



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

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Transmitted via e-mail

August 5, 2015

Mr. David Bunn, Director
Department of Conservation
801 K Street, MS 24-01
Sacramento, CA 95814

Dear Mr. Bunn:

Final Report—Yolo Land Trust, Proposition 84 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Yolo Land Trust's (Land Trust) grant 3011-408, issued by the Department of Conservation.

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 Land Trust. If you have any questions regarding this report, please contact Jon Chapple, Manager, or Rebecca McAllister, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. John Lowrie, Acting Assistant Director, Division of Land Resource Protection,
Department of Conservation
Ms. Larelle Burkham-Greydanus, Grant Manager, California Farmland Conservancy
Program, Department of Conservation
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. Michele Clark, Executive Director, Yolo Land Trust
Mr. Charles Tyson, President, Board of Directors, Yolo Land Trust

Audit Report

Yolo Land Trust Proposition 84 Bond Program Grant Agreement 3011-408



Martin Farm Property
Source: Yolo Land Trust

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

MEMBERS OF THE TEAM

Jon G. Chapple, CPA
Manager

Rebecca McAllister, CPA
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Staff
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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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(916) 322-2985

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) for \$5.4 billion. The bond proceeds finance a variety of natural resource programs.

The Yolo Land Trust (Land Trust) is a private, non-profit organization established in 1988 to preserve and protect agricultural and environmental interests for the public benefit. The resources protected by the Land Trust may include working lands (farms and ranches), wetlands, wildlife habitats, watersheds, threatened ecosystems, open space, scenic landscapes, and historical or cultural sites.¹ The Land Trust received a \$744,000 grant from the Department of Conservation (Conservation) to establish an agricultural conservation easement on 237 acres in Yolo County.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 3011-408 for the period May 30, 2012 through May 30, 2014.

The audit objectives were to determine whether the Land Trust'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. Further, no assessment was performed on the reasonableness of the land acquisition costs or the conservation value of acquired land or projects completed.

The Land Trust's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. Conservation 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 as required, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the Land Trust's accounting records, vendor invoices, staff timesheets, and escrow statements.

¹ Source: Yolo Land Trust website

- Selected the largest expenditure, which was the agricultural easement purchase, and determined if it was allowable, grant-related, incurred within the grant period, adequately supported, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.
- Evaluated whether a sample of grant deliverables were met by reviewing supporting documentation including the baseline report, appraisal of easement, escrow closing statement, final report, grant deed with easement, and annual monitoring reports.

In conducting our audit, we obtained an understanding of the Land Trust’s internal 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 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 3011-408	
Category	Claimed²
Agricultural Easement	\$ 593,450
Title, Escrow & Closing Costs	4,256
Legal, Staff & Consultants	25,744
Total Grant Funds	623,450
Match Funds	631,472
Total Project Expenditures	\$ 1,254,922

² Conservation awarded \$744,000 and the grantee claimed \$623,450 as of May 30, 2014.