

San Diego Unified School District
Finance Division

Ongoing Audits as of May 12, 2016

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. The financial review was held the week of April 25, 2016. The draft audit report is expected to be released by the end of May 2016 with 30 days for District to respond to any findings.
CDE Nutrition Services Administrative Review – Child and Adult Care Food Program (CACFP)	CDE reviewer to be on-site during the month of May 2016 for unannounced site visits. The CDE reviewer will be back the week of July 6, 2016 to review paperwork and financials. The review month will be May 2016, not April 2016 as originally proposed.
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 will be reviewing the district's latest Independent Audit report, latest financial statements, and other financial information related to the program. Documentation to be provided to the auditors by March 14, 2016. Final audit report is still pending.

Completed Audits as of May 12, 2016

Audit Type	Comments
First 5 San Diego Quality Preschool Initiative (QPI)	Review was performed to ensure that use of funds meet the requirements of the granting agency. Audit was completed and signed off on March 15, 2016, no exceptions were noted in the report.
Universal Service Administrative Company (USAC) E-Rate Program (FY 2011-2012)	Letter dated March 16, 2016 was received by the District in reference to the performance audit conducted by KPMG. The performance audit identified one immaterial finding relating to delays in processing payments. There is no monetary impact for this finding.

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

**INDEPENDENT AUDITOR'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

**Tara Ryan, Coordinator
First 5 San Diego Quality Preschool Initiative
Early Education Programs and Services
San Diego County Office of Education**

Re: San Diego Unified School District

We have performed the procedures, enumerated below, which were agreed to by the management of the San Diego County Office of Education's First 5 San Diego Quality Preschool Initiative (QPI), to evaluate if the use of funds meets the requirements of the grantor agency. We used the procedures and documents as provided by the client to review and evaluate procedures and transactions. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed Upon Procedures Performed

- A. Compare amounts reported to grantor agency as actual expenses to supporting accounting documentation.
- B. Review employees and benefits charged to the grant per Invoice Report and verify that related expenditures fall in line with approved Budget Report.
- C. Review non-payroll related expenditures charged to the grant per Invoice Report and verify that related expenditures fall in line with approved Budget Report. Perform a walk through to view items purchased with QPI dollars, if considered necessary.
- D. Evaluate expenditures and interview management to ascertain that the grant funds were used to supplement operations rather than supplant.
- E. Evaluate whether provider has appropriate controls to ensure expenditures made with QPI funds are for vendors or individuals who are not debarred.
- F. Determine that provider is accounting for QPI funds separately through review of documentation and interview with management.

Results of Procedures

- A. No exceptions were found as a result of applying the procedure.

- B. No exceptions were found as a result of applying the procedure.
- C. No exceptions were found as a result of applying the procedure.
- D. No exceptions were found as a result of applying the procedure.
- E. No exceptions were found as a result of applying the procedure.
- F. No exceptions were found as a result of applying the procedure.

In conclusion, we determine that amounts reported to grantor agency as actual expenses are consistent with accounting documentation and it appears that grant funds were utilized to supplement operations rather than supplant. The provider is accounting for its QPI funds separately and it appears that the total cost of running the program exceeds the total grant received.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the administration of the San Diego County Office of Education's First 5 San Diego Quality Preschool Initiative and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Wilkinson Hadley King & Co., LLP

El Cajon, California
March 15, 2016

cc: Sheri Velazquez
San Diego Unified School District



*San Diego Unified School District
Audit ID: SL2015BE046
(BEN: 143662)*

*Letter to management in connection with the
performance audit for the Universal Service Schools
and Libraries Program Disbursements made related to
Funding Year 2011 as of April 30, 2015*

Prepared for: Universal Service Administrative Company

As of Date: March 16, 2016

KPMG LLP
1225 17th Street
Suite 800
Denver, CO 80202



KPMG LLP
Suite 800
1225 17th Street
Denver, CO 80202-5598

San Diego Unified School District
4100 Normal Street
San Diego, CA 92103

March 16, 2016

Ladies and Gentlemen:

We have conducted a performance audit to evaluate San Diego Unified School District's, Billed Entity Number ("BEN") 143662, ("Beneficiary") compliance with the applicable requirements of 47 C.F.R. Part 54 of the Federal Communications Commission's ("FCC") Rules as well as FCC Orders governing federal Universal Service Support for the Schools and Libraries Support Mechanism ("E-rate Program") relative to disbursements, of \$7,066,271, made from the E-rate Program related to the twelve-month period ended June 30, 2012, as of April 30, 2015 (hereinafter "Funding Year 2011"). Our work was performed during the period from July 21, 2015 to March 16, 2016 and our results are as of March 16, 2016.

During this performance audit we noted immaterial noncompliance that was not in our report dated March 16, 2016. This immaterial noncompliance item is presented for your consideration as a comment and recommendation. This comment and recommendation, which has been discussed with the appropriate members of management, is intended to result in improved compliance with the aforementioned requirements and is summarized in Attachment 1 of this letter. We did not conduct performance audit procedures over the views of management, and accordingly, we provide no conclusion over these views relative to our audit objective.

Our performance audit procedures are designed primarily to evaluate the Beneficiary's compliance with the aforementioned requirements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of your organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss this comment and recommendation with you at any time.

This report is intended solely for the information and use of San Diego Unified School District's management and others within the organization, the Universal Service Administrative Company ("USAC") and the FCC, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP

cc: USAC
FCC

Attachment 1

KPMG's performance audit procedures identified the following immaterial finding. The finding, including the condition, cause, effect, recommendation and criteria are as follows:

1 SL2015BE046-C01: Invoicing - Delayed Payment for Non-Discounted Share

Condition	<p>The Beneficiary did not timely pay the non-discounted portion of the following Service Provider bills within 90 days after the Service Provider bill date (Criteria 1 and 2):</p> <ul style="list-style-type: none">a. Funding Request Number ("FRN") 2190910: For nine bills in February 2012, the Service Provider was paid between 106 and 527 days after the bills were issued.b. FRN 2211313: For two bills in March 2012 and May 2012, the Service Provider was paid in 196 and 106 days, respectively, after the bills were issued.c. FRNs 2190856, 2190864, 2190896 and 2190873: For 25 bills from July 2011 - June 2012, the Service Provider was paid between 118 and 454 days after the bills were issued.d. FRN 2211406: For bills in September 2011, the Service Provider was paid in 257 and 275 days after the bills were issued.
Cause	<p>The Beneficiary delayed payment to the Service Providers due to incorrect charges posted on the various accounts. In addition, there was a transition of Service Providers for certain FRNs and the Beneficiary's procedure was to ensure they were not billed for duplicative services prior to payment.</p>
Effect	<p>There is no monetary impact for this finding as the Beneficiary paid the Service Provider bills.</p>
Recommendation	<p>KPMG recommends that the Beneficiary enhance their process to independently track services received and payments due to Service Providers that involve E-rate Program funding to ensure that Service Provider bills are paid in full within 90 days and any disputes are regularly monitored and timely resolved.</p>
Criteria	<p>(1) Per 47 C.F.R. Section 54.523 (2011), "An eligible school, library, or consortium must pay the non-discount portion of services or products purchased with universal service discounts..."</p> <p>(2) Per FCC Order 04-190, paragraph 24, "the failure to pay more than 90 days after completion of service, which is roughly equivalent to three monthly billing cycles, presumptively violates the 47 C.F.R. Section 54.523 rule that the beneficiary must pay its share."</p>