

# **MORENO VALLEY 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

December 2004



**STEVE WESTLY**  
California State Controller

December 22, 2004

Nicolas D. Ferguson, Ed.D., Superintendent  
Moreno Valley Unified School District  
13911 Perris Boulevard  
Moreno Valley, CA 92553

Dear Mr. Ferguson:

The State Controller's Office audited the claims filed by the Moreno Valley 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 \$667,854 for the mandated program. Our audit disclosed that \$64,808 is allowable and \$603,046 is unallowable. The unallowable costs occurred because the district overclaimed the number of reimbursable truancy notifications. The district was paid \$433,846. The amount paid in excess of allowable costs claimed, totaling \$369,038, should be returned to the State.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). 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 COSM's Web site at [www.csm.ca.gov](http://www.csm.ca.gov) (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at [csminfo@csm.ca.gov](mailto:csminfo@csm.ca.gov).

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

Sincerely,

*Original Signed By:*

VINCENT P. BROWN  
Chief Operating Officer

VPB:JVB/ams

cc: (See page 2)

David Long, Ph.D.  
Riverside County Superintendent of Schools  
Riverside County Office of Education  
Scott Hannan, Director  
School Fiscal Services Division  
California Department of Education  
Arlene Matsuura, Educational Consultant  
School Fiscal Services Division  
California Department of Education  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the claims filed by the Moreno Valley 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 August 26, 2003.

The district claimed \$667,854 for the mandated program. Our audit disclosed that \$64,808 is allowable and \$603,046 is unallowable. The unallowable costs occurred because the district overclaimed the number of reimbursable truancy notifications. The district was paid \$433,846. The amount paid in excess of allowable costs claimed, totaling \$369,038, should be returned to the State.

## Background

*Education Code* Section 48260.5 (added by Chapter 498, Statutes of 1983) requires school district's, 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) 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 be subject to prosecution.

Additionally, the district must 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, according to *Education Code* Section 48260. A student shall be initially classified as truant upon the fourth unexcused absence, after which the school must complete the requirements mandated in *Education Code* Section 48260.5.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [COSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561.

*Parameters and Guidelines* establishes the state mandated and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on August 27, 1987, and last amended it on July 22, 1993. 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**

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

We 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.

We conducted our audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

We limited our review of the district's management controls 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 described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Moreno Valley Unified School District claimed \$667,854 for costs of the Notification of Truancy Program. Our audit disclosed that \$64,808 is allowable and \$603,046 is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$240,701 by the State. Our audit disclosed that none is allowable. The amount paid in excess of allowable costs claimed, totaling \$240,701, should be returned to the State.

For FY 2000-01, the district was paid \$40,027 by the State. Our audit disclosed that none is allowable. The amount paid in excess of allowable costs claimed, totaling \$40,027, should be returned to the State.

For FY 2001-02, the district was paid \$153,118 by the State. Our audit disclosed that \$64,808 is allowable. The amount paid in excess of allowable costs claimed, totaling \$88,310, should be returned to the State.

**Views of  
Responsible  
Official**

We issued a draft audit report on October 28, 2004. We contacted Estuardo Santillan, Business Manager, by e-mail on November 24, 2004. The district did not respond to the draft report or the e-mail.

**Restricted Use**

This report is solely for the information and use of the Moreno Valley Unified School District 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 <sup>1</sup>
<u>July 1, 1999, through June 30, 2000</u>				
Number of truancy notifications	19,763	—	(19,763)	Finding 2
Uniform cost allowance	× \$12.23	× \$12.23	× \$12.23	
Total costs	<u>\$ 241,701</u>	\$ —	<u>\$ (241,701)</u>	
Less amount paid by the State		<u>(240,701)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (240,701)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Number of truancy notifications	16,455	—	(16,455)	Finding 2
Uniform cost allowance	× \$12.73	× \$12.73	× \$12.73	
Total costs	<u>\$ 209,472</u>	\$ —	<u>\$ (209,472)</u>	
Less amount paid by the State		<u>(40,027)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (40,027)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of truancy notifications	16,784	5,020	(11,764)	Findings 1, 2
Uniform cost allowance	× \$12.91	× \$12.91	× \$12.91	
Total costs	<u>\$ 216,681</u>	\$ 64,808	<u>\$ (151,873)</u>	
Less amount paid by the State		<u>(153,118)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (88,310)</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Total costs	<u>\$ 667,854</u>	\$ 64,808	<u>\$ (603,046)</u>	
Less amount paid by the State		<u>(433,846)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (369,038)</u>		

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

# Findings and Recommendations

**FINDING 1—  
Overclaimed  
number of initial  
truancies**

The district claimed 745 initial truancies, totaling \$9,618, that were not supported by its attendance records for FY 2001-02 claimed costs. The district did not maintain the student absence reports originally used to prepare the claim and re-created reports did not support the same number of initial truancy notifications that were distributed.

	<u>Fiscal Year 2001-02</u>
Truancies supported by absence reports	16,039
Less truancies claimed	<u>(16,784)</u>
Truancies unallowable	(745)
Unit cost	<u>× \$12.91</u>
Audit adjustment	<u>\$ (9,618)</u>

Recommendation

We recommend the district establish policies and procedures to ensure that all claimed costs are fully supported and that supporting documentation used to prepare the claim is maintained for the periods subject to audit.

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

The district claimed \$658,236 during the audit period for initial truancy notification forms distributed to a pupil’s parent or guardian that were not reimbursable. Either non-reimbursable notification forms were used or the pupils did not accumulate the required number of unexcused absences to be classified as truant under the mandated program. The audit adjustment is summarized as follows:

	<u>Fiscal Year</u>			
	<u>1999-2000</u>	<u>2000-01</u>	<u>2001-02</u>	<u>Total</u>
Allowable per audit	\$ —	\$ —	\$ 64,808	\$ 64,808
Less actual costs claimed	<u>(241,701)</u>	<u>(209,472)</u>	<u>(207,063)</u>	<u>(658,236)</u>
Audit adjustment	<u>\$ (241,701)</u>	<u>\$ (209,472)</u>	<u>\$ (142,255)</u>	<u>\$ (593,428)</u>

We selected a statistical sample from the total population of pupils claimed as truant for each year 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 the sample results could be projected to the population. We reviewed attendance records for a random sample of 147 pupils claimed as truant in each of the first two fiscal years. In the third fiscal year, we stratified the total population into two groups: (1) elementary and special education students; and (2) middle and high school students. For each of these two groups, the auditor selected a sample of 147 pupils.

The number of unallowable truancy notifications identified in the sample, percentage unallowable, and projected audit adjustment are summarized below:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Number of unallowable truancy notifications	147	147	202	
Truant pupils sampled	÷ 147	÷ 147	÷ 294	
Unallowable percentage Truancy notifications claimed	(100.00)%	(100.00)%	(68.71)%	
Projected unallowable truancy notifications	× 19,763	× 16,455	× 16,039	
Uniform cost allowance	(19,763)	(16,455)	(11,019)	
Audit adjustment	× \$12.23	× \$12.73	× \$12.91	
	<u>\$ (241,701)</u>	<u>\$ (209,472)</u>	<u>\$ (142,255)</u>	<u>\$ (593,428)</u>

For FY 1999-2000 and FY 2000-01, we sampled 147 of the notifications claimed each year. The sampled notifications used a truancy notification letter that did not contain the following four of the five required elements outlined in the *Parameters and Guidelines*: (1) that the parent or guardian is obligated to compel the attendance of the pupil at school; (2) that parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution under Article 6; (3) the alternative educational programs available in the district; and (4) the right to meet with appropriate school personnel to discuss solutions to the pupil’s truancy. Consequently, all 147 notifications sampled are not reimbursable.

For FY 2001-02, we sampled 294 of the notifications claimed. The district did not provide any documentation supporting that 193 of the 294 notifications were distributed. Nine of the notifications that were distributed were issued to pupils that did not have four or more trancies. Consequently, 202 of the notifications sampled are not reimbursable.

*Parameters and Guidelines*, as amended by the Commission on State Mandates on July 22, 1993, specifies that school districts 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, and associated recordkeeping. *Parameters and Guidelines* states that truancy occurs when a student is absent from school without 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. *Parameters and Guidelines* also states that the uniform cost allowance, which was \$10.21 per initial notification of truancy in FY 1992-93, is to be adjusted each subsequent year by the Implicit Price Deflator.

### Recommendation

We recommend the district only claim reimbursement under the Notification of Truancy Program for truancy notifications applicable to pupils who are absent from school without valid excuse for more than three days or tardy in excess of 30 minutes on each of more than three occasions in one school year. Although *Education Code* Section 48260(a) (as amended in 1994) defines a truant student as one who is absent from school without valid excuse 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, *Parameters and Guidelines* requires at least four unexcused absences to be classified as a reimbursable truant.

In addition, we recommend the district maintain supporting documentation that a notification of truancy letter containing the five required elements in the *Parameters and Guidelines* was distributed to students' parents or guardians. While *Education Code* Section 48260.5 requires eight elements to be contained in the notification of truancy letter, *Parameters and Guidelines* only requires five elements. Supporting documentation can be in the form of either samples of each initial truancy notification letter distributed to parents/guardians or a master copy of the initial truancy notification letter sent to the parents/guardians of all truant students that is supported by attendance records which verify: (1) that the student had at least four unexcused absences during the school year; and (2) the date that an initial notification of truancy letter was sent to the parents/guardians.

### **FINDING 3— Improper attendance accounting procedures of student trancies for FY 2001-02**

The district did not use proper attendance accounting procedures for student trancies in middle and high schools for the period of July 1, 2001, through June 30, 2002. The SCO review of attendance records indicated that the district classified the middle and high school students as truants only if the student had three or more "all day" absences. For these students, an "all day" absence is defined by the district as either being absent for an entire school day or for a majority of the periods within a school day. The district's attendance accounting procedures of student trancies did not meet the criteria specified in Section I of the *Parameters and Guidelines* or the existing language contained in *Education Code* Section 48260(a).

We randomly sampled 147 of 8,303 middle and high school truancy notifications claimed. A total of 134 of the notifications in the sample were documented using improper attendance accounting procedures of student trancies. Because initial notification letters were distributed later than would have been the case had proper attendance accounting procedures been followed, no dollar amount will be assigned to this noncompliance based solely on the timing of letter distributions.

Section I of the *Parameters and Guidelines* states, “A truancy occurs when a student is absent from school without valid excuse more than three (3) days **or** is tardy in excess of thirty (30) minutes on each of more than three (3) days in one school year” (emphasis added). Current language contained within *Education Code* Section 48260(a) more explicitly defines truancy as “Any pupil subject to compulsory full-time education or to compulsory continuation education who is absent from school without valid excuse 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. . . .**” (emphasis added).

#### Recommendation

We recommend the district develop adequate truancy accounting policies and procedures that are consistent with *Education Code* Section 48260(a) and Section I of the *Parameters and Guidelines* to ensure that all claimed costs are eligible and properly supported.

**FINDING 4—  
Noncompliance with  
the district’s School  
Attendance Review  
Board (SARB)  
Handbook guidelines  
for FY 2001-02**

Two of the six school sites that we visited sent out noncompliant Notification of Truancy letters to students’ parents during FY 2001-02. Specifically, Badger Springs Middle School sent out noncompliant Spanish Notification of Truancy letters and Butterfield Elementary School sent out noncompliant English Notification of Truancy letters. As the student letters tested were not part of the statistical sample population selected for sample testing, no dollar adjustment will be taken for the two schools’ noncompliant notification letters.

The school district’s FY 2001-02 School Attendance Review Board (SARB) Handbook (page 5) requires all schools in the district to follow “Notification Procedures” and send a standardized initial notification of truancy letter, “District Letter Number 1,” to student parents/guardians once the student is classified as truant.

#### Recommendation

We recommend the district develop adequate control and monitoring procedures to ensure that existing district truancy policies and procedures are implemented and followed by all schools within the district.

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

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