



Transmitted via e-mail

February 24, 2012

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

Mr. David Thesell, Deputy Chief
Department of Conservation
801 K Street, MS 18-01
Sacramento, CA 95814

Mr. Sam Schuchat, Executive Officer
State Coastal Conservancy
1330 Broadway, 13th Floor
Oakland, CA 94612

Dear Mr. Donnelly, Mr. Schuchat, and Mr. Thesell:

Final Report—Land Trust for Santa Barbara County, Proposition 40, 50, and 84 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Land Trust for Santa Barbara County's (Land Trust) Proposition 40, 50, and 84 grants.

The enclosed report is for your information and use. Because there were no audit findings 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 Land Trust. If you have any questions regarding this report, please contact Jennifer Whitaker, Manager, or Beliz Chappuie, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: On following page

cc: Mr. David Means, Program Manager, Wildlife Conservation Board
Ms. Roxanne Woodward, Budget Officer, Wildlife Conservation Board
Ms. Molly Penberth, Manager, Department of Conservation
Mr. Kenneth Murray, Associate Environmental Planner, Department of Conservation
Ms. Nadine Peterson, Chief Deputy Executive Officer, State Coastal Conservancy
Ms. Mary Small, Deputy Executive Officer, State Coastal Conservancy
Ms. Regine Serrano, Chief of Administration, State Coastal Conservancy
Ms. Trish Chapman, Central Coast Regional Program Manager, State Coastal
Conservancy
Ms. Rachael Couch, Coastal Conservancy Project Manager, State Coastal Conservancy
Mr. Patrick Kemp, Assistant Secretary for Administration of Finance, California Natural
Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary for Bonds and Grants, California Natural
Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary for Bonds and Grants, California Natural
Resources Agency
Mr. Michael Feeney, Executive Director, Land Trust for Santa Barbara County
Mr. William Abbott, Conservation Director, Land Trust for Santa Barbara County
Ms. Lisa Macker, Accounting Manager, Land Trust for Santa Barbara County

AUDIT REPORT

Land Trust for Santa Barbara County Proposition 40, 50, and 84 Bond Programs Grant Agreements 06-012, WC5071DM, WC8047CK, and 3010-414



Santa Barbara County Coastline

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

MEMBERS OF THE TEAM

Jennifer Whitaker
Manager

Beliz Chappuie, CPA
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Staff
David Munoz, CPA

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

You can contact our office at:

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TABLE OF CONTENTS

Background, Scope, and Methodology.....	1
Results.....	4

BACKGROUND, SCOPE, AND METHODOLOGY

BACKGROUND

Between March 2000 and November 2006, California voters passed three bond measures:

- Proposition 40—The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.
- Proposition 50—The Water Security, Clean Drinking, Coastal and Beach Protection Act of 2002.
- Proposition 84—The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.

These propositions authorized the sale of bonds to finance a variety of resource programs. Administered by a number of state agencies, departments, boards, and conservancies the proceeds from these bonds support a broad range of programs that protect, preserve, and improve California's water and air quality, open space, public parks, wildlife habitats, and historical and cultural resources. Bond proceeds are expended directly by the administering departments on various capital outlay projects, and are also dispersed to federal, state, local and nonprofit entities in the form of grants and contracts.

The Department of Conservation (DOC), the State Coastal Conservancy (SCC), and the Wildlife Conservation Board (WCB) are three of many state entities that administer the proposition 40, 50, and 84 Programs. These state entities provided funding via various grants.

Land trust for Santa Barbara County

The Land Trust for Santa Barbara County (Land Trust) was formed in 1985 when the Santa Ynez Valley Land Trust and Carpinteria Valley Land Trust combined to serve the entire county. Today, the Land Trust helps to preserve nearly 22,000 acres of natural resource and agricultural land. The Land Trust works to preserve and enhance the county's natural open spaces and agricultural heritage for to present and future generations.¹

The Land Trust received the following grants for the enhancement of natural echo systems and acquisition of conservation easements.

- *Midland Oak Woodlands Conservation Easement*—Proposition 84 grant WC8047CK totaling \$4.15 million from WCB to acquire an easement of 2,725 acres designed to ensure that the land is permanently used for ranchland and forest stewardship.

¹ Land Trust website <http://sblandtrust.org/>.

- *Goleta Slough Ecological Reserve Restoration*—Proposition 50 grant WC5071DM totaling \$1.27 million from WCB to remove non-native plant species, sustain wetlands, enhance upland habitats and provide future tide circulating opportunities within the Reserve.
- *Hibbit's Ranch*—Proposition 40 grant 3010-414 totaling \$1.27 million to acquire a 394 acre easement of irrigated farmland designed to ensure land use for agricultural purposes, and to prevent future suburban sprawl from the adjacent City of Lompoc.
- *The Arroyo Hondo Creek Steelhead Enhancement Passage*—Proposition 40 grant 06-012 totaling \$650,000 from SCC to enhance a concrete culvert allowing the existing creek to flow freely and facilitate a steelhead fish passage. In May 2010, the project scope was amended and \$220,000 was diverted to the Carpinteria Creek Watershed project.

SCOPE

In accordance with the Department of Finance, Office of State Audits and Evaluations' (Finance) bond oversight responsibilities, Finance conducted performance audits of the following grants:

<u>Grant Agreements</u>	<u>Audit Period</u>	<u>Award Amount</u>
WC8047 CK	November 11, 2008 through November 20, 2009	\$4,150,000
WC5071 DM	May 25, 2006 through December 31, 2011 ²	\$1,269,312 ³
3010-414	April 11, 2011 through December 31, 2011	\$1,260,350
06-012	August 3, 2006 through October 31, 2010	\$ 650,000 ⁴

The audit objectives were to determine whether the Land Trust's grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and to determine whether grant deliverables were completed as required. In order to design adequate procedures to conduct our audit, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations. Further, no assessment was performed on the reasonableness or the conservation value of the projects completed.

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

METHODOLOGY

To determine whether the grant expenditures were in compliance with applicable laws, regulations, 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.

² An interim audit was performed because the grant period is being extended through the amendment process. Maintenance and Monitoring activities are still being conducted at the project site.

³ Award includes \$342,000 from Habitat Conservation Fund (0262).

⁴ Award includes \$43,396 from Habitat Conservation Fund (0262).

- Examined the grant files, grant agreements, and applicable policies and procedures.
- Reviewed the Land Trust's accounting and payroll records, vendor invoices, and contractor agreements.
- 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 site visits to verify existence.
- Evaluated whether a sample of grant deliverables required by the grant agreements 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 November 2011 through February 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.

Based on the audit procedures performed, the Land Trust for Santa Barbara County was in compliance with the applicable laws, regulations, and grant agreements. No observations or questioned costs were identified. The Schedules of Claimed amounts are presented in Table 1.

Table 1: Schedules of Claimed Amounts

Midland Oak Grant WC8047CK	
For the Period November 11, 2008 through November 20, 2009	
Category	Claimed
Easement Acquisition	\$4,150,000
Total Expenditures	\$4,150,000

Goleta Slough Grant WC5071DM	
For the Period May 25, 2006 through December 31, 2011	
Category	Claimed
Project Management—Administration	\$ 26,979
Design Engineering	258,946
Construction	812,160
Construction Management	19,987
Maintenance and Monitoring	103,934
Total Expenditures	\$1,222,006

Hibbit's Ranch Grant 3010-414	
For the Period April 11, 2011 through December 31, 2011	
Category	Claimed
Easement Acquisition	\$1,166,625
Closing Costs	6,600
Total Expenditures	\$1,173,225

Arroyo Hondo Grant 06-012	
For the Period August 3, 2006 through October 31, 2010	
Category	Claimed
Project Management—Administration	\$ 38,354
Project Design and Permitting	34,132
Construction Services	414,532
Post Construction Maintenance	94,478
Contingency/Unallocated	55,627
Miscellaneous	5,701
Total Expenditures	\$ 642,824 ¹

¹ \$220,000 was related to the Carpinteria Creek Watershed project.