



Transmitted via e-mail

June 3, 2011

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, Acton/Agua Dulce Branch Library Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the County of Los Angeles Public Library (County) grant agreement 3026 for the period August 16, 2005 through June 30, 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.

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, California State Library  
Ms. Tona Paz, Bond Administration Officer, California State Library  
Mr. Vache Keledjian, Capital Projects Manager, County of Los Angeles Public Library  
Ms. Margaret Donnellan Todd, Los Angeles County Librarian, County of Los Angeles Public Library

# AUDIT REPORT

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## County of Los Angeles Acton/Agua Dulce Library Grant Agreement 3026



Acton/Agua Dulce Branch Library located at 33792 Crown Valley Road

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

**MEMBERS OF THE TEAM**

Jennifer Whitaker  
Manager

Rich Hebert  
Supervisor

Staff  
Michael Bratman

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

You can contact our office at:

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

# BACKGROUND, SCOPE, METHODOLOGY, AND RESULTS

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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, 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.

In 2005, OLC awarded the County of Los Angeles (County) a \$4.61 million Proposition 14 grant, which represents up to 65 percent of the budgeted amount to fund the Acton/Agua Dulce Branch Library project. The County is required to provide a match of 35 percent or \$2.48 million, of the total project costs. The new 10,874 square foot library is part of the Santa Clarita Valley cluster of community libraries and opened on September 29, 2010.<sup>1</sup>

## **SCOPE**

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted an audit of grant agreement 3026 for the period August 16, 2005 through June 30, 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.

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<sup>1</sup>Background information obtained from the grant application and County website.

## 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 the BAO.
- Reviewed the County's accounting records, vendor invoices, and pay warrants.
- 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 County staff directly responsible for administering the bond funds. The audit was conducted from February 2011 through May 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 observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations 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. In addition, the County, which was required to provide matching funds equal to 35 percent of eligible expenditures, met the \$2.48 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**

<b>Grant Agreement 3026</b>			
<b>For the Period August 16, 2005 through June 30, 2010</b>			
<b>Expenditures</b>	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
New Construction	\$5,078,925	\$5,078,925	\$ 0
Appraised Value of Land	309,000	309,000	0
Site Development	1,710,052	1,710,052	0
<b>Total</b>	<b>\$7,097,977<sup>2</sup></b>	<b>\$7,097,977</b>	<b>\$ 0</b>

<sup>2</sup> Amount includes \$461,368 representing the 10 percent withhold due from the California State Library and \$2,484,292 in matching funds.