



Transmitted via e-mail

May 11, 2015

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

Dear Mr. Schuchat:

Final Report—Friends of the Dunes, Proposition 50 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Friends of the Dunes' (FOD) grant 08-089, issued by the State Coastal Conservancy. This grant was funded with Proposition 50 funds.

The enclosed report is for your information and use. Because there were no audit observations 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 FOD. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Jennifer Arbis, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Richard R. Sierra, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Mary Small, Deputy Executive Officer, State Coastal Conservancy
Ms. Nadine Peterson, Deputy Executive Officer, State Coastal Conservancy
Ms. Regine Serrano, Chief, Administrative Services, State Coastal Conservancy
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
Ms. Carol Vander Meer, Executive Director, Friends of the Dunes

Friends of the Dunes
Proposition 50 Bond Program
Grant Agreement 08-089



Humboldt Coastal Nature Center
Source: Friends of the Dunes

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

MEMBERS OF THE TEAM

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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
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BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Bond Act of 2002 (Proposition 50). The \$3.44 billion in bond proceeds finance a variety of resource programs.

The Friends of the Dunes (FOD), a non-profit organization, received a \$750,000 grant from the State Coastal Conservancy (Conservancy). This grant funded the renovation of the Humboldt Coastal Nature Center and installation of visitor center and education facilities. FOD's mission is to conserve the natural diversity of coastal environments through community supported education and stewardship programs.¹

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant 08-089 for the period March 25, 2009 through August 1, 2011.

The audit objectives were to determine whether FOD'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.

FOD 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.

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 bank statements.
- 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.

¹ Excerpt from www.friendsofthedunes.org

- 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 and conducting a site visit to verify existence of the Humboldt Coastal Nature Center.

In conducting our audit, we obtained an understanding of FOD’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. Any deficiencies in internal control that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

We conducted this audit in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations 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 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 08-089	
Task	Claimed
Preconstruction	\$ 134,800
Site Work	166,445
Exterior Building Renovation	213,256
Interior New Construction	160,164
Construction Management	75,325
Total Project Expenditures	\$ 749,990