

# PASADENA UNIFIED SCHOOL DISTRICT

Audit Report

## PROPOSITION 47 SAFE NEIGHBORHOODS AND SCHOOLS FUND GRANT EXPENDITURES

*July 1, 2018, through December 31, 2021*



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

July 2024



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CALIFORNIA STATE CONTROLLER

July 24, 2024

Michelle Richardson Bailey, President  
Board of Education  
Pasadena Unified School District  
351 S. Hudson Avenue  
Pasadena, CA 91109

Dear Ms. Bailey:

This is the final report on our audit of the Pasadena Unified School District's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2018, through December 31, 2021.

If you have any questions regarding this report, please contact Roochel Espilla, Chief, State Agency Audits Bureau by telephone at (916) 323-5744, or by email at [respilla@sco.ca.gov](mailto:respilla@sco.ca.gov).

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/ac

Ms. Michelle Richardson Bailey

July 24, 2024

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Copy: Kimberly Kenne, Vice President

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# Audit Report

## Summary

The State Controller's Office (SCO) conducted a performance audit of Pasadena Unified School District's (PUSD) Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures for the period of July 1, 2018, through December 31, 2021. 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 audit period, the California Department of Education (CDE) awarded PUSD with \$1,760,000 from the Safe Neighborhoods and Schools Fund (SNSF) Grants Program. For the same period, PUSD's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures were \$1,760,000. All costs were allowable (see Schedules 1 and 2).

PUSD adequately accounted for its Proposition 47 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.

## 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.

### Pasadena Unified School District

PUSD, located in Los Angeles County, offers education to more than 15,000 students across 23 schools and programs. Services include preschool, elementary, middle, and high schools; and an alternative education program. Additionally, PUSD runs seven alternative school centers.

In fiscal year (FY) 2018-19, the CDE awarded PUSD with \$1,760,000 from the Proposition 47 SNSF Grants Program through a competitive

bidding process. The funding period was from July 1, 2018, through June 30, 2021.

PUSD 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 23 PUSD schools and programs and seven alternative school centers received program services through LCSSP.

Due to the COVID-19 pandemic, the CDE extended the program's award end date from June 30, 2021, to December 31, 2021. The extension was communicated to the PUSD superintendent in March 2021.

## **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 the 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 PUSD adequately accounted for its Proposition 47 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, 2018, through December 31, 2021.

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 PUSD's Safe Neighborhoods and Schools Fund grant files, grant agreements, program guidelines, program requirements, and claimed invoices.
- We reviewed PUSD's claimed Proposition 47 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 PUSD'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 PUSD'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 Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures, monitoring the Proposition 47 SNSF Grants Program, and recording disbursements and expenditures in PUSD's financial management system.

- We assessed PUSD'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 PUSD was in compliance with written internal policies and procedures, and applicable provisions of laws, regulations, and established criteria.
- We verified that the CDE awarded PUSD with \$1,760,000 from the Proposition 47 SNSF Grants Programs. In addition, we verified that PUSD's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures were \$1,760,000 (\$236,975 in FY 2018-19, \$628,822 in FY 2019-20, \$650,485 in FY 2020-21, and \$243,718 in FY 2021-22).
- We conducted a risk assessment and reviewed internal controls for Proposition 47 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 13% of \$1,760,000 claimed by PUSD. The amount tested totaled \$230,505, and was selected from four cost categories as follows:
  - Certificated and classified salaries – We tested \$48,870 (6%) of \$785,422.
  - Computer technology-related services – We tested \$39,999 (45%) of \$89,048.
  - Consultant and contractor services – We tested \$46,800 (20%) of \$235,576.
  - Indirect costs – We tested \$94,836 (100%).

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

- We assessed the reliability of computer-processed data for Proposition 47 Safe Neighborhoods and Schools Fund grant

expenditures by interviewing PUSD 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.

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 PUSD'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 PUSD'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, 2018, through December 31, 2021, the CDE awarded PUSD with \$1,760,000 from the Proposition 47 SNSF Grants Program. Our audit found that PUSD adequately accounted for its Proposition 47 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 PUSD's Proposition 47 Safe Neighborhoods and Schools Fund grant expenditures.

## **Views of Responsible Officials**

We shared our audit results with PUSD representatives via email dated May 4, 2023. A PUSD representative responded via email dated May 5, 2023, agreeing with the audit results.



**Restricted Use**

This audit report is intended solely for the information and use of PUSD, 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](http://www.sco.ca.gov).

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

July 24, 2024

**Schedule 1—  
Summary of Grant Awards, Amounts Disbursed and  
Expended, and Audit Adjustments  
July 1, 2018, through December 31, 2021**

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	Amount Allowable per Audit	Audit Adjustment
2018-19	\$ 1,760,000	\$ 586,667	\$ 236,975	\$ 236,975	\$ -
2019-20	-	586,667	628,822	628,822	-
2020-21	-	586,666	650,485	650,485	-
2021-22	-	-	243,718	243,718	-
<b>Grand total</b>	<b>\$ 1,760,000</b>	<b>\$ 1,760,000</b>	<b>\$ 1,760,000</b>	<b>\$ 1,760,000</b>	<b>\$ -</b>

**Schedule 2—  
Summary of Program Costs  
July 1, 2018, through December 31, 2021**

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.

Cost Element	Grant Amount Expended	Amount Allowable per Audit	Audit Adjustment
<u>July 1, 2018, through June 30, 2019</u>			
Direct costs:			
Certificated salaries	\$ 5,402	\$ 5,402	\$ -
Classified salaries	47,248	47,248	-
Employee benefits	32,496	32,496	-
Materials and supplies	6,053	6,053	-
Mileage and car allowances	850	850	-
Travel and conferences	231	231	-
Contracted services	-	-	-
Computer technology-related services	28,350	28,350	-
Consultant and contractor services	46,800	46,800	-
Subagreements for services	56,000	56,000	-
Total direct costs	223,430	223,430	
Total indirect costs	13,545	13,545	
Total program costs	<u>\$ 236,975</u>	<u>\$ 236,975</u>	<u>\$ -</u>
<u>July 1, 2019, through June 30, 2020</u>			
Direct costs:			
Certificated salaries	\$ 142,627	\$ 142,627	\$ -
Classified salaries	155,140	155,140	-
Employee benefits	133,825	133,825	-
Materials and supplies	-	-	-
Mileage and car allowances	1,200	1,200	-
Travel and conferences	-	-	-
Contracted services	-	-	-
Computer technology-related services	20,699	20,699	-
Consultant and contractor services	78,699	78,699	-
Subagreements for services	68,000	68,000	-
Total direct costs	600,190	600,190	
Total indirect costs	28,632	28,632	
Total program costs	<u>\$ 628,822</u>	<u>\$ 628,822</u>	<u>\$ -</u>

## Schedule 2 (Continued)

Cost Element	Grant Amount Expended	Amount Allowable per Audit	Audit Adjustment
<u>July 1, 2020, through June 30, 2021</u>			
Direct costs:			
Certificated salaries	\$ 151,431	\$ 151,431	\$ -
Classified salaries	189,195	189,195	-
Employee benefits	163,936	163,936	-
Materials and supplies	-	-	-
Mileage and car allowances	1,200	1,200	-
Travel and conferences	-	-	-
Contracted services	300	300	-
Computer technology-related services	-	-	-
Consultant and contractor services	60,077	60,077	-
Subagreements for services	48,000	48,000	-
Total direct costs	614,139	614,139	
Total indirect costs	36,346	36,346	
Total program costs	<u>\$ 650,485</u>	<u>\$ 650,485</u>	<u>\$ -</u>
<u>July 1, 2021, through December 31, 2021</u>			
Direct costs:			
Certificated salaries	\$ 42,463	\$ 42,463	\$ -
Classified salaries	51,916	51,916	-
Employee benefits	42,727	42,727	-
Materials and supplies	-	-	-
Mileage and car allowances	300	300	-
Travel and conferences	-	-	-
Contracted services	-	-	-
Computer technology-related services	39,999	39,999	-
Consultant and contractor services	50,000	50,000	-
Subagreements for services	-	-	-
Total direct costs	227,405	227,405	
Total indirect costs	16,313	16,313	
Total program costs	<u>\$ 243,718</u>	<u>\$ 243,718</u>	<u>\$ -</u>

**State Controller's Office  
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