



April 23, 2009

Mr. Russell K. Henly, Assistant Deputy Director
California Department of Forestry and Fire Protection
P.O. Box 944246
Sacramento, CA 94244-2460

Dear Mr. Henly:

Final Audit Report—Friends of the Urban Forest Proposition 12 Grant Audits

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its grant audits of the Friends of the Urban Forest (FUF) for the following grant agreements:

Grant Agreement

8CA05111
8CA04104

Audit Period

April 26, 2006 through March 31, 2008
December 1, 2004 through March 1, 2007

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. In accordance with Finance's policy of increased transparency, this report will also be placed on our website.

We appreciate the assistance and cooperation of FUF staff during our audit. If you have any questions, please contact Frances Parmelee, Manager or Jennifer Whitaker, Supervisor at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, Chief
Office of State Audits and Evaluations

Enclosure

cc: Mr. Robb Forsberg, Manager, Fiscal Administration and Coordination Section, California
Department of Forestry and Fire Protection
Mr. Doug Wildman, Program Director, Friends of the Urban Forest
Mr. Sunder Sujan, Chief Financial Officer, Friends of the Urban Forest
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, Resources Agency
Ms. Julie Alvis, Deputy Assistant Secretary, Resources Agency

A GRANT AUDIT

Friends of the Urban Forest Proposition 12 Bond Programs

Grant Agreements 8CA05111 and 8CA04104



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

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

Jennifer Whitaker
Supervisor

Staff
Kenneth Rading

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

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 96814
(916) 322-2985

BACKGROUND

In March 2000, California voters approved the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act (Proposition 12), which authorized the State of California to sell \$2.1 billion in general obligation bonds. The bond proceeds support programs to conserve natural resources, acquire and improve state and local parks, and preserve historical and cultural resources.

Thirteen state departments administer the Proposition 12 Programs. Section 5096.310(u) of the Bond Act allocates \$10 million to the California Department of Forestry and Fire Protection's (CAL FIRE) Urban Forestry Program for the purchase and planting of trees.

CAL FIRE awarded the Friends of the Urban Forest (FUF) two grants totaling \$272,000 to participate in the Urban Forestry Program. The FUF's mission is to promote a larger, healthier urban forest as part of the urban ecosystem, through community planting, maintenance, education and advocacy. The FUF is a non-profit organization committed to the belief that trees are a critical element of a livable urban environment. Since 1981, FUF has offered financial, technical, and practical assistance to individuals and neighborhood groups to plant and care for trees.

The FUF received grants from CAL FIRE to plant 1,600 trees in San Francisco and provide up to three years of initial tree maintenance.

SCOPE

In connection with the Department of Finance's (Finance) bond oversight responsibilities, Finance conducted audits of the following grants:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
8CA05111	April 4, 2006 through March 31, 2008	\$ 222,000
8CA04104	December 1, 2004 through March 1, 2007	\$ 50,000

The audit's objectives were to determine whether the FUF's grant revenue and expenditures were in compliance with applicable laws, regulations, and grant requirements. We did not assess the efficiency or effectiveness of program operations.

The FUF management is responsible for ensuring accurate financial reporting and compliance as well as evaluating the efficiency and effectiveness of the grant program. CAL FIRE, along with the California Natural Resources Agency, is responsible for state level administration of the bond programs.

METHODOLOGY

To determine whether grant revenue and expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant agreements, applicable policies and procedures, and the grant files maintained by CAL FIRE.
- Reviewed the FUF's accounting records, vendor invoices, pay warrants, and bank statements.
- Selected a sample of expenditures, including labor costs, 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 project existence.

The results of the audit are based on our review of documentation and other information made available to us and interviews with the staff directly responsible for administering the bond funds. The audit was conducted from October 2008 through January 2009.

This audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

RESULTS

Based on the audit procedures performed, the FUF was in compliance with applicable laws, regulations, and the grant requirements. In addition, the FUF was required to provide matching funds equal to 25 percent of eligible expenditures. The FUF met the match requirements. The claimed, audited, and questioned amounts for each grant agreement are presented in Table 1.

Table 1: Schedules of Claimed, Audited, and Questioned Amounts

Grant Agreement 8CA05111 For the Period April 26, 2006 to March 31, 2008			
Category	Claimed	Audited	Questioned
Trees	\$ 46,662	\$ 46,662	\$ 0
Planting Supplies	19,850	19,850	0
Labor	130,932	130,932	0
Signage	907	907	0
Education	2,812	2,812	0
Administration	20,837	20,837	0
Total Expenditures	\$ 222,000	\$ 222,000	\$ 0

Grant Agreement 8CA04104 For the Period December 1, 2004 to March 1, 2007			
Category	Claimed	Audited	Questioned
Trees	\$ 24,135	\$ 24,135	\$ 0
Planting Supplies	8,921	8,921	0
Labor	16,205	16,205	0
Signage	714	714	0
Administration	25	25	0
Total Expenditures	\$ 50,000	\$ 50,000	\$ 0