

COLTON JOINT UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

November 2003



STEVE WESTLY
California State Controller

November 26, 2003

Dennis D. Byas, Superintendent
Colton Joint Unified School District
1212 Valencia Drive
Colton, CA 92324

Dear Mr. Byas:

The State Controller's Office has completed an audit of the claims filed by Colton Joint Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$438,174 for the mandated program. Our audit disclosed that none of the claimed costs is allowable. The unallowable costs occurred because the district was not able to support the claimed number of notification of truancy forms distributed to a pupil's parent or guardian. The district was paid \$357,568. The total amount paid should be returned to the State.

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

Sincerely,

Original Signed By:

WALTER BARNES
Chief Deputy Controller, Finance

WB:jj

cc: (See page 2)

cc: David Capelouto

Assistant Superintendent of Business Services
Colton Joint Unified School District

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Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by the Colton Joint Unified School District, for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was June 17, 2003.

The district claimed \$438,174 for the mandated program. The audit disclosed that none of the claimed costs is allowable. The unallowable costs occurred because the district was not able to support the claimed number of notification of truancy forms distributed to a pupil's parent or guardian. The district was paid \$357,568. The total amount paid should be returned to the State.

Background

The State enacted Chapter 498, Statutes of 1983, requiring special notifications be sent to the parents or guardians of pupils upon initial classification of truancy.

The legislation requires 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 of: (1) the pupil's truancy; (2) the parent or guardian's obligation to compel the attendance of the pupil at school; and (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution.

In addition, the legislation requires the district to inform parents and guardians of: (1) alternative educational programs available in the district; and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. A truancy occurs when a student is absent from school without a valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates) ruled that Chapter 498, Statutes of 1984, imposed a state mandate upon school districts and county offices of education reimbursable under *Government Code* Section 17561.

Parameters and Guidelines, adopted by the Commission on State Mandates, establishes 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 to assist school districts and local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

The audit objective was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

The auditors performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the district's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the district's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

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

For the audit period, the Colton Joint Unified School District claimed \$438,174 for costs of the legislatively mandated Notification of Truancy Program. The audit disclosed that the entire amount is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$139,593 by the State. The audit disclosed that none of the costs claimed is allowable. The amount paid in excess of allowable costs claimed, totaling \$139,593, should be returned to the State.

For FY 2000-01, the district was paid \$111,755 by the State. The audit disclosed that none of the costs claimed is allowable. The amount paid in excess of allowable costs claimed, totaling \$111,755, should be returned to the State.

For FY 2001-02, the district was paid \$106,220 by the State. The audit disclosed that none of the costs claimed is allowable. The amount paid in excess of allowable costs claimed, totaling \$106,220, should be returned to the State.

**Views of
Responsible
Official**

The SCO issued a draft audit report on September 24, 2003. Janna Waller, Director of Fiscal Services and Risk Management, responded through a telephone conversation on November 3, 2003, agreeing with the audit results.

Restricted Use

This report is solely for the information and use of the Colton Joint Unified School District, the San Bernardino 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

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Number of initial notifications	\$ 11,414	\$ —	\$ (11,414)	Findings 1, 2
Uniform cost allowance	<u>12.23</u>	<u>12.23</u>	<u>12.23</u>	
Total costs	<u>\$ 139,593</u>	—	<u>\$(139,593)</u>	
Less amount paid by the State		<u>(139,593)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(139,593)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Number of initial notifications	\$ 11,415	\$ —	\$ (11,415)	Findings 1, 2
Uniform cost allowance	<u>12.73</u>	<u>12.73</u>	<u>12.73</u>	
Total costs	<u>\$ 145,313</u>	—	<u>\$(145,313)</u>	
Less amount paid by the State		<u>(111,755)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(111,755)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of initial notifications	\$ 11,872	\$ —	\$ (11,872)	Findings 1, 2
Uniform cost allowance	<u>12.91</u>	<u>12.91</u>	<u>12.91</u>	
Total costs	<u>\$ 153,268</u>	—	<u>\$(153,268)</u>	
Less amount paid by the State		<u>(106,220)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(106,220)</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Total costs	<u>\$ 438,174</u>	—	<u>\$(438,174)</u>	
Less amount paid by the State		<u>(357,568)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$(357,568)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Overclaimed number of initial truancies

The district claimed 3,507 initial truancies, totaling \$44,094, that were not supported by its attendance records for the period of July 1, 1999, through June 30, 2002.

The auditors were not able to reconcile the total number of initial truancy notification forms claimed for each fiscal year of audit to students who were truant based on attendance records. Consequently, the auditors used the district's ATT 656 printouts to identify the population of the initial truancies. The district was unable to explain the differences between the notifications claimed and the totals of initial truancies identified in the ATT 656 printouts. The variances for these students are as follows:

	<u>Fiscal Year</u>			<u>Total</u>
	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	
Truancies per the district's attendance records	9,889	10,606	10,699	31,194
Truancies claimed	<u>(11,414)</u>	<u>(11,415)</u>	<u>(11,872)</u>	<u>(34,701)</u>
Differences	<u>(1,525)</u>	<u>(809)</u>	<u>(1,173)</u>	<u>(3,507)</u>

Consequently, the unsupported number of initial truancies claimed, at the uniform cost allowance rate described in the *Parameters and Guidelines*, are as follows:

	<u>Fiscal Year</u>			<u>Total</u>
	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	
Unsupported initial truancy notifications claimed	(1,525)	(809)	(1,173)	<u>(3,507)</u>
Uniform cost allowance	<u>\$ 12.23</u>	<u>\$ 12.73</u>	<u>\$ 12.91</u>	
Totals	<u>\$ 18,651</u>	<u>\$ 10,299</u>	<u>\$ 15,144</u>	<u>\$ 44,094</u>

Parameters and Guidelines, Section V.A., states, "The eligible claimant shall be reimbursed for only those costs incurred for . . . the printing and distribution of notification forms. . . ."

Parameters and Guidelines, Section V.C., states, "The uniform cost allowance is based on the number of initial notifications of truancy distributed pursuant to *Education Code* Section 48260.5, Chapter 498, Statutes of 1983. For fiscal year 1992-93, the uniform cost allowance is \$10.21 per initial notification of truancy distributed. The cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator."

Recommendation

The district should establish policies and procedures to ensure that all costs claimed are supported.

**FINDING 2—
Unallowable costs
relating to initial
truancies**

The district claimed the costs for 31,194 truancies, according to the district's attendance records, that were not supported by the distribution of initial truancy notification forms, totaling \$394,080, for the period of July 1, 1999, through June 30, 2002.

From the total population of truancies each year from the district's attendance reports (see Finding 1), the auditors selected a statistical sample based on a 95% confidence level with a precision rate of 8% and an expected error rate of 50%. The auditors attempted to verify whether initial truancy notifications containing five required elements were distributed to the pupil's parent or guardian. The review of the letters provided by the district found that the letters were absence reports which identified the student's name, but did not contain any of the five required elements.

For FY 1999-2000, the auditor randomly selected 148 truancies from a population of 9,889 for verification. The district provided ten letters for review. Only six of the ten letters provided by the district were from the sample. The district did not provide documentation to support the existence of any of the remaining 142 notifications from the sample.

For FY 2000-01, the auditor randomly selected 148 truancies from a population of 10,606 for verification. The district provided 20 letters for review. Only 6 of the 20 letters provided by the district were from the sample. The district did not provide documentation to support the existence of any of the remaining 142 notifications from the sample.

For FY 2001-02, the auditor randomly selected 148 truancies from a population of 10,699. The district provided 28 letters for review. Only 8 of the 28 letters provided by the district were from the sample. The district did not provide documentation to support the existence of any of the remaining 140 notifications from the sample.

The current Assistant Superintendent of Business Services and the Director of Fiscal Services were unable to provide any documentation supporting the truancies claimed. Consequently, the unallowable number of initial truancies claimed, at the uniform cost allowance rate, described in the *Parameters and Guidelines* are as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Unallowable initial truancy notifications claimed	(9,889)	(10,606)	(10,699)	<u>(31,194)</u>
Uniform cost allowance	<u>\$ 12.23</u>	<u>\$ 12.73</u>	<u>\$ 12.91</u>	
Totals	<u>\$120,942</u>	<u>\$135,014</u>	<u>\$138,124</u>	<u>\$394,080</u>

Twenty-one school sites were visited during the review of FY 1999-2000 and FY 2000-01 initial truancy notifications. Attendance clerks and administrators of the school sites visited identified various reasons for not distributing the initial truancy notification forms containing the five required elements identified in *Parameters and Guidelines*. The review disclosed the following:

- At all school sites visited, the attendance clerks were not aware of the existence of the mandate or proper guidelines for reporting initial truancy notifications;
- At 14 of the school sites, the persons interviewed were not the attendance clerks or administrators during the review periods and thus were not able to locate the records;
- At 17 of the school sites, the attendance clerks did not send letters or notifications to parents or guardians during FY 1999-2000 through FY 2001-02. However, they provided the sample letters that were sent out for various stages of absenteeism and tardiness.
- At two of the school sites, the attendance clerks stated that records for the review period were discarded.
- At two of the school sites, the attendance clerks stated that parents or guardians were contacted through other means such as telephone calls and home visits rather than notification letters sent to the parents or guardians. However, no documentation was provided to support this statement.

The auditor reviewed telephone logs and attendance records, though they are not support for reimbursable costs, to gain an understanding of the district's process of notifying a pupil's parent or guardian of the required five elements. These records did not support that the required elements were discussed with the pupil's parent or guardian. Furthermore, *Parameters and Guidelines* requires the district to document the five specified elements on the form that is distributed to the pupil's parent or guardian.

Subsequent to the audit period, the district developed a Child Welfare and Attendance manual that addresses the initial truancy notification requirements. However, the attendance clerks at the school sites visited indicated that they were not aware of the manual.

Parameters and Guidelines, adopted by the State Board of Control on November 29, 1984, allows the district to be reimbursed for claimed costs if the initial truancy notification forms distributed to the pupil's parent or guardian contain five specified elements. *Education Code* Section 48260.5 was amended by Chapter 1023, Statutes of 1994, (effective January 1, 1995) to require eight specified elements. However, since *Parameters and Guidelines* has not been amended, the claimant continues to be reimbursed if it complies with the five specified elements in the guidelines.

Parameters and Guidelines, Section I., requires, “. . . school districts, upon the pupil’s initial classification as a truant, to notify the pupil’s parent or guardian by first-class mail or other reasonable means, of (1) the pupil truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that 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 48290) of Chapter 2 of Part 27.”

Furthermore, the guidelines state, “. . . district must inform parents and guardians of (1) alternative education programs available in the district; and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil’s truancy.”

Parameters and Guidelines, Section V.A., states, “The eligible claimant shall be reimbursed for only those costs incurred for . . . the printing and distribution of notification forms. . . .”

Parameters and Guidelines, Section V.B.1., states that the claimant shall be reimbursed for “Planning the method of implementation, revising school district policies, and designing and printing the forms.”

Parameters and Guidelines, Section V.B.2., states that the claimant shall be reimbursed for “Identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians. . . .”

Parameters and Guidelines, Section V.C., states, “The uniform cost allowance is based on the number of initial notifications of truancy distributed pursuant to *Education Code* Section 48260.5, Chapter 498, Statutes of 1983. For fiscal year 1992-93, the uniform cost allowance is \$10.21 per initial notification of truancy distributed. The cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator.”

Parameters and Guidelines, Section VII., states, “For audit purpose, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller. . . .”

Recommendation

The district should establish policies and procedures to ensure that all costs claimed are supported. In addition, the district should ensure that its Child Welfare and Attendance manual is communicated to the attendance clerks and implemented.

Although *Parameters and Guidelines* requires only five specified elements to be subject to reimbursements, *Education Code* Section 48260.5 requires the form to contain eight specified elements.

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