

# **GROSSMONT UNION HIGH SCHOOL DISTRICT**

Revised Audit Report

## **SCHOOL DISTRICT OF CHOICE: TRANSFERS AND APPEALS PROGRAM**

Chapter 160, Statutes of 1993,  
and Chapter 1262, Statutes of 1994

*July 1, 2000, through June 30, 2003*



**JOHN CHIANG**  
California State Controller

August 2011



**JOHN CHIANG**  
*California State Controller*

August 5, 2011

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

Dear Mr. Shield:

The State Controller's Office (SCO) audited the costs claimed by the Grossmont Union High School District for the legislatively mandated School District of Choice: Transfers and Appeals Program (Chapter 160, Statutes of 1993, and Chapter 1262, Statutes of 1994) for the period of July 1, 2000, through June 30, 2003.

The district claimed \$440,636 for the mandated program. Our audit disclosed that the entire amount is allowable. The State made no payments to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

This revised final report supersedes the previous revised report dated December 23, 2005. We reconsidered the finding in light of the September 21, 2010 appellate court decision in Clovis Unified School District et al. v. John Chiang, State Controller. In the prior final audit report, we did not allow costs only supported with monthly employee certifications without contemporaneous documentation validating the hours claimed. Most of the certifications were prepared toward the end of each fiscal year. However, the court ruled that the SCO contemporaneous source document rule (CSDR) was invalid prior to the Commission on State Mandates' (CSM) adoption of the rule in the School District of Choice: Transfers and Appeals Program's parameters and guidelines. The CSM adopted the CSDR for this mandate effective July 1, 2005.

In compliance with the court decision, we reconsidered the finding without using the CSDR. We reinstated the entire costs claimed, totaling \$440,636.

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

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/sk

cc: Ralf Swenson, Superintendent  
Grossmont Union High School District  
Ken Leighton, Executive Director  
Fiscal Services  
Grossmont Union High School District  
Randolph E. Ward, Ed.D., County Superintendent of Schools  
San Diego County Office of Education  
Scott Hannan, Director  
School Fiscal Services Division  
California Department of Education  
Carol Bingham, Director  
California Department of Education  
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Jay Lal, Manager  
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State Controller's Office

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# Revised Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Grossmont Union High School District for the legislatively mandated School District of Choice: Transfers and Appeals Program (Chapter 160, Statutes of 1993, and Chapter 1262, Statutes of 1994) for the period of July 1, 2000, through June 30, 2003.

The district claimed \$440,636 for the mandated program. Our audit disclosed that the entire amount is allowable. The State made no payments to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

This revised final report supersedes the previous revised report dated December 23, 2005. We reconsidered the finding in light of the September 21, 2010 appellate court decision in Clovis Unified School District et al. v. John Chiang, State Controller. In the prior final audit report, we did not allow costs only supported with monthly employee certifications without contemporaneous documentation validating the hours claimed. Most of the certifications were prepared toward the end of each fiscal year. However, the court ruled that the SCO contemporaneous source document rule (CSDR) was invalid prior to the Commission on State Mandates' (CSM) adoption of the rule in the School District of Choice: Transfers and Appeals Program's parameters and guidelines. The CSM adopted the CSDR for this mandate effective July 1, 2005.

In compliance with the court decision, we reconsidered the finding without using the CSDR. We reinstated the entire costs claimed, totaling \$440,636.

## Background

Education Code sections 48209.1, 48209.7, 48209.10, 48209.13, and 48209.14 (added and amended by Chapter 160, Statutes of 1993, and Chapter 1262, Statutes of 1994) provide that any school district may elect to accept interdistrict transfers and become a school district of attendance "choice" for pupils from other school districts. They also establish the statutory right of the parent or guardian of a pupil who is prohibited from transferring to appeal this decision to the county board of education.

If a district makes the election, the choice program requires several nondiscriminatory policies:

- Transfers are to be allowed on a random basis, subject to a numerical limit adopted by either the "sending" district of residence or the "receiving" district of choice, and may be prohibited if they adversely affect either school district's integration program;
- Although districts are not required to establish new programs to accommodate the pupil transfer, the school district of choice cannot prohibit a transfer of a pupil just because the additional cost of educating the pupil would exceed the amount of additional State aid received as a result of the transfer;

- Resident pupils cannot be displaced by a choice transfer;
- Rejected requests for transfer require that the district provide written notification to the parent or guardian stating the reason; and
- Once a transfer is granted, the pupil has the right of continuation to other grade levels.

All school districts are required to collect and report data on the number of requests submitted, transfers granted, and transfers denied.

On April 28, 1995, and May 6, 1996, the Commission on State Mandates (CSM) determined that Chapter 160, Statutes of 1993, and Chapter 1262, Statutes of 1994, 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 July 25, 1996, and last amended it on January 24, 1991. In compliance with Government Code section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

## **Objective, Scope, and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the School District of Choice: Transfers and Appeals Program for the period of July 1, 2000, through June 30, 2003. 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, 17561, and 17558.5. 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 objective. 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 no material instances of noncompliance with the requirements outlined above.

For the audit period, the Grossmont Union High School District claimed \$440,636 for costs of the School District of Choice: Transfers and Appeals Program. Our audit disclosed that the entire amount is allowable. The State made no payments to the district. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

**Views of  
Responsible  
Officials**

We issued a draft report on October 7, 2005. Robert J. Cornelius, Assistant Superintendent, Business Services, responded by letter dated October 24, 2005, disagreeing with the audit results. We issued a final report on December 23, 2005.

Subsequently, we eliminated the finding in light of the appellate court decision in *Clovis Unified School District et al. v. John Chiang, State Controller*. We reinstated the entire costs claimed, totaling \$440,636. We notified Ken Leighton, Executive Director of Fiscal Services, of the change on June 22, 2011. Mr. Leighton concurred with the revisions to the report.

**Restricted Use**

This report is solely for the information and use of the 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  
Chief, Division of Audits

August 5, 2011

**Revised Schedule 1—  
Summary of Program Costs  
July 1, 2000, through June 30, 2003**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>
<u>July 1, 2000, through June 30, 2001</u>			
Salaries and benefits	\$ 219,868	\$ 219,868	\$ —
Indirect costs	12,818	12,818	—
Total program costs	<u>\$ 232,686</u>	232,686	<u>\$ —</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 232,686</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Salaries and benefits	\$ 139,125	\$ 139,125	\$ —
Indirect costs	6,010	6,010	—
Total program costs	<u>\$ 145,135</u>	145,135	<u>\$ —</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 145,135</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Salaries and benefits	\$ 61,850	\$ 61,850	\$ —
Indirect costs	965	965	—
Total program costs	<u>\$ 62,815</u>	62,815	<u>\$ —</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>Summary: July 1, 2000, through June 30, 2003</u>			
Salaries and benefits	\$ 420,843	\$ 420,843	\$ —
Indirect costs	19,793	19,793	—
Total program costs	<u>\$ 440,636</u>	440,636	<u>\$ —</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 440,636</u>	

**State Controller's Office  
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