

ANTELOPE VALLEY UNION HIGH SCHOOL DISTRICT

Audit Report

STANDARDIZED TESTING AND REPORTING PROGRAM

Chapter 828, Statutes of 1997

July 1, 1997, through June 30, 2004



JOHN CHIANG
California State Controller

September 2012



JOHN CHIANG
California State Controller

September 5, 2012

Donita J. Winn, President
Board of Trustees
Antelope Valley Union High School District
44811 N. Sierra Highway
Lancaster, CA 93534

Dear Ms. Winn:

The State Controller's Office audited the costs claimed by Antelope Valley Union High 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 \$749,682 for the mandated program. Our audit disclosed that \$380,366 is allowable and \$369,316 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for an ineligible portion of the STAR program and did not properly report the applicable offsetting reimbursements. The State paid the district \$535,556. The amount paid exceeds allowable costs claimed by \$155,190.

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
Chief, Division of Audits

JVB/sk

cc: David Vierra, Ed.D., Superintendent
Antelope Valley Union High School District
Brenda Yardeen, Chief Financial Officer
Antelope Valley Union High School District
Rudell S. Freer, President, Board of Education
Los Angeles County Office of Education
Scott Hannan, Director
School Fiscal Services Division
California Department of Education
Carol Bingham, Director
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California Department of Education
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State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Antelope Valley Union High 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 \$749,682 for the mandated program. Our audit disclosed that \$380,366 is allowable and \$369,316 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for an ineligible portion of the Standardized Testing and Reporting program and did not properly report the applicable offsetting reimbursements. The State paid the district \$535,556. The amount paid exceeds allowable costs claimed by \$155,190.

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 California Code of Regulations, Title 5, sections 850 through 904, established the Standardized Testing and Reporting (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) test in English to all pupils enrolled in grades 2 through 11 from 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 (CSM) determined that the legislation imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM 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 and school districts in claiming mandated program reimbursable costs.

On December 9, 2005, the CSM renamed the STAR Program to the National Norm-Referenced Achievement Test Program and adopted the parameters and guidelines for the new program, effective July 1, 2004. The parameters and guidelines clarify that only the activities of administering the CAT/6 in grades 3 and 7 impose a reimbursable state mandate on school districts and that all other activities were either federally mandated or are no longer required. The CSM also clarified the remaining reimbursable activities. Therefore, the recommendations contained in this report have applicability to the National Norm-Referenced Achievement Test Program.

Objective, 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.

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 disclosed 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, Antelope Valley Union High School District claimed \$749,682 for costs of the Standardized Testing and Reporting Program. Our audit disclosed that \$380,366 is allowable and \$369,316 is unallowable.

For the fiscal year (FY) 1997-98 claim, the State paid the district \$81,056 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that \$30,731 is allowable. The State will apply \$50,325 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

For the FY 1998-99 claim, the State paid the district \$253,813 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that \$95,640 is allowable. The State will apply \$158,173 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

For the FY 1999-2000 claim, the State paid the district \$101,047 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that \$76,755 is allowable. The State will apply \$24,292 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

For the FY 2000-01 claim, the State paid the district \$87,258 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that \$45,749 is allowable. The State will apply \$41,509 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

For the FY 2001-02 claim, the State paid the district \$12,382 from funds appropriated under Chapter 724, Statutes of 2010. Our audit disclosed that \$43,148 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$30,766, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the district. Our audit disclosed that \$62,324 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the district. Our audit disclosed that \$26,019 is allowable. The State will pay that amount, contingent upon available appropriations.

**Views of
Responsible
Official**

We discussed our audit results with the district's representative during an exit conference conducted on August 7, 2012. Brenda Yardeen, Chief Financial Officer, agreed with the audit results. Ms. Yardeen 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 Antelope Valley Union High 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
Chief, Division of Audits

September 5, 2012

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1997, through June 30, 1998</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 6,365	\$ 781	\$ (5,584)	Finding 1
Test materials, supplies, and equipment	—	3,087	3,087	Finding 1
Pre-test and post-test coordination	18,537	30,414	11,877	Finding 1
Test administration	13,941	29,434	15,493	Finding 1
Reporting and recordkeeping	16,409	17,148	739	Finding 1
Total salaries and benefits	<u>55,252</u>	<u>80,864</u>	<u>25,612</u>	
Materials and supplies:				
Test materials, supplies, and equipment	16,579	16,579	—	
Reporting and recordkeeping	3,795	3,795	—	
Total materials and supplies	<u>20,374</u>	<u>20,374</u>	<u>—</u>	
Total direct costs	75,626	101,238	25,612	
Indirect costs	<u>5,430</u>	<u>7,269</u>	<u>1,839</u>	Finding 1
Total direct and indirect costs	81,056	108,507	27,451	
Less offsetting reimbursements	<u>—</u>	<u>(77,776)</u>	<u>(77,776)</u>	Finding 3
Total program costs	<u>\$ 81,056</u>	<u>30,731</u>	<u>\$ (50,325)</u>	
Less amount paid by the State ²		<u>(81,056)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (50,325)</u>		
<u>July 1, 1998, through June 30, 1999</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 1,995	\$ 195	\$ (1,800)	Finding 1
Test materials, supplies, and equipment	—	2,390	2,390	Finding 1
Pre-test and post-test coordination	22,400	23,483	1,083	Finding 1
Test administration	16,576	22,747	6,171	Finding 1
Reporting and recordkeeping	19,835	13,435	(6,400)	Finding 1
Total salaries and benefits	<u>60,806</u>	<u>62,250</u>	<u>1,444</u>	
Materials and supplies:				
Test materials, supplies, and equipment	171,883	92,593	(79,290)	Finding 2
Reporting and recordkeeping	4,077	4,077	—	
Total materials and supplies	<u>175,960</u>	<u>96,670</u>	<u>(79,290)</u>	
Total direct costs	236,766	158,920	(77,846)	
Indirect costs	<u>17,047</u>	<u>11,442</u>	<u>(5,605)</u>	Finding 1, 2

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1998, through June 30, 1999 (continued)</u>				
Total direct and indirect costs	253,813	170,362	(83,451)	
Less offsetting reimbursements	—	(74,722)	(74,722)	Finding 3
Total program costs	<u>\$ 253,813</u>	95,640	<u>\$ (158,173)</u>	
Less amount paid by the State ²		(253,813)		
Allowable costs claimed in excess of (less than) amount paid			<u>\$ (158,173)</u>	
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 5,749	\$ 485	\$ (5,264)	Finding 1
Test materials, supplies, and equipment	—	2,345	2,345	Finding 1
Pre-test and post-test coordination	21,246	22,906	1,660	Finding 1
Test administration	19,320	22,413	3,093	Finding 1
Reporting and recordkeeping	34,441	13,814	(20,627)	Finding 1
Total salaries and benefits	<u>80,756</u>	<u>61,963</u>	<u>(18,793)</u>	
Materials and supplies:				
Test materials, supplies, and equipment	8,728	385	(8,343)	Finding 2
Reporting and recordkeeping	5,262	10,000	4,738	Finding 2
Total materials and supplies	<u>13,990</u>	<u>10,385</u>	<u>(3,605)</u>	
Total direct costs	94,746	72,348	(22,398)	
Indirect costs	<u>6,301</u>	<u>4,812</u>	<u>(1,489)</u>	Finding 1, 2
Total direct and indirect costs	101,047	77,160	(23,887)	
Less offsetting reimbursements	—	(405)	(405)	Finding 3
Total program costs	<u>\$ 101,047</u>	76,755	<u>\$ (24,292)</u>	
Less amount paid by the State ²		(101,047)		
Allowable costs claimed in excess of (less than) amount paid			<u>\$ (24,292)</u>	
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 5,731	\$ 357	\$ (5,374)	Finding 1
Pre-test and post-test coordination	21,513	20,239	(1,274)	Finding 1
Test administration	18,840	19,865	1,025	Finding 1
Reporting and recordkeeping	21,236	12,025	(9,211)	Finding 1
Total salaries and benefits	<u>67,320</u>	<u>52,486</u>	<u>(14,834)</u>	
Materials and supplies:				
Test materials, supplies, and equipment	9,560	—	(9,560)	Finding 2
Reporting and recordkeeping	5,509	9,844	4,335	Finding 2
Total materials and supplies	<u>15,069</u>	<u>9,844</u>	<u>(5,225)</u>	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2000, through June 30, 2001 (continued)</u>				
Total direct costs	82,389	62,330	(20,059)	
Indirect costs	4,869	3,684	(1,185)	Finding 1, 2
Total direct and indirect costs	87,258	66,014	(21,244)	
Less offsetting reimbursements	—	(20,265)	(20,265)	Finding 3
Total program costs	<u>\$ 87,258</u>	45,749	<u>\$ (41,509)</u>	
Less amount paid by the State ²		(87,258)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (41,509)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ —	\$ 894	\$ 894	Finding 1
Pre-test and post-test coordination	27,847	20,260	(7,587)	Finding 1
Test administration	19,983	20,104	121	Finding 1
Reporting and recordkeeping	18,149	10,731	(7,418)	Finding 1
Total salaries and benefits	65,979	51,989	(13,990)	
Materials and supplies:				
Test materials, supplies, and equipment	8,318	—	(8,318)	Finding 2
Pre-test and post-test coordination	3,780	3,780	—	
Reporting and recordkeeping	—	5,075	5,075	Finding 2
Total materials and supplies	12,098	8,855	(3,243)	
Total direct costs	78,077	60,844	(17,233)	
Indirect costs	4,669	3,639	(1,030)	Finding 1, 2
Total direct and indirect costs	82,746	64,483	(18,263)	
Less offsetting reimbursements	—	(21,335)	(21,335)	Finding 3
Total program costs	<u>\$ 82,746</u>	43,148	<u>\$ (39,598)</u>	
Less amount paid by the State ²		(12,382)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 30,766</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ —	\$ 4,313	\$ 4,313	Finding 1
Pre-test and post-test coordination	54,047	29,859	(24,188)	Finding 1
Test administration	5,406	21,035	15,629	Finding 1
Reporting and recordkeeping	25,059	18,578	(6,481)	Finding 1
Total salaries and benefits	84,512	73,785	(10,727)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003 (continued)</u>				
Materials and supplies:				
Test materials, supplies, and equipment	20,800	—	(20,800)	Finding 2
Reporting and recordkeeping	—	4,823	4,823	Finding 2
Total materials and supplies	20,800	4,823	(15,977)	
Total direct costs	105,312	78,608	(26,704)	
Indirect costs	7,793	5,817	(1,976)	Finding 1, 2
Total direct and indirect costs	113,105	84,425	(28,680)	
Less offsetting reimbursements	(34,969)	(22,101)	12,868	Finding 3
Total program costs	<u>\$ 78,136</u>	62,324	<u>\$ (15,812)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 62,324</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ —	\$ 3,204	\$ 3,204	Finding 1
Pre-test and post-test coordination	56,531	15,032	(41,499)	Finding 1
Test administration	18,208	8,707	(9,501)	Finding 1
Reporting and recordkeeping	12,538	8,081	(4,457)	Finding 1
Total salaries and benefits	87,277	35,024	(52,253)	
Materials and supplies:				
Reporting and recordkeeping	10,631	10,631	—	
Total materials and supplies	10,631	10,631	—	
Total direct costs	97,908	45,655	(52,253)	
Indirect costs	5,248	2,447	(2,801)	Finding 1
Total direct and indirect costs	103,156	48,102	(55,054)	
Less offsetting reimbursements	(37,530)	(22,083)	15,447	Finding 3
Total program costs	<u>\$ 65,626</u>	26,019	<u>\$ (39,607)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 26,019</u>		
<u>Summary: July 1, 1997, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 19,840	\$ 10,229	\$ (9,611)	
Test materials, supplies, and equipment	—	7,822	7,822	
Pre-test and post-test coordination	222,121	162,193	(59,928)	
Test administration	112,274	144,305	32,031	
Reporting and recordkeeping	147,667	93,812	(53,855)	
Total salaries and benefits	501,902	418,361	(83,541)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 1997, through June 30, 2004 (continued)</u>				
Materials and supplies:				
Test materials, supplies, and equipment	235,868	109,557	(126,311)	
Pre-test and post-test coordination	3,780	3,780	—	
Reporting and recordkeeping	29,274	48,245	18,971	
Total materials and supplies	<u>268,922</u>	<u>161,582</u>	<u>(107,340)</u>	
Total direct costs	770,824	579,943	(190,881)	
Indirect costs	51,357	39,110	(12,247)	
Total direct and indirect costs	822,181	619,053	(203,128)	
Less offsetting reimbursements	<u>(72,499)</u>	<u>(238,687)</u>	<u>(166,188)</u>	
Total program costs	<u>\$ 749,682</u>	380,366	<u>\$ (369,316)</u>	
Less amount paid by the State ²		<u>(535,556)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (155,190)</u>		

¹ See the Findings and Recommendations section.

² 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 \$501,902 in salaries and benefits for the audit period. We determined that \$418,361 is allowable and \$83,541 is unallowable because the district claimed reimbursement for an ineligible portion of the Standardized Testing and Reporting (STAR) program. Related indirect costs, totaling \$4,615, are unallowable.

The following table summarizes the unallowable salaries and benefits by fiscal year and cost component:

Cost Category	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Salaries and benefits:								
Training, policies, and procedures	\$ (5,584)	\$ (1,800)	\$ (5,264)	\$ (5,374)	\$ 894	\$ 4,313	\$ 3,204	\$ (9,611)
Test materials, supplies, and equipment	3,087	2,390	2,345	—	—	—	—	7,822
Pre-test and post-test coordination	11,877	1,083	1,660	(1,274)	(7,587)	(24,188)	(41,499)	(59,928)
Test administration	15,493	6,171	3,093	1,025	121	15,629	(9,501)	32,031
Reporting and recordkeeping	739	(6,400)	(20,627)	(9,211)	(7,418)	(6,481)	(4,457)	(53,855)
Audit Adjustment	\$ 25,612	\$ 1,444	\$ (18,793)	\$ (14,834)	\$ (13,990)	\$ (10,727)	\$ (52,253)	\$ (83,541)

Analysis of Supporting Documentation

The district claimed costs for FY 1997-98 through FY 2002-03 based on narrative responses to mandated questions. In addition, for FY 2002-03, the district claimed actual costs for a data technician. For FY 2003-04, the district claimed salaries and benefits based on actual costs.

During the audit, the district did not provide documentation that reconciled hours on the STAR claims to the narrative responses and the actual cost documentation. In some instances, the hours were overstated, and in other instances, the hours were understated. The following table summarizes the hours claimed and hours supported by cost component:

Reimbursable Component	Total Hours Claimed	Total Hours Supported	Difference
Training, Policies, and Procedures	315	275	(40)
Test Materials, Supplies, and Equip.	—	150	150
Pre-test and Post-test Coordination	4,087	4,015	(72)
Test Administration	2,153	3,255	1,102
Reporting and Recordkeeping	3,722	3,328	(394)
Total	10,277	11,023	746

We determined allowable salaries and benefits by multiplying supported hours by the productive hourly rate and the reimbursable ratio of mandated tests to the number of all STAR tests administered.

Reimbursable Percentage

The district STAR costs include the following tests: California Standards Test (CST); Stanford Achievement Test, Ninth Edition (SAT-9); California Achievement Test, Sixth Edition (CAT/6); California Alternate Performance Assessment (CAPA); and 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 represent the ratio of mandated tests divided by all STAR tests administered at the district. We applied the reimbursable percentages to allowable costs. The reimbursable percentages for mandated costs are as follows: 100% for fiscal year (FY) 1997-98, 75.79% for FY 1998-99, 72.83% for FY 1999-2000, 62.06% for FY 2000-01, 61.01% for FY 2001-02, 58.89% for FY 2002-03, and 54.95% for FY 2003-04.

The program's parameters and guidelines, section V.A.(1), states:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The parameters and guidelines, section VI.A., state:

...all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities...

Recommendation

We recommend that the district ensure that all claimed costs are for activities reimbursable under the program's parameters and guidelines.

**FINDING 2—
Unallowable materials
and supplies**

The district claimed \$268,922 in materials and supplies for the audit period. We determined that \$161,582 is allowable and \$107,340 is unallowable. The costs are unallowable because the district claimed costs that were already reimbursed, costs that were outside of the reimbursement period, and ineligible costs. Related indirect costs, totaling \$7,632, are unallowable.

The following table summarizes the unallowable materials and supplies by fiscal year and cost component:

Cost Category	Fiscal Year					Total
	1998-99	1999-2000	2000-01	2001-02	2002-03	
Materials and supplies:						
Test materials, supplies, and equipment	\$ (79,290)	\$ (8,343)	\$ (9,560)	\$ (8,318)	\$ (20,800)	\$ (126,311)
Reporting & recordkeeping	—	4,738	4,335	5,075	4,823	18,971
Audit Adjustment	<u>\$ (79,290)</u>	<u>\$ (3,605)</u>	<u>\$ (5,225)</u>	<u>\$ (3,243)</u>	<u>\$ (15,977)</u>	<u>\$ (107,340)</u>

Costs Reimbursed by the California Department of Education

The district claimed \$51,612 for materials and supplies that already had been reimbursed by another state agency. For FY 1998-99, the district claimed reimbursement of \$51,612 for the purchase of a “STAR SAT 9 Spring 1998 Scoring” program from Harcourt Brace and Company. The district submitted a Purchase Order Requisition to support the purchase that clearly states that the cost was to be reimbursed by the CDE.

Ineligible Costs

The district claimed ineligible materials and supplies, totaling \$38,848, for the audit period (\$27,678 for FY 1998-99, \$1,911 for FY 1999-2000, \$2,650 for FY 2000-01, \$3,243 for FY 2001-02 and \$3,366 for FY 2002-03). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate (as identified in Finding 1). Therefore, we multiplied the supported costs by the reimbursable ratio of mandated tests to the number of all STAR tests administered, and determined that \$38,848 is unallowable.

Costs Claimed Outside of the Reimbursement Period

The district claimed unallowable materials and supplies, totaling \$16,880, for the audit period (\$1,694 for FY 1999-2000, \$2,575 for FY 2000-01, and \$12,611 for FY 2002-03). For the test materials, supplies, and equipment component, the parameters and guidelines state that the costs incurred are reimbursable for the period of January 2, 1998 through December 15, 1999. Therefore, the material and supply costs, totaling \$16,880, are outside of the reimbursable period and are not allowable.

Recommendation

We recommend that the district ensure that all claimed costs are for activities reimbursable under the program’s parameters and guidelines.

**FINDING 3—
Understated offsetting
reimbursements**

The district understated the mandate portion of the STAR apportionment by \$166,188 for the audit period because it did not report all of the STAR Program apportionment received from the CDE.

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 determined that the district received \$322,263 from the CDE.

We calculated the understated 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 understated offsetting reimbursements for the audit period:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Offsetting reimbursement apportionment:								
CDE apportionment	\$ (77,776)	\$ (98,591)	\$ (556)	\$ (32,654)	\$ (34,969)	\$ (37,530)	\$ (40,187)	\$ (322,263)
Mandate-related percentage	× 100%	× 75.79%	× 72.83%	× 62.06%	× 61.01%	× 58.89%	× 54.95%	
Audited apportionment	(77,776)	(74,722)	(405)	(20,265)	(21,335)	(22,101)	(22,083)	(238,687)
Less offset CDE apportionment	—	—	—	—	—	(34,969)	(37,530)	(72,499)
Audit adjustment	\$ (77,776)	\$ (74,722)	\$ (405)	\$ (20,265)	\$ (21,335)	\$ 12,868	\$ 15,447	\$ (166,188)

The parameters and guidelines (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, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

Recommendation

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

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