



State of California – Natural Resources Agency
DEPARTMENT OF FISH AND WILDLIFE
Director's Office
P.O. Box 944209
Mendocino, CA 94244-2090
www.wildlife.ca.gov

GAVIN NEWSOM, Governor
CHARLTON H. BONHAM, Director



April 20, 2022

**Control Number:
WA 20-07**

Chamise Cubbison
Mendocino County Assistant Auditor-Controller
501 Low Gap Rd., Room 1080
Ukiah, CA 95482

Dear Chamise Cubbison:

COMPLIANCE REVIEW OF PROPAGATION FUND EXPENDITURES

This management letter provides the results of the Fish and Game Code (FGC), Section 13104 compliance review of Mendocino County (County). The review was conducted by the Department of Fish and Wildlife's (Department) Audits Branch (AB) to determine if the County complied with the propagation fund expenditure requirements of the FGC Section 13103. This audit was conducted in conformance with *International Standards for the Professional Practice of Internal Auditing*.

Compliance with laws and regulations applicable to the County is the responsibility of the County's management. As part of obtaining reasonable assurance as to whether the propagation fund expenditures were in compliance with the applicable laws and regulations, we reviewed County's record and performed other procedures as necessary.

Our test results indicate that with respect to the items tested, the County has not complied, in all material respects, with the requirements of the FGC Section 13103. All grants awarded during fiscal years 16/17 and 17/18 did not have final reports including invoices/receipts to confirm grants were completed. Also, \$2,439.75 in administrative costs were not substantiated.

The County's response to our findings presented below, generally agrees with our audit findings and recommendations, except for a request to have the department review some of the unsupported administrative costs for oxygen from Tri-Gas Billing to see if they qualify for payment in relation to FGC 13103 (d). The AB does not grant such approvals and a request for documentation for these costs was requested during the field work of the audit. The AB recommends the County to reimburse the fish and game propagation fund for \$2,439.75 for unsupported administrative costs.

Per FGC Section 13103, expenditures from the fish and wildlife propagation fund of any county may be made only for the following purposes listed in the subsections. Some of the subsections require the Department's approval including 13103(d). The AB

Conserving California's Wildlife Since 1870

recommends the County to contact the Department's Regional Office to obtain such approvals.

The Audits Branch incorporated the County's response as Attachment A to this management letter.

Restricted Use

This report is solely for the information and use of the Department and the County. This audit report is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Background and Information

According to the FGC Sections 12009 (b)(2) and 13003, one-half of all fines and forfeitures imposed or collected in any court of this state for violations of any of the provisions of this code or regulation, or any other law providing the protection or preservation of birds, mammals, fish, reptiles, or amphibian, shall be deposited with the county treasurer of the county in which the court is situated. The FGC Section 13100 requires these funds are to be expended for the protection, conservation, propagation, and preservation of fish and wildlife, under the direction of the county board of supervisors. The FGC Section 13103 further defines the specific allowable uses of these funds. The authority for the Department to audit the County expenditures for compliance with the FGC Section 13103 is codified at Section 13104.

Review Scope

The scope of the compliance review was to determine if the revenues were accounted for and expenditures were expended in accordance with the FGC Section 13103 for the period covering July 1, 2016, through June 30, 2018.

Review Objectives

The objectives of this review were to determine if the County complied with FGC Section 13103 revenue and expenditure requirements as described below:

- Provide accountability of the FGC fines and forfeitures received by the County; and
- Determine if the County's propagation fund expenditures were in accordance with the FGC Section 13103.

Review Methodology

The following procedures were performed as part of this compliance review:

- Interviewing key personnel regarding their understanding of the County policies and procedures; and
- Selecting a sample of propagation fund expenditures to determine compliance pursuant to the FGC Section 13103 requirements.

Finding 1 – Non-Filing of Form 700, Statements of Economic Interests

Fish and Wildlife Commission Members (Members or Commission) are not required to file Form 700. As a part of their duties, the Mendocino Counties Code of Ordinances, Sec. 2.50.020, states the Mendocino County Fish and Game Commission (Members or Commission) shall **recommend to the Board of Supervisors (Board) expenditures** from the Fish and Wildlife Propagation Fund.

Under the provisions of the Mendocino County's Conflict-of-Interest Code: **Designated employees** shall file Form 700. This Code further defines designated employees which do not include Members or Commission.

The Fair Political Practices Commission (FPPC) has the primary responsibility to implement the Political Reform Act. The Act serves as the legal bedrock of governmental ethics in California. Among other topics, the Act regulates financial conflicts of interest by public officials which is encapsulated in the California Code of Regulations, Title 2, Division 6 (Sections 18110-18998). To help identify potential conflicts of interest, public officials and employees in designated positions in the conflict-of-interest code, shall report their financial interests on Form 700.

Recommendation

The AB does not provide legal advice about potential conflicts of interest. Questions about conflicts of interest can be sent to the FPPC at <https://www.fppc.ca.gov/>. The AB

recommends the County to seek the advice of the FPPC on whether or not Members or Commission should be required to file Form 700.

Finding 2 County's Practice Allowed Administrative Cost To Exceed the Annual Limit Set in the FGC Section 13103(j)

The Board adopted the 2016-17 budget allowing the County to exceed the cost limit of \$10,000 by \$528 for reasonable administrative costs.

Budget for – 2840 – Fish and Game Commission

	2016-17 Adopted Budget	2016-17 Actuals
862101 – Insurance - General	\$178.00	\$178.00
862170 – Office Expense	\$500.00	\$44.00
862189 - Prof/Spec Svcs - Other	\$6,000.00	\$6,052.00
862250 - Trans/Travel	\$3,100.00	\$885.00
862253 – Trans/Travel Out of County	\$750.00	
	\$10,528.00	\$7,159.00

Although, the actual administrative costs was within the allowable limit, the Board approved costs to exceed this limit.

California Fish and Game Code Section 13103(j) states, "Reasonable administrative costs, excluding the costs of audits required by Section 13104, for secretarial service, travel, and postage by the county fish and wildlife commission when authorized by the county board of supervisors. For purposes of this subdivision, "reasonable cost" means an amount which does not exceed 15 percent of the average amount received by the fund during the previous three-year period, or ten thousand dollars (\$10,000) annually, whichever is greater, excluding any funds carried over from a previous fiscal year."

Recommendation

The AB recommends the County and Commission to discontinue this practice and approve administrative costs within allowable limit.

Finding 3 The County Did Not Obtain Department's Approval

The County did not obtain the Department's approval for a grant issued under the FGC Section 13103 (h). The County was unaware of this requirement.

The Sacramento Pike and Minnow abatement program by Rod and Gun club in the amount of \$5,000.00, paid on 04/05/2018. This grant was awarded under FGC section 13103 (h). This section states: "predator control actions for the benefit of fish or wildlife following certification in writing by the department that the proposed actions will significantly benefit a particular wildlife species." FGC section 37 "Department" means the Department of Fish and Wildlife.

Recommendation

Per FGC Section 13103, expenditures from the fish and wildlife propagation fund of any county may be made only for the following purposes listed in the subsections. Some of the subsections require the Department's approval including 13103(h). The AB recommends the County to contact the Department's Regional Office to obtain such approvals going forward.

Finding 4 Grants' Completion Could Not Be Substantiated

Grantees did not provide final reports including invoices/receipts to substantiate grants' completion.

FY 16/17			
GRANTEE	TITLE	COST	DELIVERABLES MISSING
Round Valley Indian Tribes	Mill Creek Stream Bank Stabilization & Riparian Corridor Development Project	\$10,000	Final Report including invoices/receipts
Woodlands Wildlife	Education and Wildlife Rescue and Rehabilitation	\$2,500	Final Report
Reef Check CA	Rocky Reef Monitoring	\$8,500	Final Report including invoices/receipts
Eel River Recovery Project	Town Creek Restoration Planning and Education Project	\$4,000	Final Report including invoices/receipts
FY 17/18			

Ukiah Rod & Gun Club	Sacramento Pike Minnow Abatement Program	\$5,000	Final Report including invoices/receipts
Watermens Alliance	Watermens Alliance Urchin Removal Project	\$25,000	Final Report including invoices/receipts
Reef Check Foundation	Reef Check Monitoring	\$10,450	Final Report including invoices/receipts

In these grants, the County advanced the full award amounts to grantees before services were completed. Although, grantees made some presentations to the Commission on project statuses, these actions were not project completion.

In each Grant Terms Agreement, the grantee agreed to submit a final report including invoices/receipts at the end of the grant period, and no later than July 31, 2017, for those grants awarded in FY 16/17 grant cycle and June 30, 2019, for grants awarded in

FY 17/18. Final reports including invoices/receipts are assurances that grantees performed under the terms of grant agreements.

Recommendation:

The AB requests the County to present final reports including invoices/receipts as required in the grant agreements listed above. The AB will perform a six (6) month follow up at which time, the documents are due.

Finding 5 Unsupported Administrative Costs

Some administrative costs were unsupported. Please see Table and Notes below for summaries.

Unsupported Administrative Cost Table

General Ledger AC	FY 16-17	Amounts
FG 862170	Office Expense	
	Matheson Tri-Gas (Note 3)	\$44.36
FG862250	Travel	
	Garage Billing Feb 2017 (Note 2)	\$227.70

	Garage Billing Mar 2017 (Note 2)	\$227.24
	Garage Billing Apr 2017 (Note 2)	\$235.00
	FY 16-17 Sub total	\$734.30
	FY 17-18	
FG 862170	Office Expense	
	Farm Bureau (Note 1)	\$300.00
	Matheson Tri-Gas Inc Acct 11612 Inv 170 (Note 3)	\$44.36
	Matheson Tri-Gas (Note 3)	\$195.00
FG862250	Travel	
	Garage Billing Oct 2017 (Note 2)	\$217.07
	Garage Billing Feb 2018 (Note 2)	\$10.71
	Garage Billing Mar 2018 (Note 2)	\$177.48
	Travel/Seminar (Note 4)	\$688.89
	Mileage Reimbursement (5)	\$71.94
	FY 17-18 Sub total	\$1705.45

Grand Total FY 16-17 and 17-18 **\$2,439.75**

Note 1: During the May 9, 2017 FGC meeting, an award to sponsor the burn symposium with Mendocino County Farm bureau was awarded \$300.00, and was charged as an office expense FG 862170 on 09/21/2017. However, this expenditure was never approved by BOS, nor does it fit the criteria as an office expense. This expense is disallowed, as it is not in compliance with FGC Section 13101(b). Per CDFW FGC 13101 (b), The board of supervisors of one or more counties may enter into a written agreement with the department for the expenditures of any funds deposited in its fish and wildlife propagation fund pursuant to section 13100 for any purpose authorized by Section 13100 for any purpose authorized by Section 13103. CDFWFGC

section 37 "Department" means the Department of Fish and Wildlife. There is no written agreement between the Department and the County BOS for expenditures for a Burn symposium.

Note 2: Charges for garage billing for a county owned truck that is not being used by Fish Game Commission (FGC) and yet gas/mileage is being charged to the FGC Travel budget.

Note 3: The County was unable to explain the office expenses charges from Matheson Tri-Gas.

Note 4: An FGC Commissioner was paid \$688.89 for a seminar, and no supporting documentation was provided. There was no receipt for lodging, seminar invoice, certification of Completion, nor any transportation receipts.

Note 5: A receipt was submitted for mileage reimbursement by a commissioner, in the amount of \$71.94 and the date on the receipt (02/13/18) does not correspond to a FGC meeting.

Expenditures from the fish and game propagation fund of any county shall be subject to the provisions of 13100-13104. Lack of a formal review and approval process including invoice and other supporting document submission requirements puts the program at risk of noncompliance with FGC section 13103.

The California Government Code (CGC) Section 13402 requires that a satisfactory system of internal accounting and administrative control include a system of record keeping that is adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

Recommendation

The AB recommends the County to reimburse the fish and game propagation fund for \$2,439.75 for unsupported administrative costs. The County to require supporting documentation such as receipts, invoices to support claims for administrative costs.

The County's response to the management letter agrees with our audit findings and recommendations. The Audits Branch incorporated the County's response as Attachment A to this management letter.

Should you have any questions, please contact Polly Coughlin at (916) 373-6641.

Chamise Cubbison
Mendocino Assistant County Auditor-Controller
April 20, 2022
Page 9

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ky Nguyen', with a long horizontal stroke extending to the right.

Ky Nguyen, CPA, Chief
Audits Branch
Department of Fish and Wildlife (CDFW)

cc: Valerie Termini, Chief Deputy Director, CDFW

Dan Reagan, Deputy Director, Fiscal Services Division, CDFW

David Bess, Deputy Director - Law Enforcement Division, CDFW

Tina Bartlett, Northern Regional Manager, CDFW

Adrienne Thompson, Administrative Series Manager II, Planning and Building
services, Mendocino County

Audit File

ATTACHMENT A

AUDITEE'S RESPONSE

CHAMISE CUBBISON
ACTING AUDITOR-CONTROLLER
COUNTY OF MENDOCINO



501 LOW GAP ROAD, RM. 1080
UKIAH, CALIFORNIA 95482
PHONE (707) 234-6860 FAX (707) 467-2503
www.mendocinocounty.org

February 11, 2022

Ky Nguyen, Chief
Audits Branch
Department of Fish and Wildlife
Director's Office
PO Box 944209
Mendocino, CA 94244-2090

Re: Compliance Review of Propagation Fund Expenditures WA 20-07

Dear Ky Nguyen:

In response to your findings, please see the following:

Finding 1 – Non-filing of Form 700 (Statements of Economic Interests)

In response to this finding, the County suggests that Mendocino County's Conflict of Interest Code be updated to include the requirement for the Fish and Game Commission to complete and submit the Form 700 annually. Within the County, all other hearing bodies submit the Form 700. By requiring the Fish and Game Commission to complete Form 700 will provide consistency with Commissions.

Finding 2 – County Allowed Administrative Cost to Exceed Annual Limit

For future Fiscal Years, the County will ensure that the maximum approved and adopted budget for Administrative Costs does not exceed \$10,000.

Finding 3 – County Did Not Obtain DFW Approval

For any future grant cycles, the County will amend the process to require the Department of Fish and Wildlife's approval of any grant prior to scheduling a Board of Supervisors hearing. This requirement was not known at the time of grant awards in FY 16/17 and 17/18, but will be adhered to moving forward.

Finding 4 – Grant Completion Could Not Be Substantiated

The County will work with the Fish and Game Commission to contact all Grantees from FY 16/17 and 17/18 to request the Final Reports, invoices and receipts that correspond to grant completions. The County will prepare the documents for the six (6) month follow up.

Finding 5 – Unsupported Administrative Costs

Moving forward, the County has requested that the Fish and Game Commission vehicle be stored at the County parking lot and will require written approval for authorized use. Further, all proposed future travel by a Commissioner will require that the individual follow the County's travel policy (Policy 18), which requires documentation of travel costs, location, anticipated mileage, etc. and must be approved by the County's Executive Office for payment.

Also, the County has learned that the Matheson Tri-Gas billing is related to releasing of fish from the Hatchery at Lake Mendocino to various waterways around the County. Oxygen is used in the tank to transport fish. Planning and Building requests the Departments review of these fees to see if they qualify for payment from the Fish and Game Fund in relation to FGC 13103 (d), which references, the release of fish into waters of local, state, or federal agencies. If the Department is willing to credit the Matheson Tri-gas billing, Planning and Building will request back up documentation on the location where the fish were released and verify the need for (of) transportation costs.

The County agrees to reimburse all other costs noted by the Department as unsupported administration costs.

Please contact me or Adrienne Thompson thompsona@mendocinocounty.org if you have any questions or concerns. We greatly appreciate your patience and understanding with our staff shortages and impacts from the pandemic.

Sincerely,



Chamise Cubbison
Acting Auditor-Controller

cc: Adrienne Thompson, Administrative Series Manager II, Planning and Building Services, Mendocino County