

HEMET UNIFIED SCHOOL DISTRICT

Audit Report

PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANT EXPENDITURES

July 1, 2017, through December 31, 2020



MALIA M. COHEN
California State Controller

September 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

September 22, 2023

Christi Barrett, Ph.D., Superintendent
Hemet Unified School District
1791 West Acacia Avenue
Hemet, CA 92545

Dear Dr. Barrett:

This is the final report on our audit of the Hemet Unified School District's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2017, through December 31, 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/rs

cc: Darrin Watters, Deputy Superintendent
Business Services Division
Hemet Unified School District
Jennifer Martin, Ed.D, Assistant Superintendent
Student Services Division
Hemet Unified School District
Peter Callas, Director
Career and College Transition Division
California Department of Education
Teri Alves, Education Programs Consultant
Career and College Transition Division
California Department of Education

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Audit Report

Summary

The State Controller's Office (SCO) conducted a performance audit of Hemet Unified School District's (HUSD) Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2017, through December 31, 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, 2017, through December 31, 2020, the California Department of Education (CDE) awarded HUSD with \$954,914 from the Proposition 47 Safe Neighborhoods and Schools Fund (SNSF) Grants Program. For the same period, HUSD had \$973,355 in program-related expenditures; CDE disbursed only \$954,914 to HUSD. HUSD will use funds from other sources to cover the amount spent in excess of the grant amount.

All costs paid out of Safe Neighborhoods and Schools Fund were allowable (see Schedules 1 and 2).

HUSD adequately accounted for its Safe Neighborhoods and Schools Fund grant expenditures, and ensured that 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.

Hemet Unified School District

HUSD, located in Riverside County, offers education to more than 21,000 students across 29 schools and programs. The services include 15 elementary, four middle, and four high schools. Additionally, HUSD runs six alternative schools and programs.

In fiscal year (FY) 2017-18, CDE awarded HUSD with \$954,914 from the Proposition 47 SNSF Grants Program through a competitive bidding process. The funding period was from July 1, 2017, through June 30, 2020.

HUSD used its grant to implement the Learning Communities for School Success Program (LCSSP) established by Assembly Bill 1014 (Statutes of 2016). LCSSP supports evidence-based, non-punitive education programs and practices to keep vulnerable students in school. All 29 HUSD schools and programs received program services through LCSSP.

Due to the COVID-19 pandemic, CDE extended the program's award end date from June 31, 2020, to December 31, 2020. This extension was communicated to the HUSD Superintendent in April 2020.

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 CDE to ensure that "the funds are disbursed and expended solely according to this chapter," and to report its findings to the California State 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 HUSD adequately accounted for Safe Neighborhoods and Schools Fund grant expenditures, and 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).

The audit period was July 1, 2017, through December 31, 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 HUSD's Safe Neighborhoods and Schools Fund grant files, grant agreements, program guidelines, program requirements, and claimed invoices.
- We reviewed HUSD's claimed Safe Neighborhoods and Schools Fund 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 HUSD's 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 HUSD'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 Safe Neighborhoods and Schools Fund grant expenditures, monitoring the Proposition 47 SNSF Grants Program, and recording disbursements and expenditures in HUSD's financial management system.

- We assessed HUSD'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 by conducting limited tests of the controls significant to the audit objective in order to determine whether the controls were functioning as intended and whether HUSD was in compliance with written internal policies and procedures, and applicable provisions of laws, regulations, and established criteria.
- We verified that CDE awarded HUSD with \$954,914 from the Proposition 47 SNSF Grants Program. In addition, we verified that HUSD's program-related expenditures were \$973,355 (\$231,156 in FY 2017-18, \$281,833 in FY 2018-19, \$336,325 in FY 2019-20, and \$124,041 in FY 2020-21). Of the total expenditures, CDE disbursed only \$954,914 from the Safe Neighborhoods and Schools Fund.
- We conducted a risk assessment and reviewed internal controls for Safe Neighborhoods and Schools Fund 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:
 - 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; and
 - 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 \$481,658 (49%) of \$973,355 claimed by HUSD from five of the eight cost categories as follows:
 - Classified salaries – We tested \$178,338 (57%) of \$310,520.
 - Inter-program services – We tested \$200,880 (64%) of \$315,338.
 - Consultant services – We tested \$50,000 (42%) of \$118,998.
 - Travel and conference – We tested \$3,162 (16%) of \$19,553.
 - Indirect costs – We tested \$49,278 (100%).

Errors found, if any, were not projected to the intended (total) population.

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 HUSD'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 HUSD'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, 2017, through December 31, 2020, CDE awarded HUSD with \$954,914 from the Proposition 47 SNSF Grants Program. Our audit found that HUSD adequately accounted for its Safe Neighborhoods and Schools Fund 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.

Follow-up on Prior Audit Findings

We have not previously conducted an audit of HUSD's Safe Neighborhoods and Schools Fund grant expenditures.

Views of Responsible Officials

We discussed our audit results with HUSD's representatives during an exit conference conducted on March 22, 2023. At the exit conference, HUSD's representatives agreed with the audit results.

Restricted Use

This audit report is intended solely for the information and use of HUSD, CDE, 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

September 22, 2023

**Schedule 1—
Summary of Grant Awards, Amounts Disbursed and
Expended, and Audit Adjustments
July 1, 2017, through December 31, 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 ¹ | Amount Allowable per Audit ¹ | Audit Adjustment |
|--------------------|-------------------------|---------------------------|---------------------------------------|---|---------------------|
| 2017-18 | \$ 954,914 | \$ 318,305 | \$ 231,156 | \$ 231,156 | \$ - |
| 2018-19 | - | 318,305 | 281,833 | 281,833 | - |
| 2019-20 | - | 318,304 | 336,325 | 336,325 | - |
| 2020-21 | - | - | 124,041 | 124,041 | - |
| Grand total | \$ 954,914 | \$ 954,914 | \$ 973,355 | \$ 973,355 | \$ - |

¹ HUSD had \$973,355 in program-related expenditures; however, CDE disbursed only the award amount of \$954,914 to HUSD. HUSD will use funds from other sources to cover the amount spent in excess of the grant amount.

Schedule 2— Summary of Program Costs July 1, 2017, through December 31, 2020

The following table summarizes the grant amounts expended, the amounts allowable per our audit, and the audit adjustment. All monetary amounts are rounded to the nearest whole dollar.

| <u>Cost Element</u> | <u>Grant Amount Expended</u> | <u>Amount Allowable per Audit</u> | <u>Audit Adjustment</u> |
|--|--------------------------------------|---|-----------------------------|
| <u>July 1, 2017, through June 30, 2018</u> | | | |
| Direct costs: | | | |
| Classified salaries | \$ 80,419 | \$ 80,419 | \$ - |
| Employee benefits | 20,585 | 20,585 | - |
| Books and supplies | 2,597 | 2,597 | - |
| Travel and conferences | 5,986 | 5,986 | - |
| Inter-program services | 109,912 | 109,912 | - |
| Consultant services | 598 | 598 | - |
| Subagreements for services | - | - | - |
| Total direct costs | 220,097 | 220,097 | - |
| Total indirect costs | 11,059 | 11,059 | - |
| Total program costs | <u>\$ 231,156</u> | <u>\$ 231,156</u> | <u>\$ -</u> |
| <u>July 1, 2018, through June 30, 2019</u> | | | |
| Direct costs: | | | |
| Classified salaries | \$ 109,785 | \$ 109,785 | \$ - |
| Employee benefits | 30,860 | 30,860 | - |
| Books and supplies | 1,907 | 1,907 | - |
| Travel and conferences | 11,975 | 11,975 | - |
| Inter-program services | 104,723 | 104,723 | - |
| Consultant services | 5,780 | 5,780 | - |
| Subagreements for services | - | - | - |
| Total direct costs | 265,030 | 265,030 | - |
| Total indirect costs | 16,803 | 16,803 | - |
| Total program costs | <u>\$ 281,833</u> | <u>\$ 281,833</u> | <u>\$ -</u> |

Schedule 2 (continued)

| <u>Cost Element</u> | <u>Grant Amount Expended</u> | <u>Amount Allowable per Audit</u> | <u>Audit Adjustment</u> |
|--|--------------------------------------|---|-----------------------------|
| <u>July 1, 2019, through June 30, 2020</u> | | | |
| Direct costs: | | | |
| Classified salaries | \$ 97,919 | \$ 97,919 | \$ - |
| Employee benefits | 31,625 | 31,625 | - |
| Books and supplies | 200 | 200 | - |
| Travel and conferences | 1,591 | 1,591 | - |
| Inter-program services | 100,703 | 100,703 | - |
| Consultant services | 62,620 | 62,620 | - |
| Subagreements for services | 25,000 | 25,000 | - |
| Total direct costs | 319,658 | 319,658 | - |
| Total indirect costs | 16,667 | 16,667 | - |
| Total program costs | <u>\$ 336,325</u> | <u>\$ 336,325</u> | <u>\$ -</u> |
| <u>July 1, 2020, through December 31, 2020</u> | | | |
| Direct costs: | | | |
| Classified salaries | \$ 22,397 | \$ 22,397 | \$ - |
| Employee benefits | 7,376 | 7,376 | - |
| Books and supplies | 445 | 445 | - |
| Travel and conferences | - | - | - |
| Inter-program services | - | - | - |
| Consultant services | 50,000 | 50,000 | - |
| Subagreements for services | 39,074 | 39,074 | - |
| Total direct costs | 119,292 | 119,292 | - |
| Total indirect costs | 4,749 | 4,749 | - |
| Total program costs | <u>\$ 124,041</u> | <u>\$ 124,041</u> | <u>\$ -</u> |

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

www.sco.ca.gov