

OAKLAND UNIFIED SCHOOL DISTRICT

Audit Report

PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANTS PROGRAM

July 1, 2016, through June 30, 2018



BETTY T. YEE
California State Controller

June 2019



BETTY T. YEE
California State Controller

June 28, 2019

Kyla Johnson-Trammell, Ed.D., Superintendent
Oakland Unified School District
1000 Broadway, Suite 150
Oakland, CA 94607

Dear Dr. Johnson-Trammell:

The State Controller's Office conducted an audit of Oakland Unified School District's (OUSD) Proposition 47 Safe Neighborhoods and Schools Fund (SNSF) grant expenditures for the period of July 1, 2016, through June 30, 2018. The purpose of the audit was to ensure that Proposition 47 SNSF grant funds were disbursed and expended in accordance with program guidelines and grant requirements, and as required by Government Code (GC) sections 7599.2(c) and 12410.

The purpose of the Proposition 47 SNSF Grants Program is to award funding for local education agencies to identify and implement evidence-based, non-punitive programs and practices to keep the State's most vulnerable pupils in school. The Proposition 47 SNSF grant was awarded to OUSD by the California Department of Education (CDE) pursuant to GC section 7599.2 (1).

We verified that, during period of July 1, 2016, through June 30, 2018, CDE awarded OUSD with \$1,759,400 in Proposition 47 SNSF grant funds, \$586,467 of which was disbursed in fiscal year (FY) 2017-18. OUSD expended \$33,028 in Proposition 47 SNSF grant funds during FY 2017-18, and expended no Proposition 47 SNSF grant funds during FY 2016-17.

Our audit found that OUSD had adequate internal control over Proposition 47 grant expenditures reporting, and properly disbursed and expended Proposition 47 SNSF grant funds in accordance with program guidelines, grant requirements, and as required by GC sections 7599.2(c) and 12410.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by telephone at (916) 324-6310, or by email at afinlayson@sco.ca.gov.

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/lis

cc: Aimee Eng, President, Board of Education
Oakland Unified School District
Andrea Bustamante, Executive Director
Community Schools Student Services Department
Oakland Unified School District
Ali Metzler, Community Schools Leadership Coordinator
Community School Student Services Department
Oakland Unified School District
David Yusem, Restorative Justice Coordinator
Community Schools Student Services Department
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Oakland Unified School District
Elvia Gonzalez, Education Programs Consultant
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California Department of Education

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Audit Report

Summary

The State Controller's Office (SCO) conducted an audit of Oakland Unified School District's (OUSD) Proposition 47 Safe Neighborhoods and Schools Fund (SNSF) grant expenditures for the period of July 1, 2016, through June 30, 2018. The purpose of the audit was to ensure that Proposition 47 SNSF grant funds were disbursed and expended in accordance with program guidelines and grant requirements, and as required by Government Code (GC) sections 7599.2(c) and 12410.

The purpose of the Proposition 47 SNSF Grants Program is to award funding for local education agencies to identify and implement evidence-based, non-punitive programs and practices to keep the State's most vulnerable pupils in school. The Proposition 47 SNSF grant was awarded to OUSD by the California Department of Education (CDE) pursuant to GC section 7599.2 (1).

We verified that, during period of July 1, 2016, through June 30, 2018, CDE awarded OUSD with \$1,759,400 in Proposition 47 SNSF grant funds, \$586,467 of which was disbursed in fiscal year (FY) 2017-18. OUSD expended \$33,028 in SNSF grant funds during FY 2017-18, and expended no Proposition 47 SNSF grant funds during FY 2016-17.

Our audit found that OUSD had adequate internal control over Proposition 47 SNSF grant expenditures reporting, and properly disbursed and expended Proposition 47 SNSF grant funds in accordance with program guidelines, grant requirements, and as required by GC sections 7599.2(c) and 12410.

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 this proposition are transferred to the Safe Neighborhoods and Schools Fund to support truancy reduction and dropout prevention programs, increase victim services grants, and support substance abuse and mental health treatment services.

Oakland Unified School District

OUSD is a large public-education school district that operates 86 schools including 48 elementary schools, 14 middle schools, six K-8 schools, three 6-12 schools, and 15 high schools in Oakland, California. OUSD served 36,668 students in the 2016-17 school year. In FY 2016-17, the CDE awarded \$1,759,400 in Proposition 47 SNSF grant funds to OUSD. The program funds were awarded to OUSD to provide evidence-based, non-punitive education programs and practices in accordance with the program guidelines and requirements.

OUSD's Superintendent signed the Grant Award Notification in December 2017, on which OUSD agreed to identify and implement education activities to keep the most vulnerable students in school. The grant funding period is from July 1, 2017, through June 30, 2020.

Audit Authority

The legal authority to conduct this audit is provided by GC section 7599.2(c), which requires the Controller to conduct, every two years, an audit of the Proposition 47 SNSF Grants Program, operated by CDE, the California Victim Compensation Board, and the Board of State and Community Corrections "to ensure the funds are disbursed and expended solely according to this chapter and shall report his or her findings to the Legislature and the public."

In addition, GC section 12410 states:

The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.

Objective, Scope, and Methodology

The objective of our audit was to determine whether OUSD adequately accounted for Proposition 47 SNSF grant funds, and to ensure that Proposition 47 SNSF grant funds were disbursed and expended in compliance with applicable laws, program guidelines, and grant agreement requirements during the period of July 1, 2016, through June 30, 2018.

To achieve our objective, we:

- Identified the Proposition 47 SNSF Grants Program background, criteria, purpose, and requirements by reviewing the FY 2016-17 and FY 2017-18 Governor's Budget, GC sections 7599 through 7599.2, and the California Department of Finance fund classification and basis for the Safe Neighborhoods and Schools Fund;
- Reviewed grant files, the grant agreement, and program guidelines;
- Reviewed grant expenditures and performed analytical procedures to identify material cost components of each expenditure, any errors, and any unusual or unexpected variances;
- Interviewed OUSD key personnel, completed the internal control questionnaire, and performed a walkthrough to gain a general understanding of OUSD's internal controls over the Proposition 47 SNSF Grants Program, such as procedures performed by staff when reviewing, approving, and reporting grant expenditures, to ensure that costs were program-related, allowable, accurate, reasonable, and supported;
- Examined OUSD's internal controls related to the Proposition 47 SNSF Grants Program; and reviewed policies and procedures, guidelines, and grant agreements to ensure that OUSD properly prepared grant expenditure reports and invoices, and that expenditures were in compliance with applicable laws, regulations, program guidelines and grant agreements;

- Verified that, during the audit period, CDE awarded OUSD with \$1,759,400 in Proposition 47 SNSF grant funds, \$586,467 of which was disbursed in FY 2017-18. In addition, verified that OUSD expended \$33,028 in Proposition 47 SNSF grant funds during FY 2017-18, and did not expend Proposition 47 SNSF grant funds during FY 2016-17. To do so:
 - o We tested transactions and performed analytical procedures and budgetary analysis. We used a non-statistical (judgmental) 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
 - o 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 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 OUSD'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 OUSD'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 obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

Our audit found that OUSD has adequate internal control over Proposition 47 SNSF grant expenditures reporting, adequately accounted for Proposition 47 SNSF grant expenditures, and properly disbursed and expended Proposition 47 SNSF grant funds in accordance with program guidelines and grant requirements, and as required by GC sections 7599.2(c) and 12410.

Follow-up on Prior Audit Finding

There are no prior audits of OUSD's Proposition 47 SNSF Grants Program; therefore, we did not perform any follow-up activity.

**Views of
Responsible
Officials**

We discussed our audit results during an exit conference held on April 26, 2019. Andrea Bustamante, Executive Director of Community Schools Student Services, and Ali Metzler, Community School Leadership Coordinator, agreed with the audit results, declined a draft report, and agreed that we could issue the audit report as final.

Restricted Use

This audit report is intended for the information and use of OUSD, 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

JIM L. SPANO, CPA
Chief, Division of Audits

June 28, 2019

Schedule—
Summary of Grant Awards, Amount Disbursed and
Expended, and Audit Adjustments¹
July 1, 2016, through June 30, 2018

Program Cost Element	SNSF Grant Awarded	SNSF Grant Disbursed	SNSF Grant Expended	Allowable per Audit	Audit Adjustments
<u>FY 2016-17²</u>	<u>\$ 1,759,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total for FY 2016-17	<u>\$ 1,759,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>FY 2017-18</u>	<u>\$ -</u>	<u>\$ 586,467</u>			
OUSD Program Costs:					
Salaries			\$ 21,303	\$ 21,303	\$ -
Benefits			9,977	9,977	-
Interprogram Supports/Costs			1,748	1,748	-
Total for FY 2017-18	<u>\$ -</u>	<u>\$ 586,467</u>	<u>\$ 33,028</u>	<u>\$ 33,028</u>	<u>\$ -</u>
Grand Total	<u>\$ 1,759,400</u>	<u>\$ 586,467</u>	<u>\$ 33,028</u>	<u>\$ 33,028</u>	<u>\$ -</u>

¹ Numbers rounded to the nearest dollar.

² The CDE awarded OUSD with \$1,759,400 in Proposition 47 SNSF grant funds, \$586,467 of which was disbursed in FY 2017-18. No Proposition 47 SNSF grant funds were expended in FY 2016-17.

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