CALIFORNIA DEPARTMENT OF EDUCATION

Final Audit Report

PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANTS PROGRAM

July 1, 2018, through June 30, 2024

MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

June 2026

S25-P47-0002

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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 30, 2026

The Honorable Tony Thurmond
State Superintendent of Public Instruction
California Department of Education
1430 N Street
Sacramento, CA 95814

Dear Superintendent Thurmond:

The State Controller's Office conducted a performance audit of the California Department of Education's Proposition 47 Safe Neighborhoods and Schools Fund Grants Program for the period of July 1, 2018, through June 30, 2024.

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

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SUMMARY

The State Controller's Office (SCO) conducted a performance audit of the California Department of Education's (CDE) Proposition 47 Safe Neighborhoods and Schools Fund Grants Program (Proposition 47 Grants Program) for the period of July 1, 2018, through June 30, 2024. 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, CDE awarded 155 grants, totaling $159,970,059, of which $138,973,486 was disbursed to 155 awardees. We also determined that the $3,822,984 ($384,036 in fiscal year [FY] 2018-19, $365,879 in FY 2019-20, $604,647 in FY 2020-21, $968,174 in FY 2021-22, $659,004 in FY 2022-23, and $841,244 in FY 2023-24) in administrative costs that CDE charged to the Proposition 47 Grants Program was within the five percent threshold specified in GC section 7599.2(b).

Our audit found that CDE disbursed and expended Proposition 47 grant funds in accordance with program guidelines and grant requirements, and with applicable laws and regulations.

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.

California Department of Education

CDE administers public education in California. It is responsible for enforcing education law and regulations, and for continually improving elementary and secondary school programs, adult education, and preschool and childcare programs. CDE grants support programs for schools, teachers, and students and their families.

CDE is one of the three state agencies responsible for administering the Proposition 47 Grants Program. GC section 7599.2 (a)(1) requires CDE to receive 25 percent of the money in the Safe Neighborhoods and Schools Fund. CDE's Proposition 47 grants to public agencies support programs and services that improve educational achievement for students in kindergarten through grade 12 public schools by reducing truancy; and by supporting students who are victims of crime, or who are at risk of leaving school before completing the minimum requirements for a diploma.

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 CDE 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 CDE disbursed and expended Proposition 47 grant funds in accordance with program guidelines and grant requirements, and with applicable laws and regulations. The audit period was July 1, 2018, through June 30, 2024.

To achieve our objective, we performed the following procedures:

- We identified the Proposition 47 Grants Program background, criteria, purpose, and requirements by reviewing the FY 2018-19 through FY 2023-24 Governor's Budgets, GC sections 7599 through 7599.2, and the California Department of Finance fund classification and basis for the Safe Neighborhoods and Schools Fund.

- We interviewed CDE key personnel; completed internal control questionnaires; obtained documents and records; reviewed policies and procedures, guidelines, grant agreements, and grant processes; and traced transactions and activities through the system in order to gain an understanding of CDE's internal controls related to the Proposition 47 Grants Program; and we identified internal 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 CDE's processes for grant awards, grant monitoring, fiscal oversight, and administrative costs.

- We verified that CDE awarded 155 grants totaling $159,970,059 during the audit period; $138,973,486 was disbursed to 155 awardees as of June 30,2024.

- We randomly selected a sample of 20 out of 155 grants awarded, totaling $19,466,279, to determine whether:
  - Sampled grants were approved by CDE;
  - CDE administered a fair and open grant award process;
  - Grant agreements specified standard contract language established by the California Department of General Services, such as scope of work, budgets, terms and conditions, and services to be provided;
  - Grant agreements were in compliance with program requirements, CDE's policies and procedures, guidelines, and established criteria; and
  - CDE implemented adequate fiscal monitoring and oversight over the grantees' Proposition 47 grant expenditures.
- We verified that CDE expended a total of $138,973,486 ($18,623,964 in FY 2018-19, $24,033,008 in FY 2019-20, $24,419,613 in FY 2020-21, $34,118,348 in FY 2021-22, $20,711,297 in FY 2022-23, and $17,067,256 in FY 2023-24) and performed audit tests to determine whether CDE's internal controls for Proposition 47 grant expenditures and disbursements were adequate and were being followed by program staff.
- We verified that CDE charged $3,822,984 in administrative costs to the Proposition 47 Grants Program during the audit period.
- We selected a sample of transactions using judgmental (non-statistical) sampling and:
  - Traced the transactions to supporting documentation, and performed analytical procedures and budgetary analyses; 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 do not intend to project the results to the intended (total) population.

- We verified the accuracy of the Proposition 47 Grants Program financial information reported by CDE such as:
  - Proposition 47 Grants Program disbursement and activity reports;
  - General ledger activity reports, detail ledger reports, and trial balance reports; and
  - Budget detail expense reports.
- We assessed the reliability of computer-processed data for CDE's Proposition 47 Grants Program by interviewing CDE 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 and random selection. We determined that the data was sufficiently reliable for the purposes of this report.

Our audit of CDE's Proposition 47 Grants Program was limited to ensuring that funds were disbursed and expended solely according to statutory requirements, pursuant to 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 Proposition 47 Grants 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

Our audit determined that CDE disbursed and expended Proposition 47 grant funds in accordance with program guidelines and grant requirements, and with applicable laws and regulations. See Schedules 1 and 2.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

CDE has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 2016, through June 30, 2018, issued on October 10, 2019. The implementation status of corrective actions is described in the appendix.

VIEWS OF RESPONSIBLE OFFICIALS

We discussed our audit results with CDE’s representatives during an exit conference. At the exit conference, CDE’s representatives agreed with the audit results.

RESTRICTED USE

This report is solely for the information and use of 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 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

June 30, 2026

SCHEDULE 1—SUMMARY OF GRANT AWARDS, AMOUNTS DISBURSED, AND AMOUNTS EXPENDED

July 1, 2018, through June 30, 2024

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

Fiscal Year	Amount Awarded	Amount Disbursed	Amount Expended	Amount Allowable
2018-19	$18,623,964	$18,623,964	$18,623,964	$18,623,964
2019-20	24,033,009	24,033,008	24,033,008	24,033,008
2020-21	27,132,904	24,419,613	24,419,613	24,419,613
2021-22	37,909,267	34,118,348	34,118,348	34,118,348
2022-23	25,889,121	20,711,297	20,711,297	20,711,297
2023-24	26,381,794	17,067,256	17,067,256	17,067,256
Total	**$159,970,059**	**$138,973,486**	**$138,973,486**	**$138,973,486**

SCHEDULE 2—ADMINISTRATIVE COSTS BY FISCAL YEAR

July 1, 2018, through June 30, 2019

Program Cost Element	Amount Expended	Amount Allowable
Direct costs:		
Salaries and wages	$199,506	$199,506
Consultant services	0	0
Other	184,530	184,530
Total administrative costs	**$384,036**	**$384,036**

July 1, 2019, through June 30, 2020

Program Cost Element	Amount Expended	Amount Allowable
Direct costs:		
Salaries and wages	$186,116	$186,116
Consultant services	0	0
Other	179,763	179,763
Total administrative costs	**$365,879**	**$365,879**

July 1, 2020, through June 30, 2021

Program Cost Element	Amount Expended	Amount Allowable
Direct costs:		
Salaries and wages	$180,637	$180,637
Consultant services	241,176	241,176
Other	182,834	182,834
Total administrative costs	**$604,647**	**$604,647**

July 1, 2021, through June 30, 2022

Program Cost Element	Amount Expended	Amount Allowable
Direct costs:		
Salaries and wages	$298,119	$298,119
Consultant services	369,381	369,381
Other	300,674	300,674
Total administrative costs	**$968,174**	**$968,174**

July 1, 2022, through June 30, 2023

Program Cost Element	Amount Expended	Amount Allowable
Direct costs:		
Salaries and wages	$223,237	$223,237
Consultant services	143,068	143,068
Other	292,699	292,699
Total administrative costs	**$659,004**	**$659,004**

July 1, 2023, through June 30, 2024

Program Cost Element	Amount Expended	Amount Allowable
Direct costs:		
Salaries and wages	$238,556	$238,556
Consultant services	263,224	263,224
Other	339,464	339,464
Total administrative costs	**$841,244**	**$841,244**

APPENDIX—SUMMARY OF PRIOR AUDIT FINDINGS

The following table shows the implementation status of the California Department of Education's corrective actions related to the findings contained in our audit report dated October 10, 2019.

Prior Audit Finding	Status
Finding 1— Ineligible administrative costs	Implemented
Finding 2— Inadequate fiscal monitoring control over grant expenditures	Implemented