.
- Evaluated the claimed expenditure and determined whether it was allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.
- Evaluated whether the grant deliverable was met by reviewing supporting documentation and conducting a site visit to verify existence of the conservation easement.

In conducting our audit, we obtained an understanding of ALC’s internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audit and determined to be significant within the context of our audit objectives are included in this report.

We conducted this audit in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations 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 procedures performed, the grant expenditure claimed complied with the grant agreement requirements. Additionally, the grant deliverables were completed as specified in the grant agreement. The Schedule of Claimed Amounts is presented below.

**Schedule of Claimed Amounts**

<b>Grant Agreement 192</b>	
<b>Task</b>	<b>Claimed</b>
Purchase of Conservation Easement	\$1,000,000
Total Project Expenditures	\$1,000,000