# ROWLAND UNIFIED SCHOOL DISTRICT

Audit Report

## STANDARDIZED TESTING AND REPORTING PROGRAM

Chapter 828, Statutes of 1997

*July 1, 1997, through June 30, 2004*

BETTY T. YEE
California State Controller

January 2016

# BETTY T. YEE
## California State Controller

January 26, 2016

Angelena M. Pride, President
Board of Education
Rowland Unified School District
1830 Nogales Street
Rowland Heights, CA 91748

Dear Ms. Pride:

The State Controller's Office audited the costs claimed by the Rowland Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed $1,138,811 for the mandated program. Our audit found that $265,128 is allowable ($280,335 less a $15,207 penalty for filing late claims) and $873,683 is unallowable. The costs are unallowable because the district claimed ineligible and unsupported costs and overstated offsetting reimbursements. The State paid the district $497,191. The amount paid exceeds allowable costs claimed by $232,063.

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

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/ls

Attachment

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cc. Julie Mitchell, Ed.D., Superintendent of Schools
Rowland Unified School District
Alex Flores, Assistant Superintendent of Administrative Services
Rowland Unified School District
Eric Hart, Director of Fiscal Services
Rowland Unified School District
Keith D. Crafton, Director
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# Contents

**Audit Report**

**Summary** ..... 1

**Background** ..... 1

**Objectives, Scope, and Methodology** ..... 2

**Conclusion** ..... 2

**Views of Responsible Officials** ..... 3

**Restricted Use** ..... 3

**Schedule—Summary of Program Costs** ..... 4

**Findings and Recommendations** ..... 8

**Attachment—District's Response to Draft Audit Report**

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Rowland Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed $1,138,811 for the mandated program. Our audit found that $265,128 is allowable ($280,335 less a $15,207 penalty for filing late claims) and $873,683 is unallowable. The costs are unallowable because the district claimed ineligible and unsupported costs and overstated offsetting reimbursements. The State paid the district $497,191. The amount paid exceeds allowable costs claimed by $232,063.

## Background

Chapter 828, Statutes of 1997, amended Education Code sections 60607, 60609, 60615, and 60630, and added Education Code sections 60640 through 60641, and 60643. Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, established the STAR Program related to achievement testing that school districts must administer to pupils in the state.

The STAR Program requires school districts, between March 15 and May 15 of each year, to test all students in grades 2 through 11 with a nationally normed achievement test designated by the State Board of Education. School districts administered the Stanford Achievement Test, Ninth Edition (SAT-9) in English to all pupils enrolled in grades 2 through 11 from fiscal year (FY) 1997-98 through FY 2001-02. The California Achievement Test, Sixth Edition Survey (CAT/6) replaced the SAT-9 test effective for FY 2002-03. School districts administered the CAT/6 test in English to all pupils enrolled in grades 2 through 11 for FY 2002-03 and FY 2003-04. In addition, school districts administered an additional test, the Spanish Assessment of Basic Education, Second Edition (SABE/2), to every Spanish-speaking pupil of limited English proficiency who was enrolled in grades 2 through 11 if the pupil was initially enrolled in any public school in the state less than 12 months prior to the date that the English language SAT-9 test was given. School districts are also required to engage in numerous activities related to test administration and reporting.

On August 24, 2000, the Commission on State Mandates (Commission) determined that Chapter 828, Statutes of 1977, and the implementing regulations at California Code of Regulations, Title 5, section 850 through 904, imposed a state mandate upon school districts reimbursable under Government Code section 17561 commencing October 10, 1997.

The parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated program reimbursable costs.

On reconsideration by Statutes of 2004, Chapter 216, section 34, and Statutes 2004, chapter 895, section 19, the Commission found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the Commission deleted the non-reimbursable activities and renamed the program to the National Norm-Referenced Achievement Test Program effective July 1, 2004.

## Objectives, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Standardized Testing and Reporting Program for the period of July 1, 1997, through June 30, 2004.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. 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.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations.

To achieve our audit objectives, we performed the following audit procedures:

- Interviewed employees, completed the internal control questionnaire, and performed a walk-through of the cost components of each claim.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.
- Tested transactions selected through auditor professional judgement for the relevant cost elements.

## Conclusion

Our audit found instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Schedule (Summary of Program Costs) and in the Findings and Recommendations section of this report.

For the audit period, the Rowland Unified School District claimed $1,138,811 for costs of the Standardized Testing and Reporting Program. Our audit found that $265,128 is allowable ($280,335 less a $15,207 penalty for filing late claims) and $873,683 is unallowable.

For the fiscal year (FY) 1997-98 claim, the State paid the district $109,168 from funds appropriated under Chapter 32, Statutes of 2014. Our audit found that none of the costs claimed are allowable. The State will apply $109,168 against any balances of unpaid mandated program claims due the district as of June 20, 2014.

For the FY 1998-99, FY 1999-2000, FY 2002-03, and FY 2003-04 claims, the State made no payments. Our audit found that $107,174 is allowable ($111,851 less a $4,677 penalty for filing a late claim). The State will pay this amount, contingent upon available appropriations.

For the FY 2000-01 and FY 2001-02 claims, the State paid the district $388,023 from funds appropriated under Chapter 724, Statutes of 2010. Our audit found that $157,954 is allowable ($168,484 less a $10,530 penalty for filing a late claim). The State will apply $230,069 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

## Views of Responsible Officials

We issued a draft audit report on January 11, 2016. On January 21, 2016, Eric Hart, Director of Fiscal Services, emailed us a response letter (Attachment) stating that the district agrees with the audit results. This final audit report includes the district's response.

## Restricted Use

This report is solely for the information and use of the Rowland Unified School District, the Los Angeles County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

January 26, 2016

# Schedule—
# Summary of Program Costs
# July 1, 1997, through June 30, 2004

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustments | Reference [1] |
|---|---|---|---|---|
| July 1, 1997, through June 30, 1998 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Training, policies, and procedures | $ 40,019 | $ 2,921 | $ (37,098) | Finding 1 |
| Pre-test and post-test coordination | 66,145 | 45,418 | (20,727) | Finding 1 |
| Test administration | 64,081 | 25,737 | (38,344) | Finding 1 |
| Reporting and recordkeeping | 35,258 | 13,020 | (22,238) | Finding 1 |
| Total salaries and benefits | 205,503 | 87,096 | (118,407) | |
| Materials and supplies: | | | | |
| Training, policies, and procedures | 255 | - | (255) | Finding 2 |
| Total materials and supplies | 255 | - | (255) | |
| Total direct costs | 205,758 | 87,096 | (118,662) | |
| Indirect costs | 13,189 | 5,583 | (7,606) | Findings 1, 2 |
| Total direct and indirect costs | 218,947 | 92,679 | (126,268) | |
| Less offsetting reimbursements | (97,649) | (97,649) | - | |
| Subtotal | 121,298 | (4,970) | (126,268) | |
| Adjustment to eliminate negative balance | - | 4,970 | 4,970 | |
| Total program costs | $ 121,298 | - | $ (121,298) | |
| Less amount paid by the State [2] | | (109,168) | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ (109,168) | | |
| July 1, 1998, through June 30, 1999 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Training, policies, and procedures | $ 44,998 | $ 547 | $ (44,451) | Finding 1 |
| Pre-test and post-test coordination | 69,619 | 34,135 | (35,484) | Finding 1 |
| Test administration | 42,988 | 20,756 | (22,232) | Finding 1 |
| Reporting and recordkeeping | 38,369 | 10,113 | (28,256) | Finding 1 |
| Total salaries and benefits | 195,974 | 65,551 | (130,423) | |
| Materials and supplies: | | | | |
| Training, policies, and procedures | 255 | - | (255) | Finding 2 |
| Total materials and supplies | 255 | - | (255) | |
| Total direct costs | 196,229 | 65,551 | (130,678) | |
| Indirect costs | 18,642 | 6,227 | (12,415) | Findings 1, 2 |
| Total direct and indirect costs | 214,871 | 71,778 | (143,093) | |
| Less offsetting reimbursements | (107,825) | (75,682) | 32,143 | Finding 3 |
| Subtotal | 107,046 | (3,904) | (110,950) | |
| Adjustment to eliminate negative balance | - | 3,904 | 3,904 | |
| Total program costs | $ 107,046 | - | $ (107,046) | |
| Less amount paid by the State | | - | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ - | | |

# Schedule (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustments | Reference [1] |
|---|---|---|---|---|
| July 1, 1999, through June 30, 2000 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Training, policies, and procedures | $ 40,404 | $ 962 | $ (39,442) | Finding 1 |
| Pre-test and post-test coordination | 44,475 | 33,179 | (11,296) | Finding 1 |
| Test administration | 41,054 | 22,911 | (18,143) | Finding 1 |
| Reporting and recordkeeping | 26,896 | 10,608 | (16,288) | Finding 1 |
| Total salaries and benefits | 152,829 | 67,660 | (85,169) | |
| Materials and supplies: | | | | |
| Training, policies, and procedures | 7,190 | - | (7,190) | Finding 2 |
| Pre-test and post-test coordination | 35,423 | - | (35,423) | Finding 2 |
| Test administration | 26,533 | - | (26,533) | Finding 2 |
| Reporting and recordkeeping | 13,535 | 28 | (13,507) | Finding 2 |
| Total materials and supplies | 82,681 | 28 | (82,653) | |
| Total direct costs | 235,510 | 67,688 | (167,822) | |
| Indirect costs | 14,672 | 4,217 | (10,455) | Findings 1, 2 |
| Total direct and indirect costs | 250,182 | 71,905 | (178,277) | |
| Less offsetting reimbursements | (35,751) | (25,133) | 10,618 | Finding 3 |
| Subtotal | 214,431 | 46,772 | (167,659) | |
| Less late filing penalty [3] | - | (4,677) | (4,677) | |
| Total program costs | $ 214,431 | 42,095 | $ (172,336) | |
| Less amount paid by the State | | - | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 42,095 | | |
| July 1, 2000, through June 30, 2001 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Training, policies, and procedures | $ 88,113 | $ 30,139 | $ (57,974) | Finding 1 |
| Pre-test and post-test coordination | 118,314 | 41,921 | (76,393) | Finding 1 |
| Test administration | 79,386 | 37,171 | (42,215) | Finding 1 |
| Reporting and recordkeeping | 48,390 | 11,196 | (37,194) | Finding 1 |
| Total salaries and benefits | 334,203 | 120,427 | (213,776) | |
| Materials and supplies: | | | | |
| Training, policies, and procedures | 620 | - | (620) | Finding 2 |
| Reporting and recordkeeping | 1,860 | 711 | (1,149) | Finding 2 |
| Total materials and supplies | 2,480 | 711 | (1,769) | |
| Total direct costs | 336,683 | 121,138 | (215,545) | |
| Indirect costs | 21,851 | 7,862 | (13,989) | Findings 1, 2 |
| Total direct and indirect costs | 358,534 | 129,000 | (229,534) | |
| Less offsetting reimbursements | (36,688) | (23,704) | 12,984 | Finding 3 |
| Subtotal | 321,846 | 105,296 | (216,550) | |
| Less late filing penalty [3] | - | (10,530) | (10,530) | |
| Total program costs | $ 321,846 | 94,766 | $ (227,080) | |
| Less amount paid by the State [4] | | (130,137) | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ (35,371) | | |

# Schedule (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustments | Reference [1] |
|---|---|---|---|---|
| July 1, 2001, through June 30, 2002 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Training, policies, and procedures | $ 41,700 | $ 750 | $ (40,950) | Finding 1 |
| Pre-test and post-test coordination | 170,368 | 58,798 | (111,570) | Finding 1 |
| Test administration | 38,599 | 19,184 | (19,415) | Finding 1 |
| Reporting and recordkeeping | 22,388 | 1,615 | (20,773) | Finding 1 |
| Total salaries and benefits | 273,055 | 80,347 | (192,708) | |
| Materials and supplies: | | | | |
| Training, policies, and procedures | 274 | - | (274) | Finding 2 |
| Total materials and supplies | 274 | - | (274) | |
| Total direct costs | 273,329 | 80,347 | (192,982) | |
| Indirect costs | 21,484 | 6,315 | (15,169) | Findings 1, 2 |
| Total direct and indirect costs | 294,813 | 86,662 | (208,151) | |
| Less offsetting reimbursements | (36,927) | (23,474) | 13,453 | Finding 3 |
| Total program costs | $ 257,886 | 63,188 | $ (194,698) | |
| Less amount paid by the State [4] | | (257,886) | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ (194,698) | | |
| July 1, 2002, through June 30, 2003 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Pre-test and post-test coordination | $ 65,507 | $ 35,039 | $ (30,468) | Finding 1 |
| Test administration | 7,503 | 4,526 | (2,977) | Finding 1 |
| Reporting and recordkeeping | 8,263 | 5,074 | (3,189) | Finding 1 |
| Total direct costs | 81,273 | 44,639 | (36,634) | |
| Indirect costs | 5,616 | 3,085 | (2,531) | Findings 1 |
| Total direct and indirect costs | 86,889 | 47,724 | (39,165) | |
| Less offsetting reimbursements | (36,226) | (22,246) | 13,980 | Finding 3 |
| Total program costs | $ 50,663 | 25,478 | $ (25,185) | |
| Less amount paid by the State | | - | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 25,478 | | |
| July 1, 2003, through June 30, 2004 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Pre-test and post-test coordination | $ 71,639 | $ 43,220 | $ (28,419) | Finding 1 |
| Test administration | 11,989 | 7,233 | (4,756) | Finding 1 |
| Reporting and recordkeeping | 11,933 | 7,199 | (4,734) | Finding 1 |
| Total direct costs | 95,561 | 57,652 | (37,909) | |
| Indirect costs | 6,269 | 3,782 | (2,487) | Finding 1 |
| Total direct and indirect costs | 101,830 | 61,434 | (40,396) | |
| Less offsetting reimbursements | (36,189) | (21,833) | 14,356 | Finding 3 |
| Total program costs | $ 65,641 | 39,601 | $ (26,040) | |
| Less amount paid by the State | | - | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ 39,601 | | |

# Schedule (continued)

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustments | Reference [1] |
|---|---|---|---|---|
| Summary: July 1, 1997, through June 30, 2004 | | | | |
| Direct costs: | | | | |
| Salaries and benefits: | | | | |
| Training, policies, and procedures | $ 255,234 | $ 35,319 | $ (219,915) | |
| Pre-test and post-test coordination | 606,067 | 291,710 | (314,357) | |
| Test administration | 285,600 | 137,518 | (148,082) | |
| Reporting and recordkeeping | 191,497 | 58,825 | (132,672) | |
| Total salaries and benefits | 1,338,398 | 523,372 | (815,026) | |
| Materials and supplies: | | | | |
| Training, policies, and procedures | 8,594 | - | (8,594) | |
| Pre-test and post-test coordination | 35,423 | - | (35,423) | |
| Test administration | 26,533 | - | (26,533) | |
| Reporting and recordkeeping | 15,395 | 739 | (14,656) | |
| Total materials and supplies | 85,945 | 739 | (85,206) | |
| Total direct costs | 1,424,343 | 524,111 | (900,232) | |
| Indirect costs | 101,723 | 37,071 | (64,652) | |
| Total direct and indirect costs | 1,526,066 | 561,182 | (964,884) | |
| Less offsetting reimbursements | (387,255) | (289,721) | 97,534 | |
| Subtotal | 1,138,811 | 271,461 | (867,350) | |
| Adjustment to eliminate negative balance | - | 8,874 | 8,874 | |
| Subtotal | 1,138,811 | 280,335 | (858,476) | |
| Less late filing penalty | - | (15,207) | (15,207) | |
| Total program costs | $ 1,138,811 | 265,128 | $ (873,683) | |
| Less amount paid by the State | | (497,191) | | |
| Allowable costs claimed in excess of (less than) amount paid | | $ (232,063) | | |

[1] See the Findings and Recommendations section.

[2] Payment from funds appropriated under Chapter 32, Statutes of 2014 (Senate Bill No. 858).

[3] The district filed its fiscal year (FY) 1999-2000 and FY 2000-01 initial reimbursement claims after the due date specified in Government Code section 17560. Pursuant to Government Code section 17561, subdivision (d)(3), the State assessed a late filing penalty equal to 10% of allowable costs, with no maximum penalty amount (for claims filed on or after September 30, 2002).

[4] Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

# Findings and Recommendations

**FINDING 1—**
**Unallowable salaries and benefits**

The district claimed $1,338,398 in salaries and benefits for the audit period. We found that $523,372 is allowable and $815,026 is unallowable. The costs are unallowable because the district claimed unsupported and ineligible costs. Unallowable related indirect costs total $59,326.

The following table summarizes the unallowable salaries and benefits and related indirect costs by fiscal year:

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Total |
| Salaries and benefits: | | | | | | | | |
| Training, policies, and procedures | $ (37,098) | $ (44,451) | $ (39,442) | $ (57,974) | $ (40,950) | $ - | $ - | $ (219,915) |
| Pre-test and post-test coordination | (20,727) | (35,484) | (11,296) | (76,393) | (111,570) | (30,468) | (28,419) | (314,357) |
| Test admnistration | (38,344) | (22,232) | (18,143) | (42,215) | (19,415) | (2,977) | (4,756) | (148,082) |
| Reporting and recordkeeping | (22,238) | (28,256) | (16,288) | (37,194) | (20,773) | (3,189) | (4,734) | (132,672) |
| Total salaries and benefits | (118,407) | (130,423) | (85,169) | (213,776) | (192,708) | (36,634) | (37,909) | (815,026) |
| Related indirect costs | (7,590) | (12,391) | (5,306) | (13,874) | (15,147) | (2,531) | (2,487) | (59,326) |
| Audit adjustment | $ (125,997) | $ (142,814) | $ (90,475) | $ (227,650) | $(207,855) | $ (39,165) | $ (40,396) | $ (874,352) |

### Unsupported and Ineligible Costs

The district provided Mandated Cost Activity Logs to support the hours claimed. The activity logs identified the hours claimed for each employee by reimbursable activity and fiscal year. We reconciled the hours reported on the activity logs to the claimed hours. We accepted all hours supported with source documentation that met the reimbursable requirements of the mandated program. Review of supporting documentation revealed that the district misclassified hours, under-claimed hours, and claimed unsupported and ineligible costs totaling $580,253.

The following table summarizes the unallowable salaries and benefits that resulted from misclassified, unclaimed, unsupported, and ineligible hours by fiscal year:

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Total |
| Salaries and benefits: | | | | | | | | |
| Training, policies, and procedures | $ (37,098) | $ (44,219) | $ (39,035) | $ (41,467) | $ (40,520) | $ - | $ - | $ (202,339) |
| Pre-test and post-test coordination | (20,727) | (20,987) | 2,722 | (53,431) | (77,875) | (8,450) | - | (178,748) |
| Test admnistration | (38,344) | (13,417) | (8,081) | (21,854) | (8,422) | (133) | - | (90,251) |
| Reporting and recordkeeping | (22,238) | (23,961) | (11,807) | (31,062) | (19,847) | - | - | (108,915) |
| Audit adjustment | $ (118,407) | $ (102,584) | $ (56,201) | $ (147,814) | $ (146,664) | $ (8,583) | $ - | $ (580,253) |

For the Training, Policies, and Procedures cost component, the district claimed ineligible costs of $202,339. The ineligible costs are for exceeding the one-time training per employee requirement. The parameters and guidelines, (section IV.A., Reimbursable Activities – Training Policies and Procedures) state:

> Reviewing the requirements of the STAR Program and conducting or attending training sessions. Increased costs for substitute teacher time during the school day or for teacher stipends to attend training sessions outside the regular school day (after school or on Saturday) are eligible for reimbursement. However, the time the teacher spends to attend training sessions during that teacher's normal classroom hours is not reimbursable. (One-time activity per employee per test site).

For the Pre-test and Post-test Coordination cost component; Test Administration cost component; and the Reporting and Recordkeeping cost component, the district misclassified costs, under-claimed costs, and claimed ineligible and unsupported costs totaling $377,914. The parameters and guidelines, (Section VI.A, Supporting Data – Source Documents) state:

> …all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Document may include, but not be limited to worksheets, employee time records of time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities…

**Reimbursable Percentage**

To calculate allowable costs, we multiplied the allowable hours by the allowable productive hourly rates for various district classifications involved in each reimbursable activity. We further calculated the portion of the salary and benefit costs was attributed to the STAR tests that are reimbursable under the mandate.

The district's Standardized Testing and Reporting (STAR) Program costs included the following tests: California Standards Test (CST); California Alternate Performance Assessment (CAPA); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition Survey (CAT/6); and the Spanish Assessment of Basic Education, Second Edition (SABE/2). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate. The district accounted for the costs of the STAR tests collectively, without separately identifying costs by individual test. Consequently, the district claimed costs not reimbursable under the mandate.

To segregate reimbursable costs, we determined the percentages of the tests that related to the mandate based on the number of tests published on the California Department of Education (CDE) STAR website. The reimbursable percentages represented the ratio of mandated tests divided by all STAR tests administered in the district. We applied the reimbursable percentages to allowable costs. The reimbursable percentages for mandated costs were as follows: 100% for FY 1997-98; 70.19% for FY 1998-99; 70.30% for FY 1999-2000; 64.61% for FY 2000-01; 63.57% for FY 2001-02; 61.41% for FY2002-03; and 60.32% for FY 2003-04.

The following summarizes unallowable salaries and benefits related to the non-reimbursable portion of the STAR tests by fiscal year:

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Total |
| Salaries and benefits: | | | | | | | | |
| Training, policies, and procedures | $ - | $ (232) | $ (407) | $ (16,507) | $ (430) | $ - | $ - | $ (17,576) |
| Pre-test and post-test coordination | - | (14,497) | (14,018) | (22,962) | (33,695) | (22,018) | (28,419) | (135,609) |
| Test admnistration | - | (8,815) | (10,062) | (20,361) | (10,993) | (2,844) | (4,756) | (57,831) |
| Reporting and recordkeeping | - | (4,295) | (4,481) | (6,132) | (926) | (3,189) | (4,734) | (23,757) |
| Audit adjustment | $ - | $(27,839) | $ (28,968) | $ (65,962) | $ (46,044) | $ (28,051) | $ (37,909) | $ (234,773) |

Recommendation

No recommendation is applicable for this finding, as the STAR Program is no longer mandated.

District's Response

The district's Standardized Testing and Reporting (STAR) Program costs include the following tests: California Standards Test (CST); California Alternate Performance Assessment (CAPA); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition Survey (CAT/6); and the Spanish Assessment of Basic Education, Second Edition (SABE/2). The district accounted for these costs collectively and did not separate cost by testing and reporting type. This created a situation where the district mistakenly claimed through the mandated cost both salary and benefit costs for testing and reporting programs that were not allowable under the mandated.

The district agrees with the methodology used to calculate allowable cost to reimburse as a percentage of all testing.

**FINDING 2—Unsupported materials and supplies**

The district claimed $85,945 in materials and supplies for the audit period. We found that $739 is allowable and $85,206 is unallowable. The costs are unallowable because the district claimed unsupported costs. Unallowable related indirect costs total $5,326.

The following table summarizes the unsupported materials and supplies and related indirect costs by fiscal year:

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | Total |
| Materials and supplies: | | | | | | |
| Training, policies, and procedures | $ (255) | $ (255) | $ (7,190) | $ (620) | $ (274) | $ (8,594) |
| Pre-test and post-test coordination | - | - | (35,423) | - | - | (35,423) |
| Test admnistration | - | - | (26,533) | - | - | (26,533) |
| Reporting and recordkeeping | - | - | (13,507) | (1,149) | - | (14,656) |
| Total salaries and benefits | (255) | (255) | (82,653) | (1,769) | (274) | (85,206) |
| Related indirect costs | (16) | (24) | (5,149) | (115) | (22) | (5,326) |
| Audit adjustment | $ (271) | $ (279) | $ (87,802) | $ (1,884) | $ (296) | $ (90,532) |

**Unsupported Costs**

The district did not provide any documentation to support the costs claimed for FY 1997-98, FY 1998-99, and FY 2001-02. For FY 1999-2000 and FY 2000-01, the district provided reprographic requests supporting $1,140 in STAR costs. As the amount supported was for all STAR tests, we multiplied the reimbursable ratio of mandated tests to the number of all STAR tests administered (as identified in Finding 1), and found that $739 is allowable.

The parameters and guidelines, (Section VI.A, Supporting Data – Source Documents) state:

> …all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Document may include, but not be limited to worksheets, employee time records of time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities…

Recommendation

No recommendation is applicable for this finding, as the STAR Program is no longer mandated.

District's Response

> The district included all testing and reporting when claiming reimbursement for testing and reporting materials and supplies. The district agrees with the finding that these cost were unsupported and attempted to find backup to provide this support. Unfortunately due to how far back in fiscal years these claims were filed the majority of the backup files were no longer available and/or unable to locate.
>
> The district agrees with the methodology used to calculate supported cost to reimburse as a percentage of all testing and in addition agrees support was not maintained for these costs.

**FINDING 3—Overstated offsetting reimbursements**

The district overstated the mandate portion of the STAR apportionment by $97,534 for the audit period because it offset the entire STAR apportionment instead of just the mandate-related portion.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the audit period, we found that the district received $387,255 from the California Department of Education (CDE).

We calculated the overstated reimbursement by:

- Verifying the amounts of annual STAR apportionments received by the district, and
- Multiplying the reimbursable ratio of mandated tests to the number of all STAR tests administered (as identified in Finding 1).

The following table summarizes the overstated offsetting reimbursements for the audit period by fiscal year:

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Total |
| Offsetting reimbursement apportionment: | | | | | | | | |
| CDE apportionment | $ (97,649) | $ (107,825) | $ (35,751) | $ (36,688) | $ (36,927) | $ (36,226) | $ (36,189) | $ (387,255) |
| Mandate-related percentage | 100.00% | 70.19% | 70.30% | 64.61% | 63.57% | 61.41% | 60.33% | |
| Mandated-related apportionment | (97,649) | (75,682) | (25,133) | (23,704) | (23,474) | (22,246) | (21,833) | (289,721) |
| Less offset CDE apportioment | 97,649 | 107,825 | 35,751 | 36,688 | 36,927 | 36,226 | 36,189 | 387,255 |
| Audit adjustment | $ - | $ 32,143 | $ 10,618 | $ 12,984 | $ 13,453 | $ 13,980 | $ 14,356 | $ 97,534 |

The parameters and guidelines (section VII. Offsetting Savings and Reimbursements) state:

> Any offsetting savings the claimant experiences in the same program because of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandated received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

Recommendation

No recommendation is applicable for this finding, as the STAR Program is no longer mandated.

District's Response

> The district included all testing and reporting programs when calculating the offsetting saving against the claimed reimbursement and not just the allowable testing and reporting program included in the mandate. The district did not reduce or deduct un-reimburse tests and reports as required by the mandate.
>
> The district agrees with the methodology used to calculate offsetting cost to reimburse as a percentage of allowable testing.

# Attachment—
# District's Response to
# Draft Audit Report

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**Superintendent of Schools**
Julie Sayler Mitchell, Ed.D.

January 21, 2016

State Controller's Office
Division of Audits
Jim L. Spano, Chief – Mandated Cost Audit Bureau
P.O. Box 942850
Sacramento, California 94250-5874

Dear Mr. Spano,

This letter is to provide a response to the findings related to the Standardized Testing and Reporting Program which was audited for the period July 1, 1997 to June 30, 2004.

Finding 1 – Unallowable salaries and benefits
The district's Standardized Testing and Reporting (STAR) Program costs included the following tests: California Standards Test (CST); California Alternate Performance Assessment (CAPA); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition Survey (CAT/6); and the Spanish Assessment of Basic Education, Second Edition (SABE/2). The district accounted for these cost collectively and did not separate cost by testing and reporting type. This created a situation where the district mistakenly claimed through the mandated cost both salary and benefits cost for testing and reporting programs that were not allowable under the mandate.

The district agrees with the methodology used to calculate allowable cost to reimburse as a percentage of all testing.

Finding 2 – Unsupported materials and supplies
The district included all testing and reporting when claiming reimbursement for testing and reporting materials and supplies. The district agrees with the finding that these cost were unsupported and attempted to find the backup to provide this support. Unfortunately due to how far back in fiscal years these claims were filed the majority of backup files were no longer available and/or unable to locate.

The district agrees with the methodology used to calculate supported cost to reimburse as a percentage of all testing and in addition agrees support was not maintained for these costs.

**Board Vision:** The Rowland Unified School District promotes, expects, and accepts nothing short of excellence. We have a collective commitment to be the best school district in California.

**Mission:** The mission of the Rowland Unified School District, the progressive international community united in learning, is to empower students so that each actualizes his or her unique potential and responsibility contributes to a global society, through a system distinguished by rigorous academics, innovative use of technology, creative exploration, and nurturing learning experiences.

Finding 3 – Overstated offsetting reimbursements

The district included all testing and reporting programs when calculating the offsetting saving against the claimed reimbursement and not just the allowable testing and reporting programs included in the mandate. The district did not reduce or deduct un-reimburse tests and reports as required by the mandate.

The district agrees with the methodology used to calculate offsetting cost to reimburse as a percentage of allowable testing.

**State Controller's Office**
**Division of Audits**
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