

8/5/2020

REVISED RPT

**TUSTIN UNIFIED SCHOOL DISTRICT
SCHOOL FACILITY PROGRAM (SFP)
PERFORMANCE AUDIT REPORT**

**For Heritage School
Application No. 50/73643-00-019**



**SCHOOL FACILITY PROGRAM (SFP) PERFORMANCE AUDIT REPORT
TUSTIN UNIFIED SCHOOL DISTRICT – HERITAGE SCHOOL**

Application No. 50/73643-00-019

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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Board of Trustees
Tustin Unified School District
Tustin, California

We have examined Tustin Unified School District's compliance with the performance audits required in Education Code Section 41024 for a local education agency that receives any funds pursuant to the Leroy F. Greene School Facilities Act of 1998. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Appendix B of the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. 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.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Education Code 41024 but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended for application 50/73643-00-019 for Heritage School in accordance with Education Code 41024 and the Appendix B of the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

OBJECTIVES OF THE AUDIT

The objectives of the audit were to determine whether expenditures have been expended in accordance with the laws and regulations governing the School Facility Program (SFP) and

To verify the District maintained over the course of the project a general ledger that reflects expenditures as a project specific level that included fund, resource, project, year, goal, function and object codes for all expenditures for the project as they are described in the California School Accounting Manual, Procedure 301 and

To verify any statutorily required District matching funds have been deposited in the County School Facility Fund or expended by the District from the matching funding source prior to the Notice of Completion.

SCOPE OF THE AUDIT

We selected a representative sample of the project expenditures reported on the final form SAB 50-06 for application 50/73643-00-019 and detailed listing of project expenditures (DLOPE) that was obtained on the Office of Public School Construction website for the period February 21, 2007 to December 1, 2017.

METHODOLOGY OF THE AUDIT

The project was identified as a Closeout Audit, and accordingly the audit steps utilized were:

For each item selected as part of a representative sample, we agreed and traced expenditures reported on the final form SAB 50-06 and the DLOPE to the supporting documentation such as invoices, contracts or purchase orders, warrants and posting to the general ledger.

We determined that the type of project expenditures reported are eligible in accordance with the laws and regulations of the School Facility Program (SFP).

We determined that the expenditures were made within an eligible time frame by obtaining the Detail Listing of Project Expenditures (DLOPE). We reviewed all expenditure dates listed in the DLOPE to verify they were within the allowable time limit.

We verified the final Detailed Listing of Project Expenditures (DLOPE) grand total for the project reconciles back to the district's general ledger grand total for the project.

We obtained Architect contracts and agreed and traced the final contracted amounts to the final billed amount. We verified that expenditures reported for a contract on the final Form SAB 50-06 and DLOPE were paid to the architect by agreeing to the general ledger and final billed amount.

We selected a sample of construction contracts including change order amounts and agreed and traced the expenditures and dollar amounts authorized in the contract to the final billed amounts, agreed and traced the expenditures reported on the DLOPE and General Ledger to the final billed amounts to ensure the expenditures were not over reported. For construction contracts sampled, we inspected documentation substantiating compliance with provisions of the PCC concerning competitive bidding.

We obtained the construction manager contract and agreed and traced the final contracted amounts to the final billed amounts.

This project was added to the Unfunded List between May and October 2012 and received SAB approval for placement on the Unfunded List on June 5, 2017 and is not subject to a Grant Agreement. We verified that the District did not purchase computers, printers, or computer carts, and therefore is not subject to procedures in Section VI.

We utilized the DLOPE to prepare the table and report the percent the District spent on hard construction costs.

We did not identify any transfers of School Facility Project Funds out of the School Facility Fund.

We verified the District established a Restricted Maintenance Account for the exclusive purpose of providing ongoing and major maintenance of school buildings, commencing in the fiscal year 2017-18 and continuing through 2018-19 has deposited into the account a minimum of three percent of the total general fund expenditures for the most recent fiscal year and prior fiscal years after receipt of funds including the fiscal year that it received funds and has developed an ongoing major maintenance plan that complies with and is implemented under the provisions of Education Code Sections 17070.75 and 17070.77.

RESULTS

We noted one exception in our test of expenditures. The impact of the exception is reported on the Summary of Final Project Funding and the Summary of Audit Findings. In our opinion, the District complied with the compliance requirements for the School Facility Program Audits listed and tested above.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

This report is intended for the information of the Board of Trustees and management, however, this report is a matter of public record.



Murrieta, California
January 9, 2020

Summary of Audit Schedules

**SCHOOL FACILITY PROGRAM (SFP) PERFORMANCE AUDIT REPORT
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Summary of Audit Findings

Section	Procedure	Objective	Finding/Outcome	Site Related Amount (OPSC Action)	All other Ineligible Expenditures (CDE Action)
II	3a	Agree and trace expenditures reported on the Final form SAB 50-06 and the DLOPE to the supporting documentation (invoices, contract or purchase order, warrant and posting to the general ledger	One expenditure could not be substantiated with supporting documentation.	\$ 536.60	-

Views of Responsible Officials: The District agrees with the exception. At the time the payment was made, the District was only scanning payments for Capital Projects. This check and back-up were filed with the General Funds payment in error and were destroyed at the end of the retention life. The District now scans all payments regardless of use.

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Site Grant Adjustments Summary

Not Applicable.

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Determination of Project Savings

None reported.

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Summary of Final Project Funding

	Non-Hardship
A. State Share: Grants Received (do not include site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	\$ 5,930,954
B. Plus District Contribution	<u>7,474,005</u>
C. Plus Financial Hardship Apportionment	N/A
D. District Share (B + C = D)	7,474,005
E. Plus Audited Interest Earned on State Funds	
F. Total Project Financing (A + D + E = F)	13,404,959
G. Reported Expenditures to Office of Public School Construction (do not include expenditures related to site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	13,404,959
H. Amount Overspent (if reported expenditures more than project financing) (G - F = H)	-
I. Amount of Audited Savings (if reported expenditures less than project financing) (F - G = I; also Audited Savings amount on SFP Project Savings Schedule)	-
J. Ineligible Expenditures – Audit Findings from SFP Summary of Audit Findings	537
K. Financial Hardship Grant Adjustment -Expenditures Prior to Fund Release that exceeded District Contribution – Audit Finding from SFP Summary of Audit Findings	N/A
L. Site Grant Adjustments – from Schedule of Site Grant Adjustments Summary	-
M. Total Amount to be returned to the State (Non-Financial Hardship For Audit Findings and Site Grant Adjustments)(J + K + L= M)	537
N. Total Amount to be returned to the State -Financial Hardship District (I + J+K+L = N)	N/A

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Hard Costs

Hard Construction Costs:

	Amount	Percentage
60% of Total Grant*	\$ 3,558,572.40	
Reported Hard Costs & Percentage**	\$ 9,961,962.00	74%
Audited Hard Costs & Percentage	\$ 9,961,962.00	74%
Difference	\$ -	

*Total Grant is the State share, \$5,930,954

**Percentage spent on hard construction is the total hard construction expenditures/
total grant (State share + District Contribution)



BETTY T. YEE
California State Controller

December 8, 2020

Superintendent
Tustin Unified
300 South C Street
Tustin, CA 92680

Re: Certification Letter for Tustin Unified, Heritage School, New Construction
No. 50/73643-00-019

The State Controller's Office (SCO) has completed its desk review of the referenced entity's audit report dated January 10, 2020. As a result of the review, we certify that the audit report conforms to the reporting standards contained in the audit guide, *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, Appendix B, prescribed in Title 5, California Code of Regulations, section 19810.

If you have any questions regarding this letter, please contact a member of my LEA staff by telephone at (916) 324-6442, or by email at sfpaudits@sco.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. James", is located below the "Sincerely," text.

JOEL JAMES, Chief
Financial Audits Bureau
Division of Audits