

July 10, 2002

Ed Kitchen, City Manager

Internal Audit

Library Grants

*BT,
FILE W/ AUDIT
+ SEND JACKY D.
A COPY.*

*[Signature]
7/12/02*

The Internal Audit Division audited various federal, state, and local grants administered by the Greensboro Public Library. The grants totaled \$431,226, with \$22,563.80 in City matches. The audit consisted of a review of the grant documents to determine the conditions set forth in each contract for the purpose of determining compliance with the contract.

The purpose of this audit was to:

- Verify that receipts were properly recorded.
- Verify that disbursements were in compliance with the contract and made during the contract period.
- Determine that the program achieved the desired results or benefits as written in the contract.
- Verify that assets purchased with grant funds were properly recorded on the City's inventory system.

Since we worked very closely with internal audit in the preparation of this document, I understand the review and have no questions. We as you will see in my response have in place an improved oversight and implementation strategy. I would note that in the future before an auditor begins the process that there is a clear understanding of the granting process of the grantors whose grants that will be audited. It took entirely too much library staff and auditor's time to review Smart Start and the State Library's grants. There is no contract between the library and the Community Foundation when we get a grant. We receive a letter of award which then requires a response and my signature. A conversation on the front end could have saved time and confusion. I invited the audit and would have been very open to gathering the documents from Smart Start, State Library and the Community Foundation to have avoided the confusion. Listed below is our response to the recommendations:

Library response

Howell Commemorative Grant (1998 – present): \$125,000

The Library has been granted an extension (to September 2002), by Community Foundation of Greater Greensboro, to complete the project and submit the Recipient's Report Form.

Findings: None

Recommendations: Note the September deadline.

Response:

1. All funds will be spent by Sept. 30,2002

Glenwood Neighborhood Resource Center (1998-2001): \$55,000

Response to the Recommendations:

1. We now have a form attached to each grant file with a list of essential documents that must be maintained in all grant files, such as the fully executed contract, report forms, contract dates.
2. Business manager will review all grant files on a monthly basis and will remove outstanding encumbrances.
3. We will terminate contracted employees in a more timely manner.
4. This is an ongoing, renewable project and funds will all be spent to serve Greensboro's neighborhoods. Now that we have hired a half-time employee (contract), we have encumbered \$20,000 for staffing as stipulated in the grant. Other unencumbered funds will be spent by September 30, 2002 and a report will be submitted to the Community Foundation by September 30, 2002.

Guilford County Online Community Information Project (1996-97): \$49,916; City Match: \$12,478.80 (20%)

Response to the Recommendations:

1. We now have a form attached to each grant file with a list of essential documents that must be maintained in all grant files, such as the fully executed contract, report forms, contract dates.
2. All equipment purchased with grant funds, no matter what the cost of the project, will be inventoried by Business Manager..

Guilford Health Online (LSCA) Grant (1997-98): \$49,450; City Match: \$10,085

Response to the Recommendations:

1. State Library (Dept of Cultural Resources) approved an extension of this project. The remaining \$10,447 will be spent by November 1, 2002 to promote the library online health resources. When an grant is awarded by the State Library, it is

understood that we have estimated what the project would cost to fund. There is no expectation from the State Library that funds should be returned.

Family Childcare Outreach Project (1999-00): \$48,910

Response to the Recommendations:

1. We will make every effort to spend all allocated funds. "Smart Start" funding was set up as a reimbursement process, rather than a traditional granting process. Many Smart Start agencies spent less than the fully allocated amount. Due to the excessive staff time that Smart Start grants take to administrate, I would not recommend that the library seek this funding source for library projects.

Family Childcare Outreach Project (2000-01): \$44,500

Response to Recommendations:

This grant, an extension of the above grant, was granted to provide resources to train childcare teachers in literary activities.

1. We will make every effort to spend all allocated funds. "Smart Start" funding was set up as a reimbursement process, rather than a traditional granting process. Many Smart Start agencies spent less than the fully allocated amount.

Family Literacy Project (1999-00): \$32,750; Donation from First Union: \$8,750

Response to Recommendations:

1. We will make every effort to spend all allocated funds. "Smart Start" funding was set up as a reimbursement process, rather than a traditional granting process. Many Smart Start agencies spent less than the fully allocated amount.

Lila Wallace Reader's Digest Fund (2000-01): \$15,600

Findings: None.

Recommendations: None.

EZ-LSTA Hispanic Services Mini-Grant (2000-01): \$1,350

Findings: None

Recommendations: None

The Friends of the Greensboro Public Library, a nonprofit organization that serves as an advocate for the development of the library system, has several grants and programs under their auspices that are used to fund projects initiated by the Greensboro Public Library. These grants' balances at December 31, 2001 were as follows:

Tannenbaum-Sternberger	\$ 92,906.95
Community Voices -- Historical Museum	36,784.54
Lila Wallace	30,726.09
Cemala Foundation -- Summer Reading	19,732.52
Others	<u>42,314.94</u>
Total	\$222,465.04

We would like to thank the employees of the Greensboro Public Library for the courtesy and cooperation shown during these audits. If you have any questions or concerns involving the details of this audit, please call us at 373-4528.

Tina McKoy
Internal Auditor

Jacky Dowd
Internal Audit Director

Cc: Mitchell Johnson, Assistant City Manager
Sandy Neerman, Greensboro Public Library Director
Linda Miles, City Attorney
Rick Lusk, Finance Director