

# **GROSSMONT UNION HIGH SCHOOL DISTRICT**

Audit Report

## **STULL ACT PROGRAM**

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

*July 1, 1997, through June 30, 2012;*



**BETTY T. YEE**  
California State Controller

May 2015



**BETTY T. YEE**  
California State Controller

May 15, 2015

Robert Shield, President, Governing Board  
Grossmont Union High School District  
1100 Murray Drive  
El Cajon, CA 92020

Dear Mr. Shield:

The State Controller's Office audited the costs claimed by Grossmont Union High School District 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, 2012.

The district claimed \$3,070,255 for the mandated program. Our audit found that \$606,842 is allowable (\$609,937 less a \$3,095 penalty for filing a late claim) and \$2,463,413 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for non-mandated activities. The State paid the district \$421,826. Allowable costs claimed exceed the amount paid by \$185,016.

If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). 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 Commission's website at [www.csm.ca.gov/docs/IRCForm.pdf](http://www.csm.ca.gov/docs/IRCForm.pdf).

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/as

Attachment

cc: Ralf Swenson, Superintendent  
Grossmont Union High School District  
Scott Patterson, Deputy Superintendent, Business Services  
Grossmont Union High School District  
Susan Freedman, Internal Auditor  
Grossmont Union High School District  
Ken Leighton, Executive Director, Fiscal Services  
Grossmont Union High School District  
Keith Peterson, Consultant  
Sixten & Associates  
Brent Watson, Executive Director  
Business Advisory Services  
San Diego County Office of Education  
Peter Foggiato, Director  
School Fiscal Services Division  
California Department of Education  
Amy Tang-Paterno, Education Fiscal Services Consultant  
Government Affairs Division  
California Department of Education  
Thomas Todd, Assistant Program Budget Manager  
Education Systems Unit  
California Department of Finance  
Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objectives, Scope, and Methodology .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>2</b>
<b>Views of Responsible Officials.....</b>	<b>3</b>
<b>Restricted Use .....</b>	<b>3</b>
<b>Schedule 1—Summary of Program Costs .....</b>	<b>4</b>
<b>Finding and Recommendation .....</b>	<b>9</b>
<b>Attachment—District’s Response to Draft Audit Report</b>	

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Grossmont Union High School District 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, 2012.

The district claimed \$3,070,255 for the mandated program. Our audit found that \$606,842 is allowable (\$609,937 less a \$3,095 penalty for filing a late claim), and \$2,463,413 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for non-mandated activities. The State paid the district \$421,826. Allowable costs claimed exceed the amount paid by \$185,016.

## 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 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 the 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, 2012.

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.

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 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 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.

To achieve our audit objectives, we performed the following audit 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 Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, Grossmont Union High School District claimed \$3,070,255 for costs of the Stull Act Program. Our audit found that \$606,842 is allowable (\$609,937 less a \$3,095 penalty for filing a late claim), and \$2,463,413 is unallowable.

For the fiscal year (FY) 1997-98 claim, the State paid the district \$9,264. Our audit found that \$27,859 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$18,595, contingent on available appropriations.

For the FY 1998-99 through FY 2007-08 claims, the State made no payment to the district. Our audit found that \$440,425 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$440,425, contingent on available appropriations.

For the FY 2008-09 claim, the State paid the district \$223,251. Our audit found that \$38,521 is allowable. The State will offset \$184,730 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2009-10 claim, the State paid the district \$189,311. Our audit found that \$32,228 is allowable. The State will offset \$189,311 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2010-11 and FY 2011-12 claims, the State made no payment to the district. Our audit found that \$67,809 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$67,809, contingent on available appropriations.

**Views of  
Responsible  
Officials**

We issued a draft audit report on April 13, 2015. Scott Patterson, Deputy Superintendent, Business Services, responded by letter dated April 24, 2015 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

**Restricted Use**

This report is solely for the information and use of Grossmont Union High School District, the San Diego 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

May 15, 2015

**Schedule 1—  
Summary of Program Costs  
July 1, 1997, through June 30, 2012**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment<sup>1</sup></u>
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 116,423	\$ 28,905	\$ (87,518)
Training	—	—	—
Total direct costs	116,423	28,905	(87,518)
Indirect costs	8,254	2,049	(6,205)
Subtotal	124,677	30,954	(93,723)
Less late penalty <sup>2</sup>	—	(3,095)	(3,095)
Total program costs	<u>\$ 124,677</u>	27,859	<u>\$ (96,818)</u>
Less amount paid by state		<u>(9,264)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 18,595</u>	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 81,738	\$ 29,473	\$ (52,265)
Training	—	—	—
Total direct costs	81,738	29,473	(52,265)
Indirect costs	4,488	1,618	(2,870)
Total program costs	<u>\$ 86,226</u>	31,091	<u>\$ (55,135)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 31,091</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 124,709	\$ 30,307	\$ (94,402)
Training	—	—	—
Total direct costs	124,709	30,307	(94,402)
Indirect costs	1,447	352	(1,095)
Total program costs	<u>\$ 126,156</u>	30,659	<u>\$ (95,497)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 30,659</u>	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 150,249	\$ 31,752	\$ (118,497)
Training	—	—	—
Total direct costs	150,249	31,752	(118,497)
Indirect costs	8,760	1,851	(6,909)
Total program costs	<u>\$ 159,009</u>	33,603	<u>\$ (125,406)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 33,603</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 222,254	\$ 33,156	\$ (189,098)
Training	—	—	—
Total direct costs	222,254	33,156	(189,098)
Indirect costs	9,601	1,432	(8,169)
Total program costs	<u>\$ 231,855</u>	34,588	<u>\$ (197,267)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 34,588</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 218,983	\$ 27,967	\$ (191,016)
Training	—	—	—
Total direct costs	218,983	27,967	(191,016)
Indirect costs	3,416	436	(2,980)
Total program costs	<u>\$ 222,399</u>	28,403	<u>\$ (193,996)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 28,403</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 244,663	\$ 48,716	\$ (195,947)
Training	—	—	—
Total direct costs	244,663	48,716	(195,947)
Indirect costs	8,343	1,661	(6,682)
Total program costs	<u>\$ 253,006</u>	50,377	<u>\$ (202,629)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 50,377</u>	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 241,963	\$ 56,647	\$ (185,316)
Training	—	—	—
Total direct costs	241,963	56,647	(185,316)
Indirect costs	11,324	2,651	(8,673)
Total program costs	<u>\$ 253,287</u>	59,298	<u>\$ (193,989)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 59,298</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 295,423	\$ 55,126	\$ (240,297)
Training	401	—	(401)
Total direct costs	295,824	55,126	(240,698)
Indirect costs	16,862	3,142	(13,720)
Total program costs	<u>\$ 312,686</u>	58,268	<u>\$ (254,418)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 58,268</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 202,789	\$ 49,647	\$ (153,142)
Training	3,214	2,814	(400)
Total direct costs	206,003	52,461	(153,542)
Indirect costs	10,362	2,639	(7,723)
Total program costs	<u>\$ 216,365</u>	55,100	<u>\$ (161,265)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 55,100</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 276,491	\$ 57,213	\$ (219,278)
Training	—	—	—
Total direct costs	276,491	57,213	(219,278)
Indirect costs	8,820	1,825	(6,995)
Total program costs	<u>\$ 285,311</u>	59,038	<u>\$ (226,273)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 59,038</u>	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 180,168	\$ 34,455	\$ (145,713)
Training	66,592	2,806	(63,786)
Total direct costs	246,760	37,261	(209,499)
Indirect costs	8,341	1,260	(7,081)
Total program costs	<u>\$ 255,101</u>	38,521	<u>\$ (216,580)</u>
Less amount paid by state		(223,251)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (184,730)</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 181,246	\$ 30,855	\$ (150,391)
Training	—	—	—
Total direct costs	181,246	30,855	(150,391)
Indirect costs	8,065	1,373	(6,692)
Total program costs	<u>\$ 189,311</u>	32,228	<u>\$ (157,083)</u>
Less amount paid by state		(189,311)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (157,083)</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 184,548	\$ 26,888	\$ (157,660)
Training	5,141	—	(5,141)
Total direct costs	189,689	26,888	(162,801)
Indirect costs	9,788	1,387	(8,401)
Total program costs	<u>\$ 199,477</u>	28,275	<u>\$ (171,202)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 28,275</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 146,345	\$ 37,314	\$ (109,031)
Training	1,041	184	(857)
Total direct costs	147,386	37,498	(109,888)
Indirect costs	8,003	2,036	(5,967)
Total program costs	<u>\$ 155,389</u>	39,534	<u>\$ (115,855)</u>
Less amount paid by state		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 39,534</u>	

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>Summary: July 1, 1997, through June 30, 2012</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 2,867,992	\$ 578,421	\$ (2,289,571)
Training	76,389	5,804	(70,585)
Total direct costs	2,944,381	584,225	(2,360,156)
Indirect costs	125,874	25,712	(100,162)
Subtotal	3,070,255	609,937	(2,460,318)
Less late penalty	—	(3,095)	(3,095)
Total program costs	<u>\$ 3,070,255</u>	606,842	<u>\$ (2,463,413)</u>
Less amount paid by state		(421,826)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 185,016</u>	

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> The district filed its FY 1997-98 initial reimbursement claim after the due date specified in Government Code section 17560. Pursuant to Government Code section 17561, subdivision (d)(3), the State assessed a late filing penalty equal to 10% of allowable costs, with no maximum penalty amount (for claims filed on or after September 30, 2002). The FY 1997-98 claim was filed in April 2006.

# Finding and Recommendation

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

The district claimed \$2,944,381 in salaries and benefits and \$125,874 in related indirect costs for the audit period. We found that \$2,360,156 in salaries and benefits is unallowable. The costs are unallowable primarily because the district claimed reimbursement for non-mandated evaluation costs (\$2,289,571) and training costs (\$70,585). Related indirect costs totaled \$100,162.

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

Fiscal Year	Salaries and Benefits				
	(A) Claimed	(B) Allowable	(C) Adjustment [(B)-(A)]	(D) Indirect Costs Adjustment	Total Audit Adjustment [(C)+(D)]
1997-98	\$ 116,423	\$ 28,905	\$ (87,518)	\$ (6,205)	\$ (93,723)
1998-99	81,738	29,473	(52,265)	(2,870)	(55,135)
1999-2000	124,709	30,307	(94,402)	(1,095)	(95,497)
2000-01	150,249	31,752	(118,497)	(6,909)	(125,406)
2001-02	222,254	33,156	(189,098)	(8,169)	(197,267)
2002-03	218,983	27,967	(191,016)	(2,980)	(193,996)
2003-04	244,663	48,716	(195,947)	(6,682)	(202,629)
2004-05	241,963	56,647	(185,316)	(8,673)	(193,989)
2005-06	295,824	55,126	(240,698)	(13,720)	(254,418)
2006-07	206,003	52,461	(153,542)	(7,723)	(161,265)
2007-08	276,491	57,213	(219,278)	(6,995)	(226,273)
2008-09	246,760	37,261	(209,499)	(7,081)	(216,580)
2009-10	181,246	30,855	(150,391)	(6,692)	(157,083)
2010-11	189,689	26,888	(162,801)	(8,401)	(171,202)
2011-12	147,386	37,498	(109,888)	(5,967)	(115,855)
	<u>\$ 2,944,381</u>	<u>\$ 584,225</u>	<u>\$ (2,360,156)</u>	<u>\$ (100,162)</u>	<u>\$ (2,460,318)</u>

### **Time Log Activities**

For the audit period, the district collected its time documentation in two different ways. For fiscal year (FY) 1997-98 through FY 2008-09, district evaluators logged the average estimated time spent on evaluation activities. Starting in FY 2009-10, district evaluators gathered actual time records for specific employees being evaluated throughout the year. We informed the district at the entrance conference that the time records for FY 2009-10 through FY 2011-12 would be used to calculate an average time per allowable evaluation to apply to the audit period in which estimated time was used.

The district's time logs determined the time it took district evaluators to perform eight activities within the teacher evaluation process. The district evaluated permanent, probationary, and temporary certificated instructional teachers. The time log results reported time for meetings, observation, report writing, and other activities within the evaluation process.

After reviewing 662 time records, the logs determined the following:

- Permanent teachers
  - Overall average (per evaluation) – 3.44 hours
  - FY 2009-10 – 2.88 hours
  - FY 2010-11 – 3.63 hours
  - FY 2011-12 – 3.72 hours
- Probationary teachers
  - Overall average – 2.98 hours
  - FY 2009-10 – 3.13 hours
  - FY 2010-11 – 3.11 hours
  - FY 2011-12 – 2.65 hours
- Temporary teachers
  - Overall average – 3.04 hours
  - FY 2009-10 – 2.74 hours
  - FY 2010-11 – 4.32 hours
  - FY 2011-12 – 3.21 hours

Five of the eight activities the district identified in its time logs are not reimbursable under the mandate. The five non-reimbursable activities include:

1. Conducting a conference with the certificated staff member to review his or her goals and objectives;
2. Conducting a pre-observation conference with the certificated staff member;
3. Conducting a post-observation conference with the certificated staff member;
4. Conducting a final evaluation conference with the certificated staff member; and
5. Discussing STAR results and how to improve instructional abilities with the certificated staff member.

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.

The parameters and guidelines do not allow reimbursement for discussing STAR results, as this activity is not listed as a reimbursable activity in the parameters and guidelines. Additionally, interviews with district representatives disclosed that this activity is not part of the district's evaluation procedures.

We determined that the time spent on the following three activities is reimbursable:

1. Classroom observations (formal and informal);
2. Writing a report regarding observations; and
3. Writing the final evaluation report.

After removing the unallowable activities claimed by the district, we reassessed the 662 time records. The time logs determined the following:

- Permanent teachers
  - Overall average (per evaluation) – 2.13 hours
  - FY 2009-10 – 1.73 hours
  - FY 2010-11 – 2.30 hours
  - FY 2011-12 – 2.31 hours
- Probationary teachers
  - Overall average – 1.90 hours
  - FY 2009-10 – 2.03 hours
  - FY 2010-11 – 2.00 hours
  - FY 2011-12 – 1.64 hours
- Temporary teachers
  - Overall average – 1.99 hours
  - FY 2009-10 – 1.78 hours
  - FY 2010-11 – 2.81 hours
  - FY 2011-12 – 2.15 hours

We also found that the time logs supported an average of 6 hours per unsatisfactory teacher evaluation to complete allowable activities within the evaluation process.

### **Completed Evaluations**

The district has three area administrators who are responsible for keeping track of the evaluation status of each district employee. These administrators would “check off” each employee if the evaluation was completed in a given year. The district was able to locate these spreadsheets back to FY 2000-01; however, the first complete year was FY 2001-02. This data 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:

Fiscal Year	Number of Completed Evaluations		
	District- Provided	Audited	Difference
2001-02	299	221	(78)
2002-03	205	182	(23)
2003-04	405	321	(84)
2004-05	467	364	(103)
2005-06	444	343	(101)
2006-07	387	306	(81)
2007-08	370	319	(51)
2008-09	262	203	(59)
2009-10	240	192	(48)
2010-11	187	135	(52)
2011-12	238	197	(41)
Totals	<u>3,504</u>	<u>2,783</u>	<u>(721)</u>

The non-reimbursable evaluations included the following:

- Vice principals, librarians, counselors, psychologists, nurses, deans, coordinators, and program specialists, who are not certificated instructional employees;
- JROTC, NJROTC, and ROTC teachers who do not perform the requirements of the program that is mandated by state or federal law;
- Duplicate teacher evaluations claimed multiple times in one school year;
- Permanent biennial teacher evaluations claimed every year rather than every other year;
- Permanent five-year teacher evaluations claimed multiple times in a five-year period rather than once every five years;
- Charter school teacher evaluations;
- Peer assistance and review teachers evaluations; and
- Evaluations requested during testing that the district was unable to locate.

### Calculation of Allowable Evaluation Costs

To arrive at allowable salaries and benefits for “evaluation activities” from FY 2001-02 through FY 2011-12, we multiplied the number of allowable evaluations by allowable hours per evaluation and claimed productive hourly rates (PHR).

For the remaining years, we used the data in FY 2001-02 as the “base” year. We applied an Implicit Price Deflator to total allowable evaluation activities costs in FY 2001-02 to determine allowable evaluation activities costs for FY 1997-98 through FY 2000-01.

The following table summarizes allowable evaluation costs by fiscal year:

Fiscal Year	Evaluation activities		
	Claimed	Allowable	Audit Adjustment
1997-98	\$ 116,423	\$ 28,905	\$ (87,518)
1998-99	81,738	29,473	(52,265)
1999-2000	124,709	30,307	(94,402)
2000-01	150,249	31,752	(118,497)
2001-02	222,254	33,156	(189,098)
2002-03	218,983	27,967	(191,016)
2003-04	244,663	48,716	(195,947)
2004-05	241,963	56,647	(185,316)
2005-06	295,423	55,126	(240,297)
2006-07	202,789	49,647	(153,142)
2007-08	276,491	57,213	(219,278)
2008-09	180,168	34,455	(145,713)
2009-10	181,246	30,855	(150,391)
2010-11	184,548	26,888	(157,660)
2011-12	146,345	37,314	(109,031)
Total	\$ 2,867,992	\$ 578,421	\$ (2,289,571)

We then applied the applicable indirect cost rates to allowable evaluation activities to calculate allowable indirect costs of \$25,465 for this component.

#### Calculation of Allowable Training Costs

The district claimed training hours from FY 2005-06, 2006-07, 2008-09, 2010-11 and 2011-12, totaling \$76,389 for the audit period. We found that \$5,804 in training costs is reimbursable under the mandate and \$70,585 is not reimbursable. The primary reason for the non-reimbursable costs was insufficient supporting documentation. The district did not provide sufficient documentation to support the costs related to the one-time activity of training staff on the implementation of the reimbursable activities listed in the parameters and guidelines.

The following table summarizes claimed, allowable, and unallowable salaries and benefits related to training costs by fiscal year using the claimed PHRs:

Fiscal Year	Training		
	Claimed	Allowable	Audit Adjustment
2005-06	\$ 401	\$ -	\$ (401)
2006-07	3,214	2,814	(400)
2008-09	66,592	2,806	(63,786)
2010-11	5,141	-	(5,141)
2011-12	1,041	184	(857)
Total	\$ 76,389	\$ 5,804	\$ (70,585)

We applied the applicable indirect cost rates to allowable training costs to calculate allowable indirect costs of \$247 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.

### Recommendation

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.

### District's Response

#### A. TIME STUDY RESULTS AUDIT FINDINGS FOR FY 2001-02 THROUGH 2011-12

#### Average Time Allowed

Using time study forms prepared by our mandate consultant, District staff evaluators recorded the time spent over the course of the year-long process to evaluate certificated staff during FY 2009-10 through FY 2011-12. The audited average times to complete the evaluation process based on the District time study documents and the allowable times are as follows:

Evaluation Type	Audited Avg. Hours <u>Time Study</u> 8 activities	Audited Avg. Hours <u>Allowed</u> 3 activities	Percentage <u>Allowed</u>
Permanent	3.44	2.13	62%
Probationary	2.98	1.90	64%
Temporary	3.04	1.99	65%
Unsatisfactory	6.0	6.0	100%

The audited annual costs of the evaluation process for FY 2001-02 through FY 2011-12 are based on the average time to implement three of the eight different components of the annual employee evaluation process, multiplied by the number of evaluations performed each year, and then multiplied by the average productive hourly rates (salary and benefits) for the evaluators.

#### Disallowed Activities

The draft audit report states five of the eight activities identified in the time study are not reimbursable:

1. Conducting a conference with the certificated staff member to review their goals and objectives;
2. Conducting a pre-observation conference with the certificated staff member;
3. Conducting a post-observation conference with the certificated staff member;
4. Conducting a final evaluation conference with the certificated staff member; and
5. Discussing STAR results and how to improve instructional abilities with the certificated staff member.

The draft audit report states that conferences between the evaluators and teachers are not reimbursable because they were required before the enactment of the test claim legislation and thus are not imposing a new program or higher level of service. The District disagrees with this disallowance. The mandate reimburses the new program requirement to "evaluate and assess" which necessarily involves a comprehensive process. The conferences are one part of a continuum of evaluation and assessment steps, none of which individually completes the mandate. The conferences and related tasks are effective and efficient methods to evaluate and assess employees and necessary to communicate the findings of the evaluation to the employee. Whether the conferences in general were required as a matter of law before the Stull Act is a decision for the Commission pursuant to a future incorrect reduction claim.

#### Allowed Activities

The draft audit report states that three of the eight activities identified by the district are reimbursable:

6. Classroom observations (formal and informal);
7. Writing a report regarding observations; and
8. Writing the final evaluation report.

The District agrees that these activities are reimbursable.

## SCO's Comments

### **Time Study Results**

Our finding and recommendation are unchanged. The conferences between the teachers and evaluators are non-reimbursable activities.

The district states in its response that “the mandate reimburses the new program requirement to ‘evaluate and assess’ which necessarily involves a comprehensive process.” We disagree. Not all activities from the evaluation process are reimbursable. The mandate reimburses only those activities that impose a new requirement or higher level of service for the agencies.

The program’s parameters and guidelines (sections IV.A.1, IV.A.2, and IV.B.1) specify that reimbursement is limited to only those activities outlined in each section. Section IV.B.1 identifies reimbursable evaluation conferences only for those instances in which an unsatisfactory evaluation took place for certificated instructional or non-instructional personnel in those years in which the employee would not have otherwise been evaluated.

The district claimed costs for the conferences resulting from evaluations completed under sections IV.A.1 and IV.A.2 of the parameters and guidelines. Sections IV.A.1 and IV.A.2 do not identify evaluation conferences or any other types of conferences as reimbursable activities.

Furthermore, the Commission found in its statement of decisions that conferences between the evaluators and teachers are not reimbursable because they were required before the enactment of the test claim legislation.

Under prior law, the evaluation was to be prepared in writing and a copy of the evaluation was to be given to the employee. A meeting was to be held between the certificated employee and the evaluator to discuss the evaluation and assessment. The Commission indicated in its statement of decision document that:

. . . the 1975 test claim legislation did not amend the requirements in Former Education Code sections 13488 and 13489 to prepare written evaluations of certificated employees, receive responses to those evaluations, and conduct a meeting with the certificated employee to discuss the evaluation. . . .

The 1983 test claim statute still requires school districts to prepare the evaluation in writing, to transmit a copy to the employee, and to conduct a meeting with the employee to discuss the evaluation and assessment. These activities are not new.

However, the 1983 test claim statute amended the evaluation requirements by adding two new evaluation factors relating to 1) the instructional techniques and strategies used by the employee, and 2) the employee’s adherence to curricular objectives. The Commission found that Education Code section 44662, subdivision (b), as amended by Statutes of 1983, Chapter 498, imposed a new requirement on school districts to:

. . . 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 is limited to the additional requirements imposed by the amendments. The additional requirements include the review of the employee's instructional techniques and strategies and adherence to curricular objectives, and to include in the written evaluation of the certificated instructional employees the assessment of only these factors. Conference activities do not impose a new program or higher level of service.

### District's Response

#### Completed and Allowable Evaluations

The general practice for the District was for any of three area administrators who were responsible for keeping track of the evaluation status of each employee to mark a spreadsheet when the evaluation process for the employee was completed. The District was able to locate the spreadsheets used to accomplish this tracking back to FY 2000-01 however, the first complete year was FY 2001-02. The spreadsheet data was the source used by the auditor to determine the number of reimbursable evaluations for the period FY 2001-02 through FY 2011-12. The auditor determined the employment status of the evaluated employee and then matched the names to a copy of the completed evaluation in the employee file. The auditor provided the following table of changes to the number of evaluations supported by the spreadsheets:

Number of evaluations from the District spread sheet		3,504
Add: Evaluations found during testing		<u>159</u>
Total evaluations		3,663
Less:		
Non-instructional employees	(315)	
Unallowable job titles	(17)	
Duplicates	(57)	
Charter school employees	(301)	
PAR	(78)	
No evaluation found	(112)	(880)
Total audited allowable evaluations		<u>2,783</u>

The draft audit report disallows 880 of the 3,663 evaluations (about 24%). The draft audit report states these evaluations were disallowed for eight reasons:

1. *Vice principals, librarians, counselors, psychologists, nurses, deans, coordinators and program specialists who are not certificated instructional employees.*

This category of 315 disallowed evaluations comprises 9% of the audited evaluations. The District disagrees with this disallowance. The parameters and guidelines stat that the mandate is to evaluation the performance of "certificated instructional employees." All certificated personnel are "instructional" personnel even if they are not classroom teachers. The audit report does not indicate how these other

certificated personnel are not implementing state curricular objectives. The District does concur that the portion of the mandate relating to the evaluation of compliance with the testing assessment standards (the STAR component) is limited to classroom teachers because the parameters and guidelines specifically state “employees that teach” specified curriculum.

2. *JROTC, NJROTC, and ROTC teachers who do not perform the requirements of the program that is mandated by state or federal law.*

This category of 17 disallowed evaluations comprises less than half of one-percent of the audited evaluations. The District disagrees with this disallowance. The parameters and guidelines stat that the mandate is to evaluation the performance of “certificated instructional employees.” These persons are instructors.

3. *Duplicate teacher evaluations claimed multiple times in one school year.*

This category of 57 disallowed evaluations comprises less than 2% of the audited evaluations. Potential “duplicate” evaluations generally occur as a result of an employee transferring to another school during the evaluation cycle, or a change in employment status of the employee. The District concurs that only one complete evaluation should be counted for each employee.

4. *Permanent biennial teacher evaluations claimed every year rather than every other year.*

The audit report does not identify the number of evaluations disallowed for this reason. The District concurs that only one complete evaluation should be counted for each employee every other year after the employee attains permanent status.

5. *Permanent five-year teacher evaluations claimed multiple times in a five-year period rather than once every five years.*

The audit report does not identify the number of evaluations disallowed for this reason. The District concurs that only one complete evaluation should be counted for each employee every fifth year after the employee attains permanent five-year status.

6. *Charter school teacher evaluations.*

This category of 301 disallowed evaluations comprises about 9% of the audited evaluations. The District agrees that these charter school costs are not eligible for reimbursement.

7. *Peer assistance and review teacher evaluations.*

This category of 78 disallowed evaluations comprises about 2% of the audited evaluations. The District agrees with this disallowance because the PAR evaluation process is compensated by specific state program funds.

8. *Evaluations requested during testing that were unable to be located by the district.*

This category of 112 disallowed evaluations comprises about 3% of the audited evaluations. These disallowances appear to result when a name could not be traced to a completed evaluation form in the employee file. The auditor state in an e-mail after the exit conference that 10 if the names could not be matched to files and 102 were names for which files were located but these files did not contain the evaluation for the fiscal year referenced on the spreadsheet. It is not clear what the relevance of the fiscal year is to the outcome of the documentation testing. The District believes that the spread sheet is sufficient documentation that the evaluation occurred.

#### SCO's Comments

Our finding and recommendation are unchanged. We disagree with the district's comments for the following reasons:

1. *Vice principals, librarians, counselors, psychologists, nurses, deans, coordinators and program specialists who are not certificated instructional employees.*

The district states that "All certificated personnel are 'instructional' personnel even if they are not classroom teachers." We disagree. The language of the parameters and guidelines and the Commission statement of decision address the difference between certificated instructional employees and certificated non-instructional employees.

In its statement of decision, the Commission identifies instructional employees as teachers, and non-instructional employees as principals and various administrators. The Commission further states that the test claim legislation, as it relates to evaluation and assessment of certificated non-instructional employees, does not constitute a new program or higher level of service.

In addition, the parameters and guidelines clearly identify reimbursable components and activities as they relate to certificated instructional and certificated non-instructional personnel. Our draft report identifies a finding related to the component of evaluating instructional techniques and strategies and adherence to curricular objectives for the certificated instructional employees. The intent of this component is to evaluate the elements of classroom instruction. Vice principals, librarians, counselors, psychologists, nurses, deans, coordinators, and program specialists do not provide classroom instruction and are considered "non-instructional" certificated personnel.

2. *JROTC, NJROTC, and ROTC teachers who do not perform the requirements of the program that is mandated by state or federal law.*

JROTC, NJROTC and ROTC teachers are not allowable for reimbursement because, per Education Code 51750, the establishment of a school course in military science and tactics is

optional, and not a required course of study for any student. Therefore, JROTC, NJROTC and ROTC courses are not mandated.

3. *Duplicate teacher evaluations claimed multiple times in one school year.*

The district agrees that “only one complete evaluation should be counted for each employee.”

4. *Permanent biennial teacher evaluations claimed every year rather than every other year.*

The district agrees that “only one complete evaluation should be counted for each employee every other year after the employee attains permanent status.”

5. *Permanent five-year teacher evaluations claimed multiple times in a five-year period rather than once every five years.*

The district agrees that “only one complete evaluation should be counted for each employee every fifth year after the employee attains permanent five-year status.”

6. *Charter school teacher evaluations*

The district agrees that “charter school costs are not eligible for reimbursement.”

7. *Peer assistance and review teacher evaluations.*

The district agrees with this disallowance because the “PAR evaluation process is compensated by specific state program funds.”

8. *Evaluations requested during testing that were unable to be located by the district.*

The district asserts that the “spread sheet is sufficient documentation that the evaluation occurred.” We disagree. During the fieldwork portion of the audit, we selected a sample of evaluations to test for compliance with the parameters and guidelines. Our review of the tested sample found 10 employees that could not be matched to files and 102 names in which files were located, but did not contain the appropriate fiscal year evaluation referenced on the spreadsheet. We excluded 112 evaluations from the total allowable population.

#### District’s Response

##### B. Extrapolation of Prior Years Audit Findings for FY 1997-98 through FY 2000-01

In the absence of the previously mentioned spreadsheet database of evaluations conducted each fiscal year, the audit used FY 2001-02 as a “base” year and applied an Implicit Price Deflator to total allowable evaluation costs for FY 2001-02 to determine allowable evaluation costs for each of FY 1997-98 through FY 2000-01. The District believes that this extrapolation method ignores the potential for the

number of staff evaluated during these prior years to be significantly more than those in later years. The District is preparing comparative data and will present it in the incorrect reduction claim.

#### SCO's Comments

Our finding and recommendation are unchanged.

The district indicated that the FY 1997-1998 through FY 2000-01 database of evaluations would be significantly higher than those claimed in later years, but has not provided any evidence of this assertion.

#### District's Response

##### C. TRAINING COSTS

The District claimed training costs of \$76,389 for the audit period. The draft audit report found that \$5,804 in training costs is reimbursable and \$70,585 is not reimbursable. The reason stated for the nonreimbursable costs was insufficient supporting documentation to support the costs related to the one-time activity of training staff for the reimbursable activities listed in the parameters and guidelines. The District disagrees with this disallowance. Most of the disallowed staff time was incurred for the meetings with the principals and other evaluators to commence the annual evaluation cycle. The auditor made several arbitrary conclusions concerning the duration and content of these sessions. Meeting with the principals and other evaluators prior to the start of the annual evaluation cycle are reasonable and necessary to implement the evaluation process.

#### SCO's Comments

Our finding and recommendation are unchanged.

The parameters and guidelines state that the district may claim reimbursement to "train staff on implementing the reimbursable activities" and that training is reimbursable as a "one-time activity for each employee."

The district believes that the meetings with the principals and other evaluators are "reasonable and necessary" activities. However, the reimbursement is limited to only those activities outlined in the parameters and guidelines (section IV.C).

Additionally, the district asserts that the auditor made several "arbitrary conclusions" related to the duration and content of the training sessions, but has not provide any evidence to support that statement. We did not assess the documentation provided as support for claimed training costs arbitrarily. We used the program's parameters and guidelines as the basis for our audit.

**OTHER ISSUE —  
Public Records  
Request**

The district's response included other comments related to the mandated cost claims. The district's comments and SCO's response are presented below.

District's Response

The District requests copies of all audit work papers in support of the audit findings. The District requests that the Controller provide the District any and all written audit instructions, memoranda, or other writings in effect and applicable during the claiming periods to the findings.

SCO's Comments

The SCO will respond to the district's request in a separate letter.

**Attachment—  
District’s Response to  
Draft Audit Report**

---



COMMITTED TO EXCELLENCE  
S I N C E 1 9 2 0

• GOVERNING BOARD MEMBERS

JIM KELLY  
PRISCILLA SCHREIBER  
ROBERT SHIELD  
JIM STIERINGER  
DR. GARY WOODS

• SUPERINTENDENT

RALF SWENSON

April 24, 2015

Mr. Jim L. Spano, Chief  
Mandated Costs Audits Bureau  
Division of Audits  
State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

Re: Grossmont Union High School District  
Stull Act Mandate DRAFT Audit  
FY 1997-98 through FY 2011-12

Dear Mr. Spano:

This letter is the response of the Grossmont Union High School District to the draft audit report dated April 13, 2015, received by e-mail on April 16, 2015, for the above-referenced program and fiscal years, transmitted by the letter from Jeffrey V. Brownfield, Chief, Division of Audits, State Controller's Office.

The District appreciated the opportunity to utilize the actual time forms prepared by staff from fiscal years 2009-10 through 2011-12 as the basis of the time study of the mandate program activities. The time study is a reasonable method to fulfill the Controller's expectations for cost accounting and documentation. However, the District will file an incorrect reduction claim due to the limited scope of activities approved for reimbursement. The District disagrees with the Controller's interpretation of the Stull Act legislation and the test claim findings. From the discussion at the audit entrance and exit conferences, as well as the results of previous audits at other districts, it is clear that this disagreement cannot be resolved at this point. A Commission on State Mandates decision will be needed since this is an issue of statewide significance relevant to all Stull Act audits.

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

The District claimed a total of \$2,944,381 in salaries and benefits and \$125,874 in related indirect costs for the audit period. The Draft audit concludes that \$2,360,156 in salaries and benefits and \$100,162 in related indirect costs are unallowable primarily

because the audit asserts that the District claimed reimbursement for non-mandated evaluation costs (\$2,289,571) and training costs (\$70,585).

A. TIME STUDY RESULTS  
AUDIT FINDINGS FOR FY 2001-02 THROUGH FY 2011-12

Average Time Allowed

Using time study forms prepared by our mandate consultant, District staff evaluators recorded the time spent over the course of the year-long process to evaluate certificated staff during FY 2009-10 through FY 2011-12. The audited average times to complete the evaluation process based on the District time study documents and the allowable times are as follows:

<u>Evaluation Type</u>	<u>Audited Avg. Hours Time Study</u> 8 activities	<u>Audited Avg. Hours Allowed</u> 3 activities	<u>Percentage Allowed</u>
Permanent	3.44	2.13	62%
Probationary	2.98	1.90	64%
Temporary	3.04	1.99	65%
Unsatisfactory	6.0	6.0	100%

The audited annual costs of the evaluation process for FY 2001-02 through FY 2011-12 are based on the average time to implement three of the eight different components of the annual employee evaluation process, multiplied by the number of evaluations performed each year, and then multiplied by the average productive hourly rates (salary and benefits) for the evaluators.

Disallowed Activities

The draft audit report states five of the eight activities identified in the time study are not reimbursable:

- 1 Conducting a conference with the certificated staff member to review their goals and objectives;
- 2 Conducting a pre-observation conference with the certificated staff member;
- 3 Conducting a post-observation conference with the certificated staff member;
- 4 Conducting a final evaluation conference with the certificated staff member; and
- 5 Discussing STAR results and how to improve instructional abilities with the certificated staff member.

The draft audit report states that conferences between the evaluators and teachers are not reimbursable because they were required before the enactment of the test claim legislation and thus are not imposing a new program or higher level of service. The District disagrees with this disallowance. The mandate reimburses the new program requirement to "evaluate and assess" which necessarily involves a comprehensive process. The conferences are one part of a continuum of evaluation and assessment steps, none of which individually completes the mandate. The conferences and related tasks are effective and efficient methods to evaluate and assess employees and necessary to communicate the findings of the evaluation to the employee. Whether the conferences in general were required as a matter of law before the Stull Act is a decision for the Commission pursuant to a future Incorrect reduction claim.

#### Allowed Activities

The draft audit report states that three of the eight activities identified by the district are reimbursable:

- 6 Classroom observations (formal and informal);
- 7 Writing a report regarding observations; and
- 8 Writing the final evaluation report.

The District agrees that these activities are reimbursable.

#### Completed and Allowable Evaluations

The general practice for the District was for any of three area administrators who were responsible for keeping track of the evaluation status of each employee to mark a spreadsheet when the evaluation process for the employee was completed. The District was able to locate the spreadsheets used to accomplish this tracking back to FY 2000-01, however, the first complete year was FY 2001-02. This spreadsheet data was the source used by the auditor to determine the number of reimbursable evaluations for the period FY 2001-02 through FY 2011-12. The auditor determined the employment status of the evaluated employee and then matched the names to a copy of the completed evaluation in the employee file. The auditor provided the following table of changes to the number of evaluations supported by the spreadsheets:

Number of evaluations from the District spread sheet		3,504
Add: Evaluations found during testing		<u>159</u>
Total evaluations		3,663
Less:		
Non-instructional employees	(315)	
Unallowable job titles	(17)	
Duplicates	(57)	
Charter school employees	(301)	
PAR	(78)	
No evaluation found	(112)	(880)
Total audited allowable evaluations		2,783

The draft audit report disallows 880 of the 3,663 evaluations (about 24%). The draft audit report states these evaluations were disallowed for eight reasons:

1. *Vice principals, librarians, counselors, psychologists, nurses, deans, coordinators and program specialists who are not certificated instructional employees.*

This category of 315 disallowed evaluations comprises 9% of the audited evaluations. The District disagrees with this disallowance. The parameters and guidelines state that the mandate is to evaluate the performance of "certificated instructional employees." All certificated personnel are "instructional" personnel even if they are not classroom teachers. The audit report does not indicate how these other certificated personnel are not implementing state curricular objectives. The District does concur that the portion of the mandate relating to the evaluation of compliance with the testing assessment standards (the STAR component) is limited to classroom teachers because the parameters and guidelines specifically state "employees that teach" specified curriculum.

2. *JROTC, NJROTC, and ROTC teachers who do not perform the requirements of the program that is mandated by state or federal law.*

This category of 17 disallowed evaluations comprises less than half of one-percent of the audited evaluations. The District disagrees with this disallowance. The parameters and guidelines state that the mandate is to evaluate the performance of "certificated instructional employees." These persons are instructors.

3. *Duplicate teacher evaluations claimed multiple times in one school year.*

This category of 57 disallowed evaluations comprises less than 2% of the audited evaluations. Potential "duplicate" evaluations generally occur as a result of an employee transferring to another school during the evaluation cycle, or a change in employment status of the employee. The District concurs that only one complete evaluation should be counted for each employee.

4. *Permanent biennial teacher evaluations claimed every year rather than every other year.*

The audit report does not identify the number of evaluations disallowed for this reason. The District concurs that only one complete evaluation should be counted for each employee every other year after the employee attains permanent status.

5. *Permanent five-year teacher evaluations claimed multiple times in a five-year period rather than once every five years.*

The audit report does not identify the number of evaluations disallowed for this reason. The District concurs that only one complete evaluation should be counted for each employee every fifth year after the employee attains permanent five-year status.

6. *Charter school teacher evaluations.*

This category of 301 disallowed evaluations comprises about 9% of the audited evaluations. The District agrees that these charter school costs are not eligible for reimbursement.

7. *Peer assistance and review teacher evaluations.*

This category of 78 disallowed evaluations comprises about 2% of the audited evaluations. The District agrees with this disallowance because the PAR evaluation process is compensated by specific state program funds.

8. *Evaluations requested during testing that were unable to be located by the district.*

This category of 112 disallowed evaluations comprises about 3% of the audited evaluations. These disallowances appear to result when a name could not be traced to a completed evaluation form in the employee file. The auditor stated in an e-mail after the exit conference that 10 of the names could not be matched to files and 102 were names for which files were located but these files did not contain the evaluation for the fiscal year referenced on the spreadsheet. It is not clear what the relevance of the fiscal year is to the outcome of the documentation testing. The District believes that the spread sheet is sufficient documentation that the evaluation occurred.

B. EXTRAPOLATION OF PRIOR YEARS  
AUDIT FINDINGS FOR FY 1997-98 THROUGH FY 2000-01

In the absence of the previously mentioned spreadsheet database of evaluations conducted each fiscal year, the audit used FY 2001-02 as a "base" year and applied an Implicit Price Deflator to total allowable evaluation costs for FY 2001-02 to determine allowable evaluation costs for each of FY 1997-98 through FY 2000-01. The District believes that this extrapolation method ignores the potential for the number of staff evaluated during these prior years to be significantly more than those in later years. The District is preparing comparative data and will present it in the incorrect reduction claim.

C. TRAINING COSTS       \$76,389

The District claimed training costs of \$76,389 for the audit period. The draft audit report found that \$5,804 in training costs is reimbursable and \$70,585 is not reimbursable. The reason stated for the nonreimbursable costs was insufficient supporting documentation to support the costs related to the one-time activity of training staff for the reimbursable activities listed in the parameters and guidelines. The District disagrees with this disallowance. Most of the disallowed staff time was incurred for meetings with the principals and other evaluators to commence the annual evaluation cycle. The auditor made several arbitrary conclusions concerning the duration and content of these

Jim L. Spano  
April 24, 2015  
Page Six

sessions. Meetings with the principals and other evaluators prior to the start of the annual evaluation cycle are reasonable and necessary to implement the evaluation process.

**Public Records Request**

The District requests copies of all audit work papers in support of the audit findings. The District requests that the Controller provide the District any and all written audit instructions, memoranda, or other writings in effect and applicable during the claiming periods to the findings.

Government Code Section 6253, subdivision (c), requires the state agency that is the subject of the request, within ten days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of disclosable public records in possession of the agency and promptly notify the requesting party of that determination and the reasons therefore. Also, as required, when so notifying the District, the agency must state the estimated date and time when the records will be made available.

Thank you for your attention to the foregoing.

Sincerely,



Scott H. Patterson  
Deputy Superintendent, Business Services  
Grossmont Union High School District  
(619) 644-8010

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

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