



Transmitted via e-mail

November 27, 2012

Mr. Samuel P. Schuchat, Executive Officer  
State Coastal Conservancy  
1330 Broadway, 13<sup>th</sup> Floor  
Oakland, CA 94612-2530

Dear Mr. Schuchat:

**Final Report—Santa Monica Bay Restoration Foundation, Propositions 12 and 40 Grant Audits**

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the Santa Monica Bay Restoration Foundation's (Foundation) grants 05-110, 07-033, 07-171, and 08-011.

The enclosed report is for your information and use. Because there were no audit observations or issues 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 Foundation. If you have any questions regarding this report, please contact Diana Antony, 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: Ms. Nadine Peterson, Deputy Executive Officer, State Coastal Conservancy  
Ms. Mary Small, Deputy Executive Officer, State Coastal Conservancy  
Ms. Regine Serrano, Chief of Administrative Services, State Coastal Conservancy  
Mr. Christopher Kroll, Project Manager, State Coastal Conservancy  
Ms. Laura Engeman, Project Manager, State Coastal Conservancy  
Ms. Shelley Luce, Executive Director, Santa Monica Bay Restoration Foundation  
Mr. Guangyu Wang, Deputy Director, Santa Monica Bay Restoration Foundation  
Mr. Marcelo Villagomez, Administrative Director, Santa Monica Bay Restoration Foundation  
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

Santa Monica Bay Restoration Foundation  
Propositions 12 and 40 Bond Programs  
Grant Agreements 05-110, 07-033, 07-171, and 08-011



Ballona Wetlands Ecological Reserve

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

**MEMBERS OF THE TEAM**

Diana Antony, CPA  
Manager

Jon G. Chapple, CPA  
Supervisor

Staff  
Nichelle Thomas

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

You can contact our office at:

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# BACKGROUND, SCOPE METHODOLOGY and RESULTS

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## BACKGROUND

California voters approved the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12), and the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) for \$2.1 billion and \$2.6 billion, respectively. The bond proceeds finance a variety of resource programs.

The Santa Monica Bay Restoration Foundation's (Foundation) mission is to restore and enhance the Santa Monica Bay through actions and partnerships that improve water quality, conserve and rehabilitate natural resources, and protect the Bay's benefits and values. The Foundation works to implement innovative policies and projects that clean up waterways, and create green spaces and natural habitats in the Los Angeles region. The State Coastal Conservancy (Conservancy) awarded the Foundation the following Propositions 12 and 40 grants:

- *Ballona Wetlands Restoration* (Grant 05-110)—Proposition 12 grant totaling \$230,000 for planning activities that will advance efforts to restore the former Ballona Wetlands.
- *Santa Monica Bay Gap Analysis & Monitoring* (Grant 07-033)—Proposition 40 grant totaling \$210,000 to assess data needs and produce a plan for filling data gaps to ensure the decisions for Santa Monica Bay are based on high quality, comprehensive, and accessible data.
- *Ballona Creek Watershed Studies* (Grant 07-171)—Proposition 12 grant totaling \$600,000 to prepare three watershed studies to address informational gaps in planning for the Ballona Creek Watershed.
- *Ballona Wetlands Restoration Data Collection* (Grant 08-011)—Proposition 12 grant totaling \$663,317 to collect data and conduct other activities to support the development of a restoration plan for the Ballona Wetlands Ecological Reserve.

## SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited the following grants:

<b><u>Grant Agreement</u></b>	<b><u>Audit Period</u></b>
05-110	April 27, 2006 through March 31, 2009
07-033	October 24, 2007 through June 30, 2010
07-171	June 23, 2008 through January 31, 2012
08-011	September 5, 2008 through December 31, 2011 <sup>1</sup>

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<sup>1</sup> An interim audit was conducted for grant 08-011 as the grant term expired September 2012, after the audit period. Final expenditure claims had not been processed.

The audit objectives were to determine whether the Foundation'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 Foundation's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Conservancy is responsible for the state-level administration of the bond programs.

## **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 agreements, and applicable policies and procedures.
- Reviewed the Foundation's accounting records, contracts, contractor invoices, and bank statements.
- 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.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted a site visit to verify the existence of the project area.
- Evaluated whether a sample of grant deliverables required by the grant agreements were met.

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.

## **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 were in compliance with the requirements of the grant agreements and grant deliverables were completed as required<sup>2</sup>. The Schedules of Claimed Amounts are presented in Table 1.

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<sup>2</sup> Except for grant 08-011 as the grant term expired September 2012, after the audit period.

**Table 1: Schedules of Claimed Amounts**

<b>Grant Agreement 05-110 Ballona Wetlands Restoration</b>	
<b>Task</b>	<b>Claimed</b>
Labor	\$184,695
Equipment, Travel, and Materials	13,936
Subcontractors	9,792
Administrative Costs	20,842
Total Project Expenditures	\$229,265

<b>Grant Agreement 07-033 Santa Monica Bay Gap Analysis &amp; Monitoring</b>	
<b>Task</b>	<b>Claimed</b>
Subcontractors	\$116,823
Administrative Costs	11,682
Total Project Expenditures	\$128,505

<b>Grant Agreement 07-171 Ballona Creek Watershed Studies</b>	
<b>Task</b>	<b>Claimed</b>
Labor and Travel	\$ 38,597
Subcontractors	505,498
Administrative Costs	54,405
Total Project Expenditures	\$598,500

<b>Grant Agreement 08-011 Ballona Wetlands Restoration Data Collection</b>	
<b>Task</b>	<b>Claimed</b>
Labor	\$325,636
Materials, Supplies & Travel	44,562
Subcontractors	90,838
Administrative Costs	36,654
Total Project Expenditures	\$497,690