



Transmitted via e-mail

July 10, 2012

Mr. John Laird, Secretary  
California Natural Resources Agency  
1416 Ninth Street, Suite 1311  
Sacramento, CA 95814

Dear Mr. Laird:

**Final Report—City of Santee, Proposition 40 Grant Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Santee's grant 40720-10 for the period May 22, 2009 through May 1, 2011.

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 City of Santee. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: 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  
Mr. Pedro Orso-Delgado, Director of Development Services/Deputy City Manager, City of Santee  
Mr. Tim McDermott, Finance Director/City Treasurer, City of Santee  
Mr. Steven Miller, Associate Civil Engineer, Development Services, City of Santee

AUDIT REPORT

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City of Santee  
Proposition 40 Bond Program  
Grant Agreement 40720-10

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

## **MEMBERS OF THE TEAM**

Kimberly Tarvin  
Manager

Rick Cervantes  
Supervisor

Staff  
David Shockey

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

You can contact our office at:

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Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## **BACKGROUND**

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

The City of Santee (City) received a \$472,963 grant from the California Natural Resources Agency (Resources) to create a trail for Mast Park West and install related park structures including log fencing, kiosk with interpretive panels, picnic table, bike rack, pet stations, and permanent trash/recycle receptacles.

## **SCOPE**

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant agreement 40720-10 for the period May 22, 2009 through May 1, 2011.

The audit objectives were to determine whether the City'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 City's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. Resources is 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:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files and the grant agreement.
- Reviewed the City's accounting records and vendor invoices.
- 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 existence.
- Evaluated whether a sample of grant deliverables required by the grant agreement 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 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 and grant deliverables were completed as required. The Schedule of Claimed Amounts is presented in Table 1.

**Table 1: Schedule of Claimed Amounts**

<b>Grant Agreement 40720-10</b>	
<b>Task</b>	<b>Claimed<sup>1</sup></b>
A. Direct Project Management	\$ 24,077
B. Contractor - Installed Costs/Services	365,004
Total Expenditures	\$389,081

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<sup>1</sup> Resources awarded \$472,963; however, the City only claimed \$389,081.