



March 10, 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—Glenn County Office of Education, Office of Traffic Safety Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the Glenn County Office of Education's (County) grant agreement AL0741 for the period October 1, 2006 to September 30, 2008.

The enclosed report is for your information and use. The County's response to the report observation is incorporated into this final report. The County 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 the County. If you have any questions regarding this report, please contact Cheryl Lyon, Manager, or Osman Sanneh, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. Arturo Barrera, Superintendent of Schools, Glenn County Office of Education  
Mr. Randy Jones, Assistant Superintendent, Glenn County Office of Education  
Mr. Jess Modesto, Director of Regional Occupational Program/Glenn Adult Program,  
Glenn County Office of Education  
Ms. Lourdes Ruiz, Executive Assistant for Regional Occupational Program/Glenn Adult  
Program, Glenn County Office of Education  
Ms. Deborah Hrepich, Associate Accounting Analyst, Office of Traffic Safety

A GRANT AUDIT

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Glenn County  
Office of Education

Grant Agreement AL0741

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

## **MEMBERS OF THE TEAM**

Cheryl L. Lyon, CPA  
Manager

Osman Sanneh, CPA  
Supervisor

Staff  
Steve Backlund

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 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. The OTS allocates funds to local government agencies to implement these programs via grant awards.

The Glenn County Office of Education (County) received a grant from OTS to create the Spotlight on Safety in Glenn County Program (Program). Program goals include a campaign to reduce fatal and injury collisions among young drivers (16 to 25 years of age) within the County and to increase seat belt compliance.

## Scope

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

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
AL0741	October 1, 2006 to September 30, 2008	\$253,290

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 related 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 as well as evaluating the efficiency and effectiveness of the program. The OTS is responsible for the state-level administration of the grant funds.

## 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.
- Obtained an understanding of the grant related internal controls.

- Examined the grant files.
- Reviewed the County's 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 were met.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with the staff directly responsible for administering grant funds. The audit was conducted from September 2009 through November 2009.

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.

Except as noted below, the County's grant expenditures were expended in compliance with applicable laws, regulations, and the grant requirements. The Schedule of Claimed, Audited, and Questioned amounts is presented in Table 1. Additionally, one observation was identified as reported below.

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

<b>Grant Agreement AL0741</b>			
<b>For the Period October 1, 2006 to September 30, 2008</b>			
<b>Category</b>	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
Contractual Services	\$242,810	\$242,810	\$ 0
Indirect Costs	7,284	7,284	0
Total Expenditures	\$250,094	\$250,094	\$ 0

**Observation: Non-Compliance with Procurement Requirements.**

The County entered into a sole-source grant consultant services contract without documented justification. Non-competitive contracting can lead to overpriced and inadequate performance quality.

Chapter 6, Section 6.7 of the OTS Grant Manual requires justification for the use of sole source contracts in lieu of competitive bidding.

**Recommendation:**

Ensure competitive bidding is used for grant consultant services or provide documented justification when sole-source contracting is deemed necessary.

COUNTY RESPONSE

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**GLENN COUNTY**  
Office of Education

**Arturo Barrera**

Superintendent

**Board of Education**

Catherine Hanes  
Elk Creek Area

Gail Zimmerman  
Hamilton Area

Judith Holzapfel  
Orland Area

Kathy Perez  
Princeton Area

Eugene Massa  
Willows Area

**Programs**

- Administrative Services
- Adult Education
- Business Services
- Child & Family Services
- Curriculum & Instruction  
Facilities
- Human Resources
- MAA

- Regional Occupational Programs
- Senior Nutrition
- Student Services
- Technology
- William Finch Charter School

**Glenn County Office of  
Education**

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**Glenn County Office of  
Education**

**Orland Office**

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530-865-1267  
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February 25, 2010

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

Dear Mr. Botelho:

This letter is in response to the draft report we received from your office of grant AL0741 for the period October 1, 2006 to September 30, 2008, which provided funding for the Spotlight on Safety in Glenn County Program.

In the course of the audit, it was noted that the Glenn County Office of Education (GCOE) entered into a sole-source grant consultant services contract without documented justification and that non-competitive contracting can lead to overpriced and inadequate performance quality.

**Recommendation:**

Ensure competitive bidding is used for grant consultant services or provide documented justification when sole-source contracting is deemed necessary.

**Response:**

It is my understanding that in fiscal year 2006-07, the Glenn County Office of Education received a grant from OTS to create the Spotlight on Safety in Glenn County Program due to grant submission collaboration by the vendor and our office. I can not attest to this as I was not employed at this time nor were any of the current leadership of our office. GCOE administrative policy 3048.1 requires departments to elicit at least three competitive bids, when possible, with well defined bid criteria before entering into any long term contract for services. The past two and one half years I have been with GCOE, I have required this of all departments. As such, GCOE concurs with the recommendation for use of competitive bidding or documented justification for sole-source contracts.

Please contact me if you have any questions or concerns.

Sincerely,

Original signed by:

Randy Jones, CPA  
Assistant Superintendent of Business Services

Cc: Jess Modesto  
Arturo Barrera