



Transmitted via e-mail

November 30, 2016

Mr. Samuel Schuchat, Executive Officer
State Coastal Conservancy
1330 Broadway, 13th Floor
Oakland, CA 94612-2530

Dear Mr. Schuchat:

Final Report—City of Santee, Proposition 84 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Santee's (City) grant 12-013, issued by the State Coastal Conservancy.

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 City. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Fabiola Torres, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Jennifer Whitaker, Chief
Office of State Audits and Evaluations

Enclosure

cc: Ms. Mary Small, Chief Deputy Executive Officer, State Coastal Conservancy
Ms. Regine Serrano, Chief of Administrative Services, State Coastal Conservancy
Ms. Amy Hutzler, Deputy Executive Officer, State Coastal Conservancy
Mr. Bill Maertz, Director of Community Services, City of Santee
Mr. Tim McDermott, Finance Director/City Treasurer, City of Santee
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

AUDIT REPORT

City of Santee
Proposition 84 Bond Program
Grant Agreement 12-013

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

MEMBERS OF THE TEAM

Susan Botkin, CGFM
Manager

Fabiola Torres
Supervisor

Staff
Alex Balandra
Matthew Fong

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
915 L Street, 6th Floor
Sacramento, CA 95814
(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). The \$5.4 billion in bond proceeds finance a variety of resource programs.

The State Coastal Conservancy (Conservancy), pursuant to Division 21, Chapters 5.5 and 9 of the California Public Resources Code, is authorized to undertake projects that protect and restore coastal watersheds and coastal and marine habitats. The Conservancy is also authorized to identify and implement a comprehensive system of public access to and along the shoreline, including acquisition of necessary rights-of-way, installation of appropriate recreational support facilities, and provision of management and operation funding.

The Conservancy awarded a \$1,445,000 grant to the City of Santee (City) to acquire real property known as the Walker Property, located in the County of San Diego for the purpose of protecting, restoring, and enhancing habitat and open space, providing compatible public access, and to design and permit a portion of the San Diego River Trail and associated facilities on the real property. The City's government focus is on public safety, planning and land use, public works, recreation, and economic development.¹

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 12-013 for the period August 9, 2012 through April 25, 2016.

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. Further, no assessment was performed on the reasonableness of the land acquisition costs or the conservation value of acquired land or projects completed.

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

¹ Excerpts from the City of Santee website www.ci.santee.ca.us.

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 grantee's accounting records, vendor invoices, and other relevant expenditure documentation.
- 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 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, such as appraisal reports, grant deeds, escrow statement, monitoring plan, and other relevant documents submitted by the City.

In conducting our audit, we obtained an understanding of the City'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 and implemented. No deficiencies in internal control were identified during our audit and determined to be significant within the context of our audit objectives.

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 the grant agreement 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 12-013	
Task Description	Claimed²
Project Management	\$ 72,358
Property Acquisition	1,204,572
Project Engineering and Design	167,935
Total Grant Funds	\$1,444,865

² The Conservancy awarded \$1,445,000 and the City claimed \$1,444,865.