

# **SAN DIEGO COUNTY OFFICE OF EDUCATION**

Audit Report

## **MIGRANT EDUCATION PROGRAM (MEP)**

*July 1, 2013, through June 30, 2014*



**BETTY T. YEE**  
California State Controller

March 2016



**BETTY T. YEE**  
California State Controller

March 18, 2016

Veronica Aguila, Director  
California Department of Education  
English Learner Support Division  
Migrant Education Program  
1430 N Street, Suite 2204  
Sacramento, CA 95814-5901

Dear Ms. Aguila:

The State Controller's Office, pursuant to an Interagency Agreement with the California Department of Education (CDE), conducted an audit of the San Diego Office of Education's (SDCOE) Migrant Education Region's Migrant Education Program (MEP) for the period of July 1, 2013, through June 30, 2014.

The purpose of the audit was to determine whether the SDCOE complied with the United States Department of Education Office of Migrant Education's MEP requirements; specifically, that the SDCOE maintained proper internal controls to ensure that the program-related costs were incurred for eligible and approved increased costs, and that the accounts and records substantiated that the funds were expended for allowable increased costs.

The audit determined that the SDCOE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable, approved, and increased costs. However, in submitting its expenditure reports to the CDE, the SDCOE included costs in the total amount of \$135,510 that the auditor deemed unallowable, as the region did not provide sufficient oversight to its sub-recipient districts by ensuring that districts adhere to Section 1306(b) (2) of Title 1, Part C (the federal "supplement, not supplant" provision), and Title 2, CFR, Part 225 (federal cost principles).

In addition, the audit determined that the region did not fully comply with Title 34, CFR, Part 80.36 (procurement), and the Migrant Education Program Fiscal Handbook 2007, when it sought procurement of its projects and when it allocated the MEP funds to its sub-recipient districts.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by telephone at (916) 324-6310.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/rg

Attachment

cc: Randolph E. Ward, Ed.D., Superintendent  
San Diego County Office of Education  
Timothy Glover, Assistant Superintendent  
San Diego County Office of Education  
Monica Nava, Senior Director  
San Diego County Office of Education  
Celina Torres, Education Administrator I  
English Learner Support Division  
California Department of Education  
Kevin Chan, Director  
Audits and Investigations Division  
California Department of Education

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# Audit Report

## Summary

The State Controller's Office (SCO) conducted an audit of the San Diego County Office of Education's (SDCOE) Migrant Education Program (MEP) for the period of July 1, 2013, through June 30, 2014.

The purpose of the audit was to determine whether the SDCOE complied with the United States Department of Education Office of Migrant Education's (OME) MEP requirements; specifically, that the SDCOE maintained proper internal controls to ensure that program-related costs were incurred for eligible and approved costs, and that the accounts and records substantiated that the funds were expended for allowable increased costs.

We determined that the SDCOE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable, approved, and increased costs. However, in submitting its expenditure reports to the California Department of Education (CDE), the SDCOE included costs in the total amount of \$135,510 that were deemed unallowable, as the region did not provide sufficient oversight to its sub-recipient districts by ensuring that districts adhere to Section 1306(b) (2) of Title I, Part C (the federal "supplement, not supplant" provision), and Title 2, *Code of Federal Regulations*, Part 225 (2 CFR §225) (federal cost principles).

In addition, we determined that the region did not fully comply with 34 CFR §80.36 (procurement), and the MEP Fiscal Handbook 2007, when it sought procurement of its projects and allocated the MEP funds to its sub-recipient districts.

## Background

The Migrant Education Program is authorized under the federal "No Child Left Behind Act" and is funded by Title I, Part C, with the mission of providing supplementary services to ensure that migrant children meet the same academic standards that non-migrant children are expected to meet.

Funds support high-quality education programs for migrant children and help ensure that those children who relocate are not penalized in any manner by disparities among states in curriculum, graduation requirements, or state academic content and student academic achievement standards. Funds also ensure that migrant children are provided with appropriate education services (including supportive services) that address their special needs and that migrant students receive full and appropriate opportunities to meet the same state academic content and student academic achievement standards that non-migrant children are expected to meet. Federal funds are allocated by formula to state educational agencies, based on each state's per-pupil expenditure for education and counts of eligible migrant children, ages 3 through 21, residing within the state.

The allowable MEP efforts are identified, formulated, and developed in concert with the CDE and the State's 23 MEP regions/sub-grantees. The regions/sub-grantees include county offices of education and/or school districts. At the state level, the CDE also administers and monitors the federal pass-through funds for the MEP sub-grantees and recipients.

The SDCOE provides, administers, and directly oversees MEP services for 13 districts, while sub-granting MEP funds to three other districts through a District Service Agreement. These sub-recipient districts are responsible for directly providing and administering MEP services for their students and are subject to regional oversight. The region may also fund a consortium of school districts, typically with an enrollment of fewer than 200 migrant students, in which MEP services are provided through a Memorandum of Understanding. The region and sub-recipient districts offer migrant instructional services to eligible migrant students through various extended day settings: after school instruction, Saturday schools, home tutorial programs, and summer school. Other services include mobile dental services to migrant students, health advocacy, pre-college outreach programs, and education-based field trips.

The OME conducted a review of the MEP program and issued the review in September 2011. The California State Auditor audited the administration of the federally-funded migrant education program administered by the CDE and issued its audit report in February 2013. The reviews did not identify any specific administrative oversight concerns of the region or its sub-recipients.

The CDE requested that the SCO assess administrative oversight efforts<sup>1</sup> and conduct this performance audit of the MEP subgrantees.

The SCO's authority to conduct this audit is given by:

- Interagency Agreement No. CN 140308 effective February 1, 2015, between the SCO and the CDE, which provides that the SCO will conduct an independent management review of the CDE's administrative oversight efforts, including technical assistance provided to MEP subgrantees, and an independent management review of MEP subgrantee fiscal administrative and reporting practices over MEP funding.
- Government Code section 12410, which states, "The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment ...."

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<sup>1</sup> This assessment will be covered in a separate management letter to the CDE.

## **Objectives, Scope, and Methodology**

The purpose of the audit was to determine whether the SDCOE complied with the federal MEP requirements; specifically, that the SDCOE maintained proper internal controls to ensure that the region's efforts and program-related costs were incurred for eligible and approved MEP program activities, and that accounting records and source documents substantiated that the MEP funds were expended for approved allowable increased costs for the audit period of July 1, 2013, through June 30, 2014.

Audit methodologies included, but were not limited to the following:

- Reviewing applicable state and federal requirements related to the MEP, including the MEP Fiscal Handbook;
- Reviewing prior audits and single audit reports, and written policies and procedures relating to the MEP;
- Reviewing the MEP regional application, and budget and quarterly expenditure reports;
- Conducting inquiries with personnel, and reviewing and assessing related internal controls; and
- Obtaining and reviewing supporting documentation to ensure that MEP expenditures for costs were necessary, reasonable, and allowable.

We conducted this performance 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.

## **Conclusion**

We determined that the SDCOE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable, approved, and increased costs. However, in submitting its expenditure reports to the CDE, the SDCOE included costs in the total amount of \$135,510 that were deemed unallowable, as the region did not provide sufficient oversight to its sub-recipient districts by ensuring districts adhere to Section 1306(b) (2) of Title I, Part C (the federal "supplement, not supplant" provision), and 2 CFR §225 (federal cost principles).

In addition, we determined that the region did not fully comply with 34 CFR §80.36 (procurement), and the MEP Fiscal Handbook 2007, when it sought procurement of its projects and allocated the MEP funds to its sub-recipient districts.

**Views of  
Responsible  
Officials**

We issued a draft report on February 17, 2016. Lora Duzyk, Assistant Superintendent, responded by letter dated March 1, 2016, agreeing with the audit results, except for Findings 2 and 6. This final audit report includes the SCDOE's response.

**Restricted Use**

This report is solely for the information and use of the San Diego County Office of Education, the United States Department of Education, the California Department of Education, and the SCO. It is not intended to be and should not be used by anyone other than these specified parties. The restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

March 18, 2016

**Schedule 1—  
Summary of Reported, Audited, and Questioned Costs  
July 1, 2013, through June 30, 2014 (includes 5<sup>th</sup> Quarter\*)**

Object Code	Description	Reported Costs	Audited Costs	Questioned Costs	Reference
<b>Certificated Personnel Salaries</b>					
1100	Teachers	\$ 130,577	\$ 130,577	\$ -	
1200	Pupil Support Services	\$ -	\$ -	\$ -	
1300	Supervisor/Administrators	\$ 205,338	\$ 205,338	\$ -	
1900	Other Certificated Salaries	\$ 615,905	\$ 615,905	\$ -	
	<b>Subtotal</b>	<b>\$ 951,820</b>	<b>\$ 951,820</b>	<b>\$ -</b>	
<b>Classified Salaries</b>					
2100	Instructional Aides	\$ 84,956	\$ 436	\$ 84,520	Finding 2
2200	Support Services Salaries	\$ -	\$ -	\$ -	
2300	Supervisor/Administrators	\$ 222,841	\$ 215,618	\$ 7,223	Finding 3
2400	Clerical, Technical and Office Staff	\$ 419,580	\$ 419,580	\$ -	
2900	Other Classified Salaries	\$ 2,075,205	\$ 2,070,309	\$ 4,896	Finding 4, 5
	<b>Subtotal</b>	<b>\$ 2,802,582</b>	<b>\$ 2,705,943</b>	<b>\$ 96,639</b>	
<b>Benefits</b>					
3000-3900	Employee Benefits	\$ 1,681,984	\$ 1,681,984	\$ -	
	<b>Subtotal</b>	<b>\$ 1,681,984</b>	<b>\$ 1,681,984</b>	<b>\$ -</b>	
<b>Books and Supplies:</b>					
4100	Textbooks Curriculum Materials	\$ -	\$ -	\$ -	
4200	Books & Reference Materials	\$ 37,224	\$ 37,224	\$ -	
4300	Materials & Supplies	\$ 277,375	\$ 252,430	\$ 24,945	Finding 6
4400	Noncapitalized Equipment	\$ 34,054	\$ 34,054	\$ -	
4700	Food	\$ -	\$ -	\$ -	
	<b>Subtotal</b>	<b>\$ 348,653</b>	<b>\$ 323,708</b>	<b>\$ 24,945</b>	
<b>Services and Other Operating Expenditures</b>					
5100	Subagreements for Services	\$ 5,525	\$ 5,525	\$ -	
5200	Travel & Conference	\$ 109,681	\$ 109,681	\$ -	
5300	Dues & Memberships	\$ -	\$ -	\$ -	
5400	Insurance	\$ -	\$ -	\$ -	
5500	Operations & Housekeeping Services	\$ 6,578	\$ 6,578	\$ -	
5600	Rentals, Leases, Repairs & Noncapitalized Improvements	\$ 158,966	\$ 158,966	\$ -	
5700	Transfers of Direct Costs	\$ 30,032	\$ 30,032	\$ -	
5800	Professional and Consulting Services and Expenses	\$ 268,928	\$ 255,002	\$ 13,926	Finding 7, 8
5900	Communications	\$ 36,472	\$ 36,472	\$ -	
	<b>Subtotal</b>	<b>\$ 616,182</b>	<b>\$ 602,256</b>	<b>\$ 13,926</b>	
<b>Capital Outlay</b>					
6000	Capital outlay	\$ -	\$ -	\$ -	
	<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
	<b>Subtotal</b>	<b>\$ 6,401,221</b>	<b>\$ 6,265,711</b>	<b>\$ 135,510</b>	
	<b>Indirect Cost</b>	<b>\$ 531,449</b>	<b>\$ 531,449</b>	<b>\$ -</b>	
	<b>Total</b>	<b>\$ 6,932,670</b>	<b>\$ 6,797,160</b>	<b>\$ 135,510</b>	

\*Note: The 5<sup>th</sup> Quarter is the first quarter of a subsequent fiscal year, during which the SDCOE is allowed to spend MEP funds that were not expended in the preceding fiscal year.

# Findings and Recommendations

## **FINDING 1— Inadequate monitoring of time- recording and approval process**

In performing substantive testing of expenses in the Certificated Personnel Salaries Account (Object Code 1100), we found that two of seven employees selected for testing signed their timesheets and had their timesheets approved by their supervisor before performing work. Specifically, one timesheet was signed by the employee and approved by the supervisor on July 10, 2013, before work was performed on July 11, 2013, and July 12, 2013. The second employee's timesheet was signed by the employee and approved by the supervisor on June 24, 2014, before work was performed on June 25, 2014, through June 30, 2014.

### Criteria

Title 2, *Code of Federal Regulations*, Part 225 (2 CFR §225), Appendix B, section h "Support for salaries and wages," Subsection 5 (a) states that timesheets or their equivalents "must reflect an after-the-fact distribution of the actual activity of each employee."

### Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225, the region should improve its control activities, specifically, its oversight of time-recording and approval processes.

### SDCOE's Response

The region concurs with the finding.

### SCO's Comment

The finding remains unchanged.

## **FINDING 2— Inadequate support of salaries and wages**

In performing substantive testing of expenses in the Instructional Aides' Salaries Account (Object Code 2100) for Valley Center Unified School District, we found that the district was unable to provide adequate timekeeping documents, such as personnel activity reports, that are required by federal cost principles for employees working on more than one activity. The district provided semi-annual certifications only for its MEP employees, which did not meet the requirements established by the federal cost principles for employees working on multiple activities. We disallowed the total cost of \$84,520 the district claimed in FY 2013-14, as it failed to adequately support the MEP employees' salaries for Object Code 2100 as prescribed by the federal cost principles.

Criteria

2 CFR §225, Appendix B, Section h “Support for salaries and wages,” Subsection 4 states,

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5).

2 CFR §225, Appendix B, section h “Support for salaries and wages,” Subsection 5(c), (d) states that personnel activity reports “must be prepared at least monthly and must coincide with one or more pay periods, and must be signed by the employees.”

Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225, the region should improve its monitoring activities of its sub-recipient districts’ expenditures when it reviews supporting documentation for the expenditures. Furthermore, we recommend that the region evaluate whether its districts receive adequate technical assistance to ensure that the districts are provided and comply with appropriate regulations.

SDCOE’s Response

The region maintains that the Valley Center-Pauma Unified School District (VCPUSD) has “years of consistent and accurate semi-annual certifications for MEP employees working on one activity” and that the VCPUSD’s use of semi-annual certifications for MEP employees working on multiple activities was recommended by Title 1 auditors.

SCO’s Comment

No documentation regarding Title 1 auditors’ guidance on support for salaries and wages that would exempt the district from compliance with the 2 CFR §225 was provided to the SCO auditors. The finding remains unchanged.

**FINDING 3—  
Inadequate  
support of salaries  
and wages**

In performing substantive testing of expenses in the Classified Supervisors/Administrators’ Salaries Account (Object Code 2300) for Santa Ana Unified School District, we found that the district’s MEP employee’s salaries and wages were not supported with adequate personnel activity reports meeting federal cost principles. Specifically, we observed that the provided documents were signed by the employee and approved by a supervisor twice per year only, in October and June, instead of each month as required. We disallowed the total cost of \$7,223 the district claimed in FY 2013-14, as it failed to adequately support the MEP employees’ salaries for Object Code 2300 as prescribed by the federal cost principles.

Criteria

2 CFR §225, Appendix B, section h “Support for salaries and wages,” Subsection 4 states,

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5).

2 CFR §225, Appendix B, Section h “Support for salaries and wages,” Subsection 5(c) states that personnel activity reports “must be prepared at least monthly and must coincide with one or more pay periods.”

Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225, the region should improve its monitoring activities of its sub-recipient districts’ expenditures when it reviews supporting documentation for the expenditures. Furthermore, we recommend that the region evaluate whether its districts receive adequate technical assistance to ensure that the districts are provided and comply with appropriate regulations.

SDCOE’s Response

The region concurs with the finding.

SCO’s Comment

The finding remains unchanged.

**FINDING 4—  
Inadequate  
support of salaries  
and wages/non-  
compliance with  
“supplement, not  
“supplant”  
provision**

In performing substantive testing of expenses in the Other Classified Salaries Account (Object Code 2900) for Oceanside Unified School District, we found that the district’s MEP employee was assigned to provide ballet/folklore dance instructions from September 2, 2013, through June 6, 2013, as a classified consultant/ballet folklorico instructor. Timesheets indicated that her title was Migrant Services Assistant (MSA), but the pay rate for dance instruction was \$25.00, or \$0.85 more than her MSA position allowed. We reviewed the MSA duty statement and did not see any duty that would be relevant to dance. When asked why her time as a dance instructor was recorded in the timesheet for MSA at a different rate, the English Learner Division and Migrant Education Coordinator stated that dance instruction “was considered item 11 on the job description: performs other related duties as required.” She also stated that the class was taught for both migrant and non-migrant students. We disallowed the total cost of \$4,350 the district claimed in FY 2013-14, as it failed to adequately support the MEP employee’s salary for Object Code 2900 as prescribed by the federal cost principles and to comply with the “supplement, not supplant” requirement.

Criteria

2 CFR §225, Appendix B, section (h) “Support of salaries and wages,” Subsection (4) states,

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation<...>. Such documentary support will be required where employees work on: (a) More than on Federal award.

Section 1306(b) (2) of Title 1, Part C states,

Funds provided under this part shall be used to address the needs of migratory children that are not addressed by services available from other Federal or non-Federal programs, except that migratory children who are eligible to receive services under part A may receive those services through funds provided under that part, or through funds under this part that remain after the agency addresses the needs described in paragraph.

Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225 and section 1306(b) (2) of Title I, Part C, the region should improve its monitoring activities of its sub-recipient districts’ expenditures when it reviews supporting documentation for the expenditures. Furthermore, we recommend that the region evaluate whether its districts receive adequate technical assistance to ensure that the districts are provided and comply with appropriate regulations.

SDCOE’s Response

The region concurs with the finding.

SCO’s Comment

The finding remains unchanged.

**FINDING 5—  
Improper overtime  
charges**

In performing substantive testing of expenses in the Other Classified Salaries Account (Object Code 2900) for Oceanside Unified School District, we found that the district improperly charged the MEP funds for its employees’ overtime compensation that did not meet the district’s own requirements for overtime compensation. The auditor observed that none of the selected MEP employees that had claimed overtime had actually worked over 40 hours a week; a requirement that must be met in order for employees to claim overtime. We disallowed the total cost of \$546 the district claimed in FY 2013-14, as it failed to adequately support the MEP employees’ salaries for Object Code 2900 as prescribed by the federal cost principles.

Criteria

2 CFR §225, Appendix B, section (h) Support of salaries and wages, Subsection (1) states,

Charges to Federal award for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

The Memorandum of Understanding (MOU) between the district and its union states that employees must be compensated for overtime if they have prior approval and direction of their immediate supervisors, and worked in excess of 8 (eight) hours in any 1 (one) day, and in excess of 40 (forty) hours in any calendar week

Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225, the region should improve its monitoring activities of its sub-recipient districts' expenditures when it reviews supporting documentation for the expenditures. Furthermore, we recommend that the region evaluate whether its districts receive adequate technical assistance to ensure that the districts are provided and comply with appropriate regulations.

SDCOE's Response

The region concurs with the finding.

SCO's Comment

The finding remains unchanged.

**FINDING 6—  
Unreasonable costs**

In performing substantive testing of expenses in the Materials and Supplies Account (Object Code 4300) for Valley Center Unified School District, we found that the district purchased 43 iPads and protection cases for the iPads in the amount of \$22,438.56 and \$2,506.37, respectively, without having considered other, cheaper, options available at the time of purchase. We disallowed the total cost of \$24,945 the district claimed for 43 iPads and cases in FY 2013-14, as it failed to meet the federal cost principles.

Criteria

2 CFR §225, Appendix A, Section C Basic Guidelines, Subsection 2. Reasonable costs states,

A cost is reasonable if, in its nature and amount, it does not exceed what which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur to cost.

Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225, the region should improve its monitoring activities of its sub-recipients districts' expenditures when it reviews supporting documentation for the expenditures. Furthermore, we recommend that the region evaluate whether its sub recipient districts' receive adequate technical assistance to ensure that the districts are provided and comply with appropriate regulations.

SDCOE's Response

The region does not concur with the finding, stating that Apple Inc. was determined to be a sole source and approved by the VCPUSD Board of Directors. The region also believes that the purchase of protection cases for the iPads was warranted as a cost to repair a damaged iPad will exceed a cost of one protection case. Furthermore, the region claims that the district's purchases are consistently and routinely monitored by the SDCOE in consultation with the CDE's MEP administrators.

SCO's Comment

Compliance with Federal and State rules and regulations is the district's ultimate responsibility, which governs its final decision after consultation with its overseeing bodies. The finding is not related to procurement of Apple Inc. as a distributor of iPads but to the district's lack of prudence in considering other devices that are similar to iPads in their functions, but significantly less costly. Furthermore, the district did not provide any documentation supporting its claim of cheaper iPad protection cases failing to protect iPads. The finding remains unchanged.

**FINDING 7—  
Improper cost  
reporting**

In performing substantive testing of selected expenses in the Professional Consulting Services and Operating Expenditures Account (Object Code 5800), we found that the region improperly recorded \$10,396 in its expenditure report for FY 2013-14 for Migrant Education Readiness Summer Program (MERSP) that was approved for FY 2014-15. We disallowed the total cost of \$10,396 the region claimed in FY 2013-14, as it failed to meet the federal cost principles and MEP Fiscal Handbook 2007 requirements.

Criteria

2 CFR §225, Appendix A, Section C, Basic Guidelines, subsection c. states that for a cost to be allowable, it must "be authorized or not prohibited under State or local laws or regulations."

The MEP Fiscal Handbook 2007, section 5.4, Fiscal Expenditure Reports, Subsection C states, "Expenditures for items not approved in the application, amendments or revisions will not be allowed."

Recommendation

In order to ensure compliance with the standards prescribed by 2 CFR §225 and the MEP Fiscal Handbook 2007, the region should improve its monitoring activities of its own expenditure documentation process.

SDCOE’s Response

The region concurs with the finding.

SCO’s Comment

The finding remains unchanged.

**FINDING 8—  
Non-compliance  
with “supplement,  
not supplant”  
provision**

In performing substantive testing of selected expenses in Professional Consulting Services and Operating Expenditures Account (Object Code 5800), we found that Oceanside Unified School District supplanted the Parent Teacher Organization (PTO) funds using MEP funds in the amount of \$2,990 for the Outdoor Education Program that was provided to all students, including migrant students. We disallowed the total cost of \$2,990 the district claimed in FY 2013-14, as it failed to meet the “supplement, not supplant” requirement.

Criteria

Section 1306(b) (2) of Title 1, Part C states,

Funds provided under this part shall be used to address the needs of migratory children that are not addressed by services available from other Federal or non-Federal programs, except that migratory children who are eligible to receive services under part A may receive those services through funds provided under that part, or through funds under this part that remain after the agency addresses the needs described in paragraph.

Recommendation

In order to ensure compliance with the standards prescribed by Section 1306(b) (2) of Title 1, Part C, the region should improve its monitoring activities of its sub-recipient districts’ expenditures when it reviews supporting documentation for the expenditures. Furthermore, we recommend that the region evaluate whether its districts receive adequate technical assistance to ensure that the districts are provided and comply with appropriate regulations.

SDCOE’s Response

The region concurs with the finding.

SCO’s Comment

The finding remains unchanged.

**FINDING 9—  
Non-compliance  
with federal and  
state procurement  
regulations**

The region did not provide documentation related to the procurement of Rosetta Stone LTD (contract #1314995) and North County Health Services (contract #13141065) sufficient to substantiate that the region was in compliance with the procurement standards as required by the 34 CFR §80.36 and in the MEP Fiscal Handbook 2007. Specifically, the region lacked maintenance of records sufficient to detail the significant history of a procurement, including the rationale for the method of procurement, selection of contract type, price, or rate quotations from an adequate number of qualified sources, contractor selection or rejection, a cost or price analysis, and the basis for the contract price.

Criteria

34 CFR §80.36 states, in part,

Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations: (i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. (ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(f) Contract cost and price. (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications.

Recommendation

In order to ensure adherence to the standards as prescribed by federal and state laws and regulations, the region should improve its current procurement procedures and practices to include the following:

- Maintaining records sufficient to detail the history of procurement, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- A cost or price analysis in connection with every procurement action.
- A clear process or written criteria for judging proposals, assessing technical qualifications of contracted personnel, and for assessing the quality of a technical approach.

SDCOE’s Response

The region concurs with the finding.

SCO’s Comment

The finding remains unchanged.

**FINDING 10—  
Lack of sufficient  
funding allocation  
method**

We determined that the region did not have a sufficient funding allocation methodology with a clear formula in FY 2013-14.

Criteria

The MEP Fiscal Handbook 2007, Section 3.2, Fiscal Responsibilities states,

Each operating agency shall 1. Allocate funds in a manner consistent with program requirements as set forth in federal and state legislation. 2. Establish a written distribution of funds formula reflective of program needs, enrollment and/or other factors such as mobility, age, and grade level.

Recommendation

In order to ensure compliance with the requirements established by the MEP Fiscal Handbook 2007, the region should seek additional training and assistance from the California Department of Education and establish written policies and procedures for allocating the funds consistent with federal and state rules and regulations.

SDCOE’s Response

The region concurs with the finding.

SCO’s Comment

The finding remains unchanged.

**Attachment—  
SDCOE's Response**

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# SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 Linda Vista Road, San Diego, CA 92111 • 858-292-3500 • www.sdcoe.net  
Randolph E. Ward, Ed.D., Superintendent of Schools

March 1, 2016

Andrew Finlayson, Chief  
State Agency Audits Bureau  
State Controller's Office, Division of Audits  
P. O. Box 924850  
Sacramento, CA 94250-5874

Re: San Diego County Office of Education Response to State Controller's Office Migrant Education Program Draft Audit Report dated February 17, 2016

Dear Mr. Finlayson:

This letter is being submitted in response to the State Controller's Office (SCO) Draft Report on the audit of San Diego County of Education (SDCOE) Migrant Education Program (MEP) for the period of July 1, 2013 through June 30, 2014. SDCOE has carefully reviewed the Draft Report and are pleased that the audit "determined that the SDCOE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable, approved, and increased costs". (Draft Report Conclusion, pg. 3)

While SDCOE agrees with the general findings, we are providing a response to two of the nine findings: (1) Inadequate support of salaries and wages (Draft Report Finding 2, pg. 6); and (2) Unreasonable costs (Draft Report Finding 6, pg. 9). Pursuant to the directions provided to our agency during the Exit Conference at SDCOE on January 27, 2016, we submit the following comments and responses to the two Findings and Recommendations set forth therein.

## **Response to Finding 2: Inadequate Support of Salaries and Wages**

In reviewing this Finding with the Valley Center-Pauma Unified School District (VCPUSD), we determined that VCPUSD has years of consistent and accurate semi-annual certifications for MEP employees working on one activity. During this unique year, 2013-14, VCPUSD received guidance from Title I auditors to maintained semi-annual certifications for MEP employees working on multiple activities. The district is well versed in the 2 Code of Federal Regulations 225 Appendix B, Section h "Support for salaries and wages," Subsection 4 and is committed to adherence of all federal requirements. The SDCOE will increase its monitoring activities of all sub-recipient districts' expenditures and review support documentation for expenditures and listed in the recommendation by SCO.

## **Response to Finding 6: Unreasonable Costs**

The SDCOE does not concur with the findings that VCPUSD purchased 43 iPads and protection cases for the iPads in the amount of \$22,438.56 and \$2,506.37, respectively, without having considered other, cheaper, options available at the time of purchase. VCPUSD is a small rural school district with district boundaries that span nearly 300 miles. The VCPUSD 'Business Services Department has determined that there is no practical value in advertising for and receiving competitive bids for the purchase of Apple products and services because: (1) Apple, Inc. is the sole source of Apple and Macintosh brand hardware and services; (2) authorized Apple product resellers are not authorized to sell standard Apple hardware products or services to public and private nonprofit educational institutions in the United States; and (3) the sale of Apple products by other than Apple, Inc. generally cannot occur unless an Apple reseller has breached its contract with Apple, Inc.' (VCPUSD Board Meeting Action Item August 15, 2015).

Andrew Finlayson  
March 1, 2016  
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The VCPUSD Board of Trustees approved the sole source determination of Apple, Inc. to enable VCPUSD to meet the instructional and administrative needs of the District. This decision was in practice prior to August 2015. VCUSD reviewed the decision to purchase the iPads with SDCOE and received approval for purchase. VCPUSD was successful in maintaining a no damage, or loss, to any device due to the selection of a durable protection case for iPads that were intended for students to take home and use for seven weeks during the summer of 2014. Each iPad was uploaded with grade level appropriate applications that coincide with continuity of the regular school program in English Language Arts, Math, Science and Social Studies. The students also received weekly home instruction as part of the Migrant Education Summer School Academic Home Program by certificated summer personnel.

Notwithstanding our disagreement with Finding 6, we hereby confirm that SDCOE consistently and routinely, monitors activities of its sub-recipients districts' expenditures, often consulting with the California Department of Education Migrant Education Office administrators. The SDCOE believes VCPUSD made a prudent decision to protect each iPad after a careful analysis revealed that replacement of the front glass screen would be over \$100 for the part alone, along with additional repair cost. Additionally, if the iPad itself was damaged, the cost to repair was estimated to range from \$200-\$400. After reviewing prior purchases of cheaper iPad protection covers, VCPUSD determined that it would be cost effective to invest in stronger, durable, and more expensive protection cases to best ensure the longevity of the devices. The result after the first summer program was that VCPUSD had zero repairs needed with the iPads that were sent home to Migrant families.

We wish to assure your office that we have, and will continue to act in the best interest of the public we serve, abiding by the principles and guidelines the various federal and state authorities set forth to the best of our knowledge.

We thank your audit team for the opportunity to address the concerns identified in the Draft Report.

Sincerely,



Lora Duzyk  
Assistant Superintendent  
Business Services Division

**State Controller's Office  
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