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Transmitted via e-mail

April 22, 2011

Mr. Mark E. Leary, Acting Director
Department of Resources Recycling and Recovery
801 K Street, MS 25A
Sacramento, CA 95814

Dear Mr. Leary:

Final Report—Agreed-Upon Procedures, City of Los Angeles Waste Tire Enforcement Grant

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its agreed-upon procedures review of the City of Los Angeles's (City) Waste Tire Enforcement Act (TEA) grant agreement TEA 15-07 for the period June 30, 2008 through June 30, 2009.

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 City. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: On following page

cc: Mr. Tom Estes, Deputy Director, Administration, Finance and Information Technology Division, Department of Resources Recycling and Recovery
Mr. Howard Levenson, Deputy Director, Materials Management and Local Assistance Division, Department of Resources Recycling and Recovery
Ms. Susan Villa, Chief, Fiscal Services Branch, Department of Resources Recycling and Recovery
Ms. Shirley Willd-Wagner, Chief, Financial Resources Management Branch, Department of Resources Recycling and Recovery
Ms. Audrey Traina, Acting Audits Branch Manager, Department of Resources Recycling and Recovery
Mr. Brian Kono, Audit Manager, Statewide Disbursements Section, Audits Branch, Department of Resources Recycling and Recovery
Ms. Corky Mau, Section Manager, Financial Resources Management Branch, Department of Resources Recycling and Recovery
Mr. William Robertson, Director, Bureau of Street Services, Department of Public Works, City of Los Angeles
Mr. Nazario Saucedo, Assistant Director, Bureau of Street Services, Department of Public Works, City of Los Angeles
Mr. Gary Harris, Chief Street Services Investigator II, Bureau of Street Services, Department of Public Works, City of Los Angeles
Mr. Tom Caraballo, Chief Street Services Investigator I, Bureau of Street Services, Department of Public Works, City of Los Angeles
Mr. Joseph F. Cruz, Chief Management Analyst, Bureau of Street Services, Department of Public Works, City of Los Angeles

AGREED-UPON PROCEDURES

City of Los Angeles
Grant Agreement
TEA 15-07

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

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Rick Cervantes, CPA
Supervisor

Staff
Amy Dieng

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



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Mark E. Leary, Acting Director
Department of Resources Recycling and Recovery
801 K Street, MS 25A
Sacramento, CA 95814

The Department of Finance, Office of State Audits and Evaluations (Finance), performed the procedures enumerated below, which were agreed to by the California Integrated Waste Management Board (Board). On January 1, 2010, the Board was abolished and its duties were transferred to the new Department of Resources Recycling and Recovery (CalRecycle).

The objective of the agreed-upon procedures is to assist CalRecycle in evaluating the City of Los Angeles's (City) compliance with the Waste Tire Enforcement grant. We applied the agreed-upon procedures to the following grant agreement:

Grant Agreement

TEA 15-07

Audit Period

June 30, 2008 through June 30, 2009

Awarded

\$194,814

This agreed-upon procedures engagement was conducted in accordance with the *Statements on Standards for Attestation Engagements* published by the American Institute of Certified Public Accountants. These standards require that we report all findings identified during the application of the agreed-upon procedures, unless the specified users agree to the definition of materiality. Finance and CalRecycle agreed to materiality guidelines of 5 percent or \$1,000 of grant funds claimed, whichever is less, for reporting findings with questioned costs, errors, or omissions. The sufficiency of these procedures is solely the responsibility of CalRecycle. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

BACKGROUND

As the state's recycling and waste reduction authority, CalRecycle implements programs to reduce waste generation, divert materials from landfills, recover resources, remediate illegal sites, and ensure compliance with applicable state standards. In 1989, the Legislature enacted the California Tire Recycling Act (Act). The Act created the tire recycling program for the promotion and development of alternatives to the landfill disposal of tires.¹ The City received grant funding to implement a local waste tire inspection and compliance program to protect public health, safety, and the environment.²

¹ Source: www.CalRecycle.ca.gov

² Source: Grant agreement TEA15-07

PROCEDURES AND RESULTS

The agreed-upon procedures pertained to the City's compliance with the Waste Tire Enforcement grant. The results of the procedures are presented below:

Procedure 1:

Prepare a Schedule of Claimed, Audited, and Questioned costs for the grant.

Results:

Schedule of Claimed, Audited, and Questioned Costs for the grant is presented below:

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

Grant Agreement TEA 15-07 June 30, 2008 through June 30, 2009			
Expenditure Category	Claimed Expenditures³	Audited Expenditures	Questioned Costs
Inspections	\$ 76,814	\$ 76,814	\$ 0
Surveillance/Enforcement	51,955	51,955	0
Training	4,638	4,638	0
Report Writing	1,515	1,515	0
Total	\$134,922	\$134,922	\$ 0

Procedure 2:

Based on a review of the City of Los Angeles's Independent Auditor's Report for the grant period, assess the audit risk and adjust the sample sizes selected for procedures 3 and 4 accordingly. If the report includes findings that are also present in the current grant, include the findings in this report.

Results:

The City's fiscal year 2008-09 single audit report did not report findings or issues related to this grant.

Procedure 3:

To verify that costs claimed were allowable, perform the following procedures:

- A. Verify that the City's Grant Transaction Detail Report or similar document agrees with the City's Grant Payment Requests for claims submitted for reimbursement.
- B. For a sample of expenditure transactions, trace operational and administrative costs reported on the Grant Payment Requests to source documentation. Determine whether the costs are allowable.

³ For grant agreement TEA 15-07, the City claimed \$134,922 of the \$194,814 awarded.

Results:

- A. The City's General Ledger agreed with the Grant Payment Requests submitted for reimbursement.
- B. Based on the procedures performed, the operational and administrative costs were allowable and supported by source documentation.

Procedure 4:

Determine whether progress reports were filed timely.

Results:

The mid-year progress report was submitted approximately 2 months late. However, the final report was submitted timely.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with CalRecycle's grant provisions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of CalRecycle and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

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

April 11, 2011