OAKLAND UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

July 1, 2008, through June 30, 2011

JOHN CHIANG
California State Controller

January 2014

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California State Controller

January 28, 2014

David Kakishiba, President
Governing Board
Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607

Dear Mr. Kakishiba:

The State Controller's Office audited the costs claimed by the Oakland Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2008, through June 30, 2011.

The district claimed $948,574 for the mandated program. Our audit found that $884,392 is allowable and $64,182 is unallowable. The costs are unallowable because the district claimed unsupported and non-reimbursable initial truancy notifications. The State paid the district $141,114. The State will pay allowable costs claimed that exceed the amount paid, totaling $743,278, contingent upon available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

cc: Gary Yee, Ed.D., Superintendent
Oakland Unified School District
Vernon Hal, Deputy Superintendent
Oakland Unified School District
Curtiss Sarikey, Associate Superintendent
Oakland Unified School District
Theresa Clincy, Coordinator
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Oakland Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2008, through June 30, 2011.

The district claimed $948,574 for the mandated program. Our audit found that $884,392 is allowable and $64,182 is unallowable. The costs are unallowable because the district claimed unsupported and non-reimbursable initial truancy notifications. The State paid the district $141,114. The State will pay allowable costs claimed that exceed the amount paid, totaling $743,278, contingent upon available appropriations.

Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to additionally require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates (CSM)) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987. The CSM subsequently amended the parameters and guidelines four times, most recently on May 27, 2010. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2008, through June 30, 2011.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the 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.

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.

Conclusion

Our audit found instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Oakland Unified School District claimed $948,574 for costs of the Notification of Truancy Program. Our audit found that $884,392 is allowable and $64,182 is unallowable. The State paid the district $141,114. The State will pay allowable costs claimed that exceed the amount paid, totaling $743,278, contingent upon available appropriations.

Views of Responsible Officials

We issued a draft audit report on December 3, 2013. We contacted Theresa Clincy, Coordinator, Attendance and Discipline Support Services, by e-mail on December 11 and December 19, 2013, and advised the district that the response to the draft audit report's findings was due December 19, 2013. We also left a telephone message with Ms. Clincy on January 10, 2014, asking if the district plans to provide a response to the draft report. The district did not respond to the emails or telephone message.

Restricted Use

This report is solely for the information and use of the Oakland Unified School District, the Alameda 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 report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

January 28, 2014

Schedule 1—
Summary of Program Costs
July 1, 2008, through June 30, 2011

Cost Elements	Actual Costs claimed	Allowable per Audit	Audit Adjustment	Reference [1]
July 1, 2008, through June 30, 2009				
Number of initial truancy notifications	$ 17,968	$ 16,543	$ (1,425)	Findings 1, 2
Uniform cost allowance	× $17.74	× $17.74	× $17.74	
Total program costs [2]	$ 318,752	293,473	$ (25,279)	
Less amount paid by the State		(72,224)		
Allowable costs claimed in excess of (less than) amount paid		$ 221,249		
July 1, 2009, through June 30, 2010				
Number of initial truancy notifications	$ 19,627	$ 18,102	$ (1,525)	Findings 1, 2
Uniform cost allowance	× $17.87	× $17.87	× $17.87	
Total program costs [2]	$ 350,735	323,483	$ (27,252)	
Less amount paid by the State		(68,890)		
Allowable costs claimed in excess of (less than) amount paid		$ 254,593		
July 1, 2010, through June 30, 2011				
Number of initial truancy notifications	$ 15,259	$ 14,622	$ (637)	Findings 1, 2
Uniform cost allowance	× $18.29	× $18.29	× $18.29	
Total program costs [2]	$ 279,087	267,436	$ (11,651)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		$ 267,436		
Summary: July 1, 2008, through June 30, 2011				
Total program costs	$ 948,574	$ 884,392	$ (64,182)	
Less amount paid by the State		(141,114)		
Allowable costs claimed in excess of (less than) amount paid		$ 743,278		

[1] See the Findings and Recommendations section.

[2] Calculation differences due to rounding.

Findings and Recommendations

FINDING 1—Unsupported and unallowable initial truancy notifications claimed

The district claimed unsupported and unallowable initial truancy notifications during the audit period. The unallowable costs total $5,264. The costs are unallowable for the following reasons:

- For each fiscal year, the district provided a list of students for whom the district distributed initial truancy notifications. The number of notifications documented did not support the number of initial truancy notifications claimed.
- The documented initial truancy notifications included notifications distributed for independent study students. Independent study students are evaluated for compliance with their individual independent study agreements. They do not attend a normal class schedule and are not evaluated for normal school attendance tardiness or daily absences unless/until they return to a regular classroom schedule. Therefore, the initial truancy notification process is not applicable to independent study students.

The following table summarizes the audit adjustment:

	Fiscal Year			
	2008-09	2009-10	2010-11	Total
Number of initial truancy notifications documented	17,966	19,625	15,226	
Less number of initial truancy notifications claimed	(17,968)	(19,627)	(15,259)	
Overstated number of initial truancy notifications	(2)	(2)	(33)	
Uniform cost allowance	× $17.74	× $17.87	× $18.29	
Unallowable costs (A)	$ (35)	$ (36)	$ (603)	$ (674)
Number of initial truancy notifications distributed for independent study students	(65)	(91)	(99)	
Uniform cost allowance	× $17.74	× $17.87	× $18.29	
Unallowable costs (B)	$ (1,153)	$ (1,626)	$ (1,811)	(4,590)
Audit adjustment ((A) + (B))	$ (1,188)	$ (1,662)	$ (2,414)	$ (5,264)

The program's parameters and guidelines require the district to provide documentation that shows the total number of initial truancy notifications distributed. The mandated program reimburses claimants based on a uniform cost allowance, and the number of allowable and reimbursable notifications documented.

Recommendation

We recommend that the district ensure that its records support the number of initial truancy notifications claimed. We also recommend that the district exclude notifications distributed for independent study students from the total number of notifications claimed for mandated program reimbursement.

SCO Comments

The district did not provide a response to this finding.

FINDING 2—Non-reimbursable initial truancy notifications

The district claimed non-reimbursable initial truancy notifications totaling $58,918. The district claimed notifications that it distributed for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as truant under the mandated program.

The district accounts for student attendance differently depending on the student's grade level. Therefore, we stratified students into two groups for each year: those students subject to daily attendance accounting and those subject to period attendance accounting. We excluded independent study students identified in Finding 1 from the population sampled.

The following table summarizes the notifications sampled:

	Fiscal Year		
	2008-09	2009-10	2010-11
Total notifications sampled, daily attendance accounting	6,541	8,250	5,198
Period attendance accounting:			
Documented notifications	11,425	11,375	10,028
Less number of notifications distributed for independent study students (Finding 1)	(65)	(91)	(99)
Total notifications sampled, period attendance accounting	11,360	11,284	9,929

For each fiscal year, we selected a statistical sample of initial truancy notifications for each group of students based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that we could project the sample results to the population.

For period attendance accounting students, the district's truancy policy was inconsistent with Education Code sections 48260, subdivision (a), and 48260.5. The district's policy was to classify a period attendance accounting student as truant only when the student accumulated three days during which the student's absence was unexcused for the full day or at least 50% of the periods within the student's daily schedule. The district's attendance records identified some instances where the district distributed initial truancy notifications for students who had not accumulated the number of unexcused absences required under the district's policy. However, we allowed initial truancy notifications for those students whose attendance records documented that the student accumulated three unexcused absences or tardiness occurrences while between the ages of 6 and 18.

Some initial truancy notifications claimed were non-reimbursable for the following reasons:

- Students accumulated fewer than three unexcused absences or tardiness occurrences while between the ages of 6 and 18.
- Students accumulated fewer than three total unexcused absences or tardiness occurrences during the school year.

The following table summarizes the non-reimbursable initial truancy notifications identified in our statistical samples:

	Fiscal Year		
	2008-09	2009-10	2010-11
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Daily attendance accounting:			
Fewer than three while between ages 6 and 18	(13)	(15)	(1)
Fewer than three total	(2)	(1)	-
Unallowable initial truancy notifications, daily attendance accounting	(15)	(16)	(1)
Period attendance accounting:			
Fewer than three while between ages 6 and 18	(9)	(7)	(7)
Fewer than three total	-	-	-
Unallowable initial truancy notifications, period attendance accounting	(9)	(7)	(7)

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified for each group sampled:

	Fiscal Year			
	2008-09	2009-10	2010-11	Total
Daily attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(15)	(16)	(1)	
Statistical sample size	÷ 147	÷ 147	÷ 146	
Unallowable percentage	(10.20)%	(10.88)%	(0.68)%	
Population sampled	× 6,541	× 8,250	× 5,198	
Extrapolated number of unallowable initial truancy notifications	(667)	(898)	(35)	
Uniform cost allowance	× $17.74	× $17.87	× $18.29	
Audit adjustment, daily attendance accounting (C) [1]	$ (11,833)	$ (16,047)	$ (640)	$ (28,520)
Period attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(9)	(7)	(7)	
Statistical sample size	÷ 148	÷ 148	÷ 148	
Unallowable Percentage	(6.08)%	(4.73)%	(4.73)%	
Population sampled	× 11,360	× 11,284	× 9,929	
Extrapolated number of unallowable initial truancy notifications	(691)	(534)	(470)	
Uniform cost allowance	× $17.74	× $17.87	× $18.29	
Audit adjustment, period attendance accounting (D) [1]	$ (12,258)	$ (9,543)	$ (8,597)	(30,398)
Total audit adjustment ((C) + (D))	$ (24,091)	$ (25,590)	$ (9,237)	$ (58,918)

[1] Calculation differences due to rounding.

Education Code section 48260, subdivision (a), states:

> Any pupil *subject to compulsory full-time or to compulsory continuation education* [emphasis added] who is absent form school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [*sic*] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant. . . .

Education Code section 48200 states that children between the ages of 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before the student's 6th birthday or after the student's 18th birthday are not relevant when determining whether a student is a truant.

The parameters and guidelines state:

> A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

Recommendation

We recommend that the district claim initial truancy notifications only for those students whose attendance records show that the students accumulated the minimum number of unexcused absences or tardiness occurrences to be classified as truant pursuant to the Education Code and the program's parameters and guidelines. We also recommend that the district revise its truancy policy to classify period attendance accounting students as truant, and issue the required initial truancy notifications, consistent with Education Code sections 48260, subdivision (a), and 48260.5.

In addition, we recommend that the California Department of Education follow up to ensure that the district complies with Education Code sections 48260, subdivision (a), and 48260.5.

SCO Comments

The district did not provide a response to this finding.

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