



CALIFORNIA DEPARTMENT OF EDUCATION

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TONY THURMOND

STATE SUPERINTENDENT OF
PUBLIC INSTRUCTION

December 7, 2023

Dr. Matt Wayne, Superintendent
San Francisco Unified School District
555 Franklin Street
San Francisco, CA 94102-5207

Dear Superintendent Wayne:

Subject: 2021–22 Audit Findings Resolution

Pursuant to California *Education Code (EC)* Section 41020, the State Superintendent of Public Instruction is responsible for ensuring that local educational agencies (LEAs) correct or develop acceptable corrective action plans for all federal and state compliance audit exceptions identified in the annual audit of their books and accounts. In addition, the California Department of Education (CDE) is required by federal regulations, Title 2 of the *Code of Federal Regulations* §200.331, to issue a management decision and ensure LEAs take appropriate and timely action to correct audit findings affecting federally funded programs.

During our review of the findings and recommendations reported in your 2021–22 fiscal year audit report, we determined the following finding(s) require(s) resolution by our office: 2022-001 through 2022-010. Within three weeks from the date of this letter, please let us know the additional corrective action you have taken or are planning to take to address the finding(s) identified in the enclosed Management Decision List and provide any requested supporting documentation. Send your response to the following, together with a completed Certification of Corrective Action form (enclosed), and a copy of the documents that evidence the corrective actions:

Audit Resolution Office
School Fiscal Services Division
California Department of Education
Email: leaaudits@cde.ca.gov or
FAX: (916) 327-6157

We will determine from the information and documentation you submit if the actions taken appropriately address the audit findings so we can clear them.

You may also receive separate communication from your county office of education (COE) with regard to certain audit findings. The COE, rather than the CDE, is responsible for reviewing and resolving LEA audit exceptions related to attendance, inventory of equipment, internal control issues, and other miscellaneous items (*EC* Section 41020[i][1]), as well as audit exceptions related to local control and accountability plans,

Dr. Matt Wayne, Superintendent

December 7, 2023

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classroom teacher salaries (*EC* Section 41372), teacher misassignments, information reported on the school accountability report card, and sufficiency of textbooks and instructional materials (*EC* sections 41020[i][2] and 41344.4). In addition, a COE pursuant to *EC* Section 41020(k) will require an LEA whose audit report includes attendance-related audit exception(s) involving state funds to submit appropriate reporting forms for processing by the CDE.

You may appeal apportionment significant findings contained in the audit report. These are state compliance findings involving one or more units of average daily attendance or a value equivalent to the Local Control Funding Formula funding for one or more units of average daily attendance. Upon receipt of the State Controller's Office (SCO) letter certifying that your audit report met specified standards, you have 30 days to file a written request for summary review (*EC* Section 41344.1[d]) or 60 days to file for formal appeal (*EC* Section 41344[d]) with the Education Audit Appeals Panel (EAAP). A summary review is a voluntary, informal, appeals process for audit exceptions that clearly constitute substantial compliance as that term is defined in *EC* Section 41344.1(c). If you request a summary review, you may appeal the findings included in that review by filing a formal appeal with the EAAP within 30 days after receiving a determination of the review.

The timelines and procedures to follow for the appeal process are posted on the EAAP web site at <http://www.eAAP.ca.gov>. If you have any questions on the summary review or formal appeal process, please contact the EAAP staff by email at filing@eaap.ca.gov.

You may request a plan to repay an apportionment significant audit exception or to pay a penalty arising from an audit exception. To request a repayment plan you must submit a letter to the CDE within 90 days of the SCO letter or within 30 days of withdrawing or receiving a determination of a summary review if there is no appeal, or within 30 days of withdrawing or receiving a final determination regarding an appeal (*EC* Section 41344[a]). More information on the audit resolution process, audit appeals, and repayment plans can be found on the CDE web page at <https://www.cde.ca.gov/fg/au/ag>.

Thank you for your attention to this matter. If you need further information, please contact the Audit Resolution Office at LEAAudits@cde.ca.gov.

Sincerely,

Raquel Tucker, Education Fiscal Services Consultant
Categorical Allocations and Audit Resolution Office
School Fiscal Services Division

RT:
Enclosure

cc: Jackie Chen, Chief Business Officer, San Francisco Unified School District

CERTIFICATION OF CORRECTIVE ACTION
Resolution of 2021–22 Audit Findings

December 7, 2023

LEA: San Francisco Unified

CDS #: 38-68478

Superintendent or Designee's Signature: 
(The Superintendent certifies that all corrective action(s) specified on the attached page(s) have been implemented and assures that the corrective procedures will be used in ensuing years.)

Contact Person: Jackie Chen E-mail Address: Chenj28@sfusd.edu

Phone Number: 415-241-6542, x1617 Fax Number: _____

INSTRUCTIONS

On a separate sheet, please describe the specific corrective action which has been taken for each audit finding identified on the enclosed Management Decision List and provide any requested documentation. Be certain that your responses are clear and concise. You will need to provide all documentation that confirms specific actions resolving the problem, i.e., copies of amended reports, certification number of the amended P-2 or Annual Reports of Attendance, revised procedures, corrective action plans, etc.

Please sign and date this Certification of Corrective Action form and submit the certification form, response, and corresponding documentation to:

Audit Resolution Office
School Fiscal Services Division
California Department of Education
Email: leaaudits@cde.ca.gov or
FAX: 916-327-6157

Your response must be submitted **within three weeks of the date of this letter**.

If the Superintendent, Chief Business Officer, or mailing address shown in our letter is incorrect, please report any updated information on our web page at
<https://www3.cde.ca.gov/opuscds/default.aspx>.

MANAGEMENT DECISION LIST

LEA: San Francisco Unified

County: San Francisco

CDS#: 38-68478

<u>Finding</u>	<u>CDE Decision</u>
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2022-001 Disclaimer of Opinion

Corrective Action/
Documentation
Required:

Provide copy of additional internal control procedures implemented and supporting documentation of corrective action to address the deficiencies.

2022-002 Audit Adjustments
and Material
Weakness

Corrective Action/
Documentation
Required:

Provide corrective action plan or steps taken to address the deficiency.

2022-003 Noncompliance with
the Use of Bond
Premiums

Corrective Action/
Documentation
Required:

Provide corrective action plan or steps taken to address the deficiency.

2022-004 Material weakness in
Internal Control over
the Preparation of the
Financial Statements

Corrective Action/
Documentation
Required:

Provide corrective action plan or steps take to address the deficiency.

San Francisco Unified
Management Decision List
Page 2

<u>Finding</u>	<u>CDE Decision</u>
2022-005 Comprehensive School Safety Plan	<p>Corrective Action/ Documentation Required:</p> <p>Provide a description of procedures for reviewing and approving Comprehensive School Safety Plans and a timeline for implementation. Procedures should identify who (title of position) will monitor the process to ensure compliance.</p> <p>Please see the CSSP compliance checklist and several resources to assist in the development of a compliant process and plan:</p> <p>https://www.cde.ca.gov/ls/ss/vp/documents/schoolsafetyplanchklist.pdf</p> <p>https://www.cde.ca.gov/ls/ss/vp/safeschlplanning.asp</p> <p>https://www.cde.ca.gov/ls/ss/vp/cssp.asp</p>
	<p>Note: Prior year finding 2021-001 was not fully implemented. Please address repeat finding.</p> <hr/>
2022-006 Immunizations	<p>Corrective Action/ Documentation Required:</p> <p>Report revised figures on your P-2 and Annual Attendance Reporting and provide the data identification (Data ID) number. If the PADC Web Application is currently closed, please submit at the next available window. For more information on the PADC web application access, email PADC@cde.ca.gov .</p> <p>If your LEA is planning to file a summary review or appeal, an adjustment is not required until a determination is made on your summary review or appeal.</p> <hr/>
2022-007 Expanded Learning Opportunities Grant	<p>Corrective Action/ Documentation Required:</p> <p>Staff from the California Department of Education's Expanded Learning Division has contacted the LEA for the required corrective action plan. Provide copy of corrective action plan to address the deficiency.</p>

San Francisco Unified
Management Decision List
Page 3

<u>Finding</u>	<u>CDE Decision</u>
2022-008 Education Stabilization Fund and Child Care and Development Block Grant Corrective Action/ Documentation Required:	Federal Finding: Sustained due to deficiency in internal control. See Resolution of Allowable Costs/Cost Principles Audit Findings document.
2022-009 Child Nutrition Cluster Corrective Action/ Documentation Required:	Federal Finding: Sustained due to deficiency in internal control. Staff from Nutrition Services Division (NSD) has notified your district requesting additional corrective action. On September 5, 2023, SFUSD communicated to the CDE, NSD, that SFUSD is in the process of having their internal auditors review and redo the 2021-22 audit. SFUSD is confident that this will eliminate the 2022-009 finding. Submit the revised SFUSD 2021-22 Audit to the NSD as soon as it is completed. Additionally, if the revised audit indicates a Child Nutrition Program finding(s), SFSUD will be required to submit corrective action for those finding(s) to the CDE and repay the CDE for any fiscal action associated with those findings.
2022-010 Child Care and Development Block Grant Corrective Action/ Documentation Required:	Federal Finding: Sustained due to deficiency in internal control. Provide copy of additional policies/procedures implemented to address the deficiency.

Resolution of Allowable Costs/Cost Principles Audit Findings

Please submit the following documentation to support resolution of Allowable Cost Findings related to salaries and wages:

- 1) Copy of procedures documenting the process for charging salaries and wages of employees to specific Federal awards, categorical programs, or cost objectives. The procedures should provide a system of internal controls which provides reasonable assurance charges are accurate, allowable, and allocable. Procedures should include a description of the monitoring performed to ensure receipt of employees' time and effort certifications (who is responsible and what is done to ensure that all time certifications are submitted).
- 2) Obtain "after-the-fact" time and effort certifications reflecting the total activity for which employees were compensated signed by the employees or supervisory officials having first-hand knowledge of the work performed for Fiscal Year 2021–22.
- 3) Submit a sample of the time and effort certifications obtained in steps #2 above for each federal program affected.
- 4) Submit a signed certification or assurance that all time and effort certifications were completed and all salaries and wages were appropriately charged for the 2021–22 fiscal year.
- 5) If signed time and effort certifications are not available to substantiate and document the charges made to a Federal Program, provide a copy of the adjusting journal entry for the amount of salary/wages that was incorrectly charged or return funds. If the federal program is on the Consolidated Application and Reporting System (CARS) Winter Data Collection, provide a copy of the program LEA Allocations page with an entry of the "repayment of funds" line for the repayment of the disallowed funds.
- 6) Submit a sample of current year (2022-23) time and effort certifications for each federal program cited in the audit finding demonstrating time and effort certifications are now completed timely and after-the-fact.

Please visit our website at <https://www.cde.ca.gov/fq/au/ag/auditresfed.asp> for additional information.

If you have questions regarding the required documentation, please contact Ruthann Munsterman by email at rmunsterman@cde.ca.gov or Raquel Tucker by email at rtucker@cde.ca.gov.



SAN FRANCISCO UNIFIED SCHOOL DISTRICT

Corrective Action Plan

Year ended June 30, 2022

Compiled by:

Business Services Department

SAN FRANCISCO UNIFIED SCHOOL DISTRICT
Corrective Action Plan

Year ended June 30, 2022

I. FINANCIAL STATEMENT FINDINGS

- 2022-001 Disclaimer of opinion due to the inability to obtain sufficient appropriate audit evidence and material weakness in internal control over financial reporting
Code 40000**

Views of Responsible Officials:

The District is aware of the potential material misstatements with the preparation and fair presentation of financial statements. The potential misstatements in operational areas such as payroll and benefits reporting, other post employment benefits census data, fund balance reservations, program expenditure recording misstatements, fixed assets classifications, and child nutrition claims.

Name of Responsible Person:

Various operations: Anne Marie Gordon, Executive Director of Business Services, Amy Baer, Chief of Human Resources, Jennifer LaBarre, Executive Director of Student Nutrition Services, Shan Li, Executive Director of Budget and Accounting. Jackie Chen, Financial Services Officer, Selena Trauthen, Director of Business Services, Karin Yang, Interim Executive Assistant.

Implementation Date:

The District has delegated specific projects to designated employees, aiming for immediate implementation to address various findings. This initiative is part of the ongoing FCMAT Fiscal Health Risk Assessment (FHRA) review of the district.

Business Services is taking the lead in coordinating the gathering of an extensive list of documents that FCMAT requested. The district successfully submitted all the necessary documents by the planned date of January 18, 2024. Currently, FCMAT is conducting a thorough review and analysis of the provided materials.

- 2022-002 Audit adjustments and material weakness in internal control over financial reporting
Code 40000**

Views of Responsible Officials:

Due to COVID-19, there were a lot of changes to District personnel, including management. District has been actively recruiting to fill in the various vacancies to the departments.

Name of Responsible Person:

Various operations: Anne Marie Gordon, Executive Director of Business Services; Amy Baer, Chief of Human Resources; Jennifer LaBarre, Executive Director of Student Nutrition Services; Shan Li, Executive Director of Budget and Accounting. Jackie Chen, Financial Services Officer, Selena Trauthen, Director of Business Services, Karin Yang, Interim Executive Assistant

Implementation Date:

The District has immediately started to hire and fill key vacant positions in Business Services and Human Resources in fiscal year 2023-2024.

- 2022-003 Noncompliance with the use of bond premiums and material weakness in internal control over financial reporting
Code 40000**

Views of Responsible Officials:

District management has already collaborated with financial consultants to tackle the issue and will continue to work alongside the current Auditor, Christy White.

Name of Responsible Person:

John Chen, Director of Finance and Administration, Proposition A Bond Program

Implementation Date:

Fiscal Year 2023-2024

- 2022-004 Material weakness in internal control over the preparation of the financial statements
Code 40000**

Views of Responsible Officials:

Management is in the process of hiring a new fiscal team to address the operational deficiencies.

Name of Responsible Person:

Jackie Chen, Financial Services Officer

Implementation Date:

Fiscal Year 2023-2024

II. STATE AWARD FINDINGS AND QUESTIONED COSTS

- 2022-005 Comprehensive School Safety Plan, Noncompliance and material weakness in internal control over state compliance
Code 30000, 40000**

Views of Responsible Officials:

The District understands California Education Codes 33280 - 32289 and acknowledges that the Comprehensive School Safety Plan (CSSP) must be evaluated and amended, as needed, annually by March 1 of each year, and kept on file at both the school site AND the district office and should be readily available for inspection. The District further understands the District shall annually, by October 15th, notify the California Department of Education (CDE) of any schools that have not complied with Section 33281.

Name of Responsible Person:

Gregory Markwith, Director

Implementation Date:

The facilities department will ensure that Comprehensive School Safety Plans are completed for the 2022-2023 and 203-2024 school year.

2022-006

**Immunizations, Noncompliance, and material weakness in internal control over state compliance
Code 30000, 40000**

Views of Responsible Officials:

The auditors had identified the students that were non-compliant for one or more of their childhood immunizations. At that time, four students were out of compliance. These students who continue to be non compliant will be excluded from attending school.

During the COVID 19 pandemic, routine medical care was reduced and resulted in delays in childhood immunizations. When SFUSD returned to full time in person learning in 2021-22, the Student and Family Services Division conducted a full audit of immunization records of our TK-12 grade students. As a result of the audit, the Division determined that it needed to redesign its immunization compliance program to ensure that student immunization records were reviewed prior to the school year starting, families were contacted and connected to resources and students were excluded who were not up to date on their childhood immunizations. The Division began redesign its immunization compliance program in January 2022.

Name of Responsible Person:

Student and Family Services Division

Implementation Date:

August 2022

2022-007

**Expanded Learning Opportunities, Noncompliance, and material weakness in internal control over state compliance
Code 30000, 40000**

Views of Responsible Officials:

All funds were directed to interventions and activities associated with in-person learning. San Francisco's use of ELOG funds commenced in summer 2021 with expanded summer school and credit recovery offerings, then continued into 2021-22 with additional targeted interventions, student assessments, and augmented access to before and after school programs. For more details, please review the [Expanded Learning Opportunities Grant Plan](#) approved by the Board of Education on May 25, 2021.

The District submitted the Expanded Learning Opportunities Grant Plan within 5 business days of its adoption by the Board, which staff believed was in compliance with the submission deadline.

Name of Responsible Person:

Anne Marie Gordon, Executive Director of Business Services

Implementation Date:

District staff will ensure that financial reports are submitted in a timely manner to the Board for adoption.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-008	Education Stabilization Fund (ALN 84.425), Federal Department of Education Child Care and Development Block Grant (ALN 93.575, 92.596), Federal Department of Health and Human Services Passed through the California Department of Education Noncompliance and material weakness in internal control over Federal compliance Code 40000, 50000 Compliance Requirements Affected: Activities (A) and Costs (B)
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Views of Responsible Officials:

District is reviewing the internal procedures related to documenting salaries and wages charged to federal programs and will work with our current auditors to ensure we meet this requirement.

Name of Responsible Person:

Anne Marie Gordon, Executive Director of Business Services
Jackie Chen, Financial Services Officer

Implementation Date:

Fiscal Year 2023-2024

2022-009	Child Nutrition Cluster (ALN 10.553, 10.555), Federal Department of Agriculture Passed through the California Department of Education Noncompliance and material weakness in internal control over Federal compliance Code 40000, 50000 Compliance Requirements Affected: Reporting
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Views of Responsible Officials:

During the COVID-19 pandemic, the District experienced turnover in various key positions resulting from a lapse in record keeping. Management will work to ensure that records related to claim reimbursements are retained for a period of three years.

Currently, the District is in discussions with the Child Nutrition Department and is engaging Christy White, Inc. to re-audit this program, ensuring the provision of appropriate compliance documents to the auditor.

Name of Responsible Person:

Jennifer LaBarre, Executive Director of Student Nutrition Services

Implementation Date:

Fiscal Year 2023-2024

2022-010	Child Care and Development Block Grant (ALN 93.575, 92.596), Federal Department of Health and Human Services Passed through the California Department of Education Noncompliance and material weakness in internal control over Federal compliance Code 40000, 50000 Compliance Requirement Affected: Special Tests and Provisions
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Views of Responsible Officials:

The District has not identified any payments that are the result of fraud. The District will work on developing procedures to identify and recover payments resulting from fraud.

Name of Responsible Person:

Pamela Geisler, Budget & Policy Director

Implementation Date:

Fiscal Year 2023-2024