



Transmitted via e-mail

August 15, 2014

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

Dear Mr. Donnelly:

Final Report—Arroyos and Foothills Conservancy, Proposition 1E Grant Audits

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Arroyos and Foothills Conservancy's (Conservancy) grants WC-1055BG and WC-1202KW, issued by the Wildlife Conservation Board.

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 the Conservancy. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Angie Williams, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. Peter Perrine, Assistant Executive Director, Wildlife Conservation Board
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
Mr. John Howell, Chief Executive and General Counsel, Arroyos and Foothills
Conservancy

Arroyos and Foothills Conservancy
Proposition 1E Bond Program
Grant Agreements WC-1055BG and WC-1202KW



Rubio Canyon

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

MEMBERS OF THE TEAM

Susan Botkin, CGFM
Manager

Angie Williams
Supervisor

Staff
Catherina Liemola

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

BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E). The \$4.09 billion of bond proceeds provide grants to rebuild and repair California's most vulnerable flood control structures.

The Arroyos and Foothills Conservancy (Conservancy) preserves land and restores habitat in and around the San Gabriel and Crescenta Valleys, thereby protecting natural areas for birds and wildlife, and providing access and educational experiences for the community.¹

The Conservancy received two Proposition 1E grants from the Wildlife Conservation Board (WCB) as follows:

- Grant WC-1055BG provided \$540,000 for the Rubio Canyon project. The Conservancy preserved 41 acres in Rubio Canyon between 2009 and 2011, with the grant providing funding for acquisition of the final 18 acres in May 2011. Work is ongoing to convert the canyon to a community resource by restoring degraded habitat and trails, making those trails accessible to the community, and creating outdoor education programs for local students.
- Grant WC-1202KW provided \$475,200 for the Millard Canyon project. The Millard Canyon property was purchased in November 2012 and consists of 13 acres in Altadena, from the Angeles National Forest to the Hahamongna Watershed Park. The canyon serves as a wildlife corridor for mule deer, bobcats, mountain lions, aquatic life, and native tree species.

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>
WC-1055BG	February 24, 2011 through February 24, 2012
WC-1202KW	August 30, 2012 through November 30, 2012

The audit objectives were to determine whether the Conservancy'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 land acquisition costs or the conservation value of acquired land or projects completed.

¹ <http://www.arroyosfoothills.org/>.

Conservancy management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. WCB 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:

- 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 Conservancy’s accounting records and bank statements.
- Determined whether claimed expenditures were 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 agreements.
- Evaluated whether grant deliverables were met by conducting a site visit to verify existence.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits 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 audits 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 expenditures claimed complied with the requirements of the grant agreements. Additionally, the grant deliverables were completed as specified in the grant agreements. The Schedules of Claimed Amounts are presented below.

Schedules of Claimed Amounts

Grant Agreement WC-1055BG	
Task	Claimed
Acquisition of Parcel 5843-010-022	\$ 270,000
Acquisition of Parcel 5843-019-019	270,000
Total Expenditures	\$ 540,000

Grant Agreement WC-1202KW	
Task	Claimed²
Acquisition of Parcel 5863-005-008	\$ 261,345
Acquisition of Parcel 5863-006-001	110,855
Acquisition of Parcel 5863-007-002	632
Acquisition of Parcel 5863-007-003	2,368
Total Expenditures	\$ 375,200

² WCB awarded \$475,200; however, the Conservancy claimed and was reimbursed \$375,200.