

**CALIFORNIA STATE UNIVERSITY,
LONG BEACH
RESEARCH FOUNDATION**

Audit Report

**PROPOSITION 47 SAFE NEIGHBORHOODS AND
SCHOOLS FUND GRANT EXPENDITURES**

July 1, 2018, through June 30, 2020



MALIA M. COHEN
California State Controller

May 2023



MALIA M. COHEN
California State Controller

May 19, 2023

Jane Close Conoley, Ph.D., President
California State University, Long Beach
1250 Bellflower Boulevard
Long Beach, CA 90840

Dear Dr. Conoley:

Attached is the final report on our audit of the California State University, Long Beach Research Foundation's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2018, through June 30, 2020.

If you have any questions, please contact Roochel Espilla, Chief, State Agency Audits Bureau by telephone at (916) 323-5744, or by email at respilla@sco.ca.gov.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/ac

cc: Scott Apel, Vice President for Administration and Finance
California State University, Long Beach
Kara Perkins, Ed.D, Associate Vice President
California State University, Long Beach
Karyn Scissum Gunn, Ph.D., Provost
California State University, Long Beach
Simon Kim, Ph.D., Associate Vice President
California State University, Long Beach
Maria Reyes, Ph.D., Senior Director of Sponsored Programs
California State University, Long Beach
Brian M. Nowlin, Ed.D., Chief Operating Officer
California State University, Long Beach Research Foundation
Bita Ghafoori, Ph.D., Director
Long Beach Trauma Recovery Center
Lynda Gledhill, Executive Officer
California Victim Compensation Board
Natalie Mack, Chief Deputy Executive Officer
California Victim Compensation Board
Andrew LaMar, Deputy Executive Officer
California Victim Compensation Board
Kim Gauthier, Chief Counsel
California Victim Compensation Board
Tyrone Gilliam, Staff Services Manager II
California Victim Compensation Board
Jaqueline Hom, Staff Services Manager II
California Victim Compensation Board
Anita Ahuja, Staff Services Manager II
California Victim Compensation Board
Ava Jordan, Staff Services Manager I
California Victim Compensation Board

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Audit Report

Summary

The State Controller's Office (SCO) conducted a performance audit of California State University, Long Beach Research Foundation's (Research Foundation) Proposition 47 Safe Neighborhoods and Schools Fund (SNSF) grant expenditures for the period of July 1, 2018, through June 30, 2020. The purpose of the audit was to ensure that program funds were disbursed and expended in accordance with program guidelines and grant requirements, as required by Government Code (GC) section 7599.2(c), and applicable laws and regulations.

We verified that during the period of July 1, 2018, through June 30, 2020, the California Victim Compensation Board (CalVCB) awarded the Research Foundation with \$2,079,800 in grant funds, comprising \$1,565,240 from the Safe Neighborhoods and Schools Fund and \$514,560 from the Restitution Fund. For the same period, the Research Foundation's grant expenditures were \$1,919,035. All costs were allowable (see Schedules 1 and 2).

The Research Foundation adequately accounted for Proposition 47 SNSF grant expenditures, and ensured that its program funds were disbursed and expended in accordance with program guidelines and grant requirements, and as required by GC section 7599.2(c).

Our audit did not disclose any findings.

Background

Proposition 47 – Safe Neighborhoods and Schools Fund

On November 4, 2014, California voters approved Proposition 47, which reduces penalties for certain offenders convicted of non-serious and nonviolent property and drug crimes. It also allows some offenders to apply for reduced sentences. Proposition 47 established the Safe Neighborhoods and Schools Fund, which is funded by savings that accrue to the State from implementation of the measure. This mandate is expected to save significant state corrections dollars annually.

Savings resulting from Proposition 47 are transferred to the Safe Neighborhoods and Schools Fund to be used in support of truancy reduction and drop-out prevention programs for public school pupils in grades K through 12, increase victim services grants, and support substance abuse and mental health treatment and diversion programs for people in the criminal justice system.

California State University, Long Beach Research Foundation

The Research Foundation is a non-profit organization established in 1956 to "enhance and advance" the university's educational mission. The Research Foundation provides administrative services including, but not limited to, financial, purchasing, legal and risk management, human resources, and payroll and employee benefit services.

In fiscal year (FY) 2018-19, CalVCB awarded the Research Foundation with \$2,079,800 in grant funds, comprising \$1,565,240 from the Safe Neighborhoods and Schools Fund and \$514,560 from the Restitution Fund. The grants were awarded through a Notice of Funds Available bid process. Grant Agreement Number VC-G8003 was effective on July 1, 2018, to provide services to crime victims pursuant to GC sections 13963.1 and 13963.2, and program requirements stipulated in the Notice of Funds Available for the California Trauma Recovery Center Grant.

The Research Foundation used the grant funds to support the Long Beach Trauma Recovery Center's comprehensive care and outreach program, providing direct trauma treatment, mental health services, clinical case management, and support services to underserved crime survivors in the community. Individuals treated included homeless, chronically mentally ill, disabled, LGBTQ, and juvenile crime victims.

Audit Authority

We conducted this audit in accordance with GC section 7599.2(c), which requires the SCO, every two years, to conduct an audit of the Proposition 47 SNSF Grants Program operated by CalVCB to ensure that "the funds are disbursed and expended solely according to this chapter," and to report its findings to the Legislature. In addition, GC section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

Objective, Scope, and Methodology

Our audit objective was to ensure that the Research Foundation adequately accounted for Proposition 47 SNSF grant expenditures; and that their program funds were disbursed and expended in accordance with program guidelines and grant requirements, and as required by GC section 7599.2(c).

The audit period was July 1, 2018, through June 30, 2020.

To achieve our objective, we performed the following procedures:

- We identified the Proposition 47 SNSF Grants Program background, criteria, purpose, and requirements by reviewing GC sections 7599 through 7599.2 and the California Department of Finance fund classification and basis for the Safe Neighborhoods and Schools Fund.
- We reviewed the Research Foundation's Proposition 47 SNSF grant files, grant agreements, program guidelines, program requirements, and claimed invoices.
- We reviewed the Research Foundation's claimed grant expenditures and performed analytical procedures and budgetary analysis to identify material cost components of each claim, any errors, and any unusual or unexpected variances.
- We interviewed Research Foundation key personnel, completed internal control questionnaires, reviewed written internal policies and procedures, identified internal controls significant to the audit

objective, and performed a limited walk-through of significant controls in order to gain a general understanding of the Research Foundation's internal controls related to the Proposition 47 SNSF Grants Program, such as accounting, timekeeping, procurement and procedures performed by staff when preparing, reviewing and approving grant expenditures, monitoring the Grants Program, and recording disbursements and expenditures in the Research Foundation's financial management system.

- We assessed the Research Foundation's internal controls related to the Proposition 47 SNSF Grants Program by reviewing policies and procedures, guidelines, grant agreements, contracts, expenditure reports and supporting documents; and conducted limited tests of those controls related to the audit objective in order to determine whether the controls were functioning as intended; and whether the Research Foundation was in compliance with written internal policies and procedures, applicable provisions of laws, regulations, and established criteria.
- We verified that, during the audit period, CalVCB awarded the Research Foundation with \$2,079,800 in grant funds, comprising \$1,565,240 from the Safe Neighborhoods and Schools Fund and \$514,560 from the Restitution Fund. In addition, we verified that the Research Foundation expended \$1,919,035 in grant funds (\$824,386 in FY 2018-19 and \$1,094,649 in FY 2019-20).
- We conducted a risk assessment and reviewed internal controls for Proposition 47 SNSF grant expenditures to determine the nature, timing, and extent of substantive testing.
- To reduce audit risk, we tested sample transactions, traced those transactions to supporting documentation, and performed analytical procedures and budgetary analysis, as follows:
 - We used a judgmental (non-statistical) sampling approach to select samples that supported our audit conclusions, and to ensure that the samples selected were representative of the population and provided sufficient, appropriate evidence.
 - We also tested compliance with applicable laws, regulations, internal policies and procedures, and program requirements. Our audit procedures included interviewing appropriate personnel and inspecting documents, records, and grant agreements.
- We tested \$404,548 of \$1,919,035 claimed by the Research Foundation during the audit period, as follows:
 - Salaries and wages – We tested \$278,896 (or 24%) of \$1,154,560.
 - Rent and utilities – We tested \$34,269 (or 26%) of \$130,717.
 - Indirect costs – We tested \$91,383 (or 100%).

We did not examine the information-system controls or the economy, efficiency, or effectiveness of the program. Our audit of the program was related solely to program expenditures as required by GC section 7599.2(c).

We did not audit the Research Foundation's financial statements. We limited our audit scope to planning and performing audit procedures necessary to achieve our audit objective. In addition, our review of internal control was limited to gaining an understanding of the transaction flows and financial-management accounting system, and performing limited tests of controls regarding the Research Foundation's ability to accumulate and segregate reasonable and allowable program costs.

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 objective. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

We verified that during the period of July 1, 2018, through June 30, 2020, CalVCB awarded the Research Foundation with \$2,079,800 grant funds, comprising \$1,565,240 from the Safe Neighborhoods and Schools Fund and \$514,560 from the Restitution Fund. Our audit found that the Research Foundation adequately accounted for Proposition 47 SNSF grant fund expenditures; and ensured that its program funds were disbursed and expended in accordance with program guidelines and grant requirements, and as required by GC section 7599.2(c).

Our audit did not disclose any findings.

Follow-up on Prior Audit Findings

We have not previously conducted an audit of the Research Foundation's Proposition 47 SNSF grant expenditures.

Views of Responsible Officials

We discussed our audit results with a Research Foundation representative via email dated January 23, 2023. The Research Foundation's representative responded via email dated January 23, 2023, agreeing with the audit results.

Restricted Use

This audit report is intended solely for the information and use of the Research Foundation, the CalVCB, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record, and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

May 19, 2023

**Schedule 1—
Summary of Grant Awards, Amounts Disbursed and
Expended, and Audit Adjustments
July 1, 2018, through June 30, 2020**

The following table summarizes the grant award, the amounts disbursed and expended during the audit period, and the audit adjustment. All monetary amounts are rounded to the nearest whole dollar.

Fiscal Year	Grant Amount Awarded	Grant Amount Disbursed	Grant Amount Expended	Amount Allowable per Audit	Audit Adjustment
2018-19	\$2,079,800	\$824,386	\$824,386	\$824,386	\$ -
2019-20	-	1,094,649	1,094,649	1,094,649	-
Grand total	\$2,079,800	\$1,919,035	\$1,919,035	\$1,919,035	\$ -

Schedule 2— Summary of Program Costs July 1, 2018, through June 30, 2020

Cost Element	Grant Amount Expended	Amount Allowable per Audit	Audit Adjustment
<u>July 1, 2018, through June 30, 2019</u>			
Direct costs:			
Salaries and wages	\$476,265	\$476,265	\$ -
Fringe benefits	218,300	218,300	-
Rent and utilities	68,072	68,072	-
Software	1,485	1,485	-
Internet services	1,794	1,794	-
Stipend payments	5,755	5,755	-
Postage	265	265	-
Educational services and staff training	1,500	1,500	-
Office supplies	6,425	6,425	-
Outreach costs	1,549	1,549	-
Travel	832	832	-
Subcontractor cost – Psychiatrist	2,887	2,887	-
Total direct costs	785,129	785,129	-
Total indirect costs	39,257	39,257	-
Total program costs	<u>\$ 824,386</u>	<u>\$ 824,386</u>	<u>\$ -</u>
<u>July 1, 2019, through June 30, 2020</u>			
Direct costs:			
Salaries and wages	\$678,295	\$678,295	\$ -
Fringe benefits	274,716	274,716	-
Rent and utilities	62,645	62,645	-
Software	252	252	-
Internet services	1,001	1,001	-
Client fund	2,000	2,000	-
Stipend payments	7,685	7,685	-
Postage	110	110	-
Educational services and staff training	3,229	3,229	-
Office supplies	8,123	8,123	-
Outreach costs	351	351	-
Travel	197	197	-
Subcontractor cost – Psychiatrist	3,919	3,919	-
Total direct costs	1,042,523	1,042,523	-
Total indirect costs	52,126	52,126	-
Total program costs	<u>\$1,094,649</u>	<u>\$1,094,649</u>	<u>\$ -</u>

*All monetary amounts rounded to the nearest whole dollar.

Schedule 2 (continued)

Cost Element	Grant Amount Expended	Amount Allowable per Audit	Audit Adjustment
<u>July 1, 2018, through June 30, 2020</u>			
Direct costs:			
Salaries and wages	\$1,154,560	\$1,154,560	\$ -
Fringe benefits	493,016	493,016	-
Rent and utilities	130,717	130,717	-
Software	1,737	1,737	-
Internet services	2,795	2,795	-
Client fund	2,000	2,000	-
Stipend payments	13,440	13,440	-
Postage	375	375	-
Educational services and staff training	4,729	4,729	-
Office supplies	14,548	14,548	-
Outreach costs	1,900	1,900	-
Travel	1,029	1,029	-
Subcontractor cost – Psychiatrist	6,806	6,806	-
Total direct costs	1,827,652	1,827,652	-
Total indirect costs	91,383	91,383	-
Total program costs	\$1,919,035	\$1,919,035	\$ -

*All monetary amounts rounded to the nearest whole dollar.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

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