



JOHN CHIANG
California State Controller

April 5, 2013

Donald Evans, Ed.D., Superintendent
Hayward Unified School District
24411 Amador Street
Hayward, CA 94544

Dear Dr. Evans:

The State Controller's Office reviewed the costs claimed by Hayward Unified School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 2002, through June 30, 2003. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed and was paid \$138,812 for the mandated program. Our review found that \$106,452 is allowable and \$32,360 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation. The State paid the district from funds appropriated under Chapter 724, Statutes of 2010. The State will apply \$32,360 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

We informed Luci Rogers, Director of Business Support Services, of the review results via email on March 20, 2013. On March 26, 2013, Ms. Rogers responded via email, stating that she concurs with the finding.

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/vb

Attachments

RE: S13-MCC-926

cc: Luci Rogers, Director of Business Support Services
Hayward Unified School District
Sonia Elgar, Accounting Manager
Hayward Unified School District
Sheila Jordan, County Superintendent of Schools
Alameda County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

**Attachment 1—
Summary of Program Costs
July 1, 2002, through June 30, 2003**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 15,592	\$ 15,592	\$ —
Pre-test and post-test coordination	71,371	71,371	—
Test administration	19,812	19,812	—
Reporting and recordkeeping	27,634	27,634	—
Total salaries and benefits	<u>134,409</u>	<u>134,409</u>	<u>—</u>
Materials and supplies:			
Test materials, supplies, and equipment	317	317	—
Reporting and recordkeeping	1,183	1,183	—
Total materials and supplies	<u>1,500</u>	<u>1,500</u>	<u>—</u>
Total direct costs	135,909	135,909	—
Indirect costs	<u>2,903</u>	<u>2,903</u>	<u>—</u>
Total direct and indirect costs	138,812	138,812	—
Less offsetting reimbursements	<u>—</u>	<u>(32,360)</u>	<u>(32,360)</u>
Total program costs	<u>\$ 138,812</u>	106,452	<u>\$ (32,360)</u>
Less amount paid by the State ²		<u>(138,812)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (32,360)</u>	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 2002, through June 30, 2003

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$32,360 because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

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

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issued claiming instructions to assist school districts in claiming mandated-program reimbursable costs.

On reconsideration by Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM 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 CSM deleted references to the non-reimbursable activities and renamed the program to the National Norm-Referenced Achievement Test Program effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR Program (section VII) state:

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

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 review period, we determined that the district received \$49,579 from the CDE.

We determined the amount that should have been offset for FY 2002-03 by multiplying the total CDE apportionment by the reimbursable mandate percentage, which is based on test results published on the CDE STAR website. The district administered the following STAR tests in the review period: California Standards Test (CST); California Achievement Test, Sixth Edition Survey; Spanish Assessment of Basic Education, Second Edition; and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

The following table summarizes the unreported offsetting reimbursement calculation for the review period:

	<u>Fiscal Year</u> <u>2002-03</u>
STAR Program Apportionments:	
CDE apportionment	\$ (49,579)
Mandate-related percentage	× <u>65.27%</u>
Mandate-related apportionment	(32,360)
Less offset CDE apportionment	<u>—</u>
Review adjustment	<u>\$ (32,360)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated-program costs.