

OFFICE OF AUDITS & ADVISORY SERVICES



NEIGHBORHOOD REINVESTMENT PROGRAM AND COMMUNITY ENHANCEMENT PROGRAM – SUPPORT FOR EXPENDITURES AUDIT

FINAL REPORT

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JUAN R. PEREZ
CHIEF OF AUDITS

August 15, 2023

TO: Caroline Smith, Director
Office of Economic Development and Government Affairs

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: NEIGHBORHOOD REINVESTMENT PROGRAM AND COMMUNITY ENHANCEMENT – SUPPORT FOR EXPENDITURES AUDIT

Enclosed is our report on the Neighborhood Reinvestment Program and Community Enhancement – Support for Expenditures Audit. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:MA:nb

Enclosure

c: Ebony N. Shelton, Deputy Chief Administrative Officer/Chief Financial Officer
Tracy Drager, Auditor and Controller
Judy Ying, Group Finance Director, Finance and General Government Group

INTRODUCTION

Audit Objective

The Office of Audits & Advisory Services (OAAS) completed an audit of the Neighborhood Reinvestment Program (NRP) and the Community Enhancement Program (CE) – Support for Expenditures. The objective of the audit was to conduct a review of program expenditures to ensure proper documentation is obtained and retained by the Office of Economic Development and Government Affairs (EDGA).

Background

The NRP provides grant monies to County departments, public agencies, and non-profit community organizations for the funding of one-time community, social, environmental, educational, or recreational needs.

The CE provides grant monies to fund cultural activities, museums, visitor and conventions bureaus, economic development councils, and other similar organizations including County programs and projects, which promote and generate tourism and/or economic development within the County.

The NRP and the CE are discretionary programs that allow the County of San Diego (County) to reinvest taxpayer money into the communities for the benefit of the public. Each board member recommends the allocation of grant monies based on proposals offered by eligible organizations.

EDGA acts as the NRP and the CE's fiscal agent for the Board of Supervisors (BOS). EDGA's responsibilities include:

- Working closely with the BOS offices and County Counsel to initiate timely payment of grant awards by compiling grant agreements and processing claims.
- Reviewing grantees' compliance with grant provisions by providing general guidance on properly accounting for grant funds and meeting grant deadlines.
- Reviewing documentation of costs submitted by grantees and following-up to determine whether expenditures are made in accordance with grant terms.
- Monitoring the remaining available balance for each program by the BOS District Office.

Audit Scope & Limitations

The scope of the audit focused on grant expenditures incurred during FY 2020-21, FY 2021-22, and FY 2022-23.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing

prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

Methodology

OAAS performed the audit using the following methods:

- Reviewed policies related to the administration of the NRP and the CE, including the BOS Policy and Grant Expenditure Instructions.
- Identified NRP and CE Program Fund Allocations during the periods under review.
- On a sample basis, conducted the following audit procedures for NRP and CE awards:
 - Reviewed the expenditure support and compared it to the purpose stipulated in the respective grant agreements.
 - Confirmed that the grantee's supporting documents correspond to the grant amount indicated in the NRP/CE Board Letter for the respective fiscal year.
 - Inspected individual grant award files to ensure that complete supporting documentation is submitted by the established deadlines and retained by EDGA.
 - Inspected delinquency documents to ensure that delinquent grantees did not receive subsequent awards as stated in the Board of Supervisors Policy B-58 and B-72.
 - Reviewed delinquency notices to verify collection efforts and ensure the organizations were properly notified of their status.
 - Reconciled supporting documents to grant expenditures to ensure validity and adequacy.

AUDIT RESULTS

Summary

In our opinion, there is reasonable assurance that proper documentation is obtained and retained by EDGA. Table 1 illustrates the total funds allocated by program during the fiscal years under review. For additional information regarding the sample selected for this audit, refer to Appendix A.

Table 1: Total Funds Allocated by Program by Fiscal Year

Fiscal Year	Total Funds Allocated	
	NRP	CE
2020-21	\$10,049,072	\$5,958,432
2021-22	\$8,880,952	\$3,951,606
2022-23	\$5,304,378	\$2,893,810

Appendix A: Fund Allocation and Sample Selected

Tables 2 & 3 illustrate the judgmental sample selected from NRP and CE awards for audit testing.

Table 2: NRP Grants Selected for Testing by Fiscal Year

Sample No.	Organization Name	Fiscal Year	District	Award Amount
1	Chula Vista Police Foundation	2020-21	1	\$35,000
2	Descanso Town Hall Association	2020-21	2	\$136,000
3	Alpine Unified School District	2020-21	2	\$300,000
4	Del Norte Football Touchdown Club, Inc.	2020-21	3	\$40,000
5	Scripps Ranch Fire Safe Council	2020-21	3	\$98,000
6	American Legion Post 416 Foundation	2020-21	3	\$100,000
7	Humans Against Trafficking	2020-21	3	\$100,000
8	Family Health Centers, Inc. of San Diego	2020-21	4	\$105,000
9	The Maritime Alliance Foundation	2020-21	4	\$60,000
10	Valley Center Cemetery District	2020-21	5	\$100,000
11	Boys and Girls Club of San Marcos	2020-21	5	\$100,000
12	Valley Center Fire Protection District	2020-21	5	\$100,000
13	Southwestern College Foundation	2021-22	1	\$75,000
14	Third Avenue Village Association	2021-22	1	\$115,700
15	Sherman Heights Community Center Corporation	2021-22	1	\$161,000
16	Pacific Southwest Railway Museum	2021-22	2	\$50,000
17	Lake Cuyamaca Recreation & Park District	2021-22	2	\$78,500
18	Biocom Institute	2021-22	3	\$20,000
19	Interfaith Community Services	2021-22	3	\$40,000
20	Voices for Children	2021-22	3	\$15,000
21	Alpha Project for the Homeless	2021-22	4	\$35,287
22	San Diego North Economic Development Council	2021-22	5	\$128,000
23	Deer Spring Fire Protection District	2021-22	5	\$50,000
24	T.E.R.I. Inc	2021-22	5	\$77,000
25	Rancho Santa Fe Seniors	2022-23	3	\$30,000
26	Mission Bay High School Community Foundation	2022-23	3	\$12,000
27	Solana Beach Chamber of Commerce	2022-23	3	\$15,000
28	Walden Environment, Inc. DBA Walden Family Services	2022-23	4	\$5,000
29	Interfaith Shelter Network of San Diego	2022-23	4	\$10,000
30	Visit Oceanside, Inc.	2022-23	5	\$22,336
Total Sample Selected for Testing				\$2,213,823

Table 3: CE Grants Selected for Testing by Fiscal Year

Sample No.	Organization Name	Fiscal Year	District	Award Amount
1	Economic Development Corporation – San Diego County dba San Diego Regional Economic Development Corporation	2020-21	1	\$25,000
2	South County Economic Development Council	2020-21	1	\$50,000
3	I Love a Clean San Diego	2020-21	1	\$35,000
4	Julian Chamber of Commerce	2020-21	2	\$127,000
5	Ramona Chamber of Commerce	2020-21	2	\$87,500
6	North San Diego Business Chamber	2020-21	3	\$75,000
7	Free to Thrive	2020-21	3	\$125,000
8	Center on Policy Initiatives	2020-21	4	\$91,831
9	Climate Action Campaign	2020-21	4	\$30,000
10	Borrego Springs Chamber of Commerce	2020-21	5	\$80,000
11	Pillars of the Community	2021-22	1	\$48,500
12	San Diego Organizing Project	2021-22	1	\$25,000
13	Rebels Soccer League	2021-22	1	\$50,000
14	Tierrasanta Foundation	2021-22	3	\$17,000
15	San Diego Food System Alliance	2021-22	3	\$25,000
16	Urban Restoration Counseling Center	2021-22	4	\$55,000
17	Outdoor Outreach	2021-22	4	\$57,000
18	University of San Diego	2021-22	4	\$20,000
19	North County Lifeline, Inc.	2021-22	5	\$55,117
20	Fallbrook Music Society, Inc.	2021-22	5	\$15,000
21	San Diego Youth Symphony and Conservatory	2022-23	1	\$ 15,000
22	North San Diego Business Chamber	2022-23	2	\$ 35,000
23	Encinitas Rotary Club Foundation	2022-23	3	\$ 20,000
24	Point Loma Summer Concerts	2022-23	3	\$ 12,000
25	Southern Regional Resource Center, Inc.	2022-23	3	\$ 20,000
26	The Point Loma Rotary Endowment Fund, Inc.	2022-23	3	\$ 15,000
27	Walter Munk Foundation for the Oceans	2022-23	3	\$ 20,000
28	Emerald Keepers	2022-23	3	\$ 7,500
29	San Diego Mountain Biking Association	2022-23	4	\$ 4,500
30	Escondido History Center	2022-23	5	\$ 15,500
Total Sample Selected for Testing				\$1,258,448