



Transmitted via e-mail

September 9, 2015

Mr. Charlton H. Bonham, Director
California Department of Fish and Wildlife
1416 Ninth Street, 12th Floor
Sacramento, CA 95814

Dear Mr. Bonham:

Final Report—Aquatic Science Center, Proposition 84 Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the Aquatic Science Center's (Science Center) grant P0883005, issued by the California Department of Fish and Wildlife.

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 the Science Center. If you have any questions regarding this report, please contact Diana Antony, Manager, or Mary Camacho, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. Gabe Tiffany, Deputy Director, California Department of Fish and Wildlife
Ms. Lisa Gallegos, Assistant Deputy Director for Administration, California Department of Fish and Wildlife
Mr. James Croft, Contract Coordinator, California Department of Fish and Wildlife
Mr. Daniel Burmester, Senior Environmental Scientist, California Department of Fish and Wildlife
Mr. David R. Williams, Chair, Board of Directors, Aquatic Science Center
Mr. Warner Chabot, Executive Director, Aquatic Science Center
Mr. Jim Kelly, Interim Executive Director, San Francisco Estuary Institute
Mr. Lawrence Leung, Contracts Manager, San Francisco Estuary Institute
Mr. Frank Leung, Accountant, San Francisco Estuary Institute
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

Aquatic Science Center
Proposition 84 Bond Program
Grant Agreement P0883005

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

MEMBERS OF THE TEAM

Diana Antony, CPA
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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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(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) for \$5.4 billion. The bond proceeds finance a variety of natural resource programs. Proposition 84 added Division 43, Chapter 9, section 75050 (a), to the Public Resources Code, authorizing the Legislature to appropriate up to \$180 million to the California Department of Fish and Wildlife (DFW) for Bay-Delta and coastal fishery restoration projects.

DFW awarded the Aquatic Science Center (Science Center) a \$375,000 Proposition 84 grant under the CALFED Natural Community Conservation Planning program. The grant funded a study on how the Sacramento-San Joaquin Delta appeared and how it functioned prior to the significant human modifications over the last 160 years. The results of the study will provide information needed to target future restoration projects and understand the conditions necessary to restore an ecosystem in the future Delta landscape.

The Science Center was created by the California State Water Resources Control Board and the Bay Area Clean Water Agencies as a joint powers authority. The purpose of the Science Center is to promote and deliver scientific support services to various organizations in central and northern California that foster scientific understanding needed to protect and enhance the San Francisco estuary. The Science Center hired the San Francisco Estuary Institute (Institute) to serve as the Science Center's administrator, including performing its day to day operations, such as receiving, administering, and disbursing funds.

SCOPE

In accordance with the Department of Finance's bond oversight responsibilities, we audited grant P0883005 for the period June 30, 2009 through June 30, 2012.

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

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 agreement, and applicable laws, regulations, policies, and procedures.
- Reviewed the Science Center’s accounting records, payroll registers, timesheets, invoices to the grantor, and canceled checks.
- Selected a sample of expenses paid 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 final and quarterly reports.

In conducting our audit, we obtained an understanding of the Science Center’s internal controls, including 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 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.

RESULTS

Based on the procedures performed, the grant expenditures claimed complied with the grant agreement. 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 P0883005	
Category	Claimed¹
Personnel Services	\$ 135,160
Benefits	55,537
General and Administration Costs	96,512
Overhead Costs	77,729
Operating Expenses	9,562
Total Grant Funds	\$ 374,500

¹ DFW awarded \$375,000 and the grantee claimed and was paid \$374,500.