



April 26, 2010

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

Dear Ms. Meadows:

Final Report—Tulare 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 Tulare County Office of Education's (County) California Friday Night Partnership Grant OP0705 for the period October 1, 2006 through September 30, 2008.

The enclosed report is for your information and use. The County's response to the report findings are incorporated into this final report. The County agreed with our observations and we appreciate its willingness to implement corrective actions. The observations in our report are 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, 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's staff. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Alma Ramirez, 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: On following page

cc: Ms. Deborah Hrepich, Associate Accounting Analyst, Office of Traffic Safety
Mr. Mark Talan, Regional Coordinator, Office of Traffic Safety
Dr. Jim Kooler, Administrator, Tulare County Office of Education
Ms. Patty Blaswich, Director of Internal Business Services, Tulare County Office of Education
Ms. Carol Hodson, Operations Manager, Tulare County Office of Education
Ms. Lynne Goodwin, Program Specialist, Tulare County Office of Education
Ms. Margaret Moholt, Operations Coordinator, Tulare County Office of Education
Ms. Ofelia Trevino-Toste, Accountant, Tulare County Office of Education

A GRANT AUDIT

Tulare County Office of Education
California Friday Night Live Partnership
Grant Agreement OP0705

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

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Alma Ramirez, CPA
Supervisor

Staff
Alice Yip

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

You can contact our office at:

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

The Tulare County Office of Education (County) received an OTS grant to implement the Click IT with Friday Night Live (FNL) campaign. The FNL campaign's objective is to increase seatbelt safety awareness and traffic safety in collaboration with schools, law enforcement, local educational agencies, and community-based organizations.

SCOPE

In accordance with our interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of the County's grant listed below:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Amount</u>
OP0705	October 1, 2006 through September 30, 2008	\$574,357

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's 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 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 OTS grants
- 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 and other information made available to us, and interviews with staff directly responsible for administering grant funds. The audit was conducted from September 2009 through March 2010.

The 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 Tulare County Office of Education's (County) grant expenditures were in compliance with applicable laws, regulations, and the grant requirements. The claimed, audited, and questioned amounts are presented in Table 1. Additionally, three findings are noted below.

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

Grant Agreement OP0705			
For the Period October 1, 2006 through September 30, 2008			
Expenditures	Claimed¹	Audited	Questioned
Personnel	\$195,263	\$193,771	\$1,492
Travel	6,037	6,037	0
Contracted Services	196,292	192,292	4,000
Other Direct Costs	48,149	48,149	0
Indirect Costs	14,578	14,469	109
Total	\$460,319	\$454,718	\$5,601

Observation 1: The County Claimed \$1,601 in Ineligible Personnel and Indirect Costs

The County claimed \$1,492 in salary and benefits and \$109 in related indirect costs for vacation pay in excess of vacation time earned during the grant period. The questioned indirect costs are based on 7.27 percent of the personnel costs. Section 2.5.1 of the Office of Traffic Safety's Grant Program Manual (OTS Manual) states personnel costs for authorized absences are reimbursable only up to the amount earned during the grant term.

Recommendation: The County should reimburse OTS for the \$1,601 in ineligible costs and implement procedures to ensure costs claimed for absences do not exceed the amount earned during the grant term.

Observation 2: The County Claimed \$4,000 in Unsupported Subgrantee Costs

The County paid \$4,000 to subcontractors prior to receipt of documentation supporting the costs claimed. As a result of this audit, the County subsequently disapproved the claims and is seeking repayment from the subgrantees. Section 4.4.3 of the OTS Manual states payments on contractual agreements must be supported by itemized invoices and made in accordance with terms of the agreement.

Recommendation: The County should reimburse OTS \$4,000 for the unsupported costs. For future grants, the County should require adequate supporting documentation from subgrantees prior to payment.

¹ The \$114,038 difference between the awarded and claimed amounts represents unexpended grant funds.

Observation 3: The County Did Not Meet a Significant Grant Objective

Based on records provided, the County contracted with only 11 of the required 26 counties by September 30, 2008 to implement the three components of this grant. The OTS Grant Agreement OP0705 outlines the goals and objectives to be accomplished by the County by the end of the grant period. 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.

Recommendation: For future grants, the County should ensure the goals and objectives in the grant agreement are met. The OTS will determine the actions, if any, to take as a result of the unmet objective.



PARTNERSHIP

Dr. Jim Kooler,
Administrator

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Friday Night Live

Club Live

**Friday Night Live
Kids**

**Friday Night Live
Mentoring**

**California Youth
Council**

Tulare County
Office of Education

Jim Vedas,
Superintendent

California Friday Night Live
Collaborative

Youth Leadership
Institute

Friday Night Live builds
partnerships for positive
and healthy youth
development which
engage youth as active
leaders and resources
in their communities.

www.fridaynightlive.org

March 21,2010

To: Alma Ramirez, Ca. Dept of Finance

From: Lynne Goodwin, Ca. Friday Night Live Partnership

Re: Office of Traffic Safety Grant OP0705 Audit Findings Response

Response to Audit Findings

Finding #1

This finding is not disputed by the Tulare County Office of Education. (TCOE)

Finding #2

This finding is accurate in that the sub-contractor was reimbursed outside of the parameters of the Office of Traffic Safety and Tulare County Office of Education, however, the initial documents presented with the invoice were in accordance with OTS and TCOE guidelines. It was not until further documentation was requested, that it was evident that the reimbursement should not have occurred.

Upon this discovery, immediate reimbursement was requested from the sub-contractors. If and when the monies are returned to the Tulare County Office of Education, they will immediately be returned to the Office of Traffic Safety.

Finding #3

While the number of Counties that implemented the projects were short of the identified objective, the number of sites that implemented the project were very close to the objective. The lack of county diversity did not reduce the overall number of sites that implemented campaigns and projects; the discrepancy did not reduce the number served. There was verbal communication around this challenge area, with OTS, and selected sites and counties were accurately reported in the quarterly reports.