

San Diego Unified School District
Finance Division

Ongoing Audits as of March 14, 2017

Audit Type	Comments
CDE Nutrition Services Administrative Review – National School Lunch Program and Breakfast Program	Entrance conference held on March 7, 2016. Site field work completed on March 18, 2016. Financial review was held the week of April 25, 2016. Draft audit report was received September 1, 2016. Responses to findings submitted on September 26, 2016. Final report pending.
Health and Human Services Agency – Cal-Learn	Notification received on July 28, 2016 that HHSA, Behavioral Health Services staff will conduct an in-depth invoice review for FY 2015-16, months of March 2016 and April 2016. The scope of the review included, but not limited to, verification of charges in specific line items, i.e., Salaries and Benefits, Operating Expenditures and Administrative costs, General Ledger and Trial Balance will also be reviewed. The Auditors were on site September 28-29, 2016. Final audit report pending.
Federal Program Review, Fiscal Monitoring Compliance Review	CDE conducted an on-line fiscal review the week of October 3, 2016. The following programs were reviewed: <ul style="list-style-type: none"> • Title I, Part A, Basic Grants Low Income/Neglected Program • Title I, Part C, Migrant Ed & Migrant Ed Summer Program • Title II, Part A, Teacher Quality Program • Title III, Limited English Proficiency (LEP) Student Program • Title IV, Part B, 21st Century Program The Federal Program Review was originally scheduled to close January 23, 2017 but an extension has been granted to June 30, 2017.
Health and Human Services Agency – Department of Rehabilitation (DOR) TRACE CaPROMISE	Notification received on September 27, 2016 that the Department of Rehabilitation (DOR) will conduct an audit to obtain reasonable assurance that the grant services and expenditures reported are supported and in compliance with the grant and applicable State and Federal laws and regulations. Initial request for documents submitted in October and November 2016. Additional supporting documents were requested in January 2017 and have been provided to the auditors. Final audit report pending.
Quality Preschool Initiative (QPI)	Notification received on January 3, 2017 that the audit firm of Wilkinson Hadley King & Co., LLP will be conducting an In-Depth audit of the 2015-2016 financial records. Staff will be meeting with the auditor on March 17, 2017 to review financial records.
California State Auditor - Buy American Provision in the federal William F. Goodling Child Nutrition Reauthorization Act of 1998.	Notification received on March 2, 2017 that the California State Auditor will independently develop and verify information related to whether the CDE is ensuring that public school districts under its jurisdiction are complying with the Buy American provision in the federal William F. Goodling Child Nutrition Reauthorization Act of 1998. The State auditor will review and evaluate the laws, rules, and regulations, procurement policies as well as various records and files relating to food purchases to determine whether the San Diego Unified School District is in compliance. The date for the onsite review has not yet been determined.

Completed Audits as of March 14, 2017

Audit Type	Comments
Health and Human Services Agency – Cal-Learn	Notification received on February 10, 2016 that HHSA contract support staff will be conducting a desk audit of FY 2014-15 through present. Auditors reviewed the district's latest Independent Audit report, financial statements, and other financial information related to the program. Documentation was provided to the auditors in March 2016 and additional items were submitted in June 2016. Final audit letter received, one finding was noted relating to the reporting of federal funds on the Schedule of Expenditures of Federal Awards (SEFA) in the District's Independent Auditor's Report for period ending June 30, 2015. Response provided to the HHSA Contract Auditor on February 13, 2017, referencing OMB Circular A-133.210 (a) Sub recipient and Vendor determinations. The District provides good or services as a vendor and is therefore not required to include this grant on the SEFA report.

Please note this list is for information only and makes reference to ongoing and completed audits by outside agencies.

**San Diego Unified School District
Fiscal Year 2014-2015
Appendix A**

CORRECTIVE ACTION	DISCUSSION	DUE DATE
<p>Finding 1: Federal funds received from the County of San Diego were not reported on the Schedule of Expenditures of Federal Awards (SEFA).</p> <p>Required Action:</p> <ol style="list-style-type: none"> An adjustment is not required because the federal funds associated with County contract no. 543981 are immaterial in relation to total in the Schedule of Expenditures of Federal Awards (SEFA). Implement a written policy / procedure to ensure accurate reporting of the SEFA ongoing, and submit to the County, in writing, evidence of corrective action above. 	<p>During a review of the Independent Auditor's Report for the period ending June 30, 2015, it was noted that the federal funds received and expended for the County programs were not reported on the OMB A-133 <i>Schedule of Expenditures of Federal Awards</i>.</p> <p>County records indicate that San Diego Unified School District (SDUSD) received federal funds for FY 2014/2015 as follows:</p> <ul style="list-style-type: none"> Contract No. 543981 CFDA 93.558 \$984,382.11 <p>However, the Contractor did not report the above County contract on the Schedule of Expenditures of Federal Awards for year ended June 30, 2015.</p> <p>The same finding was noted on the previous Contract Audit report dated June 21, 2012, for fiscal years 2008/2009, 2009/2010 & 2010/2011. At that time, SDUSD responded that federal awards would be included in the reports upon receipt of the annual notification letter of federal funding from the County.</p> <p>Per OMB Circular A-133 § .310 (b), the Contractor is required to prepare a <i>Schedule of Expenditures of Federal Awards</i> for the period covered. At a minimum, the schedule shall:</p> <p>“(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included. (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available”.</p>	<p>January 30, 2017</p>



San Diego Unified

SCHOOL DISTRICT

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Financial Planning and Development Financial Planning, Monitoring & Accountability

February 13, 2017

Amalia Arevalo, HHSA Contract Auditor
Agency Contract Support
5469 Kearny Villa Road, Ste 2300
San Diego, DA 92123

Ms. Arevalo,

San Diego Unified School District is responding to the desk audit of our County HHSA contract. The finding states SDUSD received federal funds for FY 2014/15; contract No 543891 CFDA 93.558, in the amount of \$984,382.11. It was found that the Contractor did not report the County contract on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2015.

In our contract with the County, under the "Recitals" (A), (B), (C), and (D), the district is referred to as the Contractor. San Diego Unified School District is providing services to pregnant and parenting teens, which is part of the Scope of Work (Exhibit A) of the contract.

Since SDUSD is providing services:

OMB Circular A-133 .210 (a) Sub recipient and Vendor determinations. Federal awards expended as a recipient or a sub recipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards.

(c) Payment for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

(1) Provides the goods and services within normal business operations;

(4) Provides goods or services that are ancillary to the operation of the Federal program; and

Based on our contract language, OMB A-133 .210 (a), (c), (1), (4), SDUSD would not need to include this contract in the SEFA.

Please note that SEFA report for FY 14/15 included NHA (Resource 90940), which falls outside of the normal range of federal resources. Our previous auditors always included it on the SEFA schedule; however, our new auditors removed this resource and did not include it in the final audit report. It was determined that the District is not a recipient or a sub recipient; that the District receives payments for goods or services and it should not be reported on the SEFA.

If you have any further questions please contact Vikki Henton, at 619-725-7093.

Sincerely,

A handwritten signature in cursive script that reads "Vikki Henton".

Vikki Henton

Director, Financial Planning Monitoring & Accountability