



Transmitted via e-mail

June 28, 2011

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

Dear Ms. Aldrich:

Final Report—County of Fresno, Orange Cove Neighborhood Library Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the County of Fresno's (County) grant agreement 3042 for the period July 26, 2005 through October 31, 2010. This grant was awarded by the California State Library under the Proposition 14 Bond Program.

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.

This report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal.

We appreciate the assistance and cooperation of the County. If you have any questions regarding this report, please contact Jennifer Whitaker, 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: Ms. Deborah A. Newton, Bureau Chief, Administrative Services, California State Library
Ms. Tona Paz, Bond Administration Officer, California State Library
Ms. Laurel Prysiazny, County Librarian, Fresno County Public Library
Mr. Steve Nitta, Business Manager, Fresno County Public Library
Mr. Cesar Lopez, Staff Analyst, Fresno County Public Library
Mr. Claude Dechow, Senior Architect, Fresno County Department of Public Works and Planning

AUDIT REPORT

County of Fresno Orange Cove Neighborhood Library Grant Agreement 3042



Fresno County Public Library, Orange Cove Branch

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

MEMBERS OF THE TEAM

Jennifer Whitaker
Manager

Rich Hebert
Supervisor

Staff
Dennis W. Solheim, CPA

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

You can contact our office at:

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Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY, AND RESULTS

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, OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. 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.

OLC awarded the County of Fresno (County) a \$2.81 million Proposition 14 grant, which represents 65 percent of the budgeted amount to fund the Orange Cove Neighborhood Library project. The new 10,072 square foot Orange Cove Library is located 30 miles east of the City of Fresno, and provides library services to the City of Orange Cove and the surrounding rural area.¹

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a performance audit of grant agreement 3042 for the period July 26, 2005 through October 31, 2010.

The audit objective was to determine whether the County's claimed grant expenditures were in compliance with applicable laws, regulations, and grant requirements and to determine whether the grant deliverables were completed as required. In order to design adequate procedures to conduct our audit, 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.

¹ Background information was obtained from the grant application.

METHODOLOGY

To determine whether grant 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 BAO.
- Reviewed the County's accounting records and vendor invoices.
- Selected a sample of expenditures to determine if claimed costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- 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 staff directly responsible for administering the grant funds. The audit was conducted from March 2011 through June 2011.

We conducted this performance audit 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 findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS

Based on the audit procedures performed, the County met the fiscal requirements for the grant agreement. No observations or questioned costs were identified. The County, which was required to provide matching funds equal to 35 percent of eligible expenditures, met the \$1.5 million matching fund requirement. The Schedule of Claimed and Questioned Amounts is presented in Table 1.

Table 1: Schedule of Claimed and Questioned Amounts

Grant Agreement 3042		
For the Period July 26, 2005 through October 31, 2010		
Expenditures	Claimed	Questioned
New Construction	\$ 2,582,304	\$ 0
Appraised Value of Land	51,000	0
Site Development	495,942	0
Site Permits and Fees	94,250	0
Furnishings and Equipment Costs	389,400	0
Signage	11,612	0
Architectural and Engineering Fees	297,088	0
Construction Cost Estimator Fees	23,268	0
Interior Designer Fees	32,618	0
Geotechnical/Geohazard Reports	9,330	0
Library Consultant Fees	35,875	0
Construction/Project Management	215,455	0
Other Professional Fees	4,516	0
Local Project Administration Fees	76,878	0
Total	\$4,319,536²	\$ 0

² Amount includes \$280,770 representing the 10 percent retention withheld due from the California State Library and \$1,511,838 in matching funds.