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Transmitted via e-mail

December 1, 2014

Mr. John Laird, Secretary California Natural Resources Agency 1416 Ninth Street, Suite 1311 Sacramento, CA 95814

Dear Mr. Laird:

### Final Report—San Francisco Recreation and Park Department, Proposition 40 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the San Francisco Recreation and Park Department's (Department) grant CCHER430, issued by the California Cultural and Historical Endowment.

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 Department. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Robert Scott, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

#### **Enclosure**

cc: Ms. Polly Escovedo, Acting Executive Officer, California Cultural and Historical Endowment 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. Dawn Kamalanathan, Director, Capital and Planning Division, San Francisco Recreation and Park Department

Mr. Toks Ajike, Project Manager, San Francisco Recreation and Park Department

# San Francisco Recreation and Park Department Proposition 40 Bond Program Grant Agreement CCHER430



Source: San Francisco Recreation and Park Department

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

140540144 November 2014

#### **MEMBERS OF THE TEAM**

Frances Parmelee, CPA Manager

Robert Scott, MSA, CPA, CGMA Supervisor

> <u>Staff</u> Kweku Atta-Mensah

Final reports are available on our website at <a href="http://www.dof.ca.gov">http://www.dof.ca.gov</a>

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

## BACKGROUND, SCOPE, Methodology and Results

#### **BACKGROUND**

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). The \$2.6 billion of bond proceeds finance a variety of cultural and natural resource programs.

The California Cultural and Historical Endowment (CCHE) is a state entity tasked with preserving and protecting California's cultural heritage.

The San Francisco Recreation and Park Department (Department) received a \$500,000 grant from CCHE to fund restoration and improvements of the Palace of Fine Arts. The project included demolition of outdoor elements such as asphalt walkways, benches and footings, and site improvements.1

#### SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant agreement CCHER430 for the period August 16, 2010 through September 30, 2011.

The audit objectives were to determine whether the Department'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.

Department management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. CCHE 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, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the Department's accounting records, subcontractor agreements, subcontractor invoices, cancelled checks, and electronic fund transfers.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.

Excerpts from the grant agreement.

- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- On a sample basis, evaluated whether grant deliverables were met by conducting a site visit and reviewing supporting documentation to verify existence of restoration work performed.

In conducting our audit, we obtained an understanding of the Department'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 expenditures 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

Grant Agreement CCHER430	
Direct Costs	Claimed
Building and Facility Costs	\$ 460,000
Interpretive Exhibit/Capital Asset Costs	40,000
Total Grant Expenditures	500,000
Match Funds	897,127
Total Project Expenditures	\$1,397,127