

BELLFLOWER UNIFIED SCHOOL DISTRICT

Audit Report

PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANT EXPENDITURES

July 1, 2017, through June 30, 2020



BETTY T. YEE
California State Controller

September 2021



BETTY T. YEE
California State Controller

September 3, 2021

Tracy McSparren, Superintendent
Bellflower Unified School District
16703 South Clark Avenue
Bellflower, CA 90760

Dear Ms. McSparren:

This is the final report for our audit of the Bellflower Unified School District's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2017, through June 30, 2020.

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

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

cc: Stacey Stewart, Assistant Superintendent
Special Education and Student Support
Bellflower Unified School District
Sulema Holguin, Associate Superintendent
Business and Personnel Services
Bellflower Unified School District
Peter Callas, Interim Director
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 Bellflower Unified School District's (BUSD) Proposition 47 Safe Neighborhoods and Schools Fund (SNSF) grant expenditures for the period of July 1, 2017, 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, 2017, through June 30, 2020, the California Department of Education (CDE) awarded BUSD with \$1,045,955 in Proposition 47 SNSF grant funds. For the same period, BUSD's grant expenditures were \$949,650, 100% of which was allowable (see the Schedule).

BUSD adequately accounted for Proposition 47 SNSF 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 victims' services grants; and support substance abuse and mental health treatment and diversion programs for people in the criminal justice system.

Bellflower Unified School District

BUSD is located in Los Angeles County, California, and serves the cities of Bellflower, Cerritos, and Lakewood. The district is comprised of 10 elementary schools; two high schools; one continuation high school, for grades 7 through 12; one community day school, for grades K through 12; and one independent study school, for grades K through 12.

BUSD used its Proposition 47 SNSF grant funds to support the California Learning and School Success Program, which identifies and implements evidence-based, non-punitive education programs and practices to keep

the most vulnerable students in school. All 15 BUSD school sites, serving approximately 12,000 students, were direct recipients of the program services.

Due to the COVID-19 pandemic, CDE sent a Grant Award Notification to BUSD's superintendent in April 2020, informing her that the award ending date for the California Learning and School Success Program was to be extended from June 30, 2020, to December 31, 2020.

Audit Authority

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

In addition, GC section 12410 states, in part:

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 ensure that BUSD adequately accounted for Proposition 47 SNSF grant funds 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) for the period of July 1, 2017, 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 the Governor's Budgets for FY 2017-18 through FY 2019-20, 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 BUSD's Proposition 47 SNSF grant files, grant agreements, program guidelines, program requirements, and claimed invoices.
- We reviewed BUSD'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 BUSD key personnel, completed internal control questionnaires, reviewed written internal policies and procedures, and identified controls significant to our audit objective, performed a limited walk-through of critical controls in order to gain a general understanding of BUSD'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 BUSD financial management system.

- We assessed BUSD'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 significant to our audit objective in order to determine whether the controls were functioning as intended; and whether BUSD was in compliance with written internal policies and procedures, applicable provisions of laws, regulations, and established criteria.
- We verified that, during the audit period, CDE awarded BUSD with \$1,045,955 in Proposition 47 SNSF grant funds. In addition, we verified that BUSD expended \$949,650 in Proposition 47 SNSF grant funds (\$214,811 in FY 2017-18, \$240,702 in FY 2018-19, and \$494,137 in FY 2019-20).
- We conducted a risk assessment and reviewed internal controls for Proposition 47 SNSF grants 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.
 - 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 \$172,086 of \$949,650 in total claimed program costs as follows:
 - Salaries and Wages – We tested \$16,966 (or 42%) of \$40,306.
 - Subcontractor Costs – We tested \$141,852 (or 19%) of \$748,620.
 - Travel/Conference Costs – We tested \$4,453 (or 68%) of \$6,545.
 - Indirect Costs – We tested all \$8,815.

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 BUSD'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 BUSD'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 June 30, 2020, CDE awarded BUSD with \$1,045,955 in Proposition 47 SNSF grant funds. In addition, we verified that BUSD expended its Proposition 47 SNSF grant funds as required by GC section 7599.2(c).

BUSD adequately accounted for Proposition 47 SNSF 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.

Follow-up on Prior Audit Findings

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

Views of Responsible Officials

We conducted an exit conference on June 22, 2021, and discussed our audit results with BUSD representatives Stacey Stewart, Assistant Superintendent of Special Education and Student Support, and Sulema Holguin, Associate Superintendent of Business and Personnel Services. At the exit conference, Ms. Stewart and Ms. Holguin 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 solely for the information and use of BUSD, the 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

_____, 2021

Schedule—

Summary of Grant Awards, Amounts Disbursed and Expended, and Audit Adjustments July 1, 2017, through June 30, 2020

Program Cost Element	SNSF Grant Awarded	SNSF Grant Disbursed ²	SNSF Grant Expended ²	Allowable per Audit	Audit Adjustments
FY 2017-2018					
Bellflower Unified School District ³	\$ 1,045,955	\$ -	\$ -	\$ -	\$ -
Total for FY 2017-18	<u>\$ 1,045,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FY 2017-18					
Bellflower Unified School District ³	\$ -	\$ 348,652	\$ -	\$ -	\$ -
Salaries and Wages/Certificated	-	-	10,867	10,867	-
Salaries and Wages/Classified	-	-	-	-	-
Fringe Benefits	-	-	2,600	2,600	-
Books & Other Reference Material	-	-	-	-	-
Materials and Supplies	-	-	70	70	-
Subcontracted Services	-	-	178,898	178,898	-
Contracted Services	-	-	20,000	20,000	-
Other Insurance	-	-	295	295	-
Travel and Conferences	-	-	-	-	-
Indirect Costs	-	-	2,081	2,081	-
Total for 2017-18	<u>\$ -</u>	<u>\$ 348,652</u>	<u>\$ 214,811</u>	<u>\$ 214,811</u>	<u>\$ -</u>
FY 2018-19					
Bellflower Unified School District ³	\$ -	\$ 348,652	\$ -	\$ -	\$ -
Salaries and Wages/Certificated	-	N/A	11,483	11,483	-
Salaries and Wages/Classified	-	N/A	-	-	-
Fringe Benefits	-	N/A	3,693	3,693	-
Books & Other Reference Material	-	N/A	-	-	-
Materials and Supplies	-	N/A	252	252	-
Subcontracted Services	-	N/A	192,603	192,603	-
Contracted Services	-	N/A	25,705	25,705	-
Other Insurance	-	N/A	-	-	-
Travel and Conferences	-	N/A	4,754	4,754	-
Indirect Costs	-	N/A	2,212	2,212	-
Total for FY 2018-19	<u>\$ -</u>	<u>\$ 348,652</u>	<u>\$ 240,702</u>	<u>\$ 240,702</u>	<u>\$ -</u>
FY 2019-20					
Bellflower Unified School District ³	\$ -	\$ 348,651	\$ -	\$ -	\$ -
Salaries and Wages/Certificated	-	-	11,857	11,857	-
Salaries and Wages/Classified	-	-	6,099	6,099	-
Fringe Benefits	-	-	4,112	4,112	-
Books & Other Reference Material	-	-	14,070	14,070	-
Materials and Supplies	-	-	-	-	-
Subcontracted Services	-	-	377,119	377,119	-
Contracted Services	-	-	74,567	74,567	-
Other Insurance	-	-	-	-	-
Travel and Conferences	-	-	1,790	1,790	-
Indirect Costs	-	-	4,522	4,522	-
Total for FY 2019-20	<u>\$ -</u>	<u>\$ 348,651</u>	<u>\$ 494,137</u>	<u>\$ 494,137</u>	<u>\$ -</u>
Grand Total	<u>\$ 1,045,955</u>	<u>\$ 1,045,955</u>	<u>\$ 949,650</u>	<u>\$ 949,650</u>	<u>\$ -</u>

¹ Numbers rounded to the nearest whole dollar.

² We verified the accuracy of Proposition 47 SNSF grants disbursed and expended by reconciling Proposition 47 SNSF grant records to BUSD's financial and accounting reports.

³ For the period of July 1, 2017, through June 30, 2020, CDE awarded BUSD with \$1,045,955 in Proposition 47 SNSF grant funds, of which \$348,652 was disbursed in FY 2017-18, \$348,652 was disbursed in FY 2018-19, and \$348,651 was disbursed in FY 2019-20.

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

<http://www.sco.ca.gov>