

# **FONTANA UNIFIED SCHOOL DISTRICT**

Audit Report

## **HABITUAL TRUANTS PROGRAM**

Chapter 1184, Statutes of 1975; Chapter 1023,  
Statutes of 1994; and Chapter 734, Statutes of 2001

*July 1, 2010, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

December 2016



**BETTY T. YEE**  
California State Controller

December 29, 2016

Mary Sandoval, President  
Board of Education  
Fontana Unified School District  
9680 Citrus Avenue  
Fontana, CA 92335

Dear Ms. Sandoval:

The State Controller's Office audited the costs claimed by the Fontana Unified School District for the legislatively mandated Habitual Truants Program (Chapter 1184, Statutes of 1975; Chapter 1023, Statutes of 1994; and Chapter 734, Statutes of 2001) for the period of July 1, 2010, through June 30, 2012.

The district claimed \$962,264 for the mandated program. Our audit found that \$178,540 is allowable and \$783,724 is unallowable. The costs are unallowable because the district misstated the number of students reported as habitual truants, claimed the same habitual truants multiple times, and claimed ineligible habitual truants. The State made no payment to the district. The State will pay \$178,540, contingent upon available appropriations.

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/rg

cc: Randal S. Bassett, Interim Superintendent of Schools  
Fontana Unified School District  
Bethany Figueroa, CPA, Executive Director, Fiscal Services  
Fontana Unified School District  
Craig Baker, Director, Child Welfare and Attendance  
Fontana Unified School District  
Thomas Cassida, Director, Business Advisory Services  
San Bernardino County Superintendent of Schools  
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

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Fontana Unified School District for the legislatively mandated Habitual Truants Program (Chapter 1184, Statutes of 1975; Chapter 1023, Statutes of 1994; and Chapter 734, Statutes of 2001) for the period of July 1, 2010, through June 30, 2012.

The district claimed \$962,264 for the mandated program. Our audit found that \$178,540 is allowable and \$783,724 is unallowable. The costs are unallowable because the district misstated the number of students reported as habitual truants, claimed the same habitual truants multiple times, and claimed ineligible habitual truants. The State made no payment to the district. The State will pay \$178,540, contingent upon available appropriations.

## Background

Chapter 1184, Statutes of 1975 added former Education Code section 12403, and Chapter 1010, Statutes of 1976 re-codified this section as Education Code section 48262. Section 48262 defines an habitual truant as a pupil who has been reported as a truant three or more times per school year, and states that no pupil shall be deemed an habitual truant unless school districts make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil.

Chapter 1023, Statutes of 1994 added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as an habitual truant as defined in Education Code section 48262 upon the pupil's fourth truancy within the same school year.

Chapter 734, Statutes of 2001 made several technical and "non-controversial changes to the Education Code," including reconciling the definition of an habitual truant in section 48262 as being a pupil who has been reported truant three or more times per school year.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission on State Mandates (Commission) first adopted the parameters and guidelines on January 29, 1998, and last amended them on September 27, 2013, when it adopted a reasonable reimbursement methodology in lieu of filing detailed documentation of actual costs. Beginning in fiscal year (FY) 2002-03, the Commission adopted a unit cost rate of \$26 per pupil identified as an habitual truant. The unit cost rate is adjusted annually by the Implicit Price Deflator.

In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated program reimbursable costs.

## **Objectives, Scope, and Methodology**

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Habitual Truants Program for the period of 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 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:

- Reviewed the annual claims filed with the SCO to identify any mathematical errors and performed analytical procedures to determine any unusual or unexpected variances from year to year
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained
- Assessed whether computer-processed data provided by the district to support claimed costs was complete and accurate and could be relied upon
- Selected a statistical sample of students from the School Attendance Review Team (SART) 3 letters and analyzed the student records to determine whether the district correctly classified students as habitual truants
- Determined whether each student reported as an habitual truant was absent from school without a valid excuse three full days in one school year or tardy or absent for more than a 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof
- Inquired whether the district realized any offsetting savings or reimbursements from the statutes that created the mandated program

**Conclusion**

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

For the audit period, the Fontana Unified School District claimed \$962,264 for costs of the Habitual Truants Program. Our audit found that \$178,540 is allowable and \$783,724 is unallowable. The State made no payment to the district. The State will pay \$178,540, contingent upon available appropriations.

**Views of  
Responsible  
Officials**

We issued a draft audit report on November 14, 2016. In an email dated November 29, 2016, Bethany Figueroa, Executive Director of Fiscal Services, provided a response letter from Randal S. Bassett, Interim Superintendent of Schools (Attachment). Mr. Bassett's response letter describes the district's Habitual Truant process but does not give an opinion on the findings. However, in a follow up email dated November 29, 2016, Ms. Figueroa states that "the district does agree with the findings." This final audit report includes the district's response letter.

**Restricted Use**

This report is solely for the information and use of the Fontana Unified School District, the San Bernardino County Superintendent of Schools, 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

December 29, 2016

**Schedule—**  
**Summary of Program Costs**  
**July 1, 2010, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2010, through June 30, 2011</u>				
Unit cost rate	\$ 35.66	\$ 35.66		
Number of pupils reported as truants	× 5,447	× 2,545		
Total program costs	<u>\$ 194,240</u>	90,755	<u>\$ (103,485)</u>	Findings 1, 2
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 90,755</u>		
<u>July 1, 2011, through June 30, 2012</u>				
Unit cost rate	\$ 36.73	\$ 36.73		
Number of pupils reported as truants	× 20,910	× 2,390		
Total program costs	<u>\$ 768,024</u>	87,785	<u>\$ (680,239)</u>	Findings 1, 2
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 87,785</u>		
<u>Summary: July 1, 2010, through June 30, 2012</u>				
Total program costs	<u>\$ 962,264</u>	\$ 178,540	<u>\$ (783,724)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 178,540</u>		

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Misstated number of  
students claimed as  
habitual truants**

The district misstated the number of students claimed as habitual truants for each fiscal year in the audit period, resulting in net overstated costs of \$533,484.

A student is classified as a truant when the student has accumulated a combination of three absences. The district informed us that when this occurs, the district will mail out a SART 1 letter to the student’s parents. Each subsequent absence will result in an additional SART letter (e.g. SART 2 and SART 3). Once the student receives a SART 3 letter, the student is classified by the district as an habitual truant.

The district’s Technology Department ran a query from its student attendance system of the SART 3 letters mailed out during the audit period. The number of SART 3 letters from the query did not support the number of habitual truants claimed. Our review found that the district under-claimed the number habitual truants for FY 2010-11 and over-claimed the number of habitual truants for FY 2011-12.

The following table summarizes the misstated number of students claimed as habitual truants for each fiscal year in the audit period:

	Fiscal Year		Total
	2010-11	2011-12	
Number of students claimed as habitual truants	5,447	20,910	
Number of students reported on SART 3 letters as habitual truants	6,459	5,403	
Total misstated number of students	1,012	(15,507)	(14,495)
Unit cost rate	× \$ 35.66	× \$ 36.73	
Audit adjustment	<u>\$36,088</u>	<u>\$(569,572)</u>	<u>\$(533,484)</u>

The parameters and guidelines, section V.2. Uniform Cost Allowance, state:

The reasonable reimbursement methodology for the mandated activities shall consist of a uniform cost allowance calculated as follows: Multiply the total number of student reported as habitual truants each fiscal year by the relevant unit cost rate for the fiscal year.

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 all costs claimed are properly supported by sufficient source documentation.

District’s Response

In an email dated November 29, 2016, Bethany Figueroa, Executive Director of Fiscal Services, states that the district agrees with the finding.

**FINDING 2—  
Ineligible habitual  
truants claimed**

The district claimed ineligible habitual truants for each fiscal year in the audit period, resulting in an adjustment of \$250,240. The costs are unallowable because the district claimed the same habitual truants multiple times and improperly classified the students as habitual truants based on an incorrect number of absences or tardies.

**Duplicated and triplicated habitual truants claimed**

We found that the district claimed the same habitual truant multiple times, resulting in an adjustment of \$1,493.

As specified in Finding 1, the district provided a query of the students who received SART 3 letters. Our review of the SART 3 query identified the following issues:

- The district claimed the same truants two times

35 students (12 students in FY 2010-11 and 23 students in FY 2011-12) each received a SART 3 letter twice during the school year. As such, we found the second SART 3 letter sent to the 35 students to be unallowable.

- The district claimed the same truants three times

Three students in FY 2011-12 each received a SART 3 letter three times during the school year. As such, we found the second and third SART 3 letters sent to the three students to be unallowable.

The following table summarizes the duplicated and triplicated adjustment:

	Fiscal Year		Total
	2010-11	2011-12	
Total number of duplicated / triplicated truants claimed	24 <sup>1</sup>	55 <sup>2</sup>	
Number of supported truants (1 line item per student)	12	26	
Unallowable duplicated or triplicated line items	(12) <sup>3</sup>	(29) <sup>4</sup>	(41)
Unit cost rate	× \$ 35.66	× \$ 36.73	
Audit adjustment	\$ (428)	\$ (1,065)	\$ (1,493)

<sup>1</sup> For FY 2010-11, the district claimed 12 truants two times

<sup>2</sup> For FY 2011-12, the district claimed 23 truants two times and 3 truants three times

<sup>3</sup> For FY 2010-11, the second SART 3 letter sent to 12 students is unallowable

<sup>4</sup> For FY 2011-12, the second SART 3 letter sent to 23 students is unallowable plus the second and third SART 3 letters sent to three students is unallowable

**Ineligible habitual truants claimed**

We found that the district improperly classified the students as habitual truants based on an incorrect number of absences or tardies, resulting in an adjustment of \$248,747.

Our eligibility testing of the habitual truants was performed in two steps as follows:

1. A statistical sample of the habitual truants reported on the SART 3 query less the total number of duplicated and triplicated habitual truants reported
2. 100% testing of duplicated and triplicated habitual truants reported on the SART 3 query

For each fiscal year in the audit period, we selected a statistical sample of students from the SART 3 query based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used a statistical sample so that we could project the sample results to the population. To select the statistical sample, we excluded the total duplicated and triplicated habitual truants previously identified, as follows:

	Fiscal Year	
	2010-11	2011-12
Number of students reported on the SART 3 query as habitual truants	6,459	5,403
Less: total number of duplicated / triplicated truants reported	(24)	(55)
Population for statistical sampling	<u>6,435</u>	<u>5,348</u>
Statistical sample size selected for habitual truant testing	<u>147</u>	<u>146</u>

For each sampled student, we analyzed his or her attendance records to determine when each SART letter was sent to the student’s parent and the dates of each absence and tardy that triggered each letter. Our review found that the district sent out SART letters after the wrong number of absences, sent out SART letters to students with excused absences, and sent out SART letters when no unexcused absence was identified since the previous SART letter was sent out.

Education Code section 48260 requires the district to classify the student as a truant when the student is “absent from school without a valid excuse for three full days in one school year or tardy or absent for more than a 30-minute period during the school day without a valid excuse on three or more occasions in one school year, or any combination thereof....”

Education Code section 48261 requires the district to report the student again as a truant when the student is “again absent from school without valid excuse one or more days, or tardy on one or more days....”

Education Code section 48262 deems an habitual truant to be one “who has been reported as a truant three or more times per the school year....”

The following table summarizes the number of ineligible students claimed as habitual truants:

	Fiscal Year		Total
	2010-11	2011-12	
<u>Step 1 - Statistical sample</u>			
Number of ineligible habitual truants from sample	(89)	(81)	
Statistical sample size	÷ 147	÷ 146	
Unallowable percentage	-60.54%	-55.48%	
Applied to population size	× 6,435	× 5,348	
Extrapolated number of ineligible habitual truants	(3,896)	(2,967)	
Unit cost rate	× \$ 35.66	× \$ 36.73	
Audit adjustment - statistical sample	<u>\$(138,931)</u>	<u>\$(108,978)</u>	<u>\$(247,909)</u>
<u>Step 2 - 100% testing of duplicated/triplicated student line items</u>			
Number of truants tested (1 line item per student)	12	26	
Number of habitual truants found to be unallowable	(6)	(17)	
Unit cost rate	× \$ 35.66	× \$ 36.73	
Audit adjustment - duplicated/triplicated line items	<u>\$ (214)</u>	<u>\$ (624)</u>	<u>\$ (838)</u>
Total audit adjustment	<u><u>\$(139,145)</u></u>	<u><u>\$(109,602)</u></u>	<u><u>\$(248,747)</u></u>

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 all costs claimed are reimbursable per the parameters and guidelines and are properly supported.

District’s Response

In an email dated November 29, 2016, Bethany Figueroa, Executive Director of Fiscal Services, provided a response letter from Randal S. Bassett, Interim Superintendent of Schools (Attachment). Mr. Bassett’s response letter describes the district’s Habitual Truant process but does not give an opinion on the finding. However, in a follow up email dated November 29, 2016, Ms. Figueroa states that the district agrees with the finding.

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

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# Fontana Unified School District

Every Student Successful | Engaging Schools | Empowered Communities

9680 Citrus Avenue • P. O. Box 5090 • Fontana • California 92334-5090 • (909) 357-7600 • www.fusd.net

Jim L. Spano, CPA  
Chief, Mandated Costs Audit Bureau  
Division of Audits  
California State Controller's Office  
Post Office Box 942850  
Sacramento, CA 94250-5874

Dear Mr. Spano,

The State Controller's Office audited the costs claimed by the Fontana Unified School District for the legislatively mandated Habitual Truants Program (Chapter 1184, Statutes of 1975; Chapter 1023, Statutes of 1994; and Chapter 734, Statutes of 2001) for the period of July 1, 2010, through June 30, 2012 dated November 2016. Habitual Truant claims were prepared using the Data reported to the California Department of Education as this was a unit-rate claim. Child Welfare and Attendance, Fiscal Services, and Information and Accountability are thorough and diligent in reporting and tracking the Habitual Truant process. The Habitual Truant Program takes into account the process for each eligible school district, direct and indirect costs of labor, supplies, and services incurred for the following mandate components that are reimbursable:

**A. Verifying Prior Truancies**

Review of school district records to verify that the pupil has been reported as a truant at least three times during the same school year.

**B. Making a Conscientious Effort to Schedule a Parent Conference**

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

1. Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
2. Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

**C. Scheduling and Holding a Conference**

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

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**BOARD OF EDUCATION**

Jesse Armendaraz  
Barbara L. Chavez  
Lorena Corona  
Mary B. Sandoval  
Matt Slowik, MURP, MPA

**INTERIM SUPERINTENDENTS**

Randal S. Bassett  
John R. Porter Jr., Ed.D.

Telecommunications Device for the Deaf (909) 357-5018

**D. Reclassifying Pupils**

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

We are confident that the coordination within Fontana Unified School District school sites and the district offices, i.e. Child Welfare and Attendance and the Information Technology department, continuously made a conscious and continual effort during the entire school year to contact and notify parents of students' absences and/or truancy. Further, student attendance records may tend to change throughout the school year due to Saturday School Program Recovery, corrections, etc. Fontana Unified School District went above and beyond to ensure their students attended classes, and if not, made numerous attempts to contact and counsel the student's parent/guardian. All these efforts were done in conjunction with Child Welfare and Attendance, Fiscal Services, and Information and Accountability with the support of the School Sites and the Fontana Unified School District School Board.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Bassett', with a stylized flourish at the end.

Randal S. Bassett  
Interim Superintendent of Schools

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

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