DEPARTMENT OF FINANCE
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Transmitted via e-mail

February 16, 2012

Ms. Kim Garcia, Assistant Director of Administration
Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Dear Ms. Garcia:

Final Report—San Diego Unified School District, Traffic Safety Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the San Diego Unified School District's (District) Reducing DUI Among San Diego's Latino Youth Program, grant AL1010 for the period October 1, 2009 through September 30, 2010.

The District's response to the report observations and our evaluation of the response are incorporated into this final report. This report will be placed on our website.

We appreciate the assistance and cooperation of the District. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Rick Cervantes, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Ron Johnson, Regional Coordinator, Office of Traffic Safety
Ms. Deborah Hrepich, Associate Accounting Analyst, Office of Traffic Safety
Ms. Ami Shackelford, Director of Budget Development, San Diego Unified School District
Ms. Jenny Salkeld, Controller, San Diego Unified School District
Mr. Jeff Haraburda, Senior Financial Accountant, San Diego Unified School District
Mr. Gordon Yorke, Budget Analyst, San Diego Unified School District
Mr. Agin Shaheed, Program Manager, Race Human Relations and Advocacy, San Diego Unified School District
Ms. Brenda Brigham, Administrative Analyst, Race Human Relations and Advocacy, San Diego Unified School District

Audit Report

San Diego Unified School District
Reducing DUI Among San Diego's Latino Youth
Grant Agreement AL1010

Prepared By:
Office of State Audits and Evaluations
Department of Finance

122700042

January 2012

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Rick Cervantes, CPA
Supervisor

Staff
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Final reports are available on our website at http://www.dof.ca.gov

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TABLE OF CONTENTS

Background, Scope, and Methodology 1

Results 3

Response 6

Evaluation of Response 13

BACKGROUND, SCOPE, AND METHODOLOGY

BACKGROUND

The Office of Traffic Safety (OTS) is charged with the responsibility of obtaining and distributing federal funds in an effort to carry out the direction of the National Highway Traffic Safety Act. The federal funds are designed to mitigate traffic safety problems as defined by the Highway Safety Plan. Currently, there are eight program priority areas earmarked for grant funding: Alcohol and Other Drugs, Occupant Protection, Pedestrian and Bicycle Safety, Emergency Medical Services, Traffic Records, Roadway Safety, Motorcycle Safety, and Police Traffic Services. OTS allocates funds to local government agencies to implement these programs via grant awards.[1]

The San Diego Unified School District (District) received a grant from OTS to reduce driving under the influence (DUI) among San Diego's Spanish speaking youth. The grant provided funding for televised youth-led campaigns and public service announcements in Spanish. The program is designed to raise the perception of risks related to underage drinking and DUI, and reduce the number of fatal and injury collisions of DUI drivers under the age of 21.[2]

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a performance audit of the following grant:

Grant Agreement	Grant Period	Award
AL1010	October 1, 2009 through September 30, 2010	$100,880

The audit objectives were to determine whether the District's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant goals and objectives were completed as required. In order to design adequate procedures to conduct our audit, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

District management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. OTS is responsible for the state-level administration of the grant program.

[1] Excerpts from www.OTS.ca.gov
[2] Excerpts from grant agreement AL1010.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant goals and objectives were completed as required, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, the grant agreement, and applicable policies and procedures.
- Reviewed the District's accounting records, contracts, and vendor invoices.
- Selected a sample of expenditures to determine if costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Evaluated whether the goals and objectives required by the grant agreement were met.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds. The audit was conducted from November 2011 through January 2012.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS

Except as noted below, the San Diego Unified School District (District) was in compliance with the requirements of the grant agreement. The Schedule of Claimed Amounts is presented in Table 1.

Table 1: Schedule of Claimed Amounts

Grant Agreement AL1010 For the Period October 1, 2009 through September 30, 2010	
Category	**Claimed[1]**
Contractual Services	$ 96,944
Other Direct Costs	1,606
Indirect Costs	2,330
Total Expenditures	$ 100,880

Observation 1: Inadequate Monitoring and Review of Subcontractor Costs

The District did not adequately monitor and review subcontractor costs as follows:

- The District did not request detailed activity reports from subcontractors to support the hours billed to OTS grants. One subcontractor charged 15.5 to 16 hours per day (split between OTS grants AL1010 and AL1008) on 51 of the 147 days worked between October 1, 2009 and September 30, 2010. Consequently, OTS may have been double billed on those dates. Because the District was not closely monitoring the subcontractor work and adequately reviewing the invoices, it was not aware the contractor invoiced 15.5 to 16 hours on some days (representing $19,000) to the two grants.

- Invoices from another subcontractor contained mathematical errors totaling $1,045. While adjustments of $442 were identified, it is unclear whether the balance of the errors was resolved.

Without proper monitoring and review of expenditures, there is an increased risk of grant funds being misused and grant objectives not being fully met. OTS Grant Program Manual, sections 4.1, 5.1, and 5.4, state it is the applicant agency's responsibility to ensure: 1) grant costs are supported by detailed source documents that reliably account for funds expended, 2) claims are prepared using the agency's accounting records and based only on recorded costs for the period covered, and 3) claims are correctly computed and reconciled.

[1] For grant agreement AL1010, the District claimed $101,313 and was reimbursed $100,880 (amount awarded).

Recommendations:

A. Require detailed activity reports (or other documentation) from subcontractors prior to payment to ensure services were received. OTS will make the final determination regarding potential recovery of the excessive contractor hours billed to one or both of the OTS grants referenced above.

B. Verify the mathematical accuracy of invoices prior to payment. Maintain adequate documentation regarding how invoice errors are resolved.

Observation 2: The District Did Not Meet Grant Objectives

As presented in Table 2 below, the District could not document that it met the grant objectives. OTS grant agreement AL1010 outlines the goals and objectives to be accomplished by the grantee by the end of the grant period. Failure to meet the goals and objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.

Table 2: Schedule of Objectives Not Met

Objective	Description	Results	Not Met	No Data Provided
1	To develop and produce 20 anti-youth DUI television morning show interview segments, each to be aired twice on a local Spanish-speaking television network (as well as posted on the internet and made available to schools for viewing on request) by September 20, 2010.	Ten anti-youth DUI television morning show interview segments were produced.	X	
2	To produce, by December 31, 2009, at least one thirty-second anti-DUI public service announcement (PSA) to air on a Spanish-speaking television network (as well as posted on the internet and made available to schools for viewing on request) at least 20 times per month during prime morning show air time (6:00 a.m.-12:00 p.m.) reaching the same target audience of parents.	The PSA was produced on October 9, 2009. Starting November 1, 2009, for 10 of the 11 months, the PSA was aired less than the required 20 times. The PSA aired 138 times and should have aired 220 times during this period.	X	

Recommendations:

The District should:

A. For future grants, implement procedures to effectively plan the grant activities to ensure goals and objectives are met. OTS will determine the actions, if any, to take as a result of the unmet objectives.

B. Retain documentation to support completion of the required goals and objectives.

Narrative Response:

San Diego Unified School District Reducing DUI Among San Diego's Latino Youth

Grant Agreement AL 1010

Prepared By:

Race Human Relations & Advocacy Department
SDUSD

January 2012

STAFF:

Original Signed By

_____

Date

Agin A. Shaheed
Program Manager/Administrator
Race Human Relations and Advocacy

Brenda J. Brigham
Administrative Assistant
Race Human Relations and Advocacy

Narrative Response to SDUSD's Traffic Safety Grant Audit – Reducing DUI Among San Diego's Latino Youth Program, Grant AL1010 – October 1, 2009 – September 30, 2010

Observation 1: Inadequate Monitoring and Review of Subcontractor Costs

- The District did not request detailed activity reports from subcontractors to support the hours billed to OTS grants. One subcontractor charged 15.5 to 16 hour per day (split between OTS grants AL1010 and AL 1008) on 51 of the 147 days worked between October 1, 2009 and September 30, 2010. Consequently OTS may have been double billed on those dates. Because the District was not closely monitoring the subcontractor work and adequately reviewing the invoices, it was not aware the contractor invoiced 15.5 to 16 hours on some days (representing $19,000) to the two grants.

- Invoices from another subcontractor contained mathematical errors totaling $1,045. While adjustments of $442 were identified, it is unclear whether the balance of the errors was resolved.

Response to Observation 1: *Detailed activity requests may not have been requested, but working in cooperation with the accounting department and budget, we know that the sub-contractors did not exceed the amounts indicated in their respective agreements with the district. This grant was straight out of San Diego State University (SDSU), and the contractors were and are very familiar with the guidelines and procedures for accomplishing all aspects of the grant.*

During the course of this grant with the district we have worked with our budget department and the accounting department to refine the design of the invoices to make them more acceptable, and to help facilitate the entire process of paying the sub-contractors.

The auditor requested documentation for activities that would support the submission of the invoices. Although the contractors did not submit detailed activity requests the sub-contractor did forward some typical activities, e.g.

- *Developing presentation for statewide media trainings (State Grant) – developing both the oral presentation and PowerPoint presentation used by youth for media trainings in Los Angeles, San Francisco, Berkeley (2 hours)*
- *Developing training module for San Diego Youth Council (SDYC Spanish speaking youth (County Grant). This required constant revision as we worked our way through the Univision tapings. (2.5 hours)*
- *Writing and submitting proposals for statewide media trainings (State Grant) (1.5 hours)*
- *Make travel arrangements for state-wide media trainings for youth (State Grant). This is a little complicated because our youth were minors and required parental permission which often involved lengthy conversation with parents, gather permission*

slips and personal information information, and coordinating travel plans in such a way as to not disrupt our youth's academic schedule.

- *Conduct research for Univision tapings (County Grant) – researched relevant data and cultural issues surrounding underage drinking in the Latino community for various topics/events we addressed in each taping (3 hours.)*
- *Worked with youth to help craft the PSA scripts for Univision tapings (County Grant) – I took a lot of time to work with our youth to take the English PSA script and translate and edit it so that it would be appropriate for the Latino/Spanish community in San Diego County, (2 hours)*
- *Coordinate with youth to set up meetings to prepare for trainings and Univision tapings (County and State Grants) (1.5 hours).*
- *Communicate with graphic design firm to work on materials for trainings, website design, and Univision promotional material. (1.5 hours)*
- *Phone conference/meet with Jill Gallante to update her on status of everything mentioned above and determine next steps (1.5 hours)*

To the best of our knowledge the contractors delivered the services required based upon the submission of the quarterly reports, various attachments and data, correspondence. And also the fact that the consultants the District contracted with are the same consultants that San Diego State University used to perform the requirements of the grant in the previous grant period.

In addition, during this grant process, we have had a total of three district budget analysts who have been very helpful, but each time required the need to learn about the grant parameters, guidelines and objectives.

The requirement of detailed activity reports (or other documentation) or some sort form prior to payment might be good, but keep in mind, by definition, sub-contractors are not employees. We can't tell them when where and how the work is to be done. Contractors have the ability to control the work being done. As was mentioned before the quarterly reports, attachments etc. are the items submitted as indicated by the grant. We don't want to be accused of controlling their actions as if they were employees. However, future endeavors will include summaries of activities too.

NOTE: The auditor asked to have the CD for the television segments and Ms. Jennifer Turner has requested that it be returned.

Re Intellectual Property, i.e. Video/CD Sent to Auditor. In the second amendment to Agreement #PS-90-592-20, Section XII – Ownership of Agreement,
"All reports, studies, data, statistics, forms, designs, plans, procedures, systems, and other materials, produced by consultant under this agreement shall be the sole and exclusive property of the San Diego Youth Council...."

Observation 2: The District did not meet grant objectives

As presented in Table 2, the District could not document that it met the grant objectives. OTS grant agreement AL1010 outlines the goals and objectives to be accomplished by the grantee by the end of the grant period. Failure to meet the goals and objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding or denial of future grant funding.

Objective 1 *– "To develop and produce* ***20 anti-youth DUI television morning show interview segments****, each to be aired twice on a local Spanish speaking television network (as well as posted on the internet and made available to schools for viewing on request) by September 20, 2010"*

Result *- Ten anti-youth DUI television morning show interview segments were produced.* ***Objective – "Not Met"***

Response to Observation 2 regarding Objective 1

In the Quarterly Performance Reports (QPR) that was provided for Report Period July 1, 2010 – September 30, 2010, Page 2 of 11,and submitted to OTS the objectives state:

1. *To develop and produce* ***10 anti-youth DUI television morning show interview segments****, each to be aired twice on the Spanish Language station KBNT-Univision (as well as posted on the web and made available to schools for viewing upon request) by September 30, 2010. Approximately 9000 Spanish speaking residents of San Diego County, most of who are parents, would view each segment*

Objective 2 *– To produce, by December 31, 2009, at least one thirty-second anti-DUI public service announcement (PSA) to air on a Spanish-speaking television network (as well as posted on the internet and made available to schools for viewing on request) at least 20 times per month during prime morning show air time (6:00 a.m. – 12 p.m.) reaching the same target audience of parents.*

Result *– The PSA was produced on October 9, 2009. Starting November 1, 2009, for 10 of the 11 months, the PSA was aired less than the required 20 times. The PSA aired 138 times and should have aired 220 times during this period – Objective* ***–"Not Met"***

Response to Observation 2 regarding Objective 2 *Since the QPR did indicate that 10 anti-youth DUI television morning show interview segments would be aired (and not 20)that further indicates that Univision had the final control over how much time they actually had available to do their segments. Univision did send an invoice memorandum that outlined rates, cost, the type of vignettes, length of time, etc. The sub-contractors have an ongoing relationship withUnivision that covers more than 10 years-going back to the time they were associated with San Diego*

State University and even before that.

Since the airing of the interview segments covered better than half of the 220 times mentioned in the grant, it seems that the resulting 138 PSAs were deemed enough based on not only the ten stated objectives, but the actual time Univision had available to produce the ads at certain times vs. other times, the monies available to cover 10 not 20 ads, and the understanding that this grant was only one year of a two year grant. The subcontractors feel that the goal of airing the PSAs in a timely manner was accomplished. Their relationship with Univision has existed over an extended period of time, and the staff at Univision consistently displayed the utmost integrity and professionalism.

We received a Grantee Performance Review that was conducted on June 23, 2010 with an accompanying Monitoring Checklist. Copies were sent to our budget analyst at that time, Olivia Aguirre, and also a copy was sent to Jeff Haraburda, Sr. Financial Accountant for the District.

The review pointed out that the grant reviews were being expended in a timely manner; contracts with amendments were in place etc., also under the heading of Program Review – Are grant objectives being met? (If not, explain) Do any of the grant objectives need to be revised or eliminated i.e. (may no longer be appropriate). (If yes, explain). ***The response by the reviewer was "The objectives for this project are being met and in some cases exceeded...***"

In that same Grantee Performance Review cover letter showed appreciation and that the Form OTS-76 might show action items identified by OTS as follow up action items. To the best of our knowledge (See GPR List) we complied.

EVALUATION OF RESPONSE

The Department of Finance reviewed the San Diego Unified School District's (District) response, dated January 30, 2012, to our draft audit report. The District did not provide adequate facts with documentation to support report modification. Therefore, the observations and recommendations will remain unchanged.

Observation 1: Inadequate Monitoring and Review of Subcontractor Costs

The District states in its response that the subcontractor did not provide daily activity reports. However, the District includes a list of typical activities performed by the subcontractor. The list of activities is generic and does not specifically support the 15.5 to 16 hours per day billed to the OTS grants. Also, the District did not provide a response for the mathematical errors totaling $1,045. Therefore, the observation will remain unchanged.

Observation 2: The District Did Not Meet Grant Objectives

The District states that Quarterly Performance Reports (QPR) list 10 anti-youth DUI television morning show interview segments. The QPRs are prepared by the District and do not supersede the grant agreement requirements. Therefore, the observation will remain unchanged.