



Transmitted via e-mail

August 14, 2014

Mr. Jim Branham, Executive Officer
Sierra Nevada Conservancy
11521 Blocker Drive, Suite 205
Auburn, CA 95603

Dear Mr. Branham:

Final Report—Western Rivers Conservancy, Proposition 84 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Western Rivers Conservancy's (WRC) grant 394, issued by the Sierra Nevada Conservancy.

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. The report will be placed on our website.

We appreciate the assistance and cooperation of WRC. If you have any questions regarding this report, please contact Cheryl McCormick, Assistant Chief, or Alma Ramirez, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Ms. Joan Keegan, Assistant Executive Officer, Sierra Nevada Conservancy
Ms. Amy Lussier, Chief, Administrative Services Division, Sierra Nevada Conservancy
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. Sue Doroff, President, Western Rivers Conservancy

AUDIT REPORT

Western Rivers Conservancy Proposition 84 Bond Program Grant Agreement 394



Lower Deer Creek Falls
Source: <http://www.sierranevada.com/wildrivers>

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

MEMBERS OF THE TEAM

Cheryl L. McCormick, CPA
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Alma Ramirez, CPA
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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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Office of State Audits and Evaluations
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BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The \$5.4 billion of bond proceeds finance a variety of natural resource programs.

The Western Rivers Conservancy's (WRC) mission is to protect outstanding river ecosystems in the western United States. WRC acquires land to conserve critical habitat, provide public access for compatible use and enjoyment, and cooperate with other agencies and organizations to secure the health of whole ecosystems.¹

The Sierra Nevada Conservancy (SNC) awarded WRC a \$125,000 Proposition 84 grant (agreement number 394) for pre-project planning and coordination of the acquisition of 2,730 acres along Deer Creek and Mill Creek in Tehama County, and facilitating the placement of approximately 600 acres previously acquired by WRC into permanent protective stewardship. This grant supports SNC program areas to conserve natural and heritage resources, as well as enhancing wildlife habitat connectivity; and supports Proposition 84 objectives by protecting landscapes adjacent to or containing rivers and streams.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 394 for the period June 20, 2011 through March 31, 2013.²

The audit objectives were to determine whether the WRC'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.

WRC's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. SNC and the California Natural Resources Agency are 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, the grant agreement, and applicable policies and procedures.

¹ Source: www.westernrivers.org.

² An interim audit was conducted because the grant term ended March 1, 2014 and fieldwork was performed prior to the grant end date.

- Reviewed accounting records, timesheets, vendor invoices, and payment requests.
- 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.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Evaluated whether a sample of grant deliverables required by the grant agreement were met by reviewing supporting documentation and conducting a site visit to verify project existence.

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 were in compliance with the requirements of the grant agreement. Additionally, grant deliverables available for inspection at the time of our audit were completed as specified in the grant agreement. The Schedule of Claimed Amounts is presented below.

Schedule of Claimed Amounts

Grant Agreement 394	
Task	Claimed³
A. Identify long-term steward Phase 1 Prop	\$ 714
B. Seek funder to replace Phase 1 bridge	6,727
C. Negotiate agreements	4,633
D. Convey Phase 1 land to steward	6,198
E. Contract for and review Phase II appraisal	792
F. Negotiate with SPI for Phase II land	7,327
G. Complete purchase agreement & due diligence	17,693
H. Review Phase II appraisal	812
I. Contract for and review Phase II assessment	1,118
J. Build community and local government support	4,587
K. Work with US Forest Svc to position Phase II land	12,359
L. Travel	1,670
M. Contracts: Phase II appraisal	14,555
N. Contracts: Phase II appraisal update	9,700
O. Contracts: Environmental site assessment	9,450
P. Administrative costs	4,084
Total Project Expenditures	\$ 102,419

³ SNC awarded \$125,000 and WRC has claimed \$102,419 through March 31, 2013; of this amount, \$92,177 was reimbursed to WRC and \$10,242 held by SNC for retention.