



Transmitted via e-mail

March 9, 2012

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

Dear Mr. Schuchat:

Final Report—Trout Unlimited California, Proposition 12 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of Trout Unlimited California's (TUCA) grant 06-129.

TUCA's response to the report observation is incorporated into this final report. TUCA agreed with our observation and we appreciate its willingness to implement corrective actions. This report will be placed on our website.

We appreciate the assistance and cooperation of TUCA. If you have any questions regarding this report, please contact Diana Antony, Manager, or Lisa Negri, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Ms. Nadine Peterson, Senior 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. Patrick Kemp, Assistant Secretary, California Natural Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, California Natural Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, California Natural Resources Agency
Mr. Brian Johnson, Acting California Director, Trout Unlimited California
Ms. Mary Ann King, Stewardship Coordinator, Trout Unlimited California
Mr. Drew Irby, California Council Chairman, Trout Unlimited South Coast
Mr. George Sutherland, Project Coordinator, Trout Unlimited South Coast

AUDIT REPORT

Trout Unlimited California Proposition 12 Bond Program Grant Agreement 06-129



Title: San Mateo Creek
Source: South Coast Chapter Trout Unlimited website

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

MEMBERS OF THE TEAM

Diana Antony
Manager

Lisa Negri
Supervisor

Staff
Mary Halterman

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, AND METHODOLOGY

BACKGROUND

In March 2000, California voters approved the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Act of 2000 (Proposition 12). The \$2.1 billion in bond proceeds provide for grants to finance a variety of resource programs.

The State Coastal Conservancy (SCC) awarded Trout Unlimited California (TUCA) a Proposition 12 grant to implement recommendations of the 2006 San Mateo Creek Southern Steelhead Restoration Project Conservation Strategy and Plan for exotic aquatic and terrestrial and plant species management at the San Mateo Creek watershed, San Diego, Orange, and Riverside counties.

Trout Unlimited, founded in 1959, is a nonprofit corporation based in Arlington, Virginia, governed by a Board of Trustees, and a National Leadership Council with a representative from each state.¹ TUCA represents the 10,000+ subscriber-based members with seven active chapters in California and an eight member state council board. TUCA's mission is to protect, reconnect, restore, and sustain California's salmonid fisheries, their watersheds, and the diversity of their population.²

SCOPE

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

<u>Grant Agreement</u>	<u>Grant Period</u>	<u>Award</u>
06-129	June 11, 2007 through May 2, 2011	\$160,000

The audit objectives were to determine whether TUCA'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. 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.

TUCA management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The State Coastal Conservancy and the California Natural Resources Agency are responsible for the state-level administration of the grant program.

¹ Information from www.tu.org.

² Information from www.tucalifornia.org.

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.
- Reviewed the grantee's accounting records, vendor 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.
- Evaluated whether a sample of grant deliverables required by the grant agreement 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 September 2011 through January 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.

Except as noted below, Trout Unlimited California’s (TUCA) expenditures were in compliance with applicable laws, regulations and grant requirements. The Schedule of Claimed and Questioned Amounts are presented in Table 1.

Table 1: Schedules of Claimed and Questioned Amounts

Grant Agreement 06-129 For the Period June 11, 2007 through May 2, 2011		
Category	Claimed¹	Questioned
Monitoring and Restoration	\$ 71,610	\$ 0
Planning	10,275	0
Coordination	6,090	0
Public Education and Outreach	22,750	0
Other Project Expenses	6,002	0
Total Expenditures	\$ 116,727	\$ 0

Observation 1: Noncompliance with Grant Requirements

The grant agreement work plan specified 4 main goals with 16 sub goals and corresponding deliverables to be completed. TUCA did not complete 5 sub goals as described in Table 2.

Table 2: Sub Goals and Deliverables Not Completed

Sub Goal	Deliverables
1.3	<ul style="list-style-type: none"> • Estuary monitoring and study plan.
2.1	<ul style="list-style-type: none"> • NEPA/CEQA preparation timeline and action plan.
2.3	<ul style="list-style-type: none"> • Define objectives and specifics of a water quality monitoring program.
4.5	<ul style="list-style-type: none"> • Conduct a feasibility analysis regarding web applications. • Report to TAC regarding web applications for project. • Create a photo file.
4.6	<ul style="list-style-type: none"> • One public service announcement on local TV.

According to TUCA, the State Coastal Conservancy agreed to terminate the project prior to completion. However, there is no evidence of scope or budget modification—the final completion report did not address the modification. Furthermore, 14 of 15 invoices submitted by TUCA did not have a progress report as required by the grant.

¹ The State Coastal Conservancy awarded \$160,000; however, TUCA only claimed \$116,727.

Grant agreement, *Costs and Disbursements*, requires grantees to submit invoices with a supporting progress report summarizing the current status of the project and comparing it to the status required by the work program including budget, timeline, and tasks.

Recommendation:

Ensure all grant requirements are met and any changes to the scope of work or the budget are documented in a written amendment or modification.



Brian J. Johnson
California Director

Mr. David Botelho
Chief, Office of State Audits and Evaluations
915 L Street
Sacramento, CA 95814
Via email to OSAEReports@dof.ca.gov

February 27, 2012

Re: Draft Report – Trout Unlimited California, Proposition 12 Grant Audit

Dear Mr. Botelho:

Thank you for the opportunity to comment on the Draft Report for the audit of Grant 06-129.

In the report, you note that the State Coastal Conservancy (SCC) agreed to terminate the project prior to completion. The decision to terminate the project was mutual and was made in consultation with the San Mateo Creek Technical Advisory Committee. Although the subgoal deliverables you identified in the draft report were not specifically called out, the decision to end the project early is documented in communication between Trout Unlimited and the SCC, in the SCC's Staff Recommendation, and in the SCC's closure letter. Because we ended the project, Trout Unlimited did not spend the full amount allocated under the grant and, as such, did not complete the grant deliverables associated with the full amount of project funds. In the future, we will ensure that any changes to the scope of work and budget are more clearly documented.

Sincerely,

Original signed by

Brian J. Johnson