

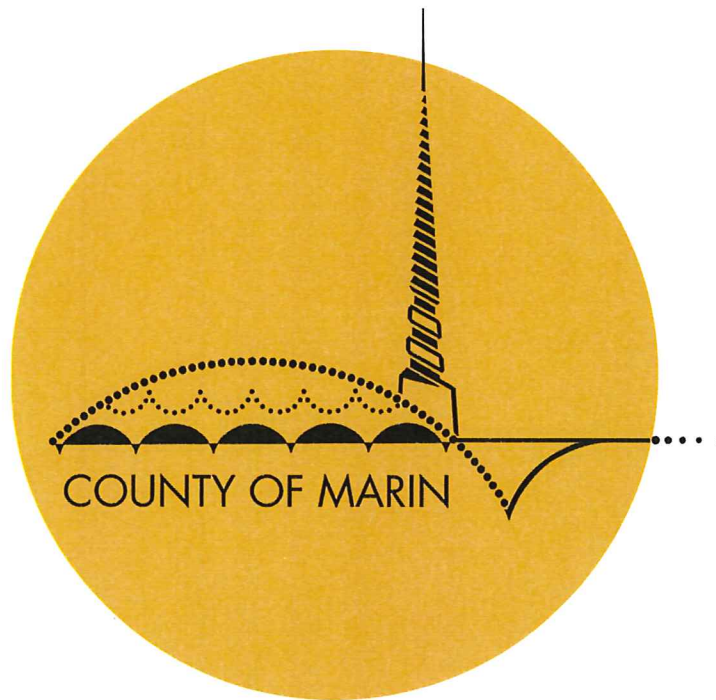
**COUNTY OF MARIN, CALIFORNIA**

**DEPARTMENT OF FINANCE**

**INTERNAL AUDIT DIVISION**

**MARIN COUNTY PARKS MEASURE A SUB-RECIPIENT COMPLIANCE AUDIT**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

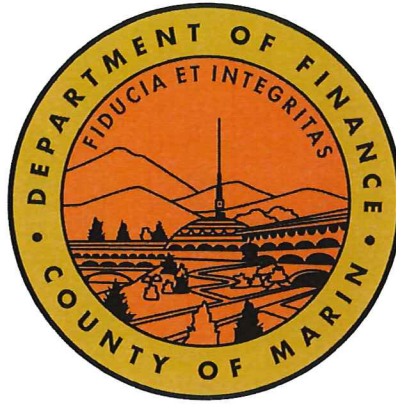


**Roy Given – Director**

**Cristine Alilovich – Assistant Director**

## Table of Contents

I. EXECUTIVE SUMMARY .....	1
• Background .....	1
• Objective .....	4
• Scope and Approach .....	4
• Summary of Work.....	4
II. FINDINGS AND RECOMMENDATIONS.....	4
• Results of Audit Procedures .....	5
• Conclusion .....	5
III. DISTRIBUTION .....	5



## INTERNAL AUDIT DIVISION

### MARIN COUNTY PARKS SUB-RECIPIENT COMPLIANCE AUDIT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2014<sup>1</sup>

Management of Marin County Parks

Community Oversight Committee

Robert Berner<sup>2</sup>

Michael Dybeck

Tamara Hull

Pat O'Brien

Raphael Durr

Larry Kennings

## I. EXECUTIVE SUMMARY

### Background

Measure A was approved in 2012 by the voters of the County of Marin (the County), which calls for the imposition and collection of a quarter of one percent Transaction and Use Tax for the purpose of providing essential funding to preserve and maintain open space, parks, and farmland. The provisions of Measure A are supported by Ordinance No. 3586, which became operative on April 1, 2013. Tax revenue is collected by the State Board of Equalization (SBOE) and remitted to the County on a monthly basis.

---

<sup>1</sup> Note that this includes "clean up payments" after June 30 to the sub-recipients based on accrual basis of accounting. Whereas Measure A sub-recipient work plans and expenditure reports function on a cash basis strictly detailing money given out within the specific date range.

<sup>2</sup> Robert Berner is a former Director of Marin Agricultural Land Trust (MALT), which received a sizeable amount of Measure A funding in the current year from the Farmland Preservation Program. This could be seen as a potential conflict of interest, however, Mr. Berner does not hold the seat for the Agricultural Representative and is not involved in the selection of grants under the Farmland Preservation Program. Mr. Berner receive a report-out during public meetings of the Measure A Community Oversight Committee on expenditure of Farmland Preservation Program funding.

Measure A includes an Expenditure Plan (the Plan), which governs how the sales tax proceeds are to be spent, as follows:

- 65% of annual Measure A revenues generated will be used for the Parks and Open Space Program, of which:
  - 80% is to be used towards the protection or restoration of natural resources and to repair and maintain existing County parks and open space preserves; and
  - 20% is to be used towards the preservation of natural lands.
- 20% of annual Measure A revenues generated will be used for the purchase of easements or additional real property interests to protect Marin's agricultural lands; and
- 15% of annual Measure A revenues generated will be used to assist Marin's municipalities and applicable special districts (through formula grants to subrecipients) in managing their parks, open space preserves, recreation programs, and vegetation to promote biodiversity and reduce wildfire risk.

A Community Oversight Committee (the Committee) was created by the BOS and reports to Ron Miska, Acting Director & General Manager of Marin County Parks and the Marin County Open Space District. It is the responsibility of the Committee to review expenditures on an annual basis and ensure they conform to the Plan. In accordance with Measure A, Marin County Parks had a compliance audit performed by an external auditor, Badawi and Associates. Badawi's objective was to determine compliance of Measure A by Marin County Parks as a whole. Their procedures included the following: (1) testing that the County deposited the Measure A sales tax receipts into the County's Measure A funds, (2) the allocation of the Measure A receipts to the three programs included in the Expenditure Plan, and (3) testing the payments made from Measure A funds for allowability per the requirements in the Expenditure Plan.

For the period from April 1, 2013 to June 30, 2014, the County collected \$14,457,591 in Measure A sales tax revenue and earned \$6,383 in County pool interest, for a total of \$14,463,974 in Measure A funds. There were no expenditures noted from April 1, 2013 – June 30, 2013.

Measure A funds have been made available to sub-recipients through a grant application process in the case of Breathe/Respira Community Grants and Farmland Preservation Program matching grants or formula grants under the City Town and Special District Program. All grant agreements are subject to the review and approval of the Marin County Board of Supervisors (BOS). This program's annual amount, or its balance, may be accumulated, carried over, and accrued for expenditures in future years, not to exceed ten years after the termination date of the sales tax increase. The Department of Finance Internal Audit Division has been called upon by the Committee to audit claims against the Expenditure Plan for the duration of the program for the sub-recipient programs: Farmland Preservation, City/Town/Special District, and Breathe/Respira Community Grant Programs.

The following disbursements were made to the Plan components for the fiscal year ending June 30, 2014:

• Farmland Preservation:	\$602,485.92
• Cities/Towns/Special Districts:	<u>\$1,711,508.24</u>
<b>FY'14 Total Disbursed</b>	<b>\$2,313,994.16</b>

	<b>Sub-Recipient</b>	<b>Amount Received as of 6/30/14 *</b>	<b>Amount Expended as of 6/30/14</b>
1.	Bel Marin Keys Community Services District	\$53,310.68	\$15,859.00
2.	City of Belvedere	\$15,266.91	
3.	Town of Corte Madera	\$68,210.73	
4.	Town of Fairfax	\$54,883.29	
5.	Firehouse Community Park Agency	\$47,356.76	\$22,795.71
6.	City of Larkspur	\$46,487.27	
7.	Marin Agricultural Land Trust (MALT)	\$537,000.00	
8.	Marin City	\$61,132.90	
9.	Marinwood Community Service District	\$80,000.67	\$34,270.62 **
10.	City of Mill Valley	\$103,538.32	
11.	City of Novato	\$384,629.48	
12.	Marin Resource Conservation District	\$65,485.92	\$34,612.30
13.	Town of Ross	\$17,901.65	\$9,459.10
14.	Town of San Anselmo	\$90,979.36	
15.	City of San Rafael	\$425,819.39	\$285,954.87 **
16.	City of Sausalito	\$27,518.80	
17.	Strawberry Recreation District	\$82,053.75	\$43,455.63
18.	Tamalpais Community Services District	\$53,440.09	\$83,890.60
19.	Town of Tiburon	\$66,095.61	\$20,286.00
20.	Tomales Village Community Services District	\$32,882.58	\$9,869.41 **
	<b>Total</b>	<b>\$2,313,994.16</b>	<b>\$560,453.24</b>

\* Amount from Marin County Financial System (SAP).

\*\* Sub-recipients selected for expenditure testing. Sub-recipients with unspent Measure A balances are subject to testing in subsequent years when funds are expended.

## **Objective**

The Internal Audit Division's (IAD) overall audit objective was to verify that the sub-recipients of the County's Measure A sales tax revenue (i.e. Cities, Towns and applicable Special Districts) were in compliance with their corresponding grant agreements with the County. Specific compliance audit objectives included the following:

- (1) Obtained an understanding of Measure A funding and disbursements.
- (2) Verified that the Measure A funds held by the sub-recipients are maintained in a separate fund.
- (3) Examined expenditures incurred by the sub-recipients and confirmed the funds were spent in accordance with the agreed-upon work plans, grant agreements, and Ordinance 3586 and related Expenditure Plan.

## **Scope and Approach**

The compliance audit was conducted based on an audit plan that included assessment of Measure A funding and disbursements. In order to ascertain an understanding of the process, risks and controls of the Parks Measure A program, IAD met with the Measure A Program Manager, Kevin Wright and Parks Fiscal Officer, Yvonne Zupkow. The scope of this audit included an examination and assessment of the County's disbursements to sub-recipients from July 1, 2013 through June 30, 2014 (fiscal year 2014).

## **Summary of Work**

The IAD performed testing through inquiry, inspection and examination during the scope period noted above. The IAD performed its examination in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the Institute of Internal Auditors Standards for the Professional Practice of Internal Auditing. The following audit procedures were performed for Measure A funds distributed to sub-recipients for the year-ended June 30, 2014:

1. Obtained and documented an understanding of the overall Measure A funding and disbursements procedures to assess adequacy of internal controls. The knowledge of the ordinance and procedures were taken into account when substantive testing was performed.
2. Confirmed that Measure A funds disbursed to sub-recipients for the year-ended June 30, 2014 were maintained in a separate fund. Of the 20 sub-recipients that received funding during the fiscal year, 18 are under the City Town and Applicable Special District Program and 2 are under the Farmland Preservation Program.
3. Verified that the Measure A expenditures made by the sub-recipients were allowable per the approved Plan. Of the 20 sub-recipients who received funding during the fiscal year, only 10 had actual expenditures in the period.

Please note that detailed audit work papers are available for review upon written request to the IAD.

## **II. FINDINGS AND RECOMMENDATIONS**

As a result of the compliance audit procedures performed, the IAD had no findings to report.

## Results of Audit Procedures

1. We obtained and documented an understanding of the overall Measure A funding and disbursement procedures as well as obtained a high level understanding of all of the 20 individual sub-recipients controls by examining the supporting Measure A financial documents they submitted. We determined that the controls surrounding Measure A were adequate and effective in mitigating risk of error, omissions and possibilities of fraud. There were no exceptions found.
2. We confirmed the Measure A June 30, 2014 fund balances by requesting sub-recipients complete a confirmation letter, detailing the balance and whether or not a separate fund or account is being used, as required by Ordinance 3586. There were no exceptions found.
3. We verified that sub-recipient's expenditures were spent in accordance with the approved work plan by tracing the expenditures to supporting invoices and payment information and reviewing the nature of the expenditure to determine if it was in accordance with the approved workplan. We judgmentally selected 3 sub-recipients with FY 2014 expenditures, which in turn provided 35% audit coverage for the measurement period under audit. There were no exceptions found. See the detailed table in the Background section of the report for sub-recipients and expenditures that were tested.

## Conclusion

We have audited the sub-recipient's compliance with the specific compliance requirements described in the County's Measure A Expenditure Plan for the period July 1, 2013 to June 30, 2014, noting no findings.

We appreciate the assistance and cooperation of each of the sub-recipients and staff of Marin County Parks and Open Space during the performance of the audit. Please contact us if you have any questions or comments regarding any of the information contained in this audit report.

## III. DISTRIBUTION

Management of Marin County Parks  
Community Oversight Committee

Audit Team:

Margie Roberts, Audit Manager  
Lauren Giblin, Auditor II

Issued this 16th day of July, 2015



Roy Given, CPA  
Marin County Department of Finance Director