

Background

The Conservancy was notified in April 2010 that our Proposition 84 Grant Program was going to be audited by the Department of Finance, Office of State Audits and Evaluations. The audit process began with an introductory meeting with the audit team on May 18, 2010, and wrapped up with a final report received by us on March 29, 2011.

During that time auditors reviewed our basic procedures and documentation for compliance with applicable legal requirements and established criteria. More specifically, as described in the audit report, the team:

- reviewed applicable bond acts and the Conservancy's grant management policies, and procedures, including the Strategic Plan and other legal provisions and regulations;
- interviewed key personnel responsible for administering bond funds to obtain an understanding of how the Conservancy oversees various project stages, including: pre-award, award, interim monitoring, closeout, and post-close monitoring;
- sampled project files and conducted site visits to determine if the projects stayed within scope and cost, and to ensure that grant expenditures were allowable and supported;
- identified and assessed the project tracking methods to determine their adequacy for monitoring projects;
- verified the information reported to the Strategic Growth Plan Bond Accountability Web site (www.bondaccountability.ca.gov);
- reviewed a sample of expenditures to verify accuracy of recorded and reported financial information; and,
- reviewed the reasonableness of the Conservancy's administrative expenditures charged to bond funds.

In addition, the audit team identified a subset of our grantees for specific site visits to review how they implemented our policies and procedures. A list of the audited grantees is attached to this report as Exhibit A.

We were granted an exit interview in late September, during which Conservancy Staff and auditors reviewed the initial findings. In that meeting and the subsequent report the auditors complimented the Conservancy on: a) our use of annual plans, including the program and Grant Guidelines and the Strategic Plan, to guide our program design and implementation, b) our efforts to improve processes with the new grant management system, c) our own internal process assessment, conducted with the help of a retired auditor, and d) our requirement that grantees report performance measures for all projects.

Beyond that, the audit team identified a few areas where we could improve our processes, including those related to fiscal monitoring and progress tracking for our funded projects, and more detailed controls for billing, project site visit documentation and earned interest tracking.

Current Status

We submitted our response on April 19, 2011, outlining the corrective actions we plan to take to address the report's observations and recommendations. These actions include, at a minimum:

- amending our reimbursement request forms within our new grant management system to require more detailed reporting on the receipt and use of non-Conservancy funds and/or earned interest for eligible project costs;
- reviewing our grant management policies to identify ways to become more proactive in tracking the interim and final report schedules, both as a means of gauging project progress against the timeline and as a mechanism to identify potential at-risk projects so that we may work more closely with those grantees to help them meet their project objectives and outcomes; and,
- developing additional internal policy guidelines, procedures and documentation tools for staff to better identify, record and make accessible critical project information gathered during pre-project site inspections and ongoing project monitoring visits.

Next Steps

In addition to implementing the actions outlined above, the Conservancy has posted a copy of the final audit report and our response to our Web site. In addition, the report and our response are posted on the Department of Finance Web site and will be added to the Reporting Government Transparency Web site at www.reportingtransparency.ca.gov.

Recommendation

This is an informational item only; no formal action is needed by the Board at this time, although Boardmembers are encouraged to share their thoughts and comments on the audit or how to improve our processes.

Exhibit A

List of Projects Reviewed at the Sierra Nevada Conservancy

Project Ref #	Grantee	Project Title	Project Category	Total Project Amount
SNC 070072	High Sierra Resource Conservation and Development Council	Inventory and Geographic Reference of Firefighting Water Resources	Monitoring/Research	\$ 64,900
SNC 070133	Nevada County Resource Conservation District	Nevada County (FIRST) Community Shaded Fuelbreak and Riparian Forest Restoration Project	Site Improvement	\$ 406,000
SNC 070145	Lassen County Fire Safe Council	Susanville Fuel Reduction & Watershed Restoration Project	Site Improvement	\$ 99,999
SNC 070146	Lassen County Fire Safe Council	South Knob Sagebrush Steppe Watershed Restoration Project/Ash Valley	Site Improvement	\$ 99,999
SNC 070162	The Regents of the University of California, Berkeley, Center for Forestry	Sierra Nevada Adaptive Management Project	Planning	\$ 123,000
SNC 070167	Resources for Humanity	Filippini Ranch Riparian Restoration	Site Improvement	\$ 92,000
SNC 070176	Amador Community Foundation	Amador County Watershed Stewardship Project	Planning	\$ 173,780
SNC 070208	Alpine Springs County Water District/Alpine Meadows Fire Safe Council	Alpine Meadows Community Consolidated Fuels Reduction Project	Site Improvement	\$ 176,375
SNC 070219	Butte County Fire Safe Council	Feather Falls Shaded Fuel Break Phase III	Site Improvement	\$ 98,980
SNC 070221	Black Oak Mine Unified School District	Green Fields of Golden Sierra	Site Improvement	\$ 300,000
SNC 070222	Placer Land Trust	Canyon View Watershed and Habitat Restoration Project	Site Improvement	\$ 298,550
SNC 070225	Placer County	Squaw Valley Park Fuels Reduction and Related FireSafe Activities	Site Improvement	\$ 245,500

Exhibit A

SNC 070229	Truckee River Watershed Council	Merrill Davies Stream and Meadow Restoration	Site Improvement	\$ 152,000
SNC 070236	California Department of Parks and Recreation	Vegetation Management: Forest Thinning, Brush Mastication and Prescribed Burning	Site Improvement	\$ 214,044
SNC 070245	Placer County Department of Public Works	US Hwy. 40 (Donner Pass Road) Shoulder Rehabilitation	Site Improvement	\$ 500,000
SNC 070246	Placer County	Hidden Falls Regional Park - Fuel Load Reduction and Related Fire Safe Activities	Site Improvement	\$ 506,207
SNC 070253	Feather River College	Feather River College Hatchery	Site Improvement	\$ 70,000
SNC 070271	Community Services Employment Training, Inc.	Tule River Environmental Review	Pre-Project Due Diligence	\$ 140,000
SNC 070295	Butte County Fire Safe Council	Defensible Space Chipper Program	Site Improvement	\$ 98,445
SNC 070311	Sierra Valley Resource Conservation District	Sierra Valley RCD Watershed Outreach Event Proposal	Education/Interpretation	\$ 8,445
SNC 070327	Mono County Community Development Department & Inyo County Planning Department	Inyo and Mono Counties Community Based Land Tenure Planning	Planning	\$ 157,550
SNC 070344	Student Conservation Association	Sierra Nevada Trails and Recreation Initiative - Planning	Planning	\$ 33,750
SNC 070345	Plumas County Fire Safe Council	Grizzly Creek Hazardous Fuel Reduction Project	Site Improvement	\$ 12,300
SNC 070357	California Trout	Eastern Sierra IRWMP Launch Project	Planning	\$ 49,663
SNC 080092	Friends of Deer Creek	Nevada City Environs Trail and Restoration Project	Site Improvement	\$ 207,345
			Total	\$4,328,832