

# **SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

Revised Audit Report

## **NOTIFICATION OF TRUANCY PROGRAM**

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994;  
Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

*July 1, 2002, through June 30, 2007*



**JOHN CHIANG**  
California State Controller

October 2012



**JOHN CHIANG**  
**California State Controller**

October 25, 2012

Diana Rodriguez, President  
Board of Education  
Sacramento City Unified School District  
5735 47<sup>th</sup> Avenue  
Sacramento, CA 95824

Dear Ms. Rodriguez:

The State Controller's Office audited the costs claimed by Sacramento City Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2002, through June 30, 2007.

This revised final report supersedes our previous report dated April 15, 2009. Our original report identified unallowable costs for fiscal year 2006-07 totaling \$215,990, because the district issued noncompliant initial truancy notifications. This revised report partially allows costs claimed for the noncompliant initial truancy notifications. As a result, allowable costs increased by \$188,991 for the audit period.

The district claimed \$1,096,044 for the mandated program. Our audit disclosed that \$989,162 is allowable and \$106,882 is unallowable. The costs are unallowable because the district claimed unsupported, nonreimbursable, and noncompliant initial truancy notifications. The State paid the district \$800,171. The State will pay allowable costs claimed that exceed the amount paid, totaling \$188,991, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at CSM's Web site link 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, at (916) 323-5849.

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/vb

cc: Jonathan P. Raymond, Superintendent  
Sacramento City Unified School District  
Patty Hagemeyer, Chief Business Officer  
Sacramento City Unified School District  
Greg Geeting, President  
Sacramento County Board of Education  
Scott Hannan, Director  
School Fiscal Services Division  
California Department of Education  
Carol Bingham, Director  
Fiscal Policy Division  
California Department of Education  
Thomas Todd, Assistant Program Budget Manager  
Education Systems Unit  
Department of Finance

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# Revised Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Sacramento City Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2002, through June 30, 2007.

The district claimed \$1,096,044 for the mandated program. Our audit disclosed that \$989,162 is allowable and \$106,882 is unallowable. The costs are unallowable because the district claimed unsupported, nonreimbursable, and noncompliant initial truancy notifications. The State paid the district \$800,171. The State will pay allowable costs claimed that exceed the amount paid, totaling \$188,991, contingent upon available appropriations.

## Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to require school districts to also notify the pupil's parent or guardian that: (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, the Commission on State Mandates (CSM) did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, until June 30, 2006, districts are eligible for mandated program reimbursement if they notify parents or guardians of the first five items.

Education Code section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year. Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, the CSM did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, for mandate-reimbursement purposes, until June 30, 2006, a pupil is initially classified as truant upon the fourth unexcused absence.

On November 29, 1984, the State Board of Control (now the CSM) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on August 27, 1987, and amended them on July 22, 1993, and January 31, 2008. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools districts in claiming mandated program reimbursable costs.

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

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2002, through June 30, 2007.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

## **Conclusion**

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Revised Schedule 1) and in the Revised Findings and Recommendations section of this report.

For the audit period, the Sacramento City Unified School District claimed \$1,096,044 for costs of the Notification of Truancy Program. Our audit disclosed that \$989,162 is allowable and \$106,882 is unallowable.

For the fiscal year (FY) 2002-03 claim, the State paid the district \$177,197. Our audit disclosed that the entire amount is allowable.

For the FY 2003-04 claim, the State paid the district \$183,208. Our audit disclosed that the entire amount is allowable.

For the FY 2004-05 claim, the State paid the district \$179,999. Our audit disclosed that the entire amount is allowable.

For the FY 2005-06 claim, the State paid the district \$259,767 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that the entire amount is allowable.

For the FY 2006-07 claim, the State made no payment to the district. Our audit disclosed that \$188,991 is allowable. The State will pay that amount, contingent upon available appropriations.

### **Views of Responsible Officials**

We issued a draft audit report on February 27, 2009. Thomas S. Barentson, Deputy Superintendent/CFO, responded by letter dated March 20, 2009 (Attachment), disagreeing with the audit results. We issued our original final audit report on April 15, 2009.

Subsequently, we revised Finding 3 to allow partial reimbursement for noncompliant initial truancy notifications distributed during FY 2006-07. As a result, we revised Finding 3 to reduce the audit adjustment from \$215,990 to \$26,999. On October 10, 2012, we notified Patty Hagemeyer, Chief Business Officer, of the final audit report revisions. Ms. Hagemeyer did not comment on the revisions.

### **Restricted Use**

This report is solely for the information and use of the Sacramento City Unified School District, the Sacramento 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

October 25, 2012

**Revised Schedule 1—  
Summary of Program Costs  
July 1, 2002, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>				
Number of initial truancy notifications	14,078	13,424	(654)	Findings 1, 2
Uniform cost allowance	× \$ 13.20	× \$ 13.20	× \$ 13.20	
Total program costs	<u>\$ 185,830</u>	177,197	<u>\$ (8,633)</u>	
Less amount paid by the State		<u>(177,197)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Number of initial truancy notifications	18,628	13,412	(5,216)	Findings 1, 2
Uniform cost allowance	× \$ 13.66	× \$ 13.66	× \$ 13.66	
Total program costs	<u>\$ 254,458</u>	183,208	<u>\$ (71,250)</u>	
Less amount paid by the State		<u>(183,208)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Number of initial truancy notifications	12,605	12,886	281	Findings 1, 2
Uniform cost allowance	× \$ 14.28	× \$ 14.28	× \$ 14.28	
Subtotal	179,999	184,012	4,013	
Less allowable costs that exceed costs claimed <sup>2</sup>	<u>—</u>	<u>(4,013)</u>	<u>(4,013)</u>	
Total program costs	<u>\$ 179,999</u>	179,999	<u>\$ —</u>	
Less amount paid by the State		<u>179,999</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Number of initial truancy notifications	16,716	16,749	33	Findings 1, 2
Uniform cost allowance	× \$ 15.54	× \$ 15.54	× \$ 15.54	
Subtotal	259,767	260,279	512	
Less allowable costs that exceed costs claimed <sup>2</sup>	<u>—</u>	<u>(512)</u>	<u>(512)</u>	
Total program costs	<u>\$ 259,767</u>	259,767	<u>\$ —</u>	
Less amount paid by the State <sup>3</sup>		<u>(259,767)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

## Revised Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2006, through June 30, 2007</u>				
Number of initial truancy notifications	13,374	13,374	—	
Uniform cost allowance	× \$16.15	× \$16.15	× \$16.15	
Subtotal	\$ 215,990	\$ 215,990	\$ —	
Noncompliant initial truancy notifications	—	(26,999)	(26,999)	Finding 3
Total program costs	<u>\$ 215,990</u>	188,991	<u>\$ (26,999)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 188,991</u>		
<u>Summary: July 1, 2002, through June 30, 2007</u>				
Total program costs	<u>\$ 1,096,044</u>	\$ 989,162	<u>\$ (106,882)</u>	
Less amount paid by the State		(800,171)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 188,991</u>		

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

<sup>2</sup> Government Code section 17561 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2004-05 and FY 2005-06.

<sup>3</sup> Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

# Revised Findings and Recommendations

**FINDING 1—  
Overstated, understated,  
and unallowable initial  
truancy notifications  
claimed**

The district claimed costs for initial truancy notifications that were unallowable or not supported by the district’s records. Unallowable costs total \$54,793. The costs are unallowable because:

- The district’s records did not support the total number of initial truancy notifications that the district claimed for each fiscal year. The district either overstated or understated the number during each fiscal year.
- The district claimed initial truancy notifications distributed for students who attended charter schools. Charter school activities are not eligible for mandated program reimbursement.
- For some students, the district distributed more than one notification (duplicate notifications) to the students’ parents/guardians during the school year. A student’s initial truancy notification is the only notification eligible for mandated program reimbursement.

The following table summarizes the audit adjustment:

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
Number of elementary and K-8 school initial truancy notifications documented	2,902	2,346	942	5,728	
Number of secondary school initial truancy notifications documented	11,107	11,876	12,794	12,677	
Total number of initial truancy notifications documented	14,009	14,222	13,736	18,405	
Less number of initial truancy notifications claimed	(14,078)	(18,628)	(12,605)	(16,716)	
Understated/(overstated) number of initial truancy notifications	(69)	(4,406)	1,131	1,689	
Uniform cost allowance	× \$13.20	× \$13.66	× \$14.28	× \$15.54	
Unallowable costs	\$ (911)	\$ (60,186)	\$ 16,151	\$ 26,247	\$ (18,699)
Number of charter school initial truancy notifications	(50)	(372)	(569)	(679)	
Uniform cost allowance	× \$13.20	× \$13.66	× \$14.28	× \$15.54	
Unallowable costs	\$ (660)	\$ (5,082)	\$ (8,125)	\$ (10,552)	(24,419)
Duplicate truancy notifications	(196)	(222)	(189)	(216)	
Uniform cost allowance	× \$13.20	× \$13.66	× \$14.28	× \$15.54	
Unallowable costs	\$ (2,587)	\$ (3,032)	\$ (2,699)	\$ (3,357)	(11,675)
Audit adjustment	\$ (4,158)	\$ (68,300)	\$ 5,327	\$ 12,338	\$ (54,793)

The program’s parameters and guidelines instruct claimants to claim mandate-related costs as follows:

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

They also require claimants to maintain documentation that supports the total number of initial notifications of truancy distributed.

In addition, Government Code section 17519 defines a “school district” as any school district, community college district, or county superintendent of schools. This definition does not include charter schools. As a result, charter school activities are not eligible for reimbursement under Government code section 17560.

### Recommendation

We recommend that the district claim the number of allowable initial truancy notifications that its records support. We recommend that the district exclude from this count those notifications that it distributes for charter school students and duplicate notifications that it distributes for the same student.

### District’s Response

- 1) The District regrets being unable to fully substantiate all notifications claimed. As this audit addresses activities/documentation that occurred seven years ago it is understandable that not all records still exist . . . . The District acknowledges the language regarding retaining mandated cost audit support documentation and is not disputing this finding. However, SCO language regarding support documentation does not align with guidance provided by the California Department of Education. Additionally, had the SCO undertaken this audit in a timely manner the possibility that all documentation could have been recovered would be greater.
- 2) The SCO’s position that charter schools are not eligible claimants was not known at the time these claims were filed and was only recently made known to mandated cost claimants. The SCO is applying a new position to a time period when the prohibition did not exist.
- 3) 823 notifications related to duplication. The District has no issue with this finding.

### SCO’s Comment

Our finding and recommendation are unchanged. The district did not provide additional documentation to refute the audit finding.

The district states, “SCO language regarding support documentation does not align with guidance provided by the California Department of Education.” The program’s parameters and guidelines, not the SCO, specify supporting documentation requirements. The parameters and guidelines state, “For auditing purposes, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller, unless other specified by statute and be made available at the

request of the State Controller or his agent.” The district first received payment on September 11, 2006, for its fiscal year (FY) 2002-03 through FY 2006-07 claims. The district did not specify its reference to California Department of Education guidance; therefore, we cannot address that portion of the district’s response.

The district also alleges that the SCO audit was untimely. Government Code section 17558.5, subdivision (a), states:

A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

The district first received payment on September 11, 2006, for these claims. The SCO initiated its audit on May 30, 2007, within the statutory time frame allowed. It is the district’s responsibility to maintain documentation during the period that its claims are subject to audit.

In addition, the district infers that the SCO developed a position on charter schools and alleges that the SCO incorrectly applied a “new position” to previous fiscal years. Chapter 1459, Statutes of 1984, added Government Code section 17519, which defines a school district. The definition does not include charter schools. On May 25, 2006, the Commission on State Mandates issued its Charter Schools III statement of decision affirming that a charter school is not a school district as defined in Government Code section 17519, and thus is not eligible to claim reimbursement under Government Code section 17560.

**FINDING 2—  
Non-reimbursable  
initial truancy  
notifications**

The district claimed non-reimbursable initial truancy notifications totaling \$20,565. The district claimed initial truancy notifications that it distributed for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as truant under the mandated program.

For FY 2002-03 through FY 2005-06, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We chose our statistical sample from the population of initial truancy notifications that the district documented, excluding those notifications distributed to charter school students and those duplicate notifications identified in Finding 1. We used a statistical sample so that we could project the sample results to the population. The district accounts for elementary and K-8 school, and secondary school attendance differently; therefore, we stratified the population into two groups.

The following table summarizes the number of initial truancy notifications that the district documented:

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Number of initial truancy notifications documented:				
Elementary and K-8 schools	2,852	2,346	917	5,556
Secondary schools	10,911	11,282	12,061	11,954
Total	13,763	13,628	12,978	17,510

The district claimed unallowable initial truancy notifications for elementary and K-8 school students who accumulated fewer than four unexcused absences or tardiness occurrences during the fiscal year. (Some of these students accumulated fewer than three unexcused absences or tardiness occurrences.)

The following table summarizes the number of unallowable initial truancy notifications, the statistical sample size, the unallowable percentage, and the extrapolated audit adjustment.

	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
Number of unallowable initial truancy notifications	(17)	(13)	(13)	(20)	
Statistical sample size	÷ 143	÷ 141	÷ 129	÷ 146	
Unallowable percentage	(11.89)%	(9.22)%	(10.08)%	(13.70)%	
Number of initial truancy notifications documented	× 2,852	× 2,346	× 917	× 5,556	
Total number of unallowable initial truancy notifications	(339)	(216)	(92)	(761)	
Uniform cost allowance	× \$13.20	× \$13.66	× \$14.28	× \$15.54	
Audit adjustment	\$ (4,475)	\$ (2,950)	\$ (1,314)	\$ (11,826)	\$ (20,565)

Education Code section 48260, subdivision (a), (as amended in 1994) defines a truant student as one who is absent from school without a valid excuse for three full days in one school year or tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, the parameters and guidelines state that initial truancy occurs when a student is absent from school without a valid excuse more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year. As the Commission on State Mandates (CSM) did not amend the parameters and guidelines until July 1, 2006, an initial truancy notification is reimbursable under the mandated program only when a student has accumulated unexcused absences or tardiness occurrences on four or more days for FY 2002-03 through FY 2005-06.

Effective July 1, 2006, the CSM adopted amended parameters and guidelines for the Notification of Truancy Program. The amended parameters and guidelines state:

A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

#### Recommendation

We recommend that the district claim initial truancy notifications only for those students who meet the truancy definition provided in the parameters and guidelines.

#### District's Response

The basis of this finding rests on the discrepancy between the Parameters and Guidelines (P's & G's) and the Education Code. Since 1994, Education Code 48260.5 has required notification upon the third unexcused absence or tardy in excess of 30 minutes. The P's & G's however did not reflect this language and remained outdated until their recent amendment effective July 1, 2006. The District's responsibility is to comply with Education Code and its policy regarding truancy abatement is not directed by mandated costs. The District regrets the disallowance; however it notes that, in effect, an unfunded mandate was placed on the District by the requirement to send notification according to Education Code yet reimbursement was limited by dated P's & G's.

#### SCO's Comment

Our finding and recommendation are unchanged. The district did not provide additional documentation to refute the audit finding.

We agree that the district is required to comply with Education Code section 48260.5. However, mandate-related reimbursable costs are limited to allowable costs identified in the mandated program's parameters and guidelines. We disagree that "an unfunded mandate was placed on the district." Pursuant to Government Code section 17550 et al, school districts are responsible for identifying state-mandated costs and filing test claims for reimbursement of those costs. This district and all other California school districts failed to file a test claim in response to Chapter 1023, Statutes of 1994. This legislation amended Education Code section 48260 and renumbered it to Education Code section 48260, subdivision (a), revising the definition of initial truancy.

**FINDING 3—  
Noncompliant initial  
truancy notifications**

The district claimed unallowable costs totaling \$26,999 for FY 2006-07. The costs are unallowable because the district distributed initial truancy notifications that did not comply with the parameters and guidelines.

Effective July 1, 2006, the parameters and guidelines require that districts distribute initial truancy notification forms that notify parents/guardians of the following eight items:

1. The pupil is truant.
2. The parent or guardian is obligated to compel the attendance of the pupil at school.
3. Parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with Section 48260) of Chapter 2 of Part 27.
4. Alternative educational programs are available in the district.
5. The parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil’s truancy.
6. The pupil may be subject to prosecution under Section 48264.
7. The pupil may be subject to suspension, restriction, or delay of the pupil’s driving privileges pursuant to Section 13202.7 of the Vehicle Code.
8. It is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

For FY 2006-07, the district distributed initial truancy notifications that did not include the last item identified above. As a result, 1/8 (12.5%) of the unit cost allowance is unallowable for each notification. The following table summarizes the audit adjustment:

	Fiscal Year <u>2006-07</u>
Number of noncompliant initial truancy notifications	13,374
Uniform cost allowance	× \$16.15
Subtotal	\$ 215,990
Unallowable percentage	× (12.5)%
Audit adjustment	<u>\$ (26,999)</u>

Recommendation

We recommend that the district revise its initial truancy notifications to comply with the minimum requirements specified in the parameters and guidelines.

### District's Response

- 1) The SCO's disallowance is based on language missing from the notification itself. Education Code 48260.5 (a-h) describes the necessary contents of the letter. There are eight components and the disallowed notifications do not contain the "eighth" component. Section 48260.5 (h) reads "That it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day." The District acknowledges that the notifications were indeed missing that language. However, the District believes that in no way diminishes its right to reimbursement. The District was fully carrying out its primary responsibility under Education Code 48260 to notify parents/guardians of their son or daughter's classification as a "truant." Except for the inadvertent omission of 48260.5 (h) the District was in compliance with its responsibility to Education Code.
- 2) The Education Audit Appeals Panel (EAAP) allows findings to be appealed in cases where "substantial compliance" can be proved. Per EAAP, substantial compliance is defined as "...nearly complete satisfaction of all material requirements of a funding program that provide an educational benefit substantially consistent with the program's purpose. A minor or inadvertent noncompliance may be grounds for a finding of substantial compliance provided that the local educational agency can demonstrate it acted in good faith to comply with the conditions established in law or regulation." Unfortunately, mandated cost audits cannot be appealed to EAAP. If that were the case, the District is confident that this finding would be reversed in light of substantial compliance.

### SCO's Comment

Subsequent to our final audit report issued April 15, 2009, we revised Finding 3 to allow a prorated amount of the unit cost allowance for noncompliant initial truancy notifications. Our recommendation is unchanged. The district confirmed that its initial truancy notification letters did not include all items required by the parameters and guidelines.

The district believes that the Education Audits Appeals Panel (EAAP) would reverse the audit finding based on substantial compliance. The EAAP oversees audit appeals related to programs funded through the district's annual apportionment revenue. State-mandated programs are not funded through apportionment funds; therefore, the EAAP has no jurisdiction over this audit report. If the district disagrees with the audit finding, it may file an Incorrect Reduction Claim with the Commission on State Mandates pursuant to Government Code section 17551, subdivision (d).

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

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March 20, 2009

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

RE: Sacramento City Unified School District  
Notification of Truancy Program  
Audit of Annual Mandate Reimbursement Claim  
Fiscal Years 2002/03 through 2006/07

This letter responds to the draft audit report issued by the State Controller's Office (SCO) with regard to costs claimed by Sacramento City Unified School District (District) for the legislatively mandated Notification of Truancy Program for the period of July 1, 2002 through June 30, 2007. The District extends its sincere gratitude to the SCO staff for their professional courtesy throughout the audit and appreciates this opportunity to respond to the audit findings. Please note that the District reserves the right to raise other issues (if necessary) in subsequent proceedings related to the SCO's audit of these claims.

Finding 1: Overstated, understated and unallowable initial truancy notifications claimed:

The District claimed costs for 62,027 initial truancy notifications sent for fiscal years 2002/03-2005/06. Of the 62,027 notifications claimed the SCO disallowed:

- 1) 4,475 notifications as a result of overstatement. The District regrets being unable to fully substantiate all notifications claimed. As this audit addresses activities/documentation that occurred seven years ago it is understandable that not all records still exist. A sizeable number of sites migrated to a new Student Information System (SIS) in 2002/03 and employee turnover at the District office and sites made recovery of all documentation requested by the SCO difficult. The District acknowledges the language regarding retaining mandated cost audit support documentation and is not disputing this finding. However, SCO language regarding support documentation does not align with guidance provided by the California Department of Education. Additionally, had the SCO undertaken this audit in a timely manner the possibility that all documentation could have been recovered would be greater.

**ADMINISTRATIVE SUPPORT UNIT**

5735 47<sup>th</sup> Avenue • Sacramento, CA 95824  
P. O. Box 246870 • Sacramento, CA 95824-6870  
(916) 643-9055 • FAX (916) 643-2190

Tom Barentson, *Deputy Superintendent/CFO*

- 2) 1,670 notifications related to charter schools. The SCO's position that charter schools are not eligible claimants was not known at the time these claims were filed and was only recently made known to mandated cost claimants. The SCO is applying a new position to a time period when the prohibition did not exist.
- 3) 823 notifications related to duplication. The District has no issue with this finding.

Finding 2: Non-reimbursable initial truancy notifications:

The SCO is disallowing 1,408 initial truancy notifications for students who "accumulated fewer than four unexcused absences or tardiness occurrences" for the fiscal years audited:

- 1) The basis of this finding rests on the discrepancy between the Parameters and Guidelines (P's & G's) and the Education Code. Since 1994, Education Code 48260.5 has required notification upon the third unexcused absence or tardy in excess of 30 minutes. The P's & G's however did not reflect this language and remained outdated until their recent amendment effective July 1, 2006. The District's responsibility is to comply with Education Code and its policy regarding truancy abatement is not directed by mandated costs. The District regrets the disallowance; however it notes that, in effect, an unfunded mandate was placed on the District by the requirement to send notification according to Education Code yet reimbursement was limited by dated P's & G's.

Finding 3: Non-compliant initial truancy notifications:

The District claimed costs for 13,374 initial truancy notifications sent for fiscal year 2006/07. Of the 13,374 notifications claimed the SCO has disallowed all notifications. A disallowance totaling \$215,990:

- 1) The SCO's disallowance is based on language missing from the notification itself. Education Code 48260.5 (a-h) describes the necessary contents of the letter. There are eight components and the disallowed notifications do not contain the "eighth" component. Section 48260.5 (h) reads "That it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day." The District acknowledges that the notifications were indeed missing that language. However, the District believes that in no way diminishes its right to reimbursement. The District was fully carrying out its primary responsibility under Education Code 48260 to notify parents/guardians of their son or daughter's classification as a "truant." Except for the inadvertent omission of 48260.5 (h) the District was in compliance with its responsibility to Education Code.
- 2) The Education Audit Appeals Panel (EAAP) allows findings to be appealed in cases where "substantial compliance" can be proved. Per EAAP, substantial compliance is defined as "...nearly complete satisfaction of all material requirements of a funding program that provide an educational benefit substantially consistent with the program's purpose. A minor or inadvertent noncompliance may be grounds for a finding of substantial compliance provided that the local educational agency can demonstrate it acted in good faith to comply with the conditions established in law or regulation." Unfortunately, mandated cost audits cannot be appealed to EAAP. If that were the case, the District is confident that this finding would be reversed in light of substantial compliance.

Jim L. Spano  
March 20, 2009  
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In conclusion, the District once again thanks the SCO for this opportunity to respond to the audit findings.

Sincerely,



Thomas S. Barentson  
Deputy Superintendent/CFO

cc: Susan Miller, Interim Superintendent, SCUSD  
Patty Hagemeyer, Chief Business Officer, SCUSD  
Greg Purcell, Director Student and Family Support Services, SCUSD  
Cheryal DeAnda, Child Welfare and Attendance Liaison, SCUSD  
Karen Wiker, Auditor Analyst, SCUSD  
Steve Van Zee, Audit Manager, SCO  
Joyce Mendoza, Auditor, SCO  
Joe Rombold, Director Compliance Resources, School Innovations & Advocacy

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

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