



April 22, 2010

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

Dear Ms. Aldrich:

Final Report—County of Los Angeles, California State Library Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the County of Los Angeles' (County) grant agreement 3011 for the period September 8, 2005 through May 31, 2010.

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. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reporting>, 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 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: On following page

cc: Ms. Margaret Donnellan Todd, County Librarian, County of Los Angeles
Mr. Jim Allen, Assistant Director, Capital Project and Facilities Administration, County of Los Angeles
Ms. Yolanda De Ramus, Assistant Director, Administrative Services, County of Los Angeles
Mr. Fred Hungerford, Assistant Director, Information Technology and Technical Services, County of Los Angeles
Mr. Ken Schuman, Project Manager, Department of Public Works, County of Los Angeles
Ms. Vache Keledjian, Project Manager, Public Library, County of Los Angeles
Mr. Alex Huang, Project Manager, Public Library, County of Los Angeles
Ms. Alisa Chepeian, Capital Project Analyst, Chief Executive Office, County of Los Angeles
Mr. Curtis Purnell, Bond Act Fiscal Officer, California State Library

A GRANT AUDIT
County of Los Angeles
Lawndale Library
Grant Agreement 3011



Source: <http://www.colapublib.org/libs/lawndale>

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

MEMBERS OF THE TEAM

Frances Parmelee, CPA
Manager

Rich Hebert
Supervisor

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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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Office of State Audits and Evaluations
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Sacramento, CA 95814
(916) 322-2985

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 Los Angeles (County) a \$7.3 million Proposition 14 grant, which represents 65 percent of the budgeted amount to fund the construction of a public library in the City of Lawndale. The project-completed in March 2009-has provided Lawndale a new 17,360 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 3011 for the period September 8, 2005 through May 31, 2010.

The audit objective was to determine whether the County's grant 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 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, vendor invoices, pay warrants, and bank statements.
- 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.
- 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 January 2010 through April 2010.

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 met the fiscal requirements of the grant agreement. No observation or questioned costs were identified. In addition, the County, which was required to provide matching funds equal to 35 percent of eligible expenditures, met the \$3.9 million matching fund requirement. The Schedule of Claimed, Audited, and Questioned Amounts is presented in Table 1.

Table 1: Schedule of Claimed, Audited and Questioned Amounts

Grant Agreement 3011 For the Period September 8, 2005 through May 31, 2010			
Expenditures	Claimed	Audited	Questioned
New Construction	\$4,366,646	\$4,366,646	\$ 0
Appraised Value of Land	1,992,250	1,992,250	0
Site Development	579,997	579,997	0
Site Demolition	108,797	108,797	0
Architectural and Engineering Fees	252,442	252,442	0
Total	\$7,300,132¹	\$7,300,132	\$ 0

¹ Amount includes final payment of \$730,013 representing the 10 percent withhold due from the California State Library.