



Transmitted via e-mail

February 28, 2014

Major General Anthony L. Jackson, USMC (Ret), Director  
Department of Parks and Recreation  
1416 Ninth Street  
Sacramento, CA 95814

Dear Major General Jackson:

**Final Report—Audit of Parks and Recreation Bond Funds**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Department of Parks and Recreation's (Parks) Proposition 40 and 84 bond funds as of December 30, 2012.

The enclosed report is for your information and use. Parks' response to the report observations is incorporated into this final report. Parks agreed with our observations and we appreciate its willingness to implement corrective actions. The observations in our report are intended to assist management in improving its program. This report will be placed on our website.

We appreciate the assistance and cooperation of Parks. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or John Ponce, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. Aaron Robertson, Chief Deputy Director, Department of Parks and Recreation  
Ms. Karen Edgren, Acting Deputy Director for Administrative Services, Department of Parks and Recreation  
Ms. Kathleen Amann, Deputy Director for Acquisition and Development, Department of Parks and Recreation  
Mr. Sedrick Mitchell, Deputy Director for External Affairs, Department of Parks and Recreation  
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

# Audit Report

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## Department of Parks and Recreation Propositions 40 and 84 Acquisitions and Development Bond Programs

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

## **MEMBERS OF THE TEAM**

### Manager

Frances Parmelee, CPA

### Supervisor

John Ponce

### Staff

Matthew Fong  
Emma Jungwirth  
Alexandria Tu

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, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

# TABLE OF CONTENTS

---

Executive Summary ..... iv

Background, Scope and Methodology..... 1

Results..... 5

Appendix A—Methodology for Evaluating Projects ..... 9

Appendix B—Summary of Projects Reviewed..... 11

Appendix C—Result of Project Reviews..... 12

Response.....28

## EXECUTIVE SUMMARY

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In accordance with the Department of Finance's (Finance) bond oversight responsibilities, we audited the Department of Parks and Recreation's (Parks) Propositions 40 and 84 funding as of December 30, 2012. The audit objectives were to determine whether bond funds were awarded and expended in compliance with applicable legal requirements and established criteria; adequate project monitoring processes are in place; and projects and activities funded from bond proceeds are being reported accurately and timely. Specifically, our audit focused on the Acquisitions and Development Unit's capital outlay projects, which include land acquisitions, development projects, and accessibility projects.

In general, Parks awarded funds in compliance with applicable legal requirements and established criteria. Parks established several key accountability processes, including comprehensive grant guidelines, competitive awarding processes, and established project reporting requirements. However, we noted the following observations:

- Post-monitoring of projects should be improved to ensure intended outcomes are met.
- Required project documentation was not maintained for some bond-funded projects.
- Inconsistent labor cost allocation practices could result in inaccurate financial information.
- The Bond Accountability website is not updated to ensure transparency and accuracy.

Parks' fiscal and administrative controls over bond funds would be strengthened if it develops a corrective action plan to address the observations and recommendations noted in this report.

# BACKGROUND, SCOPE AND METHODOLOGY

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## BACKGROUND<sup>1</sup>

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40), and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) for \$2.6 billion and \$5.4 billion, respectively. These bond proceeds finance a variety of resource programs administered by various departments.

### Department of Parks and Recreation

The Department of Parks and Recreation (Parks) is one of the departments administering bond-funded resource programs. These programs are primarily administered by the following three Parks units: Office of Grants and Local Services (OGALS), Park Operations Unit, and Acquisitions and Development Unit.

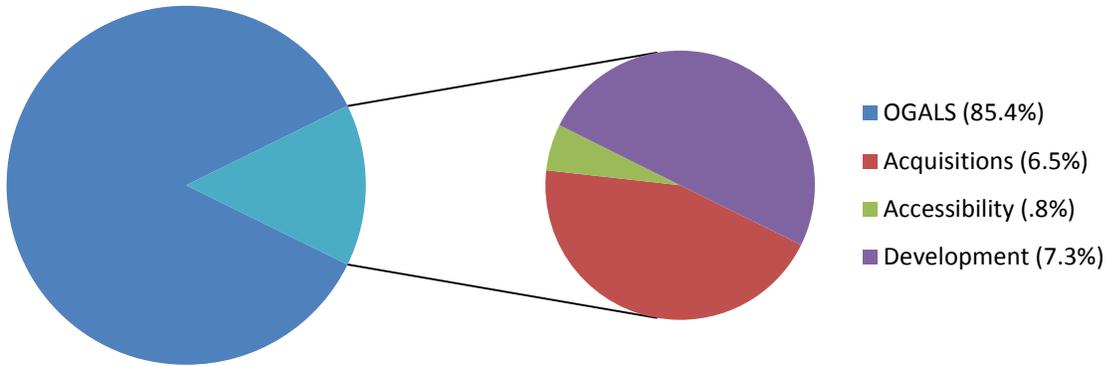
- OGALS provides competitive grants to local, state, and nonprofit organizations to develop parks and recreation facilities in critically underserved communities statewide and nature education facilities.
- The Park Operations Unit funds a variety of programs to restore and preserve cultural, natural, and educational resources within the state parks system.
- The Acquisitions and Development Unit uses bond funds for capital outlay and deferred maintenance projects in the following categories:
  - *Acquisitions*: Bond funds are used to acquire additional parklands to expand the state parks system.
  - *Development*: Managed by Parks' Service Centers, these projects generally consist of construction projects to improve, renovate, and upgrade park facilities, and perform major repairs and maintenance to existing park structures.
  - *Accessibility*: These projects are driven by the *Tucker v. CA State Parks* consent decree settlement. Under the settlement, Parks agreed to improve access to the state parks system for people with disabilities.

Proposition 40 designated \$1.09 billion for various programs to acquire and develop neighborhood, community, and regional parks and recreational areas; acquire, restore, preserve and interpret California's historical and cultural resources; and acquire and develop properties for the state parks system. As of June 30, 2012, project expenditures totaled \$954.9 million.

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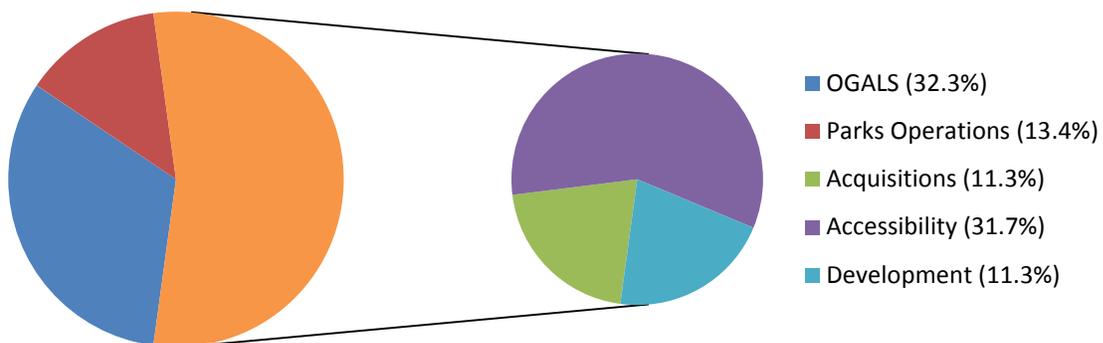
<sup>1</sup> Selected information from Parks' website, [www.parks.ca.gov](http://www.parks.ca.gov).

**Proposition 40 Project Expenditures  
\$954.9 Million  
as of June 30, 2012**



Proposition 84 provides \$900 million to Parks to achieve similar goals. Specifically, it finances the restoration, rehabilitation, and improvement of existing state park system lands and facilities; grants for nature education and research facilities and equipment to non-profit organizations and public institutions, including natural history museums, aquariums, research facilities and botanical gardens; and grants for the creation of new parks and recreation facilities in critically underserved communities throughout California. As of June 30, 2012, project expenditures totaled \$121.1 million.

**Proposition 84 Project Expenditures  
\$121.1 Million  
as of June 30, 2012**



## SCOPE

In accordance with the Department of Finance's (Finance) bond oversight responsibilities, we conducted this audit to determine whether bond funds were awarded and expended in compliance with applicable legal requirements and established criteria, if adequate project monitoring processes are in place, and if bond-funded projects and activities are being reported accurately and timely as of June 30, 2012.

As explained in the *Background* section, Parks' bond programs are mainly administered by three units. We conducted a risk assessment and performed the following procedures:

- Interviewed management from OGALS and Acquisitions and Development Unit.
- Surveyed the managers of the different divisions within the Parks Operations Unit.
- Interviewed management from Parks' Audit Unit and reviewed audit workpapers.

Based on the risk assessment, we determined the Park Operations Unit did not incur Proposition 40 bond expenditures as of June 30, 2012, and its share of the Proposition 84 bond expenditures is relatively small compared to the other two units. When reviewing the programs administered by OGALS and Acquisitions and Development Unit, Parks' Audit Unit provides audit coverage over local assistance grants but does not audit capital outlay expenditures. In the past, OGALS was audited by Finance and the California State Auditor. Because the Park Operations Unit has minimal bond expenditures and OGALS provides audit coverage, we focused our audit on the Acquisitions and Development Unit's capital outlay projects, which include acquisitions, development projects, and accessibility projects.

The audit did not include an assessment of the bond authorization, issuance, and sale processes, or an examination of the efficiency or effectiveness of program operations. Further, no assessment was performed of the reasonableness of the land acquisition/easement costs and conservation value of land acquired.

## METHODOLOGY<sup>2</sup>

To determine whether bond funds were awarded and expended in compliance with applicable legal requirements and established criteria; adequate project monitoring processes are in place; and if projects and activities funded from bond proceeds are reported accurately and timely, we performed the following procedures:

- Reviewed applicable bond acts, legal provisions, regulations, and Parks' program policies, procedures, and guidelines.
- Reviewed internet resources, including Parks' website to gain an understanding of the bond-funded programs.
- Interviewed key personnel responsible for administering bond funds to obtain an understanding of how Parks manages the various project stages: pre-award, award, interim monitoring, close-out, and post-close monitoring.

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<sup>2</sup> Refer to Appendix B for more details regarding methodology.

- Followed up on observations included in our June 2005 audit and reviewed the California State Auditor's June 2005 report, including the respective Corrective Action Plans.
- Verified the information reported on the Strategic Growth Plan Bond Accountability website.<sup>3</sup>
- Reviewed a sample of Parks' project files and accounting records.
- Identified and assessed Parks' project tracking methods to determine its adequacy for monitoring projects.
- Performed site visits of 15 bond-funded projects to interview key staff, review supporting documentation for compliance, and confirm project existence.
- Assessed key controls at Parks headquarters and selected district offices, to ensure the controls over bond expenditures were working as intended.

Except as discussed in the following paragraph, 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 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.

In connection with our audit, there are certain disclosures required by generally accepted government auditing standards. Finance is not independent of Parks, as both are part of the State of California's Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. These activities impair independence. However, sufficient safeguards exist for readers of this report to rely on the information contained herein.

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<sup>3</sup> Bond accountability website address is [www.bondaccountability.com](http://www.bondaccountability.com).

In general, the various units within Parks established adequate controls over bond funds. Parks' Acquisitions and Development Unit has controls and procedures in place to initiate acquisition projects. The Service Centers that manage development projects have sufficient contract bidding procedures in place and retain appropriate documentation to support change orders associated with projects. Additionally, the Accessibility Unit has a process to track project labor costs and include supported estimates for materials and labor in the project files.

To improve Parks' administration of bond funded projects, we provided the following observations and recommendations. The results of our audit are based on our review of documentation made available to us and interviews with Parks' management and key staff directly responsible for administering bond funds.

### **Observation 1: Some Projects Did Not Fully Meet Intended Outcomes**

Based on our site visits, 2 of 15 projects (13 percent) were not adequately maintained to meet their intended outcomes. For example, the objective of the *Sonoma Coast State Park* project was to develop an accessible trail in compliance with the *Tucker v. CA State Parks* consent decree settlement, which includes making it wheelchair accessible. Upon our inspection, we observed numerous vegetation overgrowths that inhibit the trail's accessibility. For the *Silverwood Lake Recreation Area* project, a visitor's center was constructed to provide interpretive, educational, and informational exhibits to visitors. However, during our site visit, the Visitor's Center was not adequately maintained to receive visitors. The control room is poorly maintained, which decreases the functionality and use of the Visitor's Center. These projects expended \$343,628 and \$3.6 million of bond funds, respectively.

Upon project completion, some projects were not maintained due to different monitoring and maintenance practices employed among Parks' districts. One example is the trail accessibility projects. Some districts use trail crews to construct trail accessibility projects. However, the use of trail crews to routinely inspect and maintain the completed trails was not consistent among districts. This is evident from the difference of the two trails we visited (see illustrations below). The *Point Lobos State Natural Reserve* project had clear pathways with only slight weed growth that does not impede access. In contrast, the overgrowths in the *Sonoma Coast State Park* project did not provide adequate clearance.



*Maintained pathways at Point Lobos Bird Island Trail (Monterey District)*



*Vegetation overgrowths at Sonoma Coast Bodega Head Trail (Russian River District)*

Accessibility projects that are not adequately maintained could expose Parks to further litigation and erode the public's trust in state operations. Bond funds are also wasted when completed projects do not fulfill their intended outcomes. Executive Order S-02-07 requires departments to have strong oversight and controls over each project stage, including post-monitoring.

**Recommendation:**

Implement policies and procedures to ensure projects are properly maintained and continue to comply with their intended purposes. These procedures should be regularly reviewed and updated, approved by management, communicated and readily accessible to staff, and consistent with applicable requirements.

**Observation 2: Required Documentation Is Not Maintained for Some Bond-Funded Projects**

Supporting documentation was not adequately maintained for 5 of 15 projects reviewed (33 percent). The State Treasurer's Office memo dated July 2, 2008 states documentation for general obligation bonds should be retained for 35 years after the date of expenditures. Specifically, we identified the following:

- Project files for the *Shasta State Historical Park* and *Hearst San Simeon State Park* projects were incomplete and not made available upon our request. Expenditures for both projects were recorded in the accounting system and the existence of the projects was verified. However, Parks could not provide vendor invoices, which would have demonstrated its contract oversight activities for these projects.
- Travel costs totaling \$5,808 for the *Carpinteria State Beach* project were not supported. We were unable to determine if incurred travel costs were related to the project.

- The project evaluation and prioritization process for two land acquisitions—the *Governor's Mansion* and *Big Basin State Park*—was not adequately documented. Parks has a multi-panel process for acquisition proposals and maintained adequate documentation for its decisions, except for these two specific acquisitions. Documentation, such as meeting minutes, an Evaluation of the Acquisition Proposal form, or detailed recording of project proposal scores were not made available to us upon our request.

Retention of documentation is critical to ensuring transparency and accountability for bond-funded projects.

**Recommendation:**

Develop record retention practices to ensure project files are complete, contain adequate supporting documentation for bond funded expenditures, and be available upon request.

**Observation 3: Inconsistent Labor Cost Allocation Practices**

Parks uses its own labor force to implement bond-funded projects and activities, and works on various projects at any given time. We identified inconsistent practices of reporting leave time on the monthly timesheets; therefore, each project may not be valued on a consistent basis, impairing Parks' ability to manage and report accurate financial information.

Based on the procedures performed, we identified that some leave time was incurred by the Acquisitions and Development Unit but was not directly charged to specific projects. In other instances, leave time was charged directly to the project(s). Even when leave time was charged directly to a project(s), inconsistencies were identified. Some timesheets showed leave time was proportionally allocated to each project, while other timesheets did not report this allocation. Establishing written policies and procedures for reporting leave would provide clarity and consistency to staff and provide reliable and consistent financial information to management and other key stakeholders.

We also identified errors in 4 of the 15 projects reviewed (26 percent).

- The *Marshall Gold Discovery State Historic Park* project was overcharged \$3,419 due to incorrect adjustments.
- The *Anza-Borrego Desert State Park* project was undercharged \$2,028 due to incorrect adjustments to PCA codes and inaccurate reporting of timesheets to the labor distribution reports.
- The *Saddleback Butte State Park* project was overcharged \$4,512 due to staff time charged to the incorrect project.
- The *Point Lobos State Natural Reserve* project was undercharged \$390 due to an employee inadvertently recording overtime hours as regular hours on the timesheet, and inaccurate reporting of timesheets to the labor distribution reports.

**Recommendation:**

Develop written policies and procedures to ensure consistent timekeeping practices within Parks and communicate them to all staff. Monitor/reassess these procedures on a periodic

basis to ensure they result in consistent and accurate project costs. Consider the impact of errors noted above and determine if any corrective actions should be taken.

**Observation 4: Incorrect Project Costs Reported on the Bond Accountability Website**

Project information on the Bond Accountability website is not updated with actual project costs upon completion of the project and only reflects project award amounts. Without updated data, key stakeholders do not have accurate bond expenditure information which hinders transparency. Per Executive Order S-02-07, a listing of projects funded under the provision of each general obligation bond act should include a project description and amounts expended for each project.

Subsequent to the completion of our fieldwork, Parks took corrective action and updated some project information on the Bond Accountability website.

**Recommendation:**

Update the Bond Accountability website at the completion of each project with actual costs to ensure compliance with Executive Order S-02-07.

**Methodology for Evaluating Projects**

Project Category	To Determine if Expenditures Were Supported
<p><b>Accessibility</b></p>	<p><i>Salaries and Wages:</i> Determine if salaries and wages costs are supported and accurately reported.</p> <ul style="list-style-type: none"> <li>• Review employee timesheets to ensure the correct number of hours are charged to the project; leave time is appropriately accounted for; and overtime is properly approved.</li> <li>• Determine if gross pay has been accurately calculated by ensuring the rate of pay agrees with the authorized rate for the position.</li> </ul> <p><i>Benefits:</i> Determine if salary benefits are appropriate and reasonable.</p> <ul style="list-style-type: none"> <li>• Ensure benefit amounts from employee payroll registers agree with the amount of benefits paid on the project expenditure reports.</li> </ul> <p><i>Other Direct Costs:</i> Determine if other direct costs claimed are supported and accurately reported.</p> <ul style="list-style-type: none"> <li>• Ascertain the nature of other direct costs claimed and determine whether costs are allowable and program related.</li> <li>• Review appropriate supporting documentation to ensure the amount agrees with the amount recorded in the general ledger.</li> </ul>
<p><b>Development</b></p>	<p><i>Bidding Process:</i> Assess whether the project was bid in accordance with the Public Contracting Code and department policies and procedures.</p> <ul style="list-style-type: none"> <li>• Review bidding documents to ensure at least two bids were received and the lowest responsible bidder was chosen.</li> </ul> <p><i>Contractor Payments:</i> Assess whether the contractor payments were accurate and complete.</p> <ul style="list-style-type: none"> <li>• Reconcile the schedule of contractor’s applications for payment to contractor payment history.</li> <li>• Verify a sample of contractor payments to contractor payment requests.</li> </ul> <p><i>Change Orders:</i> Assess whether change orders are approved by appropriate department personnel and that change orders are priced in accordance with the contract documents.</p> <ul style="list-style-type: none"> <li>• Review change order documentation to ensure change orders are properly approved and summarized, and added to the original base contract.</li> <li>• Review the detailed scope of work required by the change order to ensure it represents a legitimate change in scope.</li> </ul>

<p style="text-align: center;"><b>Land Acquisition</b></p>	<p><i>Appraisal:</i> Assess whether the purchase price of the land is supported with a valid appraisal.</p> <ul style="list-style-type: none"> <li>• Verify that Parks' Acquisition &amp; Real Property Services Division and Department of General Services reviewed and approved the appraisal.</li> <li>• Verify that the appraiser has a State Certified General Real Estate Appraiser's License and is an independent appraiser.</li> </ul> <p><i>Authorization:</i> Assess whether Parks management properly authorized the land acquisition.</p> <ul style="list-style-type: none"> <li>• Examine the project files to determine whether the acquisition went through the established review and authorization process.</li> </ul> <p><i>Recordation:</i> Determine if the land acquisition was properly recorded in the general ledger and detailed acquisition records.</p> <ul style="list-style-type: none"> <li>• Review acquisition records and verify the transfer of ownership to Parks.</li> <li>• Verify that the land acquisition was accurately reported on the Department of General Services' Statewide Real Property Inventory.</li> </ul> <p><i>Expenditures:</i> Determine if expenditures are properly supported and consistent with the bond act. Verify land acquisition expenses agree with the purpose of the bond act.</p>
<b>Project Category</b>	<b>To Determine if Deliverables Were Met</b>
<p style="text-align: center;"><b>Accessibility Development Land Acquisition</b></p>	<p><i>Project Completion:</i> Determine whether the land acquired is maintained or the project was completed to meet department goals and mission, in accordance with the bond act.</p> <ul style="list-style-type: none"> <li>• Perform a field verification to ensure the land acquired is in compliance with the plans and specifications or that the project was completed as intended.</li> </ul> <p><i>Maintenance:</i> Determine how districts ensure the acquired land/project is maintained.</p> <ul style="list-style-type: none"> <li>• Interview Parks' district staff on their procedures to ensure the completed project is maintained and meeting the project's intended outcomes.</li> </ul>

**Summary of Projects Reviewed**

Only Proposition 40 and 84 expenditures are included in the claimed amounts' column and do not reflect the final project costs.

Project Name	Claimed Amount	Expenditures Supported?	Deliverables Met?	Appendix C Page
Anza-Borrego Desert State Park	\$ 529,258	P	Y	C-1
Big Basin Redwoods State Park	6,522,626	P	Y	C-2
Border Field State Park	576,751	Y	Y	C-3
Carpinteria State Beach	265,143	P	Y	C-4
Governor's Mansion State Historic Park	2,655,329	P	Y	C-5
Hearst San Simeon State Park	1,222,579	P	Y	C-6
Leo Carrillo State Park	372,463	Y	Y	C-7
Marshall Gold Discovery State Historic Park	154,279	P	Y	C-8
Mount San Jacinto State Park	770,608	Y	Y	C-9
Point Lobos State Natural Reserve	562,295	P	Y	C-10
Saddleback Butte State Park	259,004	P	Y	C-11
San Luis Reservoir State Recreation Area	2,025,521	Y	Y	C-12
Shasta State Historic Park	2,460,861	P	Y	C-13
Silverwood Lake State Recreation Area	3,603,626	Y	P	C-14
Sonoma Coast State Park	343,628	Y	P	C-15
<b>Total</b>	<b>\$ 22,323,971</b>			

Y = Yes, N = No, P = Partially

**Results of Project Reviews**

**Project Number:** 3790-014665-77

**Project Title:** Anza-Borrego Desert State Park: Culp Valley Trail ADA Improvement

**Park District:** Colorado District

**Project Description:** Reconstruct and reroute .6 miles of existing trail to meet ADA accessibility guidelines to include overlooks, bench seating, and trailhead parking.

**Project Term:** November 2008 through November 2011

#### Schedule of Expenditures and Questioned Amounts

	Expenditures	Questioned
Proposition 84	\$ 529,258	\$ 2,028

#### Audit Results:

##### Compliance

Claimed expenditures were in compliance with the bond act, applicable rules, and regulations, and were properly supported, with the exception of \$2,028 of salaries and benefits charged to the project. The project was undercharged due to overtime being charged as straight time to the project and an incorrect PCA being used for an adjustment. Leave time for the project was also charged directly to the project; however, we were unable to determine whether the leave time charged was equitable.

##### Deliverables

Project was completed in November 2010. During our site inspection, we observed the project was completed and maintained consistently with the project's intended outcome.

**Project Number:** 3790-14766-88

**Project Title:** Big Basin Redwoods State Park: Little Basin Acquisition

**Park District:** Santa Cruz District

**Project Description:** Acquisition of Little Basin for addition to Big Basin State Park.

**Project Term:** May 1999 through February 2011

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 40	\$ 3,322,626	\$ 0
Proposition 84	3,200,000	0
<b>Total</b>	<b>\$ 6,522,626</b>	<b>\$ 0</b>

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond acts, applicable rules and regulations, and were properly supported, except documentation to support the project evaluation and prioritization process was lacking. Documentation, such as meeting minutes, Evaluation of Acquisition Proposal form, or detailed recording of project proposal scores were not made available upon our request. In addition, this acquisition was initially not listed on the Bond Accountability website; however, subsequent to the completion of our fieldwork, Parks took corrective action and updated the project information on the website.

Deliverables

Project was completed in February 2011. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-014842-77

**Project Title:** Border Field State Park: Picnic Facilities

**Park District:** San Diego Coast District

**Project Description:** Construct new group picnic facilities and replace worn out individual picnic sites, landscaping, interpretive panels, and other site features.

**Project Term:** July 2010 through April 2013

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 576,751	\$ 0

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules, and regulations, and were properly supported.

Deliverables

Project was completed in April 2012. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-014981-77

**Project Title:** Carpinteria State Beach: ADA Campsite Design

**Park District:** Central Coast District

**Project Description:** Provide designs for 4 campsites in Anacapa and 3 campsites in Santa Cruz loops. Designs will include routes and new parking space, and will be implemented and constructed by Parks' staff.

**Project Term:** March 2010 through February 2011

#### Schedule of Expenditures and Questioned Amounts

	Expenditures	Questioned
Proposition 84	\$ 265,143	\$ 5,808

#### Audit Results:

##### Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported, with the exception of \$5,808 of unsupported travel costs.

##### Deliverables

Project was completed in February 2011. During our site inspection, we observed the project was completed consistent with the project's intended outcome in its current state; however, maintenance should be improved to ensure the project continues to meet its intended outcomes.

**Project Number:** 3790-014937-88

**Project Title:** Governor's Mansion State Historic Park: Land Acquisition

**Project District:** Capital District

**Project Description:** Purchase three parcels totaling .44 acres of land to provide a visitor's center and parking area near the Governor's Mansion in Sacramento. The two parcels include the northeast corner of 15<sup>th</sup> and I Streets, and a parking lot at 815 15<sup>th</sup> Street.

**Project Term:** November 2006 through December 2010

#### Schedule of Expenditures and Questioned Amounts

	Expenditures	Questioned
Proposition 40	\$ 2,655,329	\$ 0

#### Audit Results:

##### Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported, except documentation to support the project evaluation and prioritization process was lacking. Documentation, such as meeting minutes, Evaluation of Acquisition Proposal form, or detailed recording of project proposal scores were not made available upon our request.

##### Deliverables

The acquisition of land occurred in December 2010. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome. Currently, the site is being inspected by architects and designers to determine the cost of a future visitor's center, event center, and office space.

**Project Number:** 3790-014688-77

**Project Title:** Hearst San Simeon State Park: Exterior Route Improvements

**Park District:** San Luis Obispo Coast District

**Project Description:** Construct ADA improvements to exterior routes of travel in the district office area, visitor center, and parking lots. Remodel the restrooms for ADA compliance and the ticket counter in the visitor center.

**Project Term:** December 2009 through March 2011

#### **Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 1,222,579	\$ 0

#### **Audit Results:**

##### Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported, with the exception of contractor progress payments, which did not include vendor invoices. Absent the vendor invoices, we cannot assess the adequacy of Parks' contract expenditure oversight activities. Costs were not questioned because we were able to validate the existence of the project in accordance with the contract and performed alternative procedures to validate the claimed expenditures.

##### Deliverables

Project was completed in March 2011. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-160840-77

**Project Title:** Leo Carrillo State Park: Septic System Replacement at Tri-Plex

**Park District:** Los Angeles County District

**Project Description:** Septic system replacement to support sustainable, healthy, vital mission-based systems.

**Project Term:** June 2010 through September 2011

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 372,463	\$ 0

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported.

Deliverables

Project was completed in September 2011. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-014956-77

**Project Title:** Marshall Gold Discovery State Historic Park: Picnic Site ADA Improvements

**Park District:** Gold Fields District

**Project Description:** Modify 10 picnic sites with ADA accessible routes at the North Beach Picnic area, and install new compliant accessible parking.

**Project Term:** July 2009 through February 2011

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 154,279	\$ 3,419

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported, with the exception of an incorrect adjustment to salaries charged to the project.

Deliverables

Project was completed in February 2011. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-013502-77

**Project Title:** Mount San Jacinto State Park: Replace 2 Combo Buildings

**Park District:** Inland Empire District

**Project Description:** Construct a new combo building with a restroom, shower, drinking fountain, parking space, and travel paths. Renovate existing combo building with restrooms, sinks, shower, drinking fountain, and travel path to existing ADA campsite.

**Project Term:** September 2009 through June 2011

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 770,608	\$ 0

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules, and regulations, and were properly supported.

Deliverables

Project was completed in December 2010. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-014697-77

**Project Title:** Point Lobos State Natural Reserve: Bird Island Trail

**Park District:** Monterey District

**Project Description:** Reconstruct .65 mile of existing trail to ADA accessibility guidelines to include ADA parking, restroom, bench seating, and overlook.

**Project Term:** May 2009 through August 2012

#### Schedule of Expenditures and Questioned Amounts

	Expenditures	Questioned
Proposition 40	\$ 339,422	\$ 0
Proposition 84	222,873	390
Total	\$ 562,295	\$ 390

#### Audit Results:

##### Compliance

Claimed expenditures were in compliance with the bond acts, applicable rules and regulations, and were properly supported, with the following exceptions: 1) an employee inadvertently recorded overtime hours as regular hours on the labor timesheet, 2) leave time was inconsistently recorded on monthly timesheets, and 3) for two employees, the project was charged fewer hours than recorded on labor timesheets.

##### Deliverables

Project was completed in August 2012. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-008435-77

**Project Title:** Saddleback Butte State Park: Campground and Picnic Area Accessibility Improvements

**Park District:** Inland Empire District

**Project Description:** Modify three campsites, the campfire center, and three restrooms for accessibility. In the picnic area, modify four sites for accessibility, install new vault restroom, and provide accessible parking and route to the visitor center.

**Project Term:** February 2009 through June 2010

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 259,004	\$ 4,512

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported, with the exception of salaries in the amount of \$4,512. The Saddleback Butte project was overcharged by \$4,512 due to inaccurate recording of an employee's time.

Deliverables

Project was completed in June 2010. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-024140-77

**Project Title:** San Luis Reservoir State Recreation Area: Repair Water Systems

**Park District:** Central Valley District

**Project Description:** Replace Basalt Water Plant equipment including control panel, monitor, filters, clarifier, lift pumps, chemical feed equipment, and reservoir level equipment

**Project Term:** September 2009 through June 2012

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$ 2,025,521	\$ 0

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported.

Deliverables

Project was completed in June 2012. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-014706-77

**Project Title:** Shasta State Historic Park: Southside Ruins

**Park District:** Northern Buttes District

**Project Description:** Stabilization of 12 gold rush period historic structures; drainage improvements, structural reinforcement, interpretive elements, boardwalk, and fencing.

**Project Term:** October 2007 through January 2009

#### Schedule of Expenditures and Questioned Amounts

	Expenditures	Questioned
Proposition 40	\$ 2,460,861	\$ 0

#### Audit Results:

##### Compliance

Claimed expenditures were in compliance with the bond act, applicable rules and regulations, and were properly supported, with the exception of contractor progress payments, which did not include vendor invoices. Absent the vendor invoices, we cannot assess the adequacy of Parks' contract expenditure oversight activities. Costs were not questioned because we were able to validate the existence of the project in accordance with the contract and performed alternative procedures to validate the claimed expenditures.

##### Deliverables

Project was completed in January 2009. During our site inspection, we observed the project was completed and maintained consistent with the project's intended outcome.

**Project Number:** 3790-DEV-90.GG. 101-0002 (3790-007656-77)

**Project Title:** Silverwood Lake State Recreation Area: Campground and Day Use Improvements

**Park District:** Inland Empire District

**Project Description:** Improve day use and campground facilities at the Cleghorn area and the nature center. Upgraded group picnic facilities and repaved walkways.

**Project Term:** May 2008 through June 2011

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$3,603,626	\$0

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules, and regulations, and were properly supported.

Deliverables

Project was completed in June 2011. During our site inspection, we observed the project was completed, but not maintained to meet its intended outcome. The visitor's center has not been used or properly maintained since the project completion. Additionally, the surrounding picnic areas are not properly maintained.

**Project Number:** 370-013466-77

**Project Title:** Sonoma Coast State Beach: Bodega Head Trail Accessibility Improvements

**Park District:** Russian River District

**Project Description:** Develop 1.5 miles of accessible trail and associated parking

**Project Term:** December 2009 through October 2011

**Schedule of Expenditures and Questioned Amounts**

	<b>Expenditures</b>	<b>Questioned</b>
Proposition 84	\$343,628	\$0

**Audit Results:**

Compliance

Claimed expenditures were in compliance with the bond act, applicable rules, and regulations, and were properly supported.

Deliverables

Project was completed in October 2011. During our site inspection, we observed the project was completed, but not maintained to meet its intended outcome. Numerous vegetation overgrowths on the trail inhibit its accessibility





February 4, 2014

Mr. Richard R. Sierra, CPA  
Chief, Office of State Audits and Evaluations  
Department of Finance  
915 L Street  
Sacramento, CA 95814-3706

Dear Mr. Sierra:

Thank you for the opportunity to review the draft copy of your report on the Department of Parks and Recreation's Proposition 40 and 84 bond funds. We are pleased that you found that Parks has awarded funds in compliance with applicable legal requirements and established criteria, established several key accountability processes, including comprehensive grant guidelines, competitive awarding processes, and established project reporting requirements.

Parks goes to great lengths to ensure that it allocates all bond funds appropriately and is accountable for all expenditures. However, we recognize that, as with any program implementation, there is always room for improvement, as evidenced by the 0.07% of expenditures questioned of the expenditures reviewed. Parks continues to assess and address any weaknesses in our processes and welcomes the observations of the Department of Finance. We will follow up on Department of Finance's recommendations in accordance with its published Bond Accountability and Audits Guide.

Thank you for the opportunity to respond to the Draft Audit Report. If you have any questions or concerns regarding our response, please contact Kathy Amann, Deputy Director for Acquisition and Development at (916) 445-7961.

Sincerely,

*Original signed by*

Aaron S. Robertson  
Chief Deputy Director

cc: Bryan Cash, Assistant Deputy Secretary for Bonds and Grants  
California Natural Resources Agency