

LODI UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983;
Chapter 1023, Statutes of 1994;
Chapter 19, Statutes of 1995;
and Chapter 69, Statutes of 2007

July 1, 2008, through June 30, 2011



JOHN CHIANG
California State Controller

May 2014



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California State Controller

May 23, 2014

Bonnie Cassel, President
Board of Education
Lodi Unified School District
1305 E. Vine Street
Lodi, CA 95240

Dear Ms. Cassel:

The State Controller's Office audited the costs claimed by Lodi Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2008, through June 30, 2011.

The district claimed \$350,641 for the mandated program. Our audit found that \$306,211 is allowable and \$44,430 is unallowable. The costs are unallowable because the district claimed unsupported and unallowable initial truancy notifications. The State paid the district \$49,592. The State will pay allowable costs claimed that exceed the amount paid, totaling \$256,619, contingent upon available appropriations.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

cc: Cathy Washer, Ed.D., Superintendent
Lodi Unified School District
Tim Hern, Associate Superintendent/Chief Business Officer
Lodi Unified School District
Maria Fong, CPA, Senior Director/Controller
Lodi Unified School District
Bill Toledo, Child Welfare and Attendance Coordinator
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Lodi Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2008, through June 30, 2011.

The district claimed \$350,641 for the mandated program. Our audit found that \$306,211 is allowable and \$44,430 is unallowable. The costs are unallowable because the district claimed unsupported and unallowable initial truancy notifications. The State paid the district \$49,592. The State will pay allowable costs claimed that exceed the amount paid, totaling \$256,619, 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 additionally 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.

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 on State Mandates (CSM)) 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 reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987. The CSM subsequently amended the parameters and guidelines four times, most recently on May 27, 2010. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools 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, 2008, through June 30, 2011.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

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 the 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

Our audit found instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Lodi Unified School District claimed \$350,641 for costs of the Notification of Truancy Program. Our audit found that \$306,211 is allowable and \$44,430 is unallowable.

The State paid the district \$49,592. Our audit found that \$306,211 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$256,619, contingent upon available appropriations.

Views of Responsible Officials

We discussed our audit results with the district's representatives during an exit conference conducted on May 6, 2014. Tim Hern, Associate Superintendent/Chief Business Officer; Maria Fong, CPA, Senior Director/Controller; April Juarez, Accountant Budget Analyst; and Bill Toledo, Child Welfare and Attendance Coordinator, agreed with the audit results. Mr. Hern declined a draft audit report and agreed that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of Lodi Unified School District, the San Joaquin 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

May 23, 2014

**Schedule 1—
Summary of Program Costs
July 1, 2008, through June 30, 2011**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2008, through June 30, 2009</u>				
Number of initial truancy notifications	6,453	4,934	(1,519)	Findings 1,2
Uniform cost allowance	× <u>\$17.74</u>	× <u>\$17.74</u>	× <u>\$17.74</u>	
Total program costs	<u>\$ 114,476</u>	87,529	<u>\$ (26,947)</u>	
Less amount paid by the State		<u>(25,938)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 61,591</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Number of initial truancy notifications	6,739	6,298	(441)	Findings 1,2
Uniform cost allowance	× <u>\$17.87</u>	× <u>\$17.87</u>	× <u>\$17.87</u>	
Total program costs	<u>\$ 120,426</u>	112,545	<u>\$ (7,881)</u>	
Less amount paid by the State		<u>(23,654)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 88,891</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Number of initial truancy notifications	6,328	5,803	(525)	Findings 1,2
Uniform cost allowance	× <u>\$18.29</u>	× <u>\$18.29</u>	× <u>\$18.29</u>	
Total program costs	<u>\$ 115,739</u>	106,137	<u>\$ (9,602)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 106,137</u>		
<u>Summary: July 1, 2008, through June 30, 2011</u>				
Total program costs	<u>\$ 350,641</u>	\$ 306,211	<u>\$ (44,430)</u>	
Less amount paid by the State		<u>(49,592)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 256,619</u>		

¹ See the Findings and Recommendations section.

² Calculation difference due to rounding.

Findings and Recommendations

FINDING 1— Unallowable initial truancy notifications

The district claimed unallowable costs totaling \$10,554. The district claimed costs for distributing 19,520 initial truancy notifications, but only provided support that it distributed 18,970. This represents a difference of 550 notifications (288 for FY 2008-09, 187 for FY 2009-10, and 75 for FY 2010-11). Of the notifications that the district did support, 20 were for students that appeared two or more times in the district's records (duplicate notifications) and 21 were for students involved in independent study programs. A student's initial truancy notification is the only notification eligible for mandated program reimbursement. Students that participate in independent study programs are not subject to compulsory attendance requirements and are, therefore, not reimbursable under the mandated program.

For fiscal year (FY) 2008-09, the district claimed costs for distributing 6,453 truancy notifications during the school year to students' parents or guardians. However, the district provided a list of students for whom it distributed truancy notifications taken from its attendance accounting system that supported the distribution of 6,165 notifications, a difference of 288 initial truancy notifications. Additionally, there were 12 unallowable initial truancy notifications distributed for students participating in independent study programs based on the district's electronic list.

For FY 2009-10, the district claimed costs for distributing 6,739 truancy notifications. However, the list of students taken from its accounting system supported 6,552 notifications, a difference of 187 initial truancy notifications. Additionally, there were 20 unallowable notifications that were issued more than once for the same student (duplicate notifications) and 9 unallowable initial truancy notifications distributed for students participating in independent study programs based on the district's electronic list.

For FY 2010-11, the district claimed costs for distributing 6,328 truancy notifications. However, the list of students taken from its attendance accounting system supported 6,253 notifications, a difference of 75 initial truancy notifications.

The parameters and guidelines (section IV – Reimbursable Costs), state:

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

The parameters and guidelines (section V.A – Claim Preparation, Uniform Cost Allowance Reimbursement), state:

Each claim for reimbursement pursuant to Education Code Section 48260.5, Chapter 498, Statutes of 1983, must be timely filed and provide documentation in support of the reimbursement claimed for this mandated program. Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian. The agency must maintain documentation that indicates the total number of initial notifications of truancy distributed.

The parameters and guidelines (section VI – Record Retention), state:

For auditing purposes, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller . . . and be made available at the request of the State Controller or his agent.

The following table summarizes the overclaimed initial truancy notifications and resulting audit adjustments:

	Fiscal Year			Total
	2008-09	2009-10	2010-11	
Initial truancy notifications supported by district	6,165	6,552	6,253	18,970
Less initial truancy notifications claimed	(6,453)	(6,739)	(6,328)	(19,520)
Unsupported initial truancy notifications	(288)	(187)	(75)	(550)
Unallowable duplicate notifications claimed	—	(20)	—	(20)
Unallowable independent study students	(12)	(9)	—	(21)
(Overclaimed) initial truancy notifications	(300)	(216)	(75)	(591)
Uniform cost allowance	\$ 17.74	\$ 17.87	\$ 18.29	
Audit adjustment	\$ (5,322)	\$ (3,860)	\$ (1,372)	\$ (10,554)

Recommendation

Commencing in FY 2012-13, the district elected to participate in a block grant program, pursuant to Government Code section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district ensure that its records support the number of initial truancy notifications claimed. In addition, we recommend that the district maintain supporting documentation as required by the Parameters and Guidelines.

**FINDING 2—
Non-reimbursable
initial truancy
notifications**

The district claimed non-reimbursable initial truancy notifications totaling \$33,876. The district claimed initial truancy notification costs for students who did not accumulate the required number of unexcused absences or tardiness to be classified as truant under the mandated program.

For each fiscal year, we selected a statistical sample based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sample so that we could project the sample results to the population. Because the district accounts for attendance differently depending on grade level, we stratified the population into

two groups: elementary students, and middle and high school students. We selected our samples from the lists of students that the district provided which were taken from its online attendance accounting system.

Some initial truancy notifications claimed were non-reimbursable for the following reasons:

- Students accumulated fewer than three unexcused absences or tardiness occurrences while between the ages of 6 and 18.
- Students accumulated fewer than three total unexcused absences or tardiness occurrences during the school year.
- For FY 2008-09, the district was unable to provide attendance records for some of the students included in our sample.

The following table summarizes the non-reimbursable initial truancy notifications identified from our statistical sample:

	Fiscal Year		
	2008-09	2009-10	2010-11
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Fewer than three while between ages 6 and 18	(7)	(9)	(3)
Fewer than three total	(24)	(1)	(17)
No attendance records provided	(24)	—	—
Unallowable initial truancy notifications	<u>(55)</u>	<u>(10)</u>	<u>(20)</u>

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified:

	Fiscal Year			Total
	2008-09	2009-10	2010-11	
<u>Elementary Schools</u>				
Unallowable initial truancy notifications	(14)	(9)	(3)	
Sample size	143	143	143	
Percentage of unallowable initial truancy notifications	-9.79%	-6.29%	-2.10%	
Population sampled	2,856	3,206	2,970	
Extrapolated number of unallowable initial truancy notifications	(280)	(202)	(62)	
Uniform cost allowance	\$ 17.74	\$ 17.87	\$ 18.29	
Audit adjustment - Elementary schools	<u>\$ (4,967)</u>	<u>\$ (3,610)</u>	<u>\$ (1,134)</u>	\$ (9,711)
<u>Middle/High Schools</u>				
Unallowable initial truancy notifications	(41)	(1)	(17)	
Sample size	144	144	144	
Percentage of unallowable initial truancy notifications	-28.47%	-0.69%	-11.81%	
Population sampled	3,297	3,317	3,283	
Extrapolated number of unallowable initial truancy notifications	(939)	(23)	(388)	
Uniform cost allowance	\$ 17.74	\$ 17.87	\$ 18.29	
Audit adjustment - Middle/High schools	<u>\$ (16,658)</u>	<u>\$ (411)</u>	<u>\$ (7,096)</u>	\$ (24,165)
Total audit adjustment	<u>\$ (21,625)</u>	<u>\$ (4,021)</u>	<u>\$ (8,230)</u>	<u>\$ (33,876)</u>

Education Code section 48260, subdivision (a), states:

Any pupil subject to compulsory full-time or to compulsory continuation education who is absent from school without valid excuse three full days in one school year or 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, is truant.

Education Code section 48200 states that children between the ages of 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before the student's 6th birthday or after the student's 18th birthday are not relevant when determining whether a student is truant.

The parameters and guidelines (section 1 – Background and Summary of Mandate) state:

A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

Recommendation

Commencing in FY 2012-13, the district elected to participate in a block grant program, pursuant to Government Code section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district claim initial truancy notifications only for those students who accumulate the required number of unexcused absences or tardiness occurrences while subject to compulsory full-time education.

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