



Transmitted via e-mail

February 27, 2017

Mr. Samuel P. Schuchat, Executive Director  
State Coastal Conservancy  
1330 Broadway, 13<sup>th</sup> Floor  
Oakland, CA 94612-2530

Mr. John Donnelly, Executive Director  
California Wildlife Conservation Board  
1700 9<sup>th</sup> Street, 4<sup>th</sup> Floor  
Sacramento, CA 95811

Dear Mr. Schuchat and Mr. Donnelly:

**Final Report—Save the Redwoods League, Propositions 1E and 84 Grant Audit**

The California Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Save the Redwoods League's (League) grants WC-1405BG and 13-048, issued by the California Wildlife Conservation Board and the State Coastal Conservancy, respectively.

The enclosed report is for your information and use. Because there were no audit findings 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 League. If you have any questions regarding this report, please contact Diana Antony, Manager, or Mindy Patterson, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Jennifer Whitaker, Chief  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Mary Small, Deputy Executive Director, State Coastal Conservancy  
Ms. Regine Serrano, Chief of Administrative Services, State Coastal Conservancy  
Ms. Amy Hutzell, Deputy Executive Director, State Coastal Conservancy  
Mr. Peter Perrine, Assistant Executive Director, California Wildlife Conservation Board  
Mr. Sam Hodder, President and Chief Executive Officer, Save the Redwoods League  
Ms. Catherine Elliott, Land Project Manager, Save the Redwoods League  
Ms. Mary Quisenberry, Controller, Save the Redwoods League  
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

Save the Redwoods League  
Propositions 1E and 84 Bond Programs  
Grant Agreements 13-048 and WC-1405BG

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

## **MEMBERS OF THE TEAM**

Diana Antony, CPA  
Manager

Mindy Patterson  
Supervisor

Staff  
MaryAnn Reamer

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

You can contact our office at:

California Department of Finance  
Office of State Audits and Evaluations  
915 L Street, 6<sup>th</sup> Floor  
Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

---

## BACKGROUND

California voters approved the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E) and the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84). The bond proceeds of \$4.1 billion and \$5.4 billion, respectively, finance a variety of natural resource programs.

The California Wildlife Conservation Board (WCB) and the State Coastal Conservancy (SCC) awarded a \$10 million Proposition 84 grant and a \$1.9 million Proposition 1E grant, respectively, to Save the Redwoods League (League) to acquire a conservation and public access easement of approximately 8,532 acres of land commonly known as the San Vicente Redwoods. The League is a non-profit organization that protects and restores redwood forests.<sup>1</sup>

## SCOPE

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

<u>Grant Agreement</u>	<u>Audit Period</u>
WC-1405BG	October 13, 2014 through August 28, 2015
13-048	February 11, 2014 through December 31, 2015

The audit objectives were to determine whether the League'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 League's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. WCB, SCC, and the California Natural Resources Agency are responsible for the state-level administration of the bond programs.

---

<sup>1</sup> Source: Save the Redwoods League website <http://www.savetheredwoods.org>

## METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Examined the grant files, the grant agreements, and applicable policies and procedures.
- Reviewed the grantee's accounting records, request for disbursements, appraisal reports, and the escrow account closing statement.
- 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.
- Evaluated whether grant deliverables were met by reviewing the grantor-approved final closing package that included the escrow account closing statement, Notice of Unrecorded Grant Agreement, grant deed, deed of conservation easement, and escrow instructions.

In conducting our audit, we obtained an understanding of the League's internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed, implemented, and operating effectively. No deficiencies in internal control were identified during our audit.

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

Based on the procedures performed, the grant expenditures claimed complied with applicable laws, regulations, and grant agreements' requirements. Additionally, the grant deliverables were completed as specified in the grant agreements. The Schedule of Claimed Amounts is presented below.

### Schedule of Claimed Amounts

Grant	Claimed
WCB Grant WC-1405BG	\$10,000,000
SCC Grant 13-048	1,900,000
<b>Total Grant Funds</b>	<b>\$11,900,000</b>