

SANTEE SCHOOL DISTRICT

Revised Audit Report

COLLECTIVE BARGAINING PROGRAM

Chapter 961, Statutes of 1975,
and Chapter 1213, Statutes of 1991

July 1, 2000, through June 30, 2004



JOHN CHIANG
California State Controller

November 2011



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California State Controller

November 23, 2011

Barbara Ryan, President
Board of Education
Santee School District
9625 Cuyamaca Street
Santee, CA 92071-2674

Dear Ms. Ryan:

The State Controller's Office (SCO) audited the costs claimed by the Santee School District for the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 2000, through June 30, 2004.

The district claimed \$1,117,902 for the mandated program. Our audit disclosed that the entire amount is allowable. The State paid the district \$378,678. The State will pay allowable costs claimed that exceed the amount paid, totaling \$739,224, contingent upon available appropriations.

This second revised final report supersedes the previous revised report dated January 31, 2007. We reconsidered the \$765,967 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 \$763,155 in costs for two employees that were supported only with annual statements estimating the percentage of staff time without contemporaneous documentation validating the hours claimed. 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 Collective Bargaining Program's parameters and guidelines. The CSM adopted the CSDR for this mandate effective July 1, 2005. The remaining finding reported in the previous report, totaling \$2,812, is immaterial. Therefore, we reinstated the entire finding, totaling \$765,967, identified in the previous report.

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/sk

cc: Patrick Shaw, Ed.D, Superintendent
Santee School District
Karl Christensen, Assistant Superintendant
Business Services, Santee School District
Randolph E. Ward, Ed.D.
San Diego County Superintendent of Schools
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Contents

Revised Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	2
Views of Responsible Official	3
Restricted Use	3
Revised Schedule 1—Summary of Program Costs	4

Revised Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Santee School District for the legislatively mandated Collective Bargaining Program (Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991) for the period of July 1, 2000, through June 30, 2004.

The district claimed \$1,117,902 for the mandated program. Our audit disclosed that the entire amount is allowable. The State paid the district \$378,678. The State will pay allowable costs claimed that exceed the amount paid, totaling \$739,224, contingent upon available appropriations.

Background

In 1975, the State enacted the Rodda Act (Chapter 961, Statutes of 1975), requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere for public school employers. The legislation created the Public Employment Relations Board to issue formal interpretations and rulings regarding collective bargaining under the Act. In addition, the legislation established organizational rights of employees and representational rights of employee organizations, and recognized exclusive representatives relating to collective bargaining.

On July 17, 1978, the Board of Control (now the Commission on State Mandates [CSM]) determined that the Rodda Act imposed a reimbursable state mandate upon school districts reimbursable under Government Code section 17561.

Chapter 1213, Statutes of 1991, added Government Code section 3547.5, requiring school districts to publicly disclose major provisions of a collective bargaining effort before the agreement becomes binding.

On August 20, 1998, the CSM determined that this legislation also imposed a state mandate upon school districts reimbursable under Government Code section 17561. Costs of publicly disclosing major provisions of collective bargaining agreements that districts incurred after July 1, 1996, are allowable.

Claimants are allowed to claim increased costs. For claim components G1 through G3, increased costs represent the difference between the current-year Rodda Act activities and the base-year Winton Act activities (generally, fiscal year [FY] 1974-75), as adjusted by the implicit price deflator. For components G4 through G7, increased costs represent actual costs incurred.

The seven components are as follows.

- G1–Determining bargaining units and exclusive representatives
- G2–Election of unit representatives
- G3–Costs of negotiations
- G4–Impasse proceedings
- G5–Collective bargaining agreement disclosure
- G6–Contract administration
- G7–Unfair labor practice costs

The parameters and guidelines, adopted by the CSM on October 22, 1980 (last amended on January 29, 2010), establish the state mandate and defines criteria for reimbursement. In compliance with Government Code section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement in order to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit in order to determine whether costs claimed represent increased costs resulting from the Collective Bargaining Program for the period of July 1, 2000, through June 30, 2004.

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

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

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

Conclusion

Our audit disclosed no material instances of noncompliance with the requirements outlined above.

For the audit period, the Santee School District claimed \$1,117,902 for the mandated program. Our audit disclosed that the entire amount is allowable. The State paid the district \$378,678. The State will pay allowable costs claimed that exceed the amount paid, totaling \$739,224, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a final audit report on September 29, 2006, and revised it on January 31, 2007, to decrease the finding by \$36,478. In this second revised report, we eliminated the remaining finding of \$765,967 in light of the appellate court decision in *Clovis Unified School District et al. v. John Chiang, State Controller*. We notified Karl Christensen, Assistant Superintendent, Business Services, of the change on September 27, 2011. Mr. Christensen concurred with the revision to the report.

Restricted Use

This report is solely for the information and use of the Santee 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

November 23, 2011

**Revised Schedule 1—
Summary of Program Costs
July 1, 2000, through June 30, 2004**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>
<u>July 1, 2000, through June 30, 2001</u>		
Components G1 through G3:		
Salaries and benefits	\$ 110,750	\$ 110,750
Materials and supplies	740	740
Travel	931	931
Contracted services	<u>25,515</u>	<u>25,515</u>
Total increased direct costs, G1 through G3	<u>137,936</u>	<u>137,936</u>
Components G4 through G7:		
Salaries and benefits	127,593	127,593
Materials and supplies	75	75
Travel	478	478
Contracted services	<u>21,040</u>	<u>21,040</u>
Total increased direct costs, G4 through G7	<u>149,186</u>	<u>149,186</u>
Total increased direct costs, G1 through G7	287,122	287,122
Indirect costs	<u>12,389</u>	<u>12,389</u>
Total program costs	<u>\$ 299,511</u>	299,511
Less amount paid by the State		<u>(143,849)</u>
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 155,662</u>
<u>July 1, 2001, through June 30, 2002</u>		
Components G1 through G3:		
Salaries and benefits	\$ 84,018	\$ 84,018
Materials and supplies	1,282	1,282
Travel	4,586	4,586
Contracted services	<u>6,629</u>	<u>6,629</u>
Total increased direct costs, G1 through G3	<u>96,515</u>	<u>96,515</u>
Components G4 through G7:		
Salaries and benefits	133,018	133,018
Materials and supplies	2,490	2,490
Travel	1,084	1,084
Contracted services	<u>44,718</u>	<u>44,718</u>
Total increased direct costs, G4 through G7	<u>181,310</u>	<u>181,310</u>
Total increased direct costs, G1 through G7	277,825	277,825
Indirect costs	<u>16,148</u>	<u>16,148</u>
Total program costs	<u>\$ 293,973</u>	293,973
Less amount paid by the State		<u>(89,420)</u>
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 204,553</u>

Revised Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit
<u>July 1, 2002, through June 30, 2003</u>		
Components G1 through G3:		
Salaries and benefits	\$ 82,355	\$ 82,355
Materials and supplies	74	74
Travel	493	493
Contracted services	16,113	16,113
Total increased direct costs, G1 through G3	99,035	99,035
Components G4 through G7:		
Salaries and benefits	134,749	134,749
Materials and supplies	1,520	1,520
Travel	183	183
Contracted services	44,483	44,483
Total increased direct costs, G4 through G7	180,935	180,935
Total increased direct costs, G1 through G7	279,970	279,970
Indirect costs	17,265	17,265
Total program costs	\$ 297,235	297,235
Less amount paid by the State		(94,872)
Allowable costs claimed in excess of (less than) amount paid		\$ 202,363
<u>July 1, 2003, through June 30, 2004</u>		
Components G1 through G3:		
Salaries and benefits	\$ 66,637	\$ 66,637
Materials and supplies	152	152
Travel	271	271
Contracted services	9,135	9,135
Total Increased direct costs, G1 through G3	76,195	76,195
Components G4 through G7:		
Salaries and benefits	123,889	123,889
Materials and supplies	566	566
Travel	204	204
Contracted services	17,280	17,280
Total increased direct costs, G4 through G7	141,939	141,939
Total increased direct costs, G1 through G7	218,134	218,134
Indirect costs	9,049	9,049
Total program costs	\$ 227,183	227,183
Less amount paid by the State		(50,537)
Allowable costs claimed in excess of (less than) amount paid		\$ 176,646
<u>Summary: July 1, 2000, through June 30, 2004</u>		
Total increased direct costs, G1 through G7	\$ 1,063,051	\$ 1,063,051
Indirect costs	54,851	54,851
Total program costs	\$ 1,117,902	1,117,902
Less amount paid by the State		(378,678)
Allowable costs claimed in excess of (less than) amount paid		\$ 739,224

**State Controller's Office
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<http://www.sco.ca.gov>