



Transmitted via e-mail

May 8, 2012

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

Dear Mr. Donnelly:

Final Report—County of Santa Barbara, Proposition 50 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the County of Santa Barbara's (County) grant WC-8024TC.

The enclosed report is for your information and use. After review of the draft report, the County chose not to provide a written response. This report will be placed on our website.

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

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. Peter Perrine, Assistant Executive Director, Wildlife Conservation Board
Ms. Cynthia Alameda, Budget Officer, Wildlife Conservation Board
Mr. Tony Chappelle, Riparian Restoration Program Manager, Wildlife Conservation Board
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Scott McGolpin, Public Works Director, County of Santa Barbara
Mr. Robert W. Geis, CPA, Auditor-Controller, County of Santa Barbara
Mr. Mark A. Paul, CPFO, Deputy Director, Finance and Administration, County of Santa Barbara
Mr. Brian Gilbert, CPA, Cost Analyst II, County of Santa Barbara
Mr. Charlie Elbert, Project Manager, County of Santa Barbara

AUDIT REPORT

County of Santa Barbara Proposition 50 Bond Program Grant Agreement WC-8024TC



Source: County of Santa Barbara, Tepusquet Road Bridge

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

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

Jon G. Chapple, CPA
Supervisor

Staff
Todd Vermillion

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
300 Capitol Mall, Suite 801
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

In November 2002, California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Bond Act of 2002 (Proposition 50), which authorized the State of California to sell \$3.44 billion in general obligation bonds. Bond proceeds provide funds for grants and loans to assist in meeting safe drinking water standards; acquisition, restoration, protection, and development of river parkways; and coastal watershed and wetland protection.

The Wildlife Conservation Board (WCB) is one of many state departments administering the bond programs. WCB's Riparian Habitat Conservation Program provides funding to local public agencies and nonprofit organizations for riparian habitat and restoration projects. WCB awarded the County of Santa Barbara (County) a \$500,000 grant for the Tepusquet Road Low-Water Crossing Replacement Project.

The County received restoration funding to remove an existing low water crossing with a multi-span bridge. Grant funds provided by WCB were specifically for the construction of the bridge structure and a project sign to acknowledge the cooperative nature of the project and contributions made by WCB.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant agreement WC-8024TC for the audit period August 28, 2008 through January 31, 2012.¹

The audit objectives were to determine whether the County'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.

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

¹ According to the grant agreement, there are two funding categories relating to the grant: Capital Improvements (relating to grant expenditures) and Management (relating to maintenance). The grant period for Capital Improvements is August 28, 2008 through April 30, 2010, and the grant period for Management is August 28, 2008 through August 28, 2033. Our audit included the full period for Capital Improvements, and August 28, 2008 through January 31, 2012 for Management.

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, grant agreement, and applicable policies and procedures.
- Reviewed the grantee's accounting records, subcontracts, payment estimates, and payment disbursements.
- 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.
- Conducted a site visit to verify existence of the bridge.
- 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 December 2011 through March 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.

Except as noted below, the County of Santa Barbara’s (County) expenditures were in compliance with applicable laws, regulations, and the grant agreement. In addition, grant deliverables were completed as required. The Schedule of Claimed and Questioned Amounts is presented in Table 1.

Table 1: Schedule of Claimed and Questioned Amounts

Grant Agreement WC-8024TC		
Category	Claimed ¹	Questioned
Construction: Structures Work	\$ 394,976	\$ 27,351
Project Sign	295	0
Total Expenditures	\$ 395,271	\$ 27,351

Observation 1: Ineligible Expenditures Claimed for Reimbursement

The County claimed reimbursement for \$27,351 of ineligible expenditures. The grant agreement allows for project expenditures relating only to construction (specifically, structures work) and project sign. The County submitted reimbursement claims for mobilization and other non-structure related expenditures which are not allowed per the grant agreement.

Recommendations:

- A. The County should remit \$27,351 to WCB. WCB will make the final determination regarding the resolution of this observation.
- B. The County should adequately review expenditures claimed to ensure they are eligible for reimbursement.

¹ WCB awarded \$500,000; however, the County only claimed \$395,271.