SAN JUAN UNIFIED SCHOOL DISTRICT

Second Reissued Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; and Chapter 19, Statutes of 1995

July 1, 1999, through June 30, 2002

BETTY T. YEE
California State Controller

March 2016

BETTY T. YEE
California State Controller

March 10, 2016

Pam Costa, President
Board of Education
San Juan Unified School District
3738 Walnut Avenue
Carmichael, CA 95609-0477

Dear Ms. Costa:

The State Controller's Office audited the claims filed by San Juan Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; and Chapter 19, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002.

This second reissued final report is a reissue of the November 25, 2009 report. On December 3, 2015, the Commission on State Mandates (Commission) issued a decision in response to the district's consolidated incorrect reduction claim filed for the Notification of Truancy Program. In its decision, the Commission directed the SCO to reinstate reductions totaling $79,205 based on the extrapolation of audit sampling results for initial truancy notifications issued for pupils who accumulated three but not four unexcused absences or instances of tardiness. Upon reinstating these costs, we found that the remaining unallowable costs for the audit period are below our materiality threshold for the audit. Therefore, we reinstated all costs as originally claimed.

The district claimed $578,710 for the mandated program. Our audit found that the entire amount is allowable. The district was paid $491,398. The State will pay allowable costs claimed that exceed the amount paid, totaling $87,312, contingent upon available appropriations.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/ls

cc: Kent Kern, Ed.D
Superintendent of Schools
San Juan Unified School District
Kent Stephens, Chief Financial Officer
San Juan Unified School District
Fil Duldulao, Director of Accounting
San Juan Unified School District
Tamara Sanchez, Assistant Superintendent, Business Services
Sacramento County Office of Education
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Second Reissued Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Juan Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; and Chapter 19, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002.

The district claimed $578,710 for the mandated program. Our audit found that the entire amount is allowable. The district was paid $491,398. The State will pay allowable costs claimed that exceed the amount paid, totaling $87,312, contingent upon available appropriations.

Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, the Commission on State Mandates (Commission) did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, until June 30, 2006, districts are eligible for mandated program reimbursement if they notify a parent or guardian of the first five elements.

Education Code section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year. Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof.

On November 29, 1984, the State Board of Control (now the Commission) determined that Chapter 498, Statutes of 1983, imposed a State mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the State mandate and define the reimbursement criteria. The Commission adopted parameters and guidelines on August 27, 1987, and amended them on July 22, 1993, and January 31, 2008. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 1999, through June 30, 2002.

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

- Reviewed annual claims filed with SCO to identify any mathematical errors and performed analytical procedures to determine if there were any unusual or unexpected variances from year-to-year.
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained.
- Inquired whether the district realized any offsetting savings or reimbursements from the statutes which created the mandated program.
- Selected truancy notifications by using a random number table as part of a statistical sampling plan, traced the notifications to actual cost documentation supporting when the costs were incurred, and then assessed the validity of such costs and their relationship to the mandated program.
- Projected audit results to the populations of truancy notifications using a statistical sampling formula.

We conducted this performance audit under the authority of 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.

Conclusion

For the audit period, San Juan Unified School District claimed $578,710 for the Notification of Truancy Program. Our audit found that the entire amount is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $87,312, contingent upon available appropriations.

Views of Responsible Official

We issued a draft audit report on October 28, 2004. Dina Geiss, CPA, Director of Business Support Services for the district, responded by e-mail on November 29, 2004. Ms. Geiss stated that the district will not respond to the draft report.

Follow-up Correspondence

In a letter to the Commission, dated February 4, 2008, the district questioned our application of sampling results to determine audit adjustments. The audit report stated that we conducted a stratified sample for elementary and special education students, and middle and high school students. The results from each sample were combined and extrapolated to the total population of notifications claimed for each fiscal year to determine unallowable notifications. While the samples were representative for each student population, the results of the sampling were incorrectly applied to all students in the audit report. Consequently, our extrapolation was not accurate. Therefore, we recomputed the extrapolation for each sampled population separately and made corresponding changes in our audit adjustments. The revised allowable costs increased by $21,130.

We discussed the revised audit results with Dina Geiss, CPA, Director of Accounting and Business Support Services, on September 3, 2009. Michael Dencavage, Chief Financial Officer, responded by letter dated October 30, 2009, disagreeing with the use of our statistical sampling methodology. We issued a revised final audit report on November 25, 2009. The district subsequently filed a revised Incorrect Reduction Claim (IRC) on July 16, 2010.

Reason for Reissuance

On December 3, 2015, the Commission issued a decision in response to the district's revised IRC. In its decision, the Commission concluded that reductions in Finding 2 should be reinstated to the district based on the extrapolation of audit sampling results for initial truancy notifications issued for pupils who accumulated three but not four unexcused absences or instances of tardiness. Reinstated costs total $79,205 for the audit period. However, upon reinstating these costs, we found that the remaining unallowable costs for the audit period are below our materiality threshold for the audit. Therefore, we reinstated all costs as originally claimed. We advised Kent Stephens, Chief Financial Officer, of the second revision to allowable costs in an email dated February 12, 2016. Mr. Stephens replied in an email dated February 12, 2016, agreeing with the revised audit results.

This second reissued final report supersedes our original final audit report dated December 30, 2004, and the reissued final audit report dated November 25, 2009.

Restricted Use

This report is solely for the information and use of the San Juan Unified School District, the Sacramento 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

March 10, 2016

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments
July 1, 1999, through June 30, 2000			
Number of truancy notifications	14,591	14,591	–
Uniform cost allowance	× $12.23	× $12.23	× $12.23
Total program costs	$ 178,448	$ 178,448	$ –
Less amount paid by the State		(152,386)	
Allowable costs claimed in excess of (less than) amount paid		$ 26,062	
July 1, 2000, through June 30, 2001			
Number of truancy notifications	14,413	14,413	–
Uniform cost allowance	× $12.73	× $12.73	× $12.73
Total program costs	$ 183,477	$ 183,477	$ –
Less amount paid by the State		(153,766)	
Allowable costs claimed in excess of (less than) amount paid		$ 29,711	
July 1, 2001, through June 30, 2002			
Number of truancy notifications	16,792	16,792	–
Uniform cost allowance	× $12.91	× $12.91	× $12.91
Total program costs	$ 216,785	$ 216,785	$ –
Less amount paid by the State		(185,246)	
Allowable costs claimed in excess of (less than) amount paid		$ 31,539	
Summary: July 1, 1999, through June 30, 2002			
Total program costs	$ 578,710	$ 578,710	$ –
Less amount paid by the State		(491,398)	
Allowable costs claimed in excess of (less than) amount paid		$ 87,312	

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