

VISALIA UNIFIED SCHOOL DISTRICT

Audit Report

CALIFORNIA ASSESSMENT OF STUDENT PERFORMANCE AND PROGRESS PROGRAM

Chapter 489, Statutes of 2013; and
Chapter 32, Statutes of 2014

July 1, 2013, through June 30, 2017



BETTY T. YEE
California State Controller

January 2020



BETTY T. YEE
California State Controller

January 15, 2020

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Tamara Ravalin, Ed.D., Interim Superintendent
Visalia Unified School District
5000 West Cypress Avenue
Visalia, CA 93277

Dear Dr. Ravalin:

The State Controller's Office (SCO) audited the costs claimed by Visalia Unified School District for the legislatively mandated California Assessment of Student Performance and Progress Program for the period of July 1, 2013, through June 30, 2017.

The district claimed \$11,414,831 for costs of the mandated program. Our audit found that none of the claimed costs are allowable, primarily because the district claimed reimbursement for ineligible and unsupported costs. The State made no payments to the district.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the district of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

If you have any questions, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/hf

cc: John L. Crabtree, President, Board of Education
 Visalia Unified School District
Nathan Hernandez, Chief Financial Officer
 Visalia Unified School District
Kyla Johnson, Director of Finance
 Visalia Unified School District
Sarah Smigiera, Director, External Business Services
 Tulare County Office of Education
Caryn Moore, Director
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Visalia Unified School District for the legislatively mandated California Assessment of Student Performance and Progress (CAASPP) Program for the period of July 1, 2013, through June 30, 2017.

The district claimed \$11,414,831 for costs of the mandated program. Our audit found that none of the claimed costs are allowable, primarily because the district claimed reimbursement for ineligible and unsupported costs. The State made no payments to the district.

Background

Education Code section 60640, as amended by the Statutes of 2013, Chapter 489 (Assembly Bill 484) and the Statutes of 2014, Chapter 32 (Senate Bill 858); and Title 5, California Code of Regulations, sections 850, 852, 853, 853.5, 857, 861(b)(5), and 864, as added or amended by Register 2014, Nos. 6, 30, and 35, established the CAASPP Program and replaced the Standardized Testing and Reporting Program, effective January 1, 2014. The CAASPP Program requires school districts to transition from paper and pencil multiple-choice tests to computer-based tests.

On January 22, 2016, the Commission on State Mandates (Commission) adopted a decision finding that the test claim statutes and regulations impose a reimbursable state-mandated program upon school districts within the meaning of Article XIII B, Section 6 of the California Constitution and Government Code (GC) section 17514.

The Commission adopted the parameters and guidelines on March 25, 2016. The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. In compliance with GC section 17558, the SCO issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

The Commission approved reimbursable activities as follows:

Beginning January 1, 2014, provide "a computing device, the use of an assessment technology platform, and the adaptive engine" to administer the CAASPP assessments to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology requirements.

Beginning February 3, 2014, the local educational agency (LEA) CAASPP coordinator shall be responsible for assessment technology, and shall ensure current and ongoing compliance with minimum technology specifications as identified by the CAASPP contractor(s) or consortium.

Beginning February 3, 2014, notify parents or guardians each year of their pupil's participation in the CAASPP assessment system, including notification that notwithstanding any other provision of law, a parent's or guardian's written request to excuse his or her child from any of all parts of the CAASPP assessments shall be granted.

Beginning February 3, 2014, score and transmit the CAASPP tests in accordance with manuals or other instructions provide by the contractor or the California Department of Education (CDE).

Beginning February 3, 2014, identify pupils unable to access the computer-based version of the CAASPP tests; and report to the CAASPP contractor the number of pupils unable to access the computer-based version of the test.

Beginning February 3, 2014, report to CDE if a pupil in grade 2 was administered a diagnostic assessment in language arts and mathematics that is aligned to the common core academic content standards pursuant to Education Code section 60644.

Beginning February 3, 2014, comply with any and all requests from CAASPP contractors, and abide by any and all instructions provided by the CAASPP contractor or consortium, whether written or oral, that are provided for training or provided for in the administration of a CAASPP test.

Beginning August 27, 2014, the CAASPP test site coordinator shall be responsible for ensuring that all designated supports, accommodations and individualized aids are entered into the registration system.

The Commission also found that the following state and federal funds must be identified and deducted as offsetting revenues from any school district's reimbursement claim:

Statutes 2013, chapter 48, (\$1.25 billion in Common Core implementation funding), *if* used by a school district on any of the reimbursable CAASPP activities to support the administration of computer-based assessments.

Funding apportioned by the State Board of Education (SBE) from Statutes 2014, chapter 25, Line Item 6110-113-0001, schedule (8), for fiscal year 2013-2014 CAASPP costs.

Funding apportioned by SBE from Statutes 2015, chapter 10, Line Item 6110-113-0001, schedule (7) for fiscal year 2014-2015 CAASPP costs.

Statutes 2014, chapter 25 (Line Item 6110-488) and chapter 32 (appropriation for outstanding mandate claims) *if* used by a school district on any of the reimbursable CAASPP activities.

Statutes 2014, chapter 25, Line Item 6110-182-0001, Provision 2 (appropriation "to support network connectivity infrastructure grants[?"]) *if* used by a school district on any of the reimbursable CAASPP activities.

Any other offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other applicable state funds, shall be identified and deducted from any claim submitted for reimbursement.

Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated CAASPP Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The audit period was July 1, 2013, through June 30, 2017.

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the district for the audit period and identified the significant cost components of each claim as salaries, benefits, and fixed assets. We determined whether there were any errors or any unusual or unexpected variances from year to year. We also reviewed the claimed activities to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key district staff, and discussed the claim preparation process with district staff to determine what information was obtained, who obtained it, and how it was used;
- Reviewed supporting time documentation for the entire audit period. The district provided contemporaneous time documents to support claimed costs; however, those costs were unallowable because the district already had sufficient computing devices and appropriate networking infrastructure to perform the mandated activities within the testing window (see Finding 2 for more information);
- Reviewed lists of existing computing devices as of December 31, 2013; June 30, 2014; June 30, 2015; and June 30, 2016. We used the Smarter Balanced Technology Readiness Calculator to determine the number of computing devices and network bandwidth the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE. We also set the number of available hours for the testing computers each day at 30 minutes (see Finding 1 for more information);
- Reviewed expenditure reports and the district's accounting records for salary, benefit, and fixed asset costs claimed during the audit period. We noted that a portion of the claimed costs was funded by a combination of revenues from federal and CDE funds (see Finding 3 for more information); and
- Compared all claimed indirect cost rates to the rates approved by the CDE. We noted no errors; therefore, we accepted the rates as claimed.

GC sections 12410, 17558.5, and 17561 provide the legal authority to conduct this audit. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the district's financial statements.

Conclusion

As a result of performing the audit procedures, we found that the district did not comply with the requirements described in our audit objective. We found that the district claimed unsupported and ineligible costs, and costs that were funded by other sources, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, Visalia Unified School District claimed \$11,414,831 for costs of the legislatively mandated CAASPP Program. Our audit found that none of the claimed costs are allowable. The State made no payments to the district.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the district of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

Follow-up on Prior Audit Findings

We have not previously conducted an audit of the district's legislatively mandated CAASPP Program.

Views of Responsible Officials

We issued a draft audit report on November 13, 2019. On November 21, 2019, we sent an email to Nathan Hernandez, Chief Financial Officer, and Kyla Johnson, Director of Finance, to remind them that the district's response to the draft audit report was due on November 22, 2019. The district did not respond to our email. We sent a follow-up email on November 25, 2019, to both Mr. Hernandez and Ms. Johnson to inform them that, as the district had not responded to the draft audit report findings, we would proceed with issuance of the final audit report. The district did not respond to our follow-up email.

Restricted Use

This audit report is solely for the information and use of Visalia Unified School District, the Tulare County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

January 15, 2020

Schedule—

Summary of Program Costs

July 1, 2013, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2013, through June 30, 2014</u>				
Direct costs:				
Fixed assets				
Computers, browsers, or peripherals	\$ 2,182,700	\$ -	\$ (2,182,700)	Finding 1
Internet service, network equipment, consultants, or engineers	93,175	-	(93,175)	Finding 1
Total fixed assets	<u>2,275,875</u>	<u>-</u>	<u>(2,275,875)</u>	
Total direct costs	2,275,875	-	(2,275,875)	
Indirect costs	<u>83,069</u>	<u>-</u>	<u>(83,069)</u>	Finding 1
Total direct and indirect costs	2,358,944	-	(2,358,944)	
Less offsetting revenues and reimbursements	(50,035)	(2,316,432)	(2,266,397)	Finding 3
Adjustment to eliminate negative balance	-	2,316,432	2,316,432	
Total program costs	<u>\$ 2,308,909</u>	<u>-</u>	<u>\$ (2,308,909)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		
<u>July 1, 2014, through June 30, 2015</u>				
Direct costs:				
Salaries and benefits				
Internet service, network equipment, consultants, or engineers	\$ 27,292	\$ -	\$ (27,292)	Finding 2
Total salaries and benefits	<u>27,292</u>	<u>-</u>	<u>(27,292)</u>	
Fixed assets				
Computers, browsers, or peripherals	1,431,366	-	(1,431,366)	Finding 1
Internet service, network equipment, consultants, or engineers	1,100,577	-	(1,100,577)	Finding 1
Total fixed assets	<u>2,531,943</u>	<u>-</u>	<u>(2,531,943)</u>	
Total direct costs	2,559,235	-	(2,559,235)	
Indirect costs	<u>116,189</u>	<u>-</u>	<u>(116,189)</u>	Finding 1,2
Total direct and indirect costs	2,675,424	-	(2,675,424)	
Less offsetting revenues and reimbursements	(49,961)	(1,002,078)	(952,117)	Finding 3
Adjustment to eliminate negative balance	-	1,002,078	1,002,078	
Total program costs	<u>\$ 2,625,463</u>	<u>-</u>	<u>\$ (2,625,463)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		
<u>July 1, 2015, through June 30, 2016</u>				
Direct costs:				
Fixed assets				
Computers, browsers, or peripherals	\$ 4,268,122	\$ -	\$ (4,268,122)	Finding 1
Internet service, network equipment, consultants, or engineers	741,733	-	(741,733)	Finding 1
Total fixed assets	<u>5,009,855</u>	<u>-</u>	<u>(5,009,855)</u>	
Total direct costs	5,009,855	-	(5,009,855)	
Indirect costs	<u>236,966</u>	<u>-</u>	<u>(236,966)</u>	Finding 1
Total direct and indirect costs	5,246,821	-	(5,246,821)	
Less offsetting revenues and reimbursements	(65,434)	(339,079)	(273,645)	Finding 3
Adjustment to eliminate negative balance	-	339,079	339,079	
Total program costs	<u>\$ 5,181,387</u>	<u>-</u>	<u>\$ (5,181,387)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2016, through June 30, 2017</u>				
Direct costs:				
Fixed assets				
Computers, browsers, or peripherals	\$ 1,056,574	\$ -	\$ (1,056,574)	Finding 1
Internet service, network equipment, consultants, or engineers	247,433	-	(247,433)	Finding 1
Total fixed assets	<u>1,304,007</u>	<u>-</u>	<u>(1,304,007)</u>	
Total direct costs	1,304,007	-	(1,304,007)	
Indirect costs	<u>62,071</u>	<u>-</u>	<u>(62,071)</u>	Finding 1
Total direct and indirect costs	1,366,078	-	(1,366,078)	
Less offsetting revenues and reimbursements	(67,006)	(451,645)	(384,639)	Finding 3
Adjustment to eliminate negative balance	-	451,645	451,645	
Total program costs	<u>\$ 1,299,072</u>	<u>-</u>	<u>\$ (1,299,072)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		
<u>Summary: July 1, 2013, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Internet service, network equipment, consultants, or engineers	\$ 27,292	\$ -	\$ (27,292)	
Total salaries and benefits	<u>27,292</u>	<u>-</u>	<u>(27,292)</u>	
Fixed assets				
Computers, browsers, or peripherals	8,938,762	-	(8,938,762)	
Internet service, network equipment, consultants, or engineers	2,182,918	-	(2,182,918)	
Total fixed assets	<u>11,121,680</u>	<u>-</u>	<u>(11,121,680)</u>	
Total direct costs	11,148,972	-	(11,148,972)	
Indirect costs	<u>498,295</u>	<u>-</u>	<u>(498,295)</u>	
Total direct and indirect costs	11,647,267	-	(11,647,267)	
Less offsetting revenues and reimbursements	(232,436)	(4,109,234)	(3,876,798)	
Adjustment to eliminate negative balance	-	4,109,234	4,109,234	
Total program costs	<u>\$ 11,414,831</u>	<u>-</u>	<u>\$ (11,414,831)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		

¹ See the Findings and Recommendations section.

² Payment amount current as of November 25, 2019.

Findings and Recommendations

**FINDING 1—
Unallowable
fixed assets**

The district claimed \$11,121,680 in fixed assets for the audit period. We found that the entire amount is unallowable. The costs are unallowable because they did not meet the reimbursement requirements outlined in the program’s parameters and guidelines. In addition, the program’s claiming instructions exclude school districts from claiming indirect costs related to fixed assets.

A requirement for reimbursement is that the district’s existing inventory of computing devices, accessories, technology infrastructure, and broadband internet service be insufficient to administer the CAASPP tests to all eligible pupils within the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium. For the audit period, the district had a sufficient existing inventory of computing devices, accessories, technology infrastructure, and broadband internet service. The district was not aware of the reimbursement requirements outlined in the program’s parameters and guidelines. Unallowable related indirect costs total \$497,055, for a total finding of \$11,618,735.

The district claimed fixed asset costs for the following reimbursable activities:

- Providing a sufficient number of desktop or laptop computers, iPads, or other tablet computers for which Smarter Balanced provided secure browser support in the academic year, along with a keyboard, headphones, and a pointing device to administer the CAASPP; and
- Broadband internet service providing at least 20 Kbps per pupil to be tested simultaneously, costs for acquisition and installation of wireless or wired network equipment, and hiring consultants or engineers to assist a district in completing and troubleshooting the installation.

The claimed costs represent the acquisition of computing devices and accessories and the expansion of existing technology infrastructure.

The following table summarizes the audit adjustments related to fixed assets by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Claimed Indirect Cost Rate	Indirect Cost Adjustment	Total Adjustment
2013-14	\$ 2,275,875	\$ -	\$ (2,275,875)	3.65%	\$ (83,069)	\$ (2,358,944)
2014-15	2,531,943	-	(2,531,943)	4.54%	(114,949)	(2,646,892)
2015-16	5,009,855	-	(5,009,855)	4.73%	(236,966)	(5,246,821)
2016-17	1,304,007	-	(1,304,007)	4.76%	(62,071)	(1,366,078)
	<u>\$ 11,121,680</u>	<u>\$ -</u>	<u>\$ (11,121,680)</u>		<u>\$ (497,055)</u>	<u>\$ (11,618,735)</u>

The following table summarizes the audit adjustments related to fixed assets by reimbursable activity:

Reimbursable Activity	Amount Claimed	Amount Allowable	Audit Adjustment
Computers, browsers, or peripherals	\$ 8,938,762	\$ -	\$ (8,938,762)
Internet service, network equipment, consultants, or engineers	2,182,918	-	(2,182,918)
	\$ 11,121,680	\$ -	\$ (11,121,680)

The district claimed \$8,938,762 in fixed assets related to computers, browsers, and peripherals. We found that the entire amount is unallowable. Of that amount, the district claimed \$406,554 for laptop charging carts, power adapters, mount accessories, and warranties that are not reimbursable. Additionally, claimed costs of \$8,532,208 are unallowable because the district did not meet the existing inventory requirement outlined in the program’s parameters and guidelines.

The district claimed \$2,182,918 in fixed assets related to internet service, network equipment, consultants, and engineers. We found that the entire amount is unallowable because the district did not meet the existing inventory requirement outlined in the program’s parameters and guidelines.

Existing inventory of computing devices and broadband internet service

The district provided an existing inventory of computing devices as of December 31, 2013. For each fiscal year, we accounted for the computing devices that did not meet the minimum technical specifications, devices that were disposed of, and new purchases to determine the number of computing devices available to students for CAASPP assessments.

The following table shows the number of existing computing devices that were available at the beginning of each fiscal year:

Fiscal Year	(A) Beginning Inventory	(B) Devices Not Meeting Minimum Specifications	(C) Devices Disposed Before Testing	(D) =	(E) Devices Disposed After Testing	(F) New Purchases	(G) =
				(A)+(B)+(C) Devices Available for Testing			(D)+(E)+(F) Ending Inventory
2013-14	6,343	(198)	-	6,145	-	4,975	11,120
2014-15	11,120	-	-	11,120	-	3,630	14,750
2015-16	14,750	(240)	-	14,510	-	11,122	25,632
2016-17	25,632	(2,848)	-	22,784	-	3,750	26,534
		(3,286)	-		-	23,477	

The district informed us that its broadband internet speed was 200 Mbps as of January 1, 2014, and 1 Gbps as of July 1, 2014.

Determining the sufficiency of existing computing devices and broadband internet service

CDE provides a tool called the Smarter Balanced Technology Readiness Calculator to assist districts in preparing technology resources for computer-based assessments. This web-based calculator estimates the number of days, and associated network bandwidth required, to administer English Language Arts and Mathematics assessments given the existing number of students, the current number of computers available for use in CAASPP testing, and the number of hours per day those computers are available for use in CAASPP testing.

We based our calculation for determining the number of computing devices and network bandwidth that the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE on the Smarter Balanced Technology Readiness Calculator's formula. We set the number of available hours for the testing computers at 30 minutes each day (the district did not provide the actual number of available hours the testing computers were available each day; therefore, we selected the lowest time increment listed in the Test Administration Manual).

The following table shows the number of computing devices and network bandwidth that the district needed to complete the assessments within the testing window:

Results based on computing devices the district needed

Fiscal Year	Students Tested	Devices Needed for Testing	Days in Testing Window	District's Internet Speed	Estimated Bandwidth Required
2013-14	13,375	4,977	43	200 Mbps	99.54 Mbps (49.77% of total bandwidth)
2014-15	14,820	3,952	60	1 Gbps	79.04 Mbps (7.90% of total bandwidth)
2015-16	15,118	4,032	60	1 Gbps	80.64 Mbps (8.06% of total bandwidth)
2016-17	15,088	4,024	60	1 Gbps	80.48 Mbps (8.05% of total bandwidth)

The following table shows the required number of days and network bandwidth that the district needed to complete the assessments using its existing inventory of computing devices:

Results based on computing devices the district had for student use

Fiscal Year	Students Tested	Devices Available for Testing	Days to Complete Testing	District's Internet Speed	Estimated Bandwidth Required
2013-14	13,375	6,145	34.83	200 Mbps	122.90 Mbps (61.45% of total bandwidth)
2014-15	14,820	11,120	21.32	1 Gbps	222.40 Mbps (22.24% of total bandwidth)
2015-16	15,118	14,510	16.67	1 Gbps	290.20 Mbps (29.02% of total bandwidth)
2016-17	15,088	22,784	16.00	1 Gbps	301.76 Mbps (30.18% of total bandwidth)

For FY 2013-14, the district had 6,145 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 13,375 students in 34.83 days using 61.45% of a 200-Mbps bandwidth. However, CDE provided a 43-day testing window to complete the assessments; therefore, the district only needed 4,977 computing devices using 49.77% of a 200-Mbps bandwidth to complete the assessments.

For FY 2014-15, the district had 11,120 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 14,820 students in 21.32 days using 22.24% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district only needed 3,952 computing devices using 7.90% of a 1-Gbps bandwidth to complete the assessments.

For FY 2015-16, the district had 14,510 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for students in 16.67 days using 29.02% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district only needed 4,032 computing devices using 8.06% of a 1-Gbps bandwidth to complete the assessments.

For FY 2016-17, the district had 22,784 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for students in 16 days using 30.18% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district only needed 4,024 computing devices using 8.05% of a 1-Gbps bandwidth to complete the assessments.

Section IV.A of the parameters and guidelines (Reimbursable Activities) states:

Beginning January 1, 2014, provide “a computing device, the use of an assessment technology platform, and the adaptive engine” to administer the CAASPP assessments to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology specifications, as identified by the CAASPP contractor(s) or consortium.

Reimbursement for this activity include the following:

A sufficient number of desktop or laptop computers, iPads, or other tablet computers for which Smarter Balanced provides secure browser support in the academic year, along with a keyboard, headphones, and a pointing device for each, to administer the CASPP to all eligible pupils with in the testing window provided by CDE regulations.

Broadband internet service providing at least 20 Kbps per pupil to be tested simultaneously, costs for acquisition and installation of wireless or wired network equipment, and hiring consultants or engineers to assist a district in completing and troubleshooting the installation.

Claimants shall maintain supporting documentation showing how their existing inventory of computing devices and accessories, technology infrastructure, and broadband internet service is not sufficient to administer the CAASPP test to all eligible pupils in the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium.

Recommendation

As of FY 2017-18, the CAASPP Program is funded through a mandate block grant. The district elected to receive mandate block grant funding pursuant to GC section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of receiving mandate block grant funding, we recommend that the district:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are supported by contemporaneous source documentation.

**FINDING 2—
Unallowable salaries
and benefits**

The district claimed \$27,292 in salaries and benefits for the audit period. We found that the entire amount is unallowable. The costs are unallowable because the district already had a sufficient number of computing devices and appropriate network broadband infrastructure to perform the mandated activities within the testing window provided by CDE.

The district claimed salary and benefit costs for the reimbursable activity related to internet service, network equipment, consultants, and engineers. The claimed costs represent the employees’ time spent on installation of network equipment and technology infrastructure upgrades. The district claimed these salary and benefit costs because it misinterpreted the program’s parameters and guidelines requirement that it maintain documentation to prove that its existing broadband internet service was insufficient to administer the CAASPP test to all eligible pupils within the testing window. The district already met the minimum specifications related to broadband internet service and networking infrastructure (see more details in Finding 1). Unallowable related indirect costs total \$1,240, for a total finding of \$28,532.

The following table summarizes the audit adjustments related to salaries and benefits by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>	<u>Claimed Indirect Cost Rate</u>	<u>Related Indirect Cost Adjustment</u>	<u>Total Adjustment</u>
2014-15	\$ 27,292	\$ -	\$ (27,292)	4.54%	\$ (1,240)	\$ (28,532)
	<u>\$ 27,292</u>	<u>\$ -</u>	<u>\$ (27,292)</u>		<u>\$ (1,240)</u>	<u>\$ (28,532)</u>

The following table summarizes the audit adjustments related to salaries and benefits by reimbursable activity.

<u>Reimbursable Activity</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Internet service, network equipment, consultants, or engineers	\$ 27,292	\$ -	\$ (27,292)
	<u>\$ 27,292</u>	<u>\$ -</u>	<u>\$ (27,292)</u>

The district provided time documents to support its claimed salaries and benefits. The district’s time documents contemporaneously tracked the time spent on installation of network equipment and technology infrastructure upgrades and identified the employee name, date, and time spent on the activities. The salary and benefit costs related to these activities would be reimbursable if the district met the reimbursement requirements outlined in program’s parameters and guidelines.

A requirement for reimbursement is that the district’s broadband internet service be unable to administer the CAASPP tests to all eligible pupils in the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium. For FY 2014-15, the district had sufficient existing broadband internet service and networking infrastructure to meet the requirements of the mandate.

We based our calculation for determining the network bandwidth that the district needed to administer the CAASPP tests to all eligible pupils in the testing window provided by CDE on the Smarter Balanced Technology Readiness Calculator’s formula.

The following table shows the network bandwidth that the district needed to complete the assessments within the testing window:

Results based on computing devices the district needed

Fiscal Year	Students Tested	Devices Needed for Testing	Days in Testing Window	District Internet Speed	Estimated Bandwidth Required
2014-15	14,820	3,952	60	1 Gbps	79.04 Mbps (7.90% of total bandwidth)

The following table shows the number of days and network bandwidth that the district needed to complete the assessments using its existing inventory of computing devices:

Results based on computing devices the district had for student use

Fiscal Year	Students Tested	Devices Available for Testing	Days to Complete Testing	District Internet Speed	Estimated Bandwidth Required
2014-15	14,820	11,120	21.32	1 Gbps	222.40 Mbps (22.24% of total bandwidth)

For FY 2014-15, the district had 11,120 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 14,820 students in 21.32 days using 22.24% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district only needed 3,952 computing devices using 7.90% of a 1-Gbps bandwidth to complete the assessments.

Section IV.A of the parameters and guidelines (Reimbursable Activities) states:

Beginning January 1, 2014, provide “a computing device, the use of an assessment technology platform, and the adaptive engine” to administer the CAASPP assessments to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology specifications, as identified by the CAASPP contractor(s) or consortium.

Reimbursement for this activity include the following:

A sufficient number of desktop or laptop computers, iPads, or other tablet computers for which Smarter Balanced provides secure browser support in the academic year, along with a keyboard, headphones, and a pointing device for each, to administer the CASPP to all eligible pupils with in the testing window provided by CDE regulations.

Broadband internet service providing at least 20 Kbps per pupil to be tested simultaneously, costs for acquisition and installation of wireless or wired network equipment, and hiring consultants or engineers to assist a district in completing and troubleshooting the installation.

Claimants shall maintain supporting documentation showing how their existing inventory of computing devices and accessories, technology infrastructure, and broadband internet service is not sufficient to administer the CAASPP test to all eligible pupils in the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium.

Recommendation

As of FY 2017-18, the CAASPP Program is funded through a mandate block grant. The district elected to receive mandate block grant funding pursuant to GC section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of receiving mandate block grant funding, we recommend that the district:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are supported by contemporaneous source documentation.

FINDING 3— Underreported offsetting revenues

The district reported \$232,436 in offsetting revenues for the audit period. We found that the district underreported offsetting revenues by \$3,876,798.

The district misinterpreted the program's parameters and guidelines requirement that it identify and deduct any revenue received for this mandated program from any source.

During our review of the funding sources, we found that the district used a combination of revenues from federal, state, and local funds and bond proceeds, to fund the claimed salaries, benefits, and fixed assets.

For the audit period, the district applied \$4,109,234 of the following funds to the CAASPP Program:

- \$2,275,875 of Common Core State Standards Implementation
- \$144,972 of Assessment Apportionments
- \$395,598 of No Child Left Behind Title I
- \$8,692 of No Child Left Behind Title II
- \$5,817 of No Child Left Behind Title III

- \$2,897 of Carl D. Perkins Career and Technical Education
- \$47,815 of Indian Education
- \$957,555 of Microsoft settlement
- \$8,616 of State Lottery
- \$21,931 of No Child Left Behind: Title V, Part B
- \$134,713 of Career Pathway Trust
- \$27,468 of Career Tech Ed Incentive
- \$16,226 of general obligation bond: Measure E
- \$4,172 of Special Education
- \$56,887 of Adult Education

The following table summarizes the audit adjustment related to offsetting revenues by fiscal year:

Fiscal Year	Offset Reported	Revenue Applied to CAASPP Program	Audit Adjustment
2013-14	\$ (50,035)	\$ (2,316,432)	\$ (2,266,397)
2014-15	(49,961)	(1,002,078)	(952,117)
2015-16	(65,434)	(339,079)	(273,645)
2016-17	(67,006)	(451,645)	(384,639)
	<u>\$ (232,436)</u>	<u>\$ (4,109,234)</u>	<u>\$ (3,876,798)</u>

Section VII of the parameters and guidelines (Offsetting Revenues and Reimbursements) states that the following state and federal funds must be identified as offsetting revenues:

- Statutes 2013, chapter 48 (\$1.25 billion in Common Core implementation funding), *if* used by a school district on the reimbursable CAASPP activities to support the administration of computer-based assessments.
- Funding apportioned by SBE from Statutes 2014, chapter 25, Line Item 6110-113-0001, schedule (8), for fiscal year 2013-2014 CAASPP costs.
- Funding apportioned by SBE from Statutes 2015, chapter 10, Line Item 6100-113-0001, schedule (7) for fiscal year 2014-2015 CAASPP costs
- Statutes 2014, chapter 25 (Line Item 6110-488) and chapter 32 (appropriation for outstanding mandate claims) *if* used by a school district on any of the reimbursable CAASPP activities.
- Statutes 2014, chapter 25, Line Item 6110-182-0001, Provision 2 (appropriation “to support network connectivity infrastructure grants[”]) *if* used by a school district on any of the reimbursable CAASPP activities.

Any other offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the cost claimed. In addition, reimbursement for this mandate from any source, including but not

limited to, service fees collected, federal funds, and other applicable state funds, shall be identified and deducted from any claim submitted for reimbursement.

Recommendation

As of FY 2017-18, the CAASPP Program is funded through a mandate block grant. The district elected to receive mandate block grant funding pursuant to GC section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of receiving mandate block grant funding, we recommend that the district:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that all offsetting revenues are identified and deducted from claimed costs.

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