



Transmitted via e-mail

April 22, 2015

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**Final Report—Georgetown Divide Resource Conservation District, Propositions 1E, 40,
and 84 Grant Audits**

The Department of Finance, Office of State Audits and Evaluations, has completed its audits of the following Georgetown Divide Resource Conservation District (District) grants awarded by the Sierra Nevada Conservancy (SNC), Department of Forestry and Fire Protection (CAL FIRE) and the Department of Water Resources (DWR):

<u>Grantor</u>	<u>Agreement Number</u>	<u>Award Amount</u>
SNC	163	\$661,000
SNC	G0770024	\$283,480
CAL FIRE	8CA11526	\$95,000
DWR	4600009672	\$260,000

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 District. If you have any questions regarding this report, please contact Jon Chapple, Manager, at (916) 322-2985.

Sincerely,

Original signed by Cheryl McCormick for:

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

Enclosure

cc: On following page

cc: Ms. Amy Lussier, Chief, Administrative Services Division, Sierra Nevada Conservancy
Mr. Mathew Daley, Grant Administrator, Sierra Nevada Conservancy
Ms. Janet Barentson, Chief Deputy Director, Department of Forestry and Fire Protection
Ms. Windy Bouldin, Chief, Office of Program Accountability, Department of Forestry and Fire Protection
Ms. Laura King Moon, Chief Deputy Director, Department of Water Resources
Ms. Katherine Kishaba, Deputy Director of Business Operations, Department of Water Resources
Ms. Gail Chong, Deputy Assistant DWR Executive, Bond Accountability, Department of Water Resources
Mr. Jeff Ingles, Chief Auditor, Department of Water Resources
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
Mr. William Bennett, President, Georgetown Divide Resource Conservation District
Mr. Mark Egbert, District Manager, Georgetown Divide Resource Conservation District

Georgetown Divide Resource Conservation District
Propositions 1E, 40, and 84 Bond Programs
Grant Agreements 163, G0770024,
8CA11526, and 4600009672



Title: Finnon Reservoir
Source: Youngdahl Consulting Group, Inc. website

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

MEMBERS OF THE TEAM

Jon G. Chapple, CPA
Manager

Staff
Rosalie Bradley

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

You can contact our office at:

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BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

BACKGROUND

California voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40), the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), and the Disaster Preparedness and Flood Protection Bond Act of 2006 (Proposition 1E), for \$2.6 billion, \$5.4 billion and \$4.09 billion, respectively. The bond proceeds finance a variety of natural resource programs.

The Georgetown Divide Resource Conservation District (District) advises and assists individual landowners and public agencies in planning and implementation of conservation practices for the protection, restoration, or development of land, water, and related natural resources.¹ The District received the following grants:

- **Finnon Lake Restoration and Habitat Improvement Project** (Grant 163)—\$661,000 awarded by the Sierra Nevada Conservancy (SNC) under Proposition 84 for the restoration of Finnion Lake back to its former operating capacity of 350 acre-feet while enhancing fishery and aquatic habitats, improving wetland habitat, improving upland forested habitats, and securing a sustainable water supply to combat wildfires.
- **Fish Friendly Farming Environmental Certification Program** (Grant G0770024)—\$283,480 awarded by the SNC under Proposition 84 to address water quality impairments and toxicity levels in North Canyon Creek and Coon Hollow Creek in El Dorado County. The Certification Program provides workshops and technical assistance in order to reduce erosion, conserve water, increase native habitats, and enhance aquatic habitats on private farms and ranches.
- **Widening of “Perimeter Shaded Fuel Break” on Ridge above the Lower Middle Fork of the American River and the American River Canyon Watershed Protection Project** (Grant 8CA11526)—\$95,000 awarded by the Department of Forestry and Fire Protection (CAL FIRE) under Proposition 40 to administer a fuels (vegetation) management program for the purpose of maintaining and/or enhancing watershed values via projectors that modify and eliminate vegetation, thereby reducing risk of wildland fire.
- **Stormwater Flood Management Grant** (Grant 4600009672)—\$260,000 awarded by the Department of Water Resources (DWR) under Proposition 1E to help finance the Finnion Lake Restoration and Habitat Improvement Project. The grant funding was to assist in financing a portion of a larger project and also required the District to fund in excess of \$1.75 million towards the project.

¹ Source: www.eldoradorcd.org

SCOPE

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

<u>Grant Agreement</u>	<u>Audit Period</u>
163	July 26, 2010 through March 1, 2013
G0770024	May 23, 2008 through March 1, 2012
8CA11526	May 31, 2012 through March 31, 2014
4600009672	January 7, 2013 through March 31, 2014 ²

The audit objectives were to determine whether the District'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 District's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. SNC, CAL FIRE, DWR, 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 the grant requirements; and if the grant deliverables were completed, we performed the following procedures:

- Examined the grant files, grant agreements, and applicable policies and procedures.
- Reviewed the District's accounting records, vendor invoices, and deposit slips/county ledger.
- 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 agreements.
- Evaluated whether a sample of grant deliverables were met by reviewing inspection reports, photographs, and conducting site visits.

In conducting our audits, we obtained an understanding of the District'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 audits and determined to be significant within the context of our audit objectives are included in this report.

We conducted these audits in accordance with generally accepted government performance auditing standards. Those standards require that we plan and perform the audits 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.

² An interim audit was conducted since the grant term ends September 30, 2015.

RESULTS

The results of the audits 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 agreements' requirements. Additionally, grant deliverables available for inspection at the time of our audits were completed as specified in the grant agreements. The Schedules of Claimed Amounts are presented below.

Schedules of Claimed Amounts

Grant Agreement 163	
Task	Claimed
Project Administration	\$ 60,000
Environmental Monitoring	30,000
Fish Rescue and Relocation	20,000
Construction Implementation	551,000
Total Grant Funds	\$ 661,000

Grant Agreement G0770024	
Task	Claimed
Outreach, Materials Development, and Overall Project Coordination	\$ 55,680
Operating Expenses: supplies, postage, education/outreach materials	5,000
Professional and Consultant Services: conservation planning technical assistance	222,800
Total Grant Funds	\$ 283,480

Grant Agreement 8CA11526	
Task	Claimed
Project Administration	\$ 14,250
CEQA Compliance	2,250
Project Implementation	78,500
Total Grant Funds	\$ 95,000

Grant Agreement 4600009672	
Task	Claimed³
Administration	\$ 19,200
Planning/Design/Engineering/Environmental	37,683
Project Monitoring Plan Requirements	4,577
Construction Implementation	26,297
Habitat Improvements	16,738
Total Grant Funds	\$ 104,495
Match Funds	\$ 256,820
Total Project Expenditures	\$ 361,315

³ Reflects amounts claimed through March 31, 2014.