

ALVORD UNIFIED SCHOOL DISTRICT

Audit Report

STANDARDIZED TESTING AND REPORTING PROGRAM

Chapter 828, Statutes of 1997

July 1, 1997, through June 30, 2004



JOHN CHIANG
California State Controller

April 2011



JOHN CHIANG
California State Controller

April 29, 2011

Carolyn M. Wilson
President, Board of Education
Alvord Unified School District
10365 Keller Avenue
Riverside, CA 92505

Dear Ms. Wilson:

The State Controller's Office audited the costs claimed by the Alvord Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed \$1,595,337 for the mandated program. Our audit disclosed that the entire amount is unallowable, primarily because the district claimed unsupported or ineligible costs. The State made no payments to the district.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's Web site at www.csm.ca.gov/docs/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Wendel W. Tucker, Ph.D.

Superintendent

Alvord Unified School District

Diana Asseier, Assistant Superintendent

Alvord Unified School District

Tina Daigneult, Controller

Alvord Unified School District

Gina Simpson, Director, Special Projects

Alvord Unified School District

Kenneth M. Young County Superintendent of Schools

Riverside County Office of Education

Scott Hannan, Director

School Fiscal Services Division

California Department of Education

Carol Bingham, Director

Fiscal Policy Division

California Department of Education

Thomas Todd, Principal Program Budget Analyst

Education Systems Unit

Department of Finance

Jay Lal, Manager

Division of Accounting and Reporting

State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Alvord Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed \$1,595,337 for the mandated program. Our audit disclosed that the entire amount is unallowable, primarily because the district claimed unsupported or ineligible costs. The State made no payments to the district.

Background

Chapter 828, Statutes of 1997, amended Education Code sections 60607, 60609, 60615, and 60630, and added Education Code sections 60640 through 60641, and 60643. Chapter 828, Statutes of 1997, and the implementing regulations at California Code of Regulations, Title 5, sections 850 through 904, established the Standardized Testing and Reporting (STAR) Program related to achievement testing that school districts must administer to pupils in the state.

The STAR Program requires school districts, between March 15 and May 15 of each year, to test all students in grades 2 through 11 with a nationally normed achievement test designated by the State Board of Education. School districts administered the Stanford Achievement Test, Ninth Edition (SAT-9) test in English to all pupils enrolled in grades 2 through 11 from FY 1997-98 through FY 2001-02. The California Achievement Test, Sixth Edition Survey (CAT/6) replaced the SAT9 test effective for FY 2002-03. School districts administered the CAT/6 test in English to all pupils enrolled in grades 2 through 11 for FY 2002-03 and FY 2003-04. In addition, school districts administered an additional test, the Spanish Assessment of Basic Education, Second Edition (SABE/2), to every Spanish-speaking pupil of limited English proficiency who is enrolled in grades 2 through 11 if the pupil was initially enrolled in any public school in the state fewer than 12 months prior to the date that the English language SAT-9 test was given. School districts are also required to engage in numerous activities related to test administration and reporting.

On August 24, 2000, the Commission on State Mandates (CSM) determined that the legislation imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. 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.

**Objective, Scope,
and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Standardized Testing and Reporting Program for the period of July 1, 1997, through June 30, 2004.

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 disclosed 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 Alvord Unified School District claimed \$1,595,337 for costs of the Standardized Testing and Reporting Program. Our audit disclosed that the entire amount is unallowable.

**Views of
Responsible
Officials**

We issued a draft audit report on January 28, 2011. We contacted Tina Daigneault, Controller, by e-mail on February 28, 2011. Ms. Daigneault stated that, as the district did not perform a time study or provide related documents, the district agrees with the findings and will not submit a response.

Restricted Use

This report is solely for the information and use of the Alvord Unified School District, the Riverside 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
Chief, Division of Audits

April 29, 2011

**Schedule 1—
Summary of Program Costs
July 1, 1997, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1997, through June 30, 1998</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 425	\$ —	\$ (425)	Finding 1
Test materials, supplies, and equipment	30	—	(30)	Finding 1
Pretest and posttest coordination	128,778	—	(128,778)	Finding 1
Reporting and record keeping	87,553	—	(87,553)	Finding 1
Total salaries and benefits	<u>216,786</u>	<u>—</u>	<u>(216,786)</u>	
Materials and supplies				
Reporting and record keeping	—	3,937	3,937	Finding 2
Total direct costs	216,786	3,937	(212,849)	
Indirect costs	7,306	147	(7,159)	Finding 1, 2
Total direct and indirect costs	224,092	4,084	(220,008)	
Less offsetting revenues and other reimbursements	—	(86,546)	(86,546)	Finding 3
Adjustment to eliminate negative balance	—	82,462	82,462	
Total program costs	<u>\$ 224,092</u>	<u>—</u>	<u>\$ (224,092)</u>	
Less amount paid by the State	—	—	—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 1998, through June 30, 1999</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 434	\$ —	\$ (434)	Finding 1
Test materials, supplies, and equipment	31	—	(31)	Finding 1
Pretest and posttest coordination	140,744	—	(140,744)	Finding 1
Reporting and record keeping	95,689	—	(95,689)	Finding 1
Total salaries and benefits	<u>236,898</u>	<u>—</u>	<u>(236,898)</u>	
Materials and supplies				
Reporting and record keeping	—	3,059	3,059	Finding 2
Total direct costs	236,898	3,059	(233,839)	
Indirect costs	9,263	128	(9,135)	Finding 1, 2
Total direct and indirect costs	246,161	3,187	(242,974)	
Less offsetting revenues and other reimbursements	—	(77,391)	(77,391)	Finding 3
Adjustment to eliminate negative balance	—	74,204	74,204	
Total program costs	<u>\$ 246,161</u>	<u>—</u>	<u>\$ (246,161)</u>	
Less amount paid by the State	—	—	—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 447	\$ —	\$ (447)	Finding 1
Test materials, supplies, and equipment	31	—	(31)	Finding 1
Pretest and posttest coordination	140,798	—	(140,798)	Finding 1
Reporting and record keeping	98,039	—	(98,039)	Finding 1
Total salaries and benefits	239,315	—	(239,315)	
Materials and supplies				
Reporting and record keeping	—	3,031	3,031	Finding 2
Total direct costs	239,315	3,031	(236,284)	
Indirect costs	9,357	119	(9,238)	Finding 1, 2
Total direct and indirect costs	248,672	3,150	(245,522)	
Less offsetting revenues and other reimbursements	—	(20,759)	(20,759)	Finding 3
Adjustment to eliminate negative balance	—	17,609	17,609	
Total program costs	<u>\$ 248,672</u>	—	<u>\$ (248,672)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 457	\$ —	\$ (457)	Finding 1
Test materials, supplies, and equipment	32	—	(32)	Finding 1
Pretest and posttest coordination	151,785	—	(151,785)	Finding 1
Reporting and record keeping	103,196	—	(103,196)	Finding 1
Total salaries and benefits	255,470	—	(255,470)	
Materials and supplies				
Reporting and record keeping	—	2,851	2,851	Finding 2
Total direct costs	255,470	2,851	(252,619)	
Indirect costs	8,124	91	(8,033)	Finding 1, 2
Total direct and indirect costs	263,594	2,942	(260,652)	
Less offsetting revenues and other reimbursements	—	(21,915)	(21,915)	Finding 3
Adjustment to eliminate negative balance	—	18,973	18,973	
Total program costs	<u>\$ 263,594</u>	—	<u>\$ (263,594)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 5,269	\$ —	\$ (5,269)	Finding 1
Test materials, supplies, and equipment	619	—	(619)	Finding 1
Pretest and posttest coordination	153,422	—	(153,422)	Finding 1
Test administration	4,286	—	(4,286)	Finding 1
Reporting and record keeping	123,721	—	(123,721)	Finding 1
Total salaries and benefits	287,317	—	(287,317)	
Materials and supplies				
Reporting and record keeping	—	3,058	3,058	Finding 2
Total direct costs	287,317	3,058	(284,259)	
Indirect costs	9,682	103	(9,579)	Finding 1, 2
Total direct and indirect costs	296,999	3,161	(293,838)	
Less offsetting revenues and other reimbursements	—	(23,057)	(23,057)	Finding 3
Adjustment to eliminate negative balance	—	19,896	19,896	
Total program costs	<u>\$ 296,999</u>	—	<u>\$ (296,999)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 77,497	\$ —	\$ (77,497)	Finding 1
Test materials, supplies, and equipment	1,083	—	(1,083)	Finding 1
Pretest and posttest coordination	104,855	—	(104,855)	Finding 1
Test administration	26,568	—	(26,568)	Finding 1
Reporting and record keeping	70,757	—	(70,757)	Finding 1
Total salaries and benefits	280,760	—	(280,760)	
Materials and supplies				
Test materials, supplies, and equipment	7,350	—	(7,350)	Finding 2
Reporting and record keeping	—	3,382	3,382	Finding 2
Total materials and supplies	7,350	3,382	(3,968)	
Total direct costs	288,110	3,382	(284,728)	
Indirect costs	9,162	133	(9,029)	Finding 1, 2
Total direct and indirect costs	297,272	3,515	(293,757)	
Less offsetting revenues and other reimbursements	—	(23,244)	(23,244)	Finding 3
Adjustment to eliminate negative balance	—	19,729	19,729	
Total program costs	<u>\$ 297,272</u>	—	<u>\$ (297,272)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 1,500	\$ —	\$ (1,500)	Finding 1
Test materials, supplies, and equipment	2,482	—	(2,482)	Finding 1
Pretest and posttest coordination	6,309	—	(6,309)	Finding 1
Test administration	685	—	(685)	Finding 1
Reporting and record keeping	1,267	—	(1,267)	Finding 1
Total salaries and benefits	12,243	—	(12,243)	
Materials and supplies				
Test materials, supplies, and equipment	5,152	—	(5,152)	Finding 2
Pretest and posttest coordination	56	—	(56)	Finding 2
Reporting and record keeping	—	3,365	3,365	Finding 2
Total materials and supplies	5,208	3,365	(1,843)	
Total direct costs	17,451	3,365	(14,086)	
Indirect costs	1,096	211	(885)	Finding 1, 2
Total direct and indirect costs	18,547	3,576	(14,971)	
Less offsetting revenues and other reimbursements	—	(22,839)	(22,839)	Finding 3
Adjustment to eliminate negative balance	—	19,263	19,263	
Total program costs	\$ 18,547	—	\$ (18,547)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ —		
<u>Summary: July 1, 1997, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits				
Training, policies, and procedures	\$ 86,029	\$ —	\$ (86,029)	
Test materials, supplies, and equipment	4,308	—	(4,308)	
Pretest and posttest coordination	826,691	—	(826,691)	
Test administration	31,539	—	(31,539)	
Reporting and record keeping	580,222	—	(580,222)	
Total salaries and benefits	1,528,789	—	(1,528,789)	
Materials and supplies				
Test materials, supplies and equipment	12,502	—	(12,502)	
Pretest and posttest coordination	56	—	(56)	
Reporting and record keeping	—	22,683	22,683	
Total materials and supplies	12,558	22,683	10,125	
Total direct costs	1,541,347	22,683	(1,518,664)	
Indirect costs	53,990	932	(53,058)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 1997, through June 30, 2004 (continued)</u>				
Total direct and indirect costs	1,595,337	23,615	(1,571,722)	
Less offsetting revenues and other reimbursements	—	(275,751)	(275,751)	
Adjustment to eliminate negative balance	—	252,136	252,136	
Total program costs	<u>\$ 1,595,337</u>	—	<u>\$(1,595,337)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Overstated salaries
and benefits and
related indirect costs**

The district claimed \$1,528,789 in salaries and benefits and \$53,429 in related indirect costs. Our audit determined that the entire costs are unallowable as the district did not retain any documentation to support the costs. During the audit, the district indicated that it would not perform a time study to support the costs.

The following table summarizes salary and benefit adjustments, and related indirect costs:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Salaries and benefits:								
Training, policies and procedures	\$ (425)	\$ (434)	\$ (447)	\$ (457)	\$ (5,269)	\$ (77,497)	\$ (1,500)	\$ (86,029)
Test materials, supplies, and equipment	(30)	(31)	(31)	(32)	(619)	(1,083)	(2,482)	(4,308)
Pretest and posttest coordination	(128,778)	(140,744)	(140,798)	(151,785)	(153,422)	(104,855)	(6,309)	(826,691)
Test administration	—	—	—	—	(4,286)	(26,568)	(685)	(31,539)
Reporting and recordkeeping	(87,553)	(95,689)	(98,039)	(103,196)	(123,721)	(70,757)	(1,267)	(580,222)
Total direct costs	(216,786)	(236,898)	(239,315)	(255,470)	(287,317)	(280,760)	(12,243)	(1,528,789)
Total indirect costs	(7,306)	(9,263)	(9,357)	(8,124)	(9,682)	(8,928)	(769)	(53,429)
Audit adjustment	<u>\$(224,092)</u>	<u>\$(246,161)</u>	<u>\$(248,672)</u>	<u>\$(263,594)</u>	<u>\$(296,999)</u>	<u>\$(289,688)</u>	<u>\$(13,012)</u>	<u>\$(1,582,218)</u>

The program’s parameters and guidelines (section V.A (1)) state:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The parameters and guidelines (section VI.A) state:

. . . all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include , but are not limited to worksheets, employee time records of time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities. . . .

Recommendation

We recommend that the district claim only costs that are reimbursable under the program’s parameters and guidelines, and are properly supported with source documents.

District’s Response

The district agreed with the finding.

**FINDING 2—
Understated materials
and supplies, and
related indirect costs**

The district claimed \$12,558 in materials and supplies, and \$561 in related indirect costs, for the audit period. Our audit determined that the \$12,558 claimed pertained to non-reimbursable materials such as practice tests. However, we allowed \$22,683 not claimed for mailing pupil test results to parents. As a result, the district understated material and supply costs by \$10,125 and the related indirect costs by \$313.

The following table summarizes our calculations for the understated costs:

	Fiscal Year						Total	
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03		2003-04
Materials and supplies:								
Claimed	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,350	\$ 5,208	\$ 12,558
Unclaimed costs	\$ 3,937	\$ 3,059	\$ 3,031	\$ 2,851	\$ 3,058	\$ 3,382	\$ 3,365	\$ 22,683
Ineligible costs	—	—	—	—	—	(7,350)	(5,208)	(12,558)
Total direct costs	3,937	3,059	3,031	2,851	3,058	(3,968)	(1,843)	10,125
Total indirect costs	118	122	121	91	103	(126)	(116)	313
Audit adjustment	\$ 4,055	\$ 3,181	\$ 3,152	\$ 2,942	\$ 3,161	\$ (4,094)	\$ (1,959)	\$ 10,438

The parameters and guidelines (section V.2) state:

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases should be at the actual price after deducting discounts, rebates, and allowances received by the claimant.

Recommendation

We recommend that the district claim only costs that are reimbursable under the program’s parameters and guidelines, and are properly supported with source documents.

District’s Response

The district agreed with the finding.

**FINDING 3—
Understated offsetting
savings/reimbursements**

The district understated offsetting savings/reimbursements by \$275,751 for the audit period.

The district did not claim mandate-related STAR apportionments received from the California Department of Education (CDE) for the audit period. The apportionments issued for the STAR program pertain to both reimbursable and non-reimbursable tests administered. The reimbursable tests include the California Achievement test, sixth edition survey, and Spanish Assessment of Basic Education, second edition. The non-reimbursable tests include the California Standards Test and the California Alternative Performance Assessment. We applied reimbursable percentages to each apportionment based on the number of tests published on the CDE’s STAR Web site.

The following table summarizes the understated apportionments:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Reimbursements:								
CDE apportionments	\$ 86,546	\$ 109,665	\$ 29,830	\$ 34,232	\$ 35,614	\$ 37,078	\$ 37,763	\$ 370,728
Mandated percentage	× (100)%	×(70.57)%	×(69.59)%	×(64.02)%	×(64.74)%	×(62.69)%	×(60.48)%	
Apportionment per audit	(86,546)	(77,391)	(20,759)	(21,915)	(23,057)	(23,244)	(22,839)	\$(275,751)
Claimed apportionments	—	—	—	—	—	—	—	—
Audit adjustment	\$ (86,546)	\$ (77,391)	\$ (20,759)	\$ (21,915)	\$ (23,057)	\$ (23,244)	\$ (22,839)	\$(275,751)

The parameters and guidelines (section VII), state:

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

Recommendation

We recommend that the district ensure that any offsetting savings/reimbursement from any sources be identified and deducted from costs claimed.

District’s Response

The district agreed with the finding.

**FINDING 4—
Reporting test results**

The district did not report the test results to the governing board during the audit period. The Director of Assessments explained that the reports given to the governing board did not mention STAR results and instead focused on performance evaluations.

The parameters and guidelines (section E) state:

Reporting the results of the STAR Program tests to the school district governing board or county office of education on a district wide and school-by-school basis. . . .

Recommendation

We recommend that the district implement the reporting requirements set by the program's parameters and guidelines.

District's Response

The district agreed with the finding.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>