# MODESTO CITY SCHOOLS

Audit Report

## STULL ACT PROGRAM

Chapter 498, Statutes of 1983;
and Chapter 4, Statutes of 1999

*July 1, 1997, through June 30, 2008;*
*and July 1, 2010, through June 30, 2012*

BETTY T. YEE
California State Controller

March 2016

# BETTY T. YEE
## California State Controller

March 29, 2016

Steven Grenbeaux, President, Board of Education
Modesto City Schools
426 Locust Street
Modesto, CA  95351

Dear Mr. Grenbeaux:

The State Controller's Office audited the costs claimed by Modesto City Schools for the legislatively mandated Stull Act Program (Chapter 498, Statutes of 1983; and Chapter 4, Statutes of 1999) for the period of July 1, 1997, through June 30, 2008; and July 1, 2010, through June 30, 2012.

The district claimed $2,337,045 for the mandated program. Our audit found that $1,723,936 is allowable and $613,109 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for ineligible and unsupported costs. The State paid the district $247,986. Allowable costs claimed exceed the amount paid by $1,475,950.

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

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

cc: Pam Able, Superintendent
Modesto City Schools
Craig Rydquist, Deputy Superintendent, Human Resources
Modesto City Schools
Julie Betschart, Associate Superintendent, Business Services
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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Modesto City Schools for the legislatively mandated Stull Act Program (Chapter 498, Statutes of 1983; and Chapter 4, Statutes of 1999) for the period of July 1, 1997, through June 30, 2008; and July 1, 2010, through June 30, 2012.

The district claimed $2,337,045 for the mandated program. Our audit found that $1,723,936 is allowable and $613,109 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for ineligible and unsupported costs. The State paid the district $247,986. Allowable costs claimed exceed the amount paid by $1,475,950.

## Background

Chapter 498, Statutes of 1983; and Chapter 4, Statutes of 1999, added Education Code sections 44660-44665. The legislation provided reimbursement for specific activities related to evaluation and assessment of the performance of "certificated personnel" within each school district, except for those employed in local, discretionary educational programs.

On May 27, 2004, the Commission on State Mandates (Commission) determined that the legislation imposed a State mandate reimbursable under Government Code section 17514.

The program's parameters and guidelines establish the State mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on September 27, 2005. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

The Commission approved reimbursable activities as follows:

- Evaluate and assess the performance of certificated instructional employees who perform the requirements of educational programs mandated by state or federal laws as it reasonably relates to the instructional techniques and strategies used by the employee and the employee's adherence to curricular objectives (Education Code section 44662(b) as amended by Chapter 498, Statutes of 1983).

- Evaluate and assess the performance of certificated instructional employees who teach reading, writing, mathematics, history/social science, and science in grades 2 to 11 as it reasonably relates to the progress of pupils toward the state-adopted academic content standards as measured by state-adopted assessment tests (Education Code section 44662(b) as amended by Chapter 4, Statutes of 1999).

- Assess and evaluate permanent certificated, instructional, and non-instructional employees who perform the requirements of educational programs mandated by state or federal law and receive an unsatisfactory evaluation in the years in which the permanent

certificated employee would not have otherwise been evaluated pursuant to Education Code section 44664. The additional evaluations shall last until the employee achieves a positive evaluation, or is separated from the school district (Education Code section 44664 as amended by Chapter 498, Statutes of 1983).

## Objectives, Scope, and Methodology

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Stull Act Program for the period of July 1, 1997, through June 30, 2008; and July 1, 2010, through June 30, 2012.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted this 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. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the district's financial statements.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

To achieve our audit objectives, we performed the following procedures:

- Interviewed employees, completed the internal control questionnaire, and performed a walk-through of the cost components of each claim
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities

## Conclusion

Our audit found an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Schedule (Summary of Program Costs) and in the Finding and Recommendation section of this report.

For the audit period, Modesto City Schools claimed $2,337,045 for costs of the Stull Act Program. Our audit found that $1,723,936 is allowable and $613,109 is unallowable.

For the fiscal year (FY) 1997-98 claim, the State paid the district $138,962. Our audit found that $91,558 is allowable. The State will offset $47,404 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 1998-99 claim, the State paid the district $109,024. Our audit found that $113,005 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $3,981, contingent upon available appropriations.

For the FY 1999-2000 through FY 2011-12 (except FY 2008-09 and FY 2009-10) claim, the State made no payment to the district. Our audit found that $1,519,373 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $1,519,373, contingent upon available appropriations.

## Views of Responsible Officials

We discussed our audit results with the district's representatives during an exit conference conducted on February 4, 2016. Craig Rydquist, Deputy Superintendent of Human Resources; Chad Stephens, Human Resources Tech II; and Angela Zeoli, Administrative Assistant to the Assistant Superintendent of Business Services, agreed with the audit results. Mr. Rydquist declined a draft audit report and agreed that we could issue the audit report as final.

## Restricted Use

This report is solely for the information and use of Modesto City Schools, the Stanislaus 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

March 29, 2016

# Schedule—
# Summary of Program Costs
# July 1, 1997, through June 30, 2008;
# and July 1, 2010, through June 30, 2012

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustment[1] |
|---|---|---|---|
| July 1, 1997, through June 30, 1998 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 131,010 | $ 86,318 | $ (44,692) |
| Total direct costs | 131,010 | 86,318 | (44,692) |
| Indirect costs | 7,952 | 5,240 | (2,712) |
| Total program costs | $ 138,962 | 91,558 | $ (47,404) |
| Less amount paid by state | | (138,962) | |
| Allowable costs claimed in excess of (less than) amount paid | | $ (47,404) | |
| July 1, 1998, through June 30, 1999 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 151,256 | $ 106,598 | $ (44,658) |
| Total direct costs | 151,256 | 106,598 | (44,658) |
| Indirect costs | 9,090 | 6,407 | (2,683) |
| Total program costs | $ 160,346 | 113,005 | $ (47,341) |
| Less amount paid by state | | (109,024) | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 3,981 | |
| July 1, 1999, through June 30, 2000 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 144,659 | $ 103,239 | $ (41,420) |
| Total direct costs | 144,659 | 103,239 | (41,420) |
| Indirect costs | 8,564 | 6,112 | (2,452) |
| Total program costs | $ 153,223 | 109,351 | $ (43,872) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 109,351 | |
| July 1, 2000, through June 30, 2001 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 183,264 | $ 130,585 | $ (52,679) |
| Total direct costs | 183,264 | 130,585 | (52,679) |
| Indirect costs | 10,758 | 7,665 | (3,093) |
| Total program costs | $ 194,022 | 138,250 | $ (55,772) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 138,250 | |

# Schedule (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustment[1] |
|---|---|---|---|
| July 1, 2001, through June 30, 2002 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 193,879 | $ 146,573 | $ (47,306) |
| Total direct costs | 193,879 | 146,573 | (47,306) |
| Indirect costs | 11,303 | 8,545 | (2,758) |
| Total program costs | $ 205,182 | 155,118 | $ (50,064) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 155,118 | |
| July 1, 2002, through June 30, 2003 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 192,329 | $ 145,535 | $ (46,794) |
| Total direct costs | 192,329 | 145,535 | (46,794) |
| Indirect costs | 8,732 | 6,607 | (2,125) |
| Total program costs | $ 201,061 | 152,142 | $ (48,919) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 152,142 | |
| July 1, 2003, through June 30, 2004 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 170,764 | $ 128,176 | $ (42,588) |
| Total direct costs | 170,764 | 128,176 | (42,588) |
| Indirect costs | 8,504 | 6,383 | (2,121) |
| Total program costs | $ 179,268 | 134,559 | $ (44,709) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 134,559 | |
| July 1, 2004, through June 30, 2005 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 175,933 | $ 133,518 | $ (42,415) |
| Total direct costs | 175,933 | 133,518 | (42,415) |
| Indirect costs | 10,011 | 7,597 | (2,414) |
| Total program costs | $ 185,944 | 141,115 | $ (44,829) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 141,115 | |
| July 1, 2005, through June 30, 2006 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 388,378 | $ 189,816 | $ (198,562) |
| Total direct costs | 388,378 | 189,816 | (198,562) |
| Indirect costs | 24,623 | 12,034 | (12,589) |
| Total program costs | $ 413,001 | 201,850 | $ (211,151) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 201,850 | |

# Schedule (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustment[1] |
|---|---|---|---|
| July 1, 2006, through June 30, 2007 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 165,026 | $ 158,787 | $ (6,239) |
| Total direct costs | 165,026 | 158,787 | (6,239) |
| Indirect costs | 9,060 | 8,717 | (343) |
| Total program costs | $ 174,086 | 167,504 | $ (6,582) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 167,504 | |
| July 1, 2007, through June 30, 2008 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 139,497 | $ 151,536 | $ 12,039 |
| Total direct costs | 139,497 | 151,536 | 12,039 |
| Indirect costs | 7,337 | 7,971 | 634 |
| Total direct and indirect costs | 146,834 | 159,507 | 12,673 |
| Less allowable costs that exceed costs claimed [2] | - | (12,673) | (12,673) |
| Total program costs | $ 146,834 | 146,834 | $ - |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 146,834 | |
| July 1, 2010, through June 30, 2011 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 78,974 | $ 80,386 | $ 1,412 |
| Total direct costs | 78,974 | 80,386 | 1,412 |
| Indirect costs | 3,048 | 3,103 | 55 |
| Total direct and indirect costs | 82,022 | 83,489 | 1,467 |
| Less allowable costs that exceed costs claimed [2] | - | (1,467) | (1,467) |
| Total program costs | $ 82,022 | 82,022 | $ - |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 82,022 | |
| July 1, 2011, through June 30, 2012 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 97,627 | $ 85,822 | $ (11,805) |
| Total direct costs | 97,627 | 85,822 | (11,805) |
| Indirect costs | 5,467 | 4,806 | (661) |
| Total program costs | $ 103,094 | 90,628 | $ (12,466) |
| Less amount paid by state | | - | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 90,628 | |

# Schedule (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustment[1] |
|---|---|---|---|
| Summary: July 1, 1997, through June 30, 2008; and July 1, 2010 through June 30, 2012 | | | |
| Direct costs: | | | |
| Salaries and benefits | | | |
| Evaluation activities | $ 2,212,596 | $ 1,646,889 | $ (565,707) |
| Total direct costs | 2,212,596 | 1,646,889 | (565,707) |
| Indirect costs | 124,449 | 91,187 | (33,262) |
| Total direct and indirect costs | 2,337,045 | 1,738,076 | (598,969) |
| Less allowable costs that exceed costs claimed [2] | - | (14,140) | (14,140) |
| Total program costs | $ 2,337,045 | 1,723,936 | $ (613,109) |
| Less amount paid by state | | (247,986) | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 1,475,950 | |

[1] See the Finding and Recommendation section.

[2] Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2007-08 and FY 2010-11.

# Finding and Recommendation

**FINDING—**
**Overstated salaries and benefits and related indirect costs**

The district claimed $2,212,596 in salaries and benefits and $124,449 in related indirect costs for the audit period. We found that $565,707 in salaries and benefits is unallowable. The costs are unallowable primarily because the district claimed reimbursement for non-mandated evaluation costs of $565,707. Related indirect costs totaled $33,262.

The following table summarizes the unallowable salaries and benefits and related indirect costs by fiscal year:

| | Salaries and Benefits | | | | |
|---|---|---|---|---|---|
| Fiscal Year | (A) Claimed | (B) Allowable | (C ) Adjustment [(B)-(A)] | (D) Indirect Costs Adjustment | Total Audit Adjustment [(C)+(D)] |
| 1997-98 | $ 131,010 | $ 86,318 | $ (44,692) | $ (2,712) | $ (47,404) |
| 1998-99 | 151,256 | 106,598 | (44,658) | (2,683) | (47,341) |
| 1999-2000 | 144,659 | 103,239 | (41,420) | (2,452) | (43,872) |
| 2000-01 | 183,264 | 130,585 | (52,679) | (3,093) | (55,772) |
| 2001-02 | 193,879 | 146,573 | (47,306) | (2,758) | (50,064) |
| 2002-03 | 192,329 | 145,535 | (46,794) | (2,125) | (48,919) |
| 2003-04 | 170,764 | 128,176 | (42,588) | (2,121) | (44,709) |
| 2004-05 | 175,933 | 133,518 | (42,415) | (2,414) | (44,829) |
| 2005-06 | 388,378 | 189,816 | (198,562) | (12,589) | (211,151) |
| 2006-07 | 165,026 | 158,787 | (6,239) | (343) | (6,582) |
| 2007-08 | 139,497 | 151,536 | 12,039 | 634 | 12,673 |
| 2010-11 | 78,974 | 80,386 | 1,412 | 55 | 1,467 |
| 2011-12 | 97,627 | 85,822 | (11,805) | (661) | (12,466) |
| | $ 2,212,596 | $ 1,646,889 | $ (565,707) | $ (33,262) | $ (598,969) |

**Supporting Time Documents**

For the audit period, the district presented its time documents in two different ways. For the fiscal year (FY) 1997-98 through FY 2004-05 records, the district gathered listings of employees who would have been evaluated in each year, and applied an estimated time allotment of 2 hours for the "eval," and 1.5 hours for the "write up." These time records were not collected contemporaneously, as every page was dated February 14, 2006. Starting in FY 2005-06, district evaluators recorded actual time records for specific evaluated employees throughout the year. We informed the district that the time records for FY 2005-06 to FY 2011-12 (excluding FY 2008-09 and FY 2009-10) would be used to calculate an average time allotment per allowable evaluation. This average time allotment would be used in place of the non-contemporaneous time records provided as support for FY 1997-98 thorough FY 2004-05.

The district's time documents for FY 2005-06 to FY 2011-12 (excluding FY 2008-09 and FY 2009-10) recorded the time it took district evaluators to perform four main activities within the teacher evaluation process. These activities include time for an initial consultation, observations, post conferences after each observation, and a final conference. Collectively, the district evaluated permanent, probationary, and temporary certificated instructional teachers.

The following three activities identified by the district in their time documents are not reimbursable under the mandate:

1. Initial consultation
2. Post conferences after each observation
3. Final conferences

The program's parameters and guidelines do not allow conferences (pre-, post-, and final observation conferences) between the evaluators and teachers, as this activity was required before the enactment of the test claim legislation. Therefore, these activities do not impose a new program or higher level of service.

We determined that the time spent on all classroom observations are reimbursable.

After removing the unallowable activities claimed by the district, the district's contemporaneous time records show that it took an average of 2.61 hours per permanent employee evaluation, 3.95 hours per probationary employee evaluation, and 3.72 hours per temporary employee evaluation. These averages will be used in place of the non-contemporaneous time records for FY 1997-98 through FY 2004-05. For FY 2005-06 to FY 2011-12 (excluding FY 2008-09 and FY 2009-10), we used the calculated average time allotment for each individual year.

**Completed Evaluations**

The district provided listings of employees who were evaluated for the audit period. These lists were only available in hard copies, so we transferred the lists to electronic format. With the help of the district, we compiled a master list of all evaluations for the audit period, and the district reviewed and approved the master list. This list was the basis of support for the total evaluation population for the audit period.

We reviewed the completed teacher evaluation listings for each fiscal year to ensure that only eligible evaluations were counted for reimbursement. The parameters and guidelines allow reimbursement for those evaluations conducted for certificated instructional personnel who perform the requirements of education programs mandated by state or federal law during specific evaluation periods.

The following table shows evaluations identified that are not reimbursable under the mandated program:

| | Number of Completed Evaluations | | |
|---|---|---|---|
| Fiscal Year | District-Provided | Audited | Difference |
| 1997-98 | 753 | 594 | (159) |
| 1998-99 | 803 | 658 | (145) |
| 1999-2000 | 747 | 651 | (96) |
| 2000-01 | 817 | 716 | (101) |
| 2001-02 | 840 | 757 | (83) |
| 2002-03 | 831 | 772 | (59) |
| 2003-04 | 819 | 771 | (48) |
| 2004-05 | 778 | 741 | (37) |
| 2005-06 | 932 | 845 | (87) |
| 2006-07 | 874 | 766 | (108) |
| 2007-08 | 940 | 802 | (138) |
| 2010-11 | 438 | 389 | (49) |
| 2011-12 | 481 | 420 | (61) |
| Total | 10,053 | 8,882 | (1,171) |

The non-reimbursable evaluations included the following:

- Principals, assistant principals, counselors, psychologists, nurses, directors, coordinators, and specialists, who are not certificated instructional employees;
- Duplicate teacher evaluations claimed multiple times in one school year;
- Permanent biannual teacher evaluations claimed every year rather than every other year; and
- Completed evaluations requested during testing that the district did not support.

**Calculation of Allowable Evaluation Costs**

For FY 1997-98 through FY 2004-05, we arrived at allowable salaries and benefits for "evaluation activities" by multiplying the number of allowable evaluations by allowable hours per evaluation and the average of all claimed Productive Hourly Rates (PHRs).

For the remaining years, we used the actual allowable hours and claimed PHRs to arrive at allowable salaries and benefits.

The following table summarizes allowable evaluation costs by fiscal year.

| | Evaluation activities | | |
|---|---|---|---|
| Fiscal Year | Claimed | Allowable | Audit Adjustment |
| 1997-98 | $ 131,010 | $ 86,318 | $ (44,692) |
| 1998-99 | 151,256 | 106,598 | (44,658) |
| 1999-2000 | 144,659 | 103,239 | (41,420) |
| 2000-01 | 183,264 | 130,585 | (52,679) |
| 2001-02 | 193,879 | 146,573 | (47,306) |
| 2002-03 | 192,329 | 145,535 | (46,794) |
| 2003-04 | 170,764 | 128,176 | (42,588) |
| 2004-05 | 175,933 | 133,518 | (42,415) |
| 2005-06 | 388,378 | 189,816 | (198,562) |
| 2006-07 | 165,026 | 158,787 | (6,239) |
| 2007-08 | 139,497 | 151,536 | 12,039 |
| 2010-11 | 78,974 | 80,386 | 1,412 |
| 2011-12 | 97,627 | 85,822 | (11,805) |
| Total | $ 2,212,596 | $ 1,646,889 | $ (565,707) |

We then applied the applicable indirect cost rates to allowable evaluation activities to calculate allowable indirect costs of $91,187 for this component.

The parameters and guidelines (section IV.A.1) state that the following is reimbursable:

> Evaluate and assess the performance of certificated instructional employees that perform the requirements of educational programs mandated by state or federal law as it reasonably relates to the instructional techniques and strategies used by the employee and the employee's adherence to curricular objectives.
>
> Reimbursement for this activity is limited to:
>
> a. Reviewing the employee's instructional techniques and strategies and adherence to curricular objectives, and
>
> b. Including in the written evaluation of the certificated instructional employees the assessment of these factors during the following evaluation periods:
>
> - Once each year for probationary certificated employees;
> - Every other year for permanent certificated employees; and
> - Beginning January 1, 2004, every five years for certificated employees with permanent status who have been employed at least ten years with the school district, are highly qualified, and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

The parameters and guidelines (section IV.A.2) state that the following is reimbursable:

> Evaluate and assess the performance of certificated instructional employees that teach reading, writing, mathematics, history/social science, and science in grades 2 to 11 as it reasonably relates to the progress of pupils towards the state adopted academic content standards as measured by state adopted assessment tests.
>
> Reimbursement for this activity is limited to:
>
> a. Reviewing the results of the Standardized Testing and Reporting test as it reasonably relates to the performance of those certificated employees that teach reading, writing, mathematics, history/social science, and science in grades 2 to 11, and
>
> b. Including in the written evaluation of those certificated employees the assessment of the employee's performance based on the Standardized Testing and Reporting results for the pupils they teach during the evaluation periods specified in Education Code section 44664, and described below:
>
> - Once each year for probationary certificated employees;
> - Every other year for permanent certificated employees; and
> - Beginning January 1, 2004, every five years for certificated employees with permanent status who have been employed at least ten years with the school district, are highly qualified, and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

The parameters and guidelines (section IV.C—Training) state that the district may train staff on implementing the reimbursable activities listed in Section IV of the parameters and guidelines. (One-time activity for each employee.)

The parameters and guidelines (section IV—Reimbursable Activities) also state:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

<u>Recommendation</u>

Commencing in FY 2012-13, the district elected to participate in a block grant program, pursuant to Government Code section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district ensure that claimed costs are based on actual costs, are for activities reimbursable under the program's parameters and guidelines, and are supported by contemporaneous source documentation.

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