



June 29, 2009

Ms. Stacey Aldrich, Acting State Librarian
California State Library
P.O. Box 942837
Sacramento, CA 94237-0001

Dear Ms. Aldrich:

Final Report—County of Fresno, California State Library Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the County of Fresno's (County) Library Construction Grant Agreement 2026 for the period March 20, 2004 through October 22, 2008.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, this report will be placed on our website.

We appreciate the assistance and cooperation of the County. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Rich Hebert, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Curtis Purnell, Bond Act Fiscal Officer, Office of Library Construction, California State Library
Ms. Karen Bosch-Cobb, County Librarian, County of Fresno
Mr. Steve Nitta, Library Business Manager, County of Fresno

A GRANT AUDIT
County of Fresno
Grant Agreement 2026



Source: County of Fresno Library

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

MEMBERS OF THE TEAM

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

You can contact our office at:

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BACKGROUND

In March 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act (Proposition 14), which authorized the State of California to sell \$350 million in general obligation bonds to support public library construction and renovation. The California State Library, Office of Library Construction (OLC), administered this program during the application review and approval phases, and awarded 45 projects totaling \$334 million.

In 2006, the OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. The BAO authorizes the disbursement of bond proceeds to local agencies via grants, and these agencies expend the funds on approved projects. Program requirements are codified in Title 5 and Title 24 of the California Code of Regulations.

The OLC awarded the County of Fresno (County) a Proposition 14 grant of \$3.5 million, which represents 65 percent of the budgeted amount to fund construction of the Mendota Library. The County has an estimated 917,000 residents. The project, completed since November 2007, has provided the County a new 12,635 square foot library.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of Grant Agreement 2026 for the period March 20, 2004 to October 22, 2008.

The audit objective was to determine whether the County's grant revenue and expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The County is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The California State Library is responsible for evaluating the efficiency and effectiveness of program operations.

METHODOLOGY

To determine whether grant revenue and expenditures were in compliance with applicable laws, regulations, and grant requirements, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined applicable laws, policies, procedures, and grant files maintained by the BAO.
- Reviewed the County's accounting records, vendor invoices, pay warrants, and bank statements.

- Reviewed payroll documents.
- Selected a sample of expenditures, including labor costs, to determine if claimed costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted a site visit to verify project existence.

The results of our audit are based on our review of documentation, other information made available to us, and interviews with County staff directly responsible for administering the bond funds. The audit was conducted from March 2009 through June 2009.

This audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

RESULTS

Based on the audit procedures performed, the County was in compliance with applicable laws, regulations, and the grant requirements. In addition, the County, which was required to provide matching funds equal to 35 percent of eligible expenditures, met the \$1.9 million matching fund requirement. The claimed, audited, and questioned amounts are presented in Table 1.

Table 1: Schedule of Claimed, Audited, and Questioned Amounts

Grant Agreement 2026 For the Period March 20, 2004 through October 22, 2008			
Expenditures	Claimed	Audited	Questioned
New Construction	\$ 1,804,245	\$ 1,804,245	\$ 0
Value of Land	100,750	100,750	0
Site Development	864,442	864,442	0
Site Permits and Fees	14,061	14,061	0
Furnishings	234,117	234,117	0
Architectural and Engineering Fees	269,311	269,311	0
Construction Cost Estimator Fees	15,925	15,925	0
Interior Designer Fees	15,576	15,576	0
Geotechnical	1,950	1,950	0
Construction/Project Management	94,602	94,602	0
Other Professional Fees	16,299	16,299	0
Local Project Administration Costs	96,302	96,302	0
Total	\$ 3,527,580¹	\$ 3,527,580	\$ 0

¹ Amount includes final payment of \$352,758 representing the 10 percent withhold due from the California State Library.