

SANTA ANA UNIFIED SCHOOL DISTRICT

Final Audit Report

PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANT EXPENDITURES

July 1, 2019, through June 30, 2023



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

May 2026



STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS

Post Office Box 942850 | Sacramento, CA 94250

Sacramento Office: 3301 C Street, Suite 700 | Sacramento, CA 95816 | 916-324-8907

Monterey Park Office: 901 Corporate Center Drive, Suite 200 | Monterey Park, CA 91754 | 323-981-6802

www.sco.ca.gov



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

May 11, 2026

Ms. Katelyn Brazer Aceves, President
Board of Education
Santa Ana Unified School District
1601 East Chestnut Avenue
Santa Ana, CA 92701-6322

Dear Ms. Brazer Aceves:

The State Controller's Office conducted a performance audit of the Santa Ana Unified School District's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2019, through June 30, 2023.

If you have any questions regarding this report, please contact Roochel Espilla, Chief, State Agency Audits Bureau, by telephone at 916-323-5744. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

Ms. Katelyn Brazer Aceves

May 11, 2026

Page 2 of 2

Copy: Hector Bustos, Vice President

Board of Education

Santa Ana Unified School District

Alfonso Alvarez, Ed.D., Clerk

Board of Education

Santa Ana Unified School District

Brenda Lebsack, Member

Board of Education

Santa Ana Unified School District

Valerie Magdaleno, Member

Board of Education

Santa Ana Unified School District

Lorraine M. Perez, Ed.D., Superintendent

Santa Ana Unified School District

Ron Hacker, Chief Business Official

Santa Ana Unified School District

Sue Tran, Budget Manager

Santa Ana Unified School District

Michele DeJournett, Executive Director of Support Services

Santa Ana Unified School District

Colleen Curtin, Deputy Director

Corrections Planning and Grant Programs

Board of State and Community Corrections

Juanita Reynaga, Senior Management Auditor

Board of State and Community Corrections

CONTENTS

SUMMARY	1
BACKGROUND	1
AUDIT AUTHORITY	2
OBJECTIVE, SCOPE, AND METHODOLOGY	3
CONCLUSION	5
FOLLOW-UP ON PRIOR AUDIT FINDINGS	6
VIEWS OF RESPONSIBLE OFFICIALS	6
RESTRICTED USE	6
SCHEDULE 1—SUMMARY OF GRANT AWARD, AMOUNTS DISBURSED AND EXPENDED, AND AUDIT ADJUSTMENTS	7
SCHEDULE 2—PROGRAM COSTS BY FISCAL YEAR	8
FINDING AND RECOMMENDATION	10
ATTACHMENT—SANTA ANA UNIFIED SCHOOL DISTRICT’S RESPONSE TO DRAFT AUDIT REPORT	15

SUMMARY

The State Controller's Office (SCO) conducted a performance audit of Santa Ana Unified School District's (SAUSD) Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2019, through June 30, 2023. The purpose of the audit, as required by Government Code (GC) section 7599.2(c), was to determine whether Proposition 47 grant funds were disbursed and expended in accordance with program guidelines and grant requirements, and with applicable laws and regulations.

Our audit determined that during the audit period, the Board of State and Community Corrections (BSCC) awarded SAUSD with \$2,756,857 in Proposition 47 grant funds. We also determined that SAUSD expended \$1,314,772 in Proposition 47 grant funds (\$276,758 in fiscal year [FY] 2019-20; \$449,702 in FY 2020-21; \$549,693 in FY 2021-22; and \$38,619 in FY 2022-23).

Our audit found instances in which SAUSD did not disburse or expend Proposition 47 grant funds in accordance with program guidelines and grant requirements, or with applicable laws and regulations. Specifically, we found that SAUSD did not adequately account for \$129,698 (comprised of \$123,404 in salaries and benefits, and \$6,294 in related indirect costs) due to inadequate documentation of time accounting and unapproved employee classifications.

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 from the General Fund 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 kindergarten through grade 12, increase victim services grants, and support substance abuse and mental health treatment and diversion programs for people in the criminal justice system.

Santa Ana Unified School District

SAUSD, located in Orange County, California, is the 10th largest school district in the state and serves a predominantly low-income and English Learner student population. During the audit period, SAUSD operated a total of 55 schools, including 32 elementary schools (kindergarten through grade 5), eight intermediate schools (grades 6–8), and nine high schools (grades 9–12). The district also operated three alternative schools, one charter school, one career technical education school, and one secondary school under the Advanced Learning Academy program.

In FY 2019-20, BSCC awarded SAUSD with \$2,756,857 from the Proposition 47 Grants Program. The grant term covered August 15, 2019, through May 15, 2023, and funds were allocated to provide mental health services, substance use disorder treatment, diversion programs, housing assistance, and job development at eight SAUSD school sites.

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 Grants Program operated by BSCC 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 determine whether SAUSD disbursed and expended the Proposition 47 grant funds in accordance with program guidelines and grant requirements, and with applicable laws and regulations. The audit period was July 1, 2019, through June 30, 2023.

To achieve our objective, we performed the following procedures:

- We identified the Proposition 47 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 SAUSD's Proposition 47 grant files, grant agreements, program guidelines, program requirements, and invoices.
- We reviewed SAUSD's claimed Proposition 47 grant expenditures and performed analytical procedures and budgetary analyses to identify material cost components of each claim, any errors, and any unusual or unexpected variances.
- We interviewed SAUSD's key personnel; completed internal control questionnaires; obtained and reviewed documents and records, policies and procedures, guidelines, grant agreements, and grant processes; and traced transactions and activities through the system to gain an understanding of SAUSD's internal controls related to the Proposition 47 Grants Program; and we identified controls significant to our audit objective.

Our consideration of internal control was for the limited purpose described in the previous paragraph and determining the auditing procedures that were appropriate under the circumstances for the purpose of providing a conclusion based on our audit objective.

- We assessed the design and implementation of controls over SAUSD’s process for salaries and benefits, subcontract costs, and data collection and evaluation costs.
- We verified that, during the audit period, BSCC awarded SAUSD with \$2,756,857 in Proposition 47 grant funds. Of the awarded amount, \$1,314,772 was disbursed (\$12,150 in FY 2021-22, and \$1,302,622 in FY 2022-23).
- We verified that SAUSD expended a total of \$1,314,772 in Proposition 47 grant funds (\$276,758 in FY 2019-20; \$449,702 in FY 2020-21; \$549,693 in FY 2021-22; and \$38,619 in FY 2022-23).
- We selected a sample of transactions using judgmental (non-statistical) sampling and:
 - Traced the transactions to supporting documentation, and performed analytical procedures and budgetary analysis; and
 - Tested compliance with applicable laws, regulations, policies and procedures, and program requirements.

Our audit procedures included interviewing appropriate personnel and inspecting documents, records, and grant agreements.

We chose judgmental sampling because it allows us to achieve our objectives for tests of compliance in an efficient and effective manner, and because we did not project the results to the intended (total) population.

- We tested \$221,986 of \$1,314,772 in total claimed program costs as follows:
 - Salaries and benefits – We tested all \$123,404.

- Community-based organization subcontract costs – We tested \$79,345 of \$959,891.
- Data collection and evaluation costs – We tested \$19,237 of \$209,495.
- We assessed the reliability of computer-processed data for Proposition 47 grant expenditures by interviewing SAUSD officials knowledgeable about the data; reviewing existing information about the data and the system that produced it; and tracing data to source documents, based on judgmental sampling. We determined that the data was sufficiently reliable for the purposes of this report.

Our audit of the program was related solely to Proposition 47 grant expenditures, as required by GC section 7599.2(c). We limited our audit scope to planning and performing audit procedures necessary to achieve our audit objective. We did not examine the information-system controls or the economy, efficiency, or effectiveness of the program.

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 found instances in which SAUSD did not disburse or expend Proposition 47 grant funds in accordance with program guidelines and grant requirements. Specifically, we found that SAUSD did not adequately account for \$129,698, comprised of \$123,404 in salaries and benefits, and \$6,294 in related indirect costs due to inadequate documentation of time accounting and unapproved employee classifications.

These instances of noncompliance are quantified in the schedules and described in the Finding and Recommendation section.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

We have not previously conducted an audit of SAUSD's Proposition 47 grant expenditures.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft report on December 5, 2025. An SAUSD representative responded by email on December 11, 2025. SAUSD accepted the audit results. This final audit report includes SAUSD's response as an attachment.

RESTRICTED USE

This report is solely for the information and use of SAUSD, BSCC, 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 report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by
Kimberly A. Tarvin, CPA
Chief, Division of Audits

May 11, 2026

SCHEDULE 1—SUMMARY OF GRANT AWARD, AMOUNTS DISBURSED AND EXPENDED, AND AUDIT ADJUSTMENTS

July 1, 2019, through June 30, 2023

The following table summarizes the grant award, the amounts disbursed and expended, and the audit adjustments during the audit period (monetary amounts are rounded to the nearest whole dollar):

Fiscal Year	Amount Awarded	Amount Disbursed	Amount Expended	Amount Allowable	Audit Adjustment
2019-20	\$2,756,857	\$0	\$276,758	\$276,758	\$0
2020-21	0	0	449,702	389,982	59,720
2021-22	0	12,150	549,693	502,291	47,402
2022-23	0	1,302,622	38,619	16,043	22,576
Total	\$2,756,857	\$1,314,772	\$1,314,772	\$1,185,074	\$129,698

SCHEDULE 2—PROGRAM COSTS BY FISCAL YEAR

July 1, 2019, through June 30, 2020

Program Cost Element	Amount Expended	Amount Allowable	Audit Adjustment
Direct costs:			
Salaries and benefits	\$0	\$0	\$0
Services and supplies	0	0	0
Professional services	0	0	0
Community-based organization subcontract costs	189,285	189,285	0
Data collection and evaluation costs	83,541	83,541	0
Fixed assets and equipment	1,394	1,394	0
Other	756	756	0
Total direct costs	274,976	274,976	0
Total indirect costs	1,782	1,782	0
Total program costs	\$276,758	\$276,758	\$0

July 1, 2020, through June 30, 2021

Program Cost Element	Amount Expended	Amount Allowable	Audit Adjustment	Reference
Direct costs:				
Salaries and benefits	\$57,241	\$0	\$57,241	Finding
Services and supplies	0	0	0	
Professional services	0	0	0	
Community-based organization subcontract costs	308,455	308,455	0	
Data collection and evaluation costs	78,280	78,280	0	
Fixed assets and equipment	0	0	0	
Other	0	0	0	
Total direct costs	443,976	386,735	57,241	
Total indirect costs	5,726	3,247	2,479	Finding
Total program costs	\$449,702	\$389,982	\$59,720	

July 1, 2021, through June 30, 2022

Program Cost Element	Amount Expended	Amount Allowable	Audit Adjustment	Reference
Direct costs:				
Salaries and benefits	\$44,825	\$0	\$44,825	Finding
Services and supplies	3,135	3,135	0	
Professional services	0	0	0	
Community-based organization subcontract costs	446,988	446,988	0	
Data collection and evaluation costs	47,674	47,674	0	
Fixed assets and equipment	0	0	0	
Other	0	0	0	
Total direct costs	542,622	497,797	44,825	
Total indirect costs	7,071	4,494	2,577	Finding
Total program costs	\$549,693	\$502,291	\$47,402	

July 1, 2022, through June 30, 2023

Program Cost Element	Amount Expended	Amount Allowable	Audit Adjustment	Reference
Direct costs:				
Salaries and benefits	\$21,338	\$0	\$21,338	Finding
Services and supplies	0	0	0	
Professional services	0	0	0	
Community-based organization subcontract costs	15,163	15,163	0	
Data Collection and evaluation costs	0	0	0	
Fixed assets and equipment	0	0	0	
Other	0	0	0	
Total direct costs	36,501	15,163	21,338	
Total indirect costs	2,118	880	1,238	Finding
Total program costs	\$38,619	\$16,043	\$22,576	

FINDING AND RECOMMENDATION

Finding—Inadequate Documentation and Unapproved Employee Classification

SAUSD claimed \$129,698, consisting of \$123,404 in salaries and benefits and \$6,294 in related indirect costs, for the audit period. We determined that the entire amount is unsupported or disallowed. Costs totaling \$57,855 are unsupported because SAUSD did not maintain adequate supporting documentation; costs totaling \$71,843 are disallowed because SAUSD did not comply with the grant agreement.

The following table summarizes the unsupported and disallowed salaries and benefits, the related indirect costs, and the audit adjustment by fiscal year:

Calculation of Audit Adjustment	FY 2020-21	FY 2021-22	FY 2022-23	Total
Employee classification:				
Program Manager	-\$55,454	\$0	\$0	-\$55,454
Curriculum Specialist	-1,787	-44,825	-21,338	-67,950
Total unallowable salaries and benefits [A]	-57,241	-44,825	-21,338	-123,404
Indirect cost rate [B]	4.33%	5.75%	5.80%	
Related indirect costs (A × B) [C]	-2,479	-2,577	-1,238	-6,294
Audit adjustment (A + C) [D]	-\$59,720	-\$47,402	-\$22,576	-\$129,698

Inadequate documentation

SAUSD claimed salaries and benefits for a Program Manager, a single-funded employee, allowable per the grant agreement. The Program Manager’s time allocation was one full-time equivalent (100 percent) dedicated to the Proposition 47 Grants Program. SAUSD claimed \$57,855, consisting of \$55,454 in salaries and benefits and \$2,401 in related indirect costs, for the Program Manager. We questioned all \$57,855 because SAUSD failed to maintain time

accounting records or equivalent documentation (e.g. timesheets, semi-annual certifications) to support salaries and benefits claimed during FY 2020-21. The BSCC Grant Agreement requires time and attendance reports for all individuals reimbursed by Proposition 47 grant funds. The BSCC Grant Administration Guide requires timesheets or timecards for BSCC-grant funded personnel whose time was directly charged to the grant. The California Department of Education's *California School Accounting Manual* describes the methods for documenting salaries charged to state programs, such as personnel activity reports or period certification.

Without the required documentation, we could not verify that charges to the Proposition 47 Grants Program for salaries and benefits were supported by records that accurately reflect the work performed, based on actual time spent and effort expended by the Proposition 47 grant-funded employees, for activities directly related to work under the program; nor could we determine whether the employees worked solely on Proposition 47 Grants Program activities.

Unapproved employee classification

SAUSD also claimed salaries and benefits for a multi-funded employee, allocating 0.33 full-time equivalents to the Proposition 47 Grants Program. The employee was classified as Curriculum Specialist, a position classification that was not included in the grant agreement approved by the BSCC. By charging part of the employee's time to the Proposition 47 Grants Program, SAUSD altered the budgeted personnel structure and increased costs to the program without obtaining BSCC approval. The BSCC Grant Agreement and the BSCC Grant Administration Guide require that grantees receive prior approval for budget revisions involving changes in personnel classifications, hours, or costs. Because SAUSD did not obtain BSCC's approval for the budget change, the total cost of \$71,843 (\$67,950 in salaries and benefits, and \$3,893 in related indirect costs) claimed during the audit period is disallowed.

Criteria

BSCC Grant Agreement Number 505-19, Exhibit A – Scope of Work, Section 6, “Project Records,” paragraph C. states, “Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the grant, whether they are employed full-time or part-time.”

BSCC’s Grant Administration Guide (July 2020), Section 4, paragraph L, “Personnel Changes,” states:

Whenever there are budget changes resulting from personnel changes, whether temporary or permanent, the project must submit a modification, and explain the reason for the shifting of personnel, the time period involved, the individuals involved, the salaries paid, and the percentage of time worked. The project also must maintain documentation in the payroll records of the shifting of personnel. During the grant performance period, the Grantee may not add, remove, or change line items to/from the Personal Services/Benefits category without prior BSCC approval [emphasis added]. A modification will be necessary to add line items and to increase or decrease the amount of grant funds budgeted to this category. The items added must be allowable expenses programmatically. The organization’s Cost Allocation Plan may also require revision to reflect budget changes and to bring the allocation of costs in alignment with current expenditures.

BSCC’s Grant Administration Guide, Section 18, “Records,” begins “Agencies are required to maintain accurate, complete, orderly, and separate records for each BSCC-funded grant.”

Item 1 of Section 18.D, “Payroll Records,” states, in part:

All grant-funded personnel who are directly charged to the grant (or listed as match) either in whole or in part must maintain timecards/sheets that: 1) indicate the actual time worked on each BSCC project and activity (on a daily basis); and 2) account for all the

time worked by the employee during the pay period. Timecards/sheets must be signed by the employee and their supervisor and should be customized to capture the various activities performed by the employee/organization. . . .

The California Department of Education’s *California School Accounting Manual* (revised January 2019), Procedure 905, “Documenting Salaries and Wages”, page 905-11, states, in part:

. . . Salaries and Wages Charged to State Funded Programs

[Local educational agencies] are required to provide supporting documentation for salaries and wages charged to state restricted programs (resources). . . .

How to Document State Restricted Salaries and Wages

In the absence of more stringent state program guidelines, when documenting salaries and wages charged to state restricted programs, [local educational agencies] may use the documentation methods described in “How to Document Federally Funded Salaries and Wages” beginning on page 905-4. These methods include monthly [personnel activity reports], periodic (semiannual) certifications, and the substitute system for time accounting.

Recommendation

We recommend that SAUSD:

- Implement a robust system—including periodic semi-annual certifications for all single-funded employees—for maintaining and regularly updating all required certifications and documentation for salaries and benefits to ensure compliance with grant agreement stipulations;

- Review and verify all employee classifications and allocations with BSCC before claiming their salaries and benefits to ensure that all multi-funded employee classifications are pre-approved by the BSCC and to avoid unallowable costs;
- Work with BSCC to return any disallowed salaries, benefits, and related indirect costs; and
- Conduct periodic internal audits to monitor compliance with grant requirements and promptly address any discrepancies to mitigate the risk of non-compliance and to ensure the integrity of financial reporting.

ATTACHMENT—SANTA ANA UNIFIED SCHOOL DISTRICT’S RESPONSE TO DRAFT AUDIT REPORT

From: Hacker, Ron [REDACTED]
Sent: Thursday, December 11, 2025 6:07 PM
To: Espilla, Roochel [REDACTED] >
Cc: Perez, Lorraine <[REDACTED]>; Cisneros, Jennifer [REDACTED]
Parra Barrientos, Nayeli [REDACTED]; Tran, Thanh (Sue)
[REDACTED]
Subject: FW: S23-P47-0003 Santa Ana Unified School District

CAUTION:
This email originated from outside of the organization Email System.
Do not click links or open attachments unless you recognize the sender’s email address and know the content is safe.

Good evening,

The Santa Ana Unified School District (District) hereby accepts the conclusion, finding, and recommendations found in the draft audit report (attached) related to Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2019, through June 30, 2023. Our corrective action, which is already in effect, is a robust system of collaboration between the District’s finance department and the departments that administer grants. This collaboration includes the monitoring of the various time-keeping records such as semi-annual certifications and personnel activity reports, as well as monitoring of all personnel and purchase requisitions to ensure that grant expenditures are consistent with grant agreements.

The District will reach out to the Board of State and Community Corrections (BSCC) no later than December 15, 2025, and will work with BSCC to return the \$129,698 in disallowed expenditures.

Thank you,

Ron Hacker
Associate Superintendent/Chief Business Official
Santa Ana Unified School District
714-558-5821 (office)
657-788-9763 (cell)