



Transmitted via e-mail

April 13, 2012

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

Dear Ms. Aldrich:

Final Report—City of Rancho Cucamonga Victoria Gardens Library Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Rancho Cucamonga's (City) grant agreement 1030 for the period March 20, 2003 through February 28, 2008.

The enclosed report is for your information and use. Because there were no audit observations or issues requiring a response, we are issuing the report as final. This report will be placed on our website.

We appreciate the assistance and cooperation of the City. 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. Robert Karatsu, Library Director, City of Rancho Cucamonga
Ms. Vivien Garcia, Library Administrative Secretary, City of Rancho Cucamonga
Ms. Tamara Layne, Finance Director, City of Rancho Cucamonga
Ms. Wendy Tong, Senior Accountant, City of Rancho Cucamonga
Ms. Karen McGuire-Emery, Senior Park Planner, City of Rancho Cucamonga
Ms. Karen Silhanek, Management Analyst I, City of Rancho Cucamonga
Ms. Debra McNay, Records Manager/Assistant City Clerk, City of Rancho Cucamonga

AUDIT REPORT

City of Rancho Cucamonga Victoria Gardens Library Proposition 14 Bond Program Grant Agreement 1030



Rancho Cucamonga Victoria Gardens Library
(Source: City website)

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:

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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.

In 2003, OLC awarded the City of Rancho Cucamonga (City) a \$7.75 million Proposition 14 grant, representing up to 65 percent of the budgeted amount to fund the Victoria Gardens Library project. The City is required to provide a match of 35 percent or \$4.17 million, of the total project costs.

Opened in August 2006, the new 23,644 square foot library is part of the Victoria Gardens Cultural Center in Rancho Cucamonga. The library is also known as the Paul A. Biane Library. The library includes a Technology Center, Story Theater, Rotary Reading Room, Teen Scene, Reading Enrichment Center, and an afterschool reading tutoring program.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 1030 for the period March 20, 2003 through February 28, 2008.

The audit objectives were to determine whether the City's grant expenditures claimed 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. Further, no assessment was performed on the reasonableness of the project completed.

The City management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The California State Library is responsible for the state-level administration of the grant program.

¹ Background information obtained from the grant application and City website.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the grantee's accounting records, vendor invoices, and pay warrants.
- Selected a sample of expenditures to determine if costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Conducted a site visit to verify existence of the library.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds. The audit was conducted from May 2011² through March 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 that 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 City was in compliance with the requirements of the grant agreement. No observations or questioned costs were identified. Additionally, the grantee met the match requirements by providing matching funds equal to 35 percent of eligible expenditures. The Schedule of Claimed amounts is presented in Table 1.

Table 1: Schedule of Claimed Amounts

Grant Agreement 1030 For the Period March 20, 2003 through February 28, 2008	
Category	Claimed
New Construction	\$ 8,454,004
Appraised Value of Land	387,750
Site Development	1,210,177
Site Permits and Fees	4,500
Furnishings and Equipment Costs	1,040,000
Signage	67,441
Architectural and Engineering Fees	706,189
Geotechnical/Geohazard Reports	2,922
Library Consultant Fees	13,420
Total Expenditures	\$11,886,403³

² The audit initially started in May 2011, but was delayed before resuming in August 2011. This was to allow the City additional time to prepare for the audit.

³ Amount includes \$772,616 representing the 10 percent withhold due from the California State Library and \$4,160,242 in matching funds.