

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-01

FINANCIAL AND COMPLIANCE AUDITS

APRIL 2, 2001

Revised October 15, 2010

In accordance with Government Code (GC) Section 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for the Financial and Compliance Audits program. These claiming instructions are issued subsequent to the adoption of the program's parameters and guidelines (P's and G's) by the Commission on State Mandates (Commission).

Before the enactment of test claim legislation, Education Code Section 41020, as reenacted by Chapter 1010, Statutes of 1976, required school districts and county offices of education (COE's) to undertake annual financial and compliance audits. The subject test claim legislation and the SCO's *Standards and Procedures for Audits of California K-12 Local Education Agencies* revisions impose additional requirements on school districts and COE's.

On July 27, 2000, the Commission determined that the revisions for the Financial and Compliance Audits program establish costs mandated by the State according to the provisions listed in the P's and G's which are included as an integral part of the claiming instructions.

Eligible Claimants

Except for community colleges, any county office of education or school district, as defined in GC Section 17519, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

Filing Deadlines

A. Reimbursement Claims

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a school district for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

An actual claim may be filed by February 15 following the fiscal year in which costs were incurred. Claims for fiscal year 2009-10 will be accepted without penalty if postmarked or delivered on or before **February 15, 2011. Claims filed more than one year after the deadline will not be accepted.**

B. Late Penalty

1. Initial Claims

Late initial claims are assessed a late penalty of 10% of the total amount of the initial claims without limitation.

2. Annual Reimbursement Claims

Annual reimbursement claims must be filed by February 15 of the following fiscal year in which costs were incurred or the claims will be reduced by a late penalty.

Late annual reimbursement claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty.

Minimum Claim Cost

GC Section 17564(a) provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds **\$1,000**, even if the individual school district's claim does not each exceed **\$1,000**. The county superintendent of schools will determine if the submission of the combined claim is economically feasible and be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate will only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least one hundred and eighty days prior to the deadline for filing the claim.

Reimbursement Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure Section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with SCO's claiming instructions and the P's & G's adopted by the Commission. If any adjustments are made to a claim, a Notice of Claim Adjustment specifying the activity adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within thirty days after payment of the claim.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC Section 17558.5, Subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

Retention of Claim Documentation

All documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended regardless of the year of costs incurred. If no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Address for Filing Claims

Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

Mandated costs claiming instructions and forms are available online at the SCO's Web site: www.sco.ca.gov/ard_mancost.html. If you have any questions, call the Local Reimbursements Section at (916) 324-5729 or e-mail LRSDAR@sco.ca.gov.

Adopted: 1/25/01
Amended: 3/26/10

Amendment to Parameters and Guidelines

Education Code Sections 1040, 14501, 14502, 14503, 14504, 14505,
14506, 14507, 41020, 41020.2, 41020.3, and 41023

Statutes 1977, Chapters 36 and 936

Statutes 1978, Chapter 207

Statutes 1980, Chapter 1329

Statutes 1984, Chapter 268

Statutes 1985, Chapters 741 and 1239

Statutes 1986, Chapter 1150

Statutes 1988, Chapter 1351, Chapters 1461 and 1462

Statutes 1992, Chapter 962

Statutes 1994, Chapter 20 and 1002

Statutes 1995, Chapter 476

State Controller's Office Standards and Procedures for Audits
of California K-12 Local Educational Agencies

Financial and Compliance Audits

05-PGA-49 (CSM-4498, CSM-4498A)

This amendment is effective beginning with claims filed for the
July 1, 2005 through June 30, 2006 period of reimbursement

I. SUMMARY OF THE MANDATE

Before the enactment of the test claim statutes, school districts and county offices of education (COEs) were required to undertake annual financial and compliance audits.¹ The subject test claim statutes and the State Controller's Office (SCO's) Standards and Procedures for Audits of California K-12 Local Educational Agencies revisions imposed additional audit requirements on school districts and COEs.

On July 27, 2000 the Commission adopted its Statement of Decision finding that Education Code sections 1040, 14504, 14505, 41020 subdivisions (i), (j), (k), (l), (n), and (o), 41020.2, 41020.3, and the SCO's Standards and Procedures for Audits of California K-12 Local Educational Agencies revisions impose a new program or a higher level of service within an existing program upon school districts within the meaning of section 6, article XIII B of the California Constitution, and costs mandated by the state pursuant to Government Code section 17514.

II. ELIGIBLE CLAIMANTS

Any county office of education or "school district," as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

¹ Education Code section 41020, as reenacted by Statutes of 1976, Chapter 1010.

III. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Government Code section 17557, prior to its amendment by Statutes 1998, Chapter 681, stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year.

The claimants filed the test claim for this mandate on December 13, 1995. Therefore, for Statutes 1977, Chapters 36 and 936, Statutes 1978, Chapter 207, Statutes 1980, Chapter 1329, Statutes 1984, Chapter 268, Statutes 1985, Chapters 741 and 1239, Statutes 1986, Chapter 1150, Statutes 1988, Chapters 1351, 1461, and 1462, Statutes 1992, Chapter 962, and Statutes 1994, Chapter 20, all costs incurred on or after July 1, 1994 are eligible for reimbursement pursuant to these Parameters and Guidelines.

Statutes 1994, Chapter 1002, was effective January 1, 1995. Therefore, for Statutes 1994, Chapter 1002, all costs incurred on or after January 1, 1995 are eligible for reimbursement.

Statutes 1995, Chapter 476, was effective January 1, 1996. Therefore, for Statutes 1995, Chapter 476, all costs incurred on or after January 1, 1996 are eligible for reimbursement.²

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d) (1), all claims for reimbursement of initial years costs shall be submitted within 120 days from the date on which the SCO issues claiming instructions.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal

² Statutes 1995, Chapter 476 made only non-substantive changes to the reimbursable activities in these Parameters and Guidelines. Therefore, the activities amended by this chapter are reimbursable beginning July 1, 1994. (See the applicable footnotes in the Reimbursable Activities section.)

government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

The direct and indirect costs of labor, materials and supplies, contracted services, fixed assets, travel, and training incurred for the following mandate components are reimbursable:

COUNTY OFFICES OF EDUCATION

COMPONENT 1 – BOILERPLATE LANGUAGE³

- a. Changing the boilerplate audit contract language to require access to audit working papers. (One-time costs if the costs were incurred within the reimbursement period.) (Ed. Code, § 14504)⁴
- b. Changing the boilerplate audit contract language to delineate payment terms, payment withholds, and the provision to void multi-year contracts, (One-time reimbursement, if costs were incurred within the reimbursement period.) (Ed. Code, § 14505.)⁵

COMPONENT 2 – AUDIT COSTS

- a. The ongoing costs of processing of multiple payments to the auditor due to mandatory fee withholds. (Ed. Code, § 14505.)⁶
- b. Increases in the independent audit costs for changes made by the state to audit formats or boilerplate language, and for additional time auditors may require to prepare an audit to conform to the revised audit guide. (One-time costs) (SCO Audit Guide: May 1997 revisions.)⁷

COMPONENT 3 – CORRECTIVE PLANS

³ This provision imposes a new requirement that school districts add a clause to the audit contract. Accordingly, the Commission found in its Statement of Decision that this is a reimbursable activity resulting in a one-time cost to add a clause to boilerplate audit contract language. However, the Commission noted that the statutory requirement for the change in contract language was enacted by Statutes of 1984, Chapter 268, effective June 30, 1984. The reimbursement period for this test claim begins on July 1, 1994, therefore, the Commission found that local educational agencies should have incurred their one-time costs at the time of the enactment of the statute, ten years prior to the beginning of the reimbursement period.

⁴ Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

⁵ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

⁶ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

⁷ If future changes are required, a new test claim must be filed with the Commission.

- a. Upon request of the State Department of Education (SDE), consulting with and following-up with the school district to resolve exceptions in the plan of correction for the preceding fiscal year. (Ed. Code, § 41020, subd. (l).)⁸
- b. Adjusting future local property tax requirements to correct any audit exceptions relating to school district tax rates and tax revenues. (Ed. Code, § 41020, subd. (o).)⁹

COMPONENT 4 – RESPONDING TO REQUESTS

- a. Responding to any SCO directives if selected for a follow up of the county superintendent of school's audit resolution process for fiscal years 1994-95 and beyond. (Ed. Code, § 41020, subd. (n).)¹⁰
- b. Consulting with the SCO, upon the SCO's request, when audited financial statements are not timely completed for a school district in the COE's jurisdiction. (Ed. Code, § 41020.2.)¹¹
- c. Providing access to audit working papers. (Only reimbursable when the district is not subject to the Federal Single Audit Act.) (Ed. Code, § 14504.)¹²

COMPONENT 5 – PUBLIC REVIEW

- a. Beginning on July 1, 1994, placing a review of the annual audit on the agenda of a public meeting of the governing board. Beginning January 1, 1995, the review of the audit shall include discussion of any audit exceptions identified, the recommendations or findings of any management letter issued by the auditor, and plans of correction of audit exceptions or management letter issues. (Preparation of the brief description of the agenda item are claimed under the *Open Meetings Act* Parameters and Guidelines.) (Ed. Code, §§ 1040¹³, 41020.3¹⁴).

COMPONENT 6 – AUDIT REVIEW

- a. Reviewing school district audit exceptions, following up on corrective actions taken by school districts, requiring the school district to submit or resubmit any inadequate response by March 15, and certifying to the Superintendent of Public Instruction

⁸ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

⁹ Statutes of 1977, Chapter 936. Reimbursement begins July 1, 1994.

¹⁰ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

¹¹ Statutes of 1986, Chapter 1150. Non-substantive amendments by Statutes of 1988, Chapter 1462. Reimbursement begins July 1, 1994.

¹² Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

¹³ Statutes of 1976; Chapter 1010; amended by Statutes of 1985, Chapter 741.

¹⁴ Statutes of 1978, Chapter 207; amended by Statutes of 1994, Chapter 1002.

(SPI) the COE has reviewed all school district audit exceptions, and that those exceptions have been corrected. (Ed. Code, § 41020, subd. (i), (j) and (k).)¹⁵

SCHOOL DISTRICTS

COMPONENT 1 – BOILERPLATE LANGUAGE¹⁶

- a. Changing the boilerplate audit contract language to require access to audit working papers. (One-time costs if the costs were incurred within the reimbursement period.) (Ed. Code, § 14504.)¹⁷
- b. Changing the boilerplate audit contract language to delineate payment terms, payment withholds, and the provision to void multi-year contracts, (One-time reimbursement, if costs were incurred within the reimbursement period.) (Ed. Code, §14505.)¹⁸

COMPONENT 2 – AUDIT COSTS

- a. The ongoing costs of processing multiple payments to the auditor due to mandatory fee withholds. (Ed. Code, § 14505.)¹⁹
- b. Increases in the independent audit costs for changes made by the state to audit formats or boilerplate language, and for additional time auditors may require to prepare an audit to conform to the revised audit guide. (One-time costs) (SCO Audit Guide: May 1997 revisions.)²⁰

¹⁵ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

¹⁶ This provision imposes a new requirement that school districts add a clause to the audit contract. Accordingly, the Commission found in its Statement of Decision that this is a reimbursable activity resulting in a one-time cost to add a clause to boilerplate audit contract language. However, the Commission noted that the statutory requirement for the change in contract language was enacted by Statutes of 1984, Chapter 268, effective June 30, 1984. The reimbursement period for this test claim begins on July 1, 1994, therefore, the Commission found that local educational agencies should have incurred their one-time costs at the time of the enactment of the statute, ten years prior to the beginning of the reimbursement period.

¹⁷ Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

¹⁸ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

¹⁹ Statutes of 1984, Chapter 268; amended by Statutes of 1988, Chapter 1351; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

²⁰ If future changes are required, a new test claim must be filed with the Commission.

COMPONENT 3 – CORRECTIVE PLANS

- a. Submitting plans of correction for any state program audit exceptions as requested by its COE by March 15 and filing forms to the SPI regarding attendance related and other audit exceptions as directed. (Ed. Code, § 41020, subd. (j) and (k).)²¹

COMPONENT 4 – RESPONDING TO REQUESTS

- a. Responding to any inquiry from the SDE, COE, or the county superintendent of schools regarding previous corrections or plans of correction for state program audit exceptions not resolved by the district. (Ed. Code, § 41020, subd. (l).)²²
- b. Providing access to audit working papers. (Only reimbursable when the district is not subject to the Federal Single Audit Act.) (Ed. Code, § 14504.)²³

COMPONENT 5 – PUBLIC REVIEW

- a. Beginning July 1, 1994, placing a review of the annual audit on the agenda of a public meeting of the governing board. Beginning January 1, 1995, the review of the audit shall include discussion of any audit exceptions identified, the recommendations or findings of any management letter issued by the auditor, and plans of correction of audit exceptions or management letter issues. (Preparation of the brief description of the agenda item are claimed under the *Open Meetings Act* Parameters and Guidelines.) (Ed. Code, §§ 1040²⁴, 41020.3.²⁵)

V. CLAIM PREPARATION

Each claim for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV of this document.

A. Direct Costs

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions and shall be supported by the following cost element information:

1. Salaries and Benefits

Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and the related fringe benefits.

²¹ Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

²² Statutes of 1994, Chapter 1002. Reimbursement begins January 1, 1995.

²³ Statutes of 1984, Chapter 268; non-substantive amendments by Statutes of 1995, Chapter 476. Reimbursement begins July 1, 1994.

²⁴ Statutes of 1976, Chapter 1010; amended by Statutes of 1985, Chapter 741.

²⁵ Statutes of 1978, Chapter 207; amended by Statutes of 1994, Chapter 1002.

Reimbursement for personnel services includes compensation for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

2. Materials and Supplies

Only the expenditures that can be identified as direct costs of this mandate can be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based upon a recognized method of costing, consistently applied.

3. Contracted Services

Provide the name(s) of the contractor(s) who performed the service(s), including any fixed contracts for services. Describe the reimbursable activities performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach a copy of the contract to the claim.

4. Fixed Assets

List the purchase price paid for equipment and other fixed assets acquired for this mandate. Purchase price includes taxes, delivery costs, and installation costs. If the equipment or other capital asset is used for purposes other than this mandate, only the pro rata purchase price can be claimed.

5. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of the travel, inclusive dates and times of travel, destination point(s), and travel costs.

6. Training

The cost of training an employee to perform the mandated activities, as specified in Section IV of these Parameters and Guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the dates attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem. If the training encompasses subjects broader than this mandate, only the pro rata portion of the training costs can be claimed.

B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may

include both (1) overhead costs of the unit performing the mandate, and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter²⁶ 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. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.

All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any other source, including but not limited to federal funds and other state funds, shall be identified and deducted from this claim.

VIII. REQUIRED CERTIFICATION

An authorized representative of the claimant shall be required to provide a certification of claim, as specified in the SCO's claiming instructions, for those costs mandated by the state contained herein.

IX. PARAMETERS AND GUIDELINES AMENDMENTS

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

²⁶ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

FINANCIAL AND COMPLIANCE AUDITS CLAIM FOR PAYMENT	For State Controller Use Only	PROGRAM 192
	(19) Program Number 00192	
	(20) Date Filed	
	(21) LRS Input	

(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Claimant Name			(22) FORM-1, (03)	
County of Location			(23) FORM-1, (04)(1)(f)	
Street Address or P.O. Box		Suite	(24) FORM-1, (04)(2)(f)	
City	State	Zip Code	(25) FORM-1, (04)(3)(f)	
		Type of Claim	(26) FORM-1, (04)(4)(f)	
	(03)	(09) Reimbursement <input type="checkbox"/>	(27) FORM-1, (04)(5)(f)	
	(04)	(10) Combined <input type="checkbox"/>	(28) FORM-1, (04)(6)(f)	
	(05)	(11) Amended <input type="checkbox"/>	(29) FORM-1, (06)	
Fiscal Year of Cost	(06)	(12)	(30) FORM-1, (07)	
Total Claimed Amount	(07)	(13)	(31) FORM-1, (09)	
Less: 10% Late Penalty (refer to attached Instructions)		(14)	(32) FORM-1, (10)	
Less: Prior Claim Payment Received		(15)	(33)	
Net Claimed Amount		(16)	(34)	
Due from State	(08)	(17)	(35)	
Due to State		(18)	(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the school district or county office of education to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.

I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting savings and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer

	Date Signed _____
	Telephone Number _____
	E-mail Address _____

Type or Print Name and Title of Authorized Signatory

(38) Name of Agency Contact Person for Claim	Telephone Number _____
	E-mail Address _____
Name of Consulting Firm / Claim Preparer	Telephone Number _____
	E-mail Address _____

PROGRAM
192

FINANCIAL AND COMPLIANCE AUDITS
CLAIM FOR PAYMENT
INSTRUCTIONS

FORM
FAM-27

- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, state, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown in the attached Form-1 line (11). The total claimed amount must exceed \$1,000.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim is timely filed. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
 - Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (04)(1)(f), means the information is located on Form-1, line (04)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, telephone number and E-mail address. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and E-mail address of the agency contact person for the claim. If claim is prepared by external consultant, type or print the name of the consulting firm, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250**

Address, if delivered by other delivery service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816**

PROGRAM 192	FINANCIAL AND COMPLIANCE AUDITS CLAIM SUMMARY	FORM 1
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(01) Claimant	(02) Fiscal Year 20__ / 20__
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Claim Statistics

(03) Number of financial and compliance audits conducted during the fiscal year of claim	
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Direct Costs	Object Accounts					
(04) Reimbursable Activities	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
1. Boilerplate Language						
2. Audit Costs						
3. Corrective Plans						
4. Responding to Requests						
5. Public Review						
6. Audit Review (COE)						
(05) Total Direct Costs						

Indirect Costs

(06) Indirect Cost Rate	[Refer to claiming instructions]	%
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(07) Total Indirect Costs	[Line (05)(f) - line (05)(d) - \$ <input style="width: 50px;" type="text"/> x line (06)]	
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(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]
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Cost Reduction

(09) Less: Offsetting Savings	
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(10) Less: Other Reimbursements	
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(11) Total Claimed Amount	[Line (08) - {(line (09) + line (10))}]
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PROGRAM 192	FINANCIAL AND COMPLIANCE AUDITS CLAIM SUMMARY INSTRUCTIONS	FORM 1
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Enter the number of financial and compliance audits conducted during the fiscal year of the claim.
- (04) Reimbursable Activities. For each reimbursable activity, enter the totals from Form 2, line (05), columns (d) through (h), to Form 1, block (04), columns (a) through (e), in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Enter the indirect cost rate from the Restricted Indirect Cost Rates for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year of costs.
- (07) Total Indirect Costs. From the Total Direct Costs, line (05)(f), deduct Total Fixed Assets, line (05)(d) and any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

PROGRAM 192	FINANCIAL AND COMPLIANCE AUDITS ACTIVITY COST DETAIL	FORM 2
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Activities: Check only **one** box per form to identify the activity being claimed.

<input type="checkbox"/> Boilerplate Language	<input type="checkbox"/> Responding to Requests
<input type="checkbox"/> Audit Costs	<input type="checkbox"/> Public Review
<input type="checkbox"/> Corrective Plans	<input type="checkbox"/> Audit Review (COE)

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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PROGRAM 192	FINANCIAL AND COMPLIANCE AUDITS ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2
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- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, productive hourly rates, actual time spent by each employee, fringe benefits, supplies used, contract services, fixed assets, and travel and training expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be three years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries and Benefits Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
	Title								
Benefits	Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Dates of Service			Cost = Hourly Rate x Hours Worked			Copy of Contract and Invoices
Fixed Assets	Description of Equipment Purchased Equipment ID	Unit Cost	Quantity Used				Cost = Unit Cost x Quantity Used		Invoices
Travel and Training Travel	Purpose of Travel	Per Diem Rate	Days					Rate x Days	
	Name and Title Departure and Return Date	Mileage Rate Transportation Cost	Miles Transportation Mode					or Miles = Total Transportation Cost	
Training	Employee Name and Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h), and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component/activity costs, number each page. Enter totals from line (05), columns (d) through (h), to Form 1, block (04), columns (a) through (e), in the appropriate row.