



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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April 20, 2010

Ms. Michelle Meadows, Assistant Director of Administration  
Office of Traffic Safety  
2208 Kausen Drive, Suite 300  
Elk Grove, CA 95758

Dear Ms. Meadows:

**Final Report—California State University, Fresno, Office of Traffic Safety Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its interim audit of the California State University, Fresno (CSU Fresno) grant agreement AL0824 for the period October 1, 2007 through March 31, 2009.

The enclosed report is for your information and use. CSU Fresno's response to the report observation is incorporated into this final report. CSU Fresno agreed with our observation and we appreciate its willingness to implement corrective actions. The observation in our report is intended to assist management in improving the effectiveness and efficiency of its operations.

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, the Office of Traffic Safety is required to 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 CSU Fresno. If you have any questions regarding this report, please contact Cheryl Lyon McCormick, Manager, or John Rogers, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by Richard R. Sierra for:

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

Enclosure

cc: Ms. Joyce Harris, Assistant Vice President, Health and Psychological Services, California State University, Fresno  
Ms. Wilma Satterberg, Grant Accountant, Foundation Financial Services, California State University, Fresno Association, Inc.  
Ms. Linda Christian, Grant Accounting Supervisor, Foundation Financial Services, California State University, Fresno Association, Inc.  
Ms. Deborah Hrepich, Associate Accounting Analyst, Office of Traffic Safety

A GRANT AUDIT

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California State University, Fresno  
Grant Agreement AL0824

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

**MEMBERS OF THE TEAM**

Cheryl L. McCormick, CPA  
Manager

John Rogers, CPA  
Supervisor

Staff  
Dennis Williams

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

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# BACKGROUND, SCOPE, AND METHODOLOGY

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## Background

The Office of Traffic Safety (OTS) is charged with the responsibility of obtaining and distributing federal funds in an effort to carry out the direction of the National Highway Traffic Safety Act. The federal funds are designed to mitigate traffic safety problems as defined by the Highway Safety Plan. Currently, there are eight program priority areas earmarked for grant funding: Alcohol and Other Drugs, Occupant Protection, Pedestrian and Bicycle Safety, Emergency Medical Services, Traffic Records, Roadway Safety, Motorcycle Safety, and Police Traffic Services. OTS allocates funds to local government agencies to implement these programs via grant awards.

The California State University, Fresno (CSU Fresno) received a grant from OTS. The grant addresses alcohol related incidents at the college level, particularly driving under the influence of alcohol and general incidents related to alcohol abuse. The grant provided funds to support interventions including safe ride programs, social norms marketing, and/or peer education activities. The goal is to keep students out of harm's way from alcohol related incidents by offering alternative events during the hours when drinking is most prevalent. Eight California State University campuses benefited from this grant.

## Scope

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted an audit of the CSU Fresno's OTS grant listed below.

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
AL0824	October 1, 2007 through March 31, 2009 <sup>1</sup>	\$533,499

The audit objective was to determine whether CSU Fresno'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 internal controls. We did not assess the efficiency or effectiveness of program operations.

CSU Fresno management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements as well as evaluating the efficiency and effectiveness of the program. OTS is responsible for the state-level administration of the grant funds.

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<sup>1</sup> An interim audit was conducted of Grant AL0824 as the grant period ends September 30, 2009. During the audit, grant activities were still ongoing as of March 2009, the latest billing period. As a result, the report addresses only the grant expenditures incurred and performance goals accomplished as of the March 31, 2009 billing period.

## Methodology

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

- Interviewed key personnel.
- Examined the grant files.
- Obtained an understanding of the grant related internal controls.
- Reviewed CSU Fresno accounting records.
- Determined whether a sample of expenditures were:
  - Allowable
  - Grant related
  - Incurred within the grant period
  - Supported by accounting records
  - Properly recorded
  - Not double billed to other revenue sources
- Evaluated whether the goals and objectives required by the grant agreement was met.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with CSU Fresno staff. The audit was conducted from July 2009 through September 2009.

We conducted our 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.

Except as noted below, CSU Fresno’s expenditures were in compliance with the applicable laws, regulations, and the grant agreement. The Schedule of Claimed, Audited, and Questioned amounts is presented in Table 1.

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

Grant Agreement AL0824 For the Period October 1, 2007 through March 31, 2009			
Category	Claimed	Audited	Questioned
Personnel	\$94,589	\$94,589	\$ 0
Travel	1,169	1,169	0
Contractual Services	124,143	124,143	0
Other Direct Costs	11,397	11,397	0
Indirect Costs	14,188	14,188	0
<b>Total</b>	<b>\$245,486</b>	<b>\$245,486</b>	<b>\$ 0</b>

**Observation: CSU Fresno Did Not Fully Meet the Grant Objectives**

As presented in Table 2, CSU Fresno did not fully meet Grant Objective 1 as required by the grant agreement. Without base year measurements to gauge program results, grant management may not be able to adequately measure the overall success of the program or provide corrective action where needed to ensure program objectives are efficiently and effectively met. Failure to meet the goals and objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.

**Table 2: Schedule of Objectives Not Fully Met**

Objective	Description	Results	Not Met	Partially Met
1	To establish mini-grant base year measurements on eight California State University Campuses by December 31, 2007.	Base year measurements were established by all of the campuses, except for the Channel Islands campus. This campus had not conducted a survey needed for establishing the base year measurement.		✓

**Recommendation:**

CSU Fresno should implement procedures to effectively manage grant activities so that objectives are met for future grants.

OTS will determine the actions, if any, to take as a result of the unmet objective.





# Auxiliary Services

*California State University, Fresno Foundation*

March 22, 2010

Mr. David Botelho, CPA  
Chief, Office of State Audits and Evaluations  
Department of Finance  
300 Capitol Mall, Suite 801  
Sacramento, CA 95814

**Draft Report – California State University, Fresno and Office of Traffic Safety Grant Audit – Grant Number AL0824**

Dear Mr. Botelho:

We have reviewed your interim audit report for the Office of Traffic Safety, Grant Number AL0824 for the period October 1, 2007 through March 31, 2009. Attached is the corrective action plan corresponding to your questioned objective.

If you have any questions, please contact Linda Christian at (559) 278-0852 or [lindacar@csufresno.edu](mailto:lindacar@csufresno.edu).

Sincerely,

Original signed by:

Keith Kompsi  
Director of Financial Services  
California State University, Fresno Foundation  
(559) 278-0838  
(559) 278-0992 FAX

KK/ljc

C: Thomas McClanahan, Associate Vice President  
Linda Christian, Grant Accounting Supervisor  
Wilma Satterberg, Grant Accountant  
Joyce Harris, Project Director  
Dr. Paul Oliaro, Vice President for Student Affairs

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Mr. David Botelho, CPA  
March 18, 2010  
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California State University, Fresno Foundation  
Reply to Interim Audit – October 1, 2007 through March 31, 2009  
Corrective Action  
Grant Number AL0824

Our response below includes the observation and corrective action plan.

Observation:

**CSU Fresno Did Not Fully Meet the Grant Objectives**

As presented in Table 2, CSU Fresno did not fully meet Grant Objective 1 as required by the grant agreement. Without base year measurements to gauge program results, grant management may not be able to adequately measure the overall success of the program or provide corrective action where needed to ensure program objectives are efficiently and effectively met. Failure to meet the goals and objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.

**Table 2: Schedule of Objectives Not Fully Met**

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***Recommendation:***

CSU Fresno should implement procedures to effectively manage grant activities so that objectives are met for future grants.

OTS will determine the actions, if any, to take as a result of the unmet objective.

Mr. David Botelho, CPA  
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California State University, Fresno Foundation  
Reply to Interim Audit – October 1, 2007 through March 31, 2009  
Corrective Action  
Grant Number AL0824

**Corrective Action:**

We concur with the observation that we partially met objective number one.

The CSU, Channel Islands campus established in 2002 is a small campus and the newest one established within the California State University system. This campus was selected in an effort to include each of the CSU campuses in one of the Alcohol and Traffic Safety grant series. At the start of this grant CSU, Channel Islands did not have an alcohol prevention program on campus. The grant funding provided by OTS allowed CSU, Channel Islands to establish an alcohol prevention program for students; however, unfortunately there was no baseline survey done at the start of the grant.

There were several changes in staff involved in this Alcohol and Traffic Safety grant which attributed to some of the difficulties of administering this program on several campuses and trying to meet all of our objectives. These staff changes are summarized as follows:

OTS

At OTS we started out with Michelle Meadows and Ila Lewis as the OTS contacts. Later with staff reductions and reassignment of duties within OTS, we were without an Operations Coordinator until Mark Talan was assigned to the grant.

California State University, Fresno Foundation

At California State University, Fresno Foundation we started out with Perry Angle as the Project Director who originally proposed the grant. The grant proposal at that time was not awarded. Perry Angle then left the Fresno State Campus. At a later date, Joyce Harris, the new Director of the Student Health Center re-applied for the OTS grant. OTS awarded the project, and Joyce Harris took over the responsibility for oversight of a grant she did not write. Joyce hired Roxene Lee to manage the Alcohol and Traffic Safety project; however, neither of them had been involved in the two previous Alcohol and Traffic Safety grants that were awarded to our campus.

Although CSU, Channel Islands campus did not have a baseline survey done at the start of the project, we are pleased that this OTS funding allowed a newer campus to establish an alcohol and safety program that was not previously available to students at CSU, Channel Islands. We have learned a great deal from this grant process and will make the following changes in our procedures as it relates to future funding provided by OTS:

Our Office of Research and Sponsored Programs and California State University, Fresno Foundation will work closely with the project directors to clearly define the deliverables within the grant proposal and subcontracts so that all parties have a clear understanding of what is expected of them, such as:

1. Identify and select a uniform survey tool for the grant baseline.
2. Indicate survey implementation dates.
3. Determine that each participating subcontractor is capable of meeting the grant requirements before entering into a subcontract with them.