

# **SAN DIEGO UNIFIED SCHOOL DISTRICT**

Audit Report

## **CHARTER SCHOOLS I, II, AND III PROGRAM**

Chapter 781, Statutes of 1992; Chapters 34 and 673, Statutes of 1998; Chapter 78, Statutes of 1999; and California Department of Education Memo (May 22, 2000).

*July 1, 2008, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

November 2015



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California State Controller

November 30, 2015

Marne Foster, President  
Board of Education  
San Diego Unified School District  
4100 Normal Street, Room 2231  
San Diego, CA 92103

Dear Ms. Foster:

The State Controller's Office audited the costs claimed by the San Diego Unified School District for the legislatively mandated Charter Schools I, II, and III Program (Chapter 781, Statutes of 1992; Chapters 34 and 673, Statutes of 1998; Chapter 78, Statutes of 1999; and California Department of Education Memo [May 22, 2000]) for the period of July 1, 2008, through June 30, 2012.

The district claimed \$2,817,517 for the mandated program. Our audit found that \$217,807 is allowable (\$237,461 less a \$19,654 penalty for filing late claims) and \$2,599,710 is unallowable. The costs are unallowable primarily because the district claimed unallowable and estimated allocation method costs, claimed duplicate time records, misstated productive hourly rates, and overstated offsetting reimbursements. The State made no payments to the district. The State will pay allowable costs claimed that exceed the amount paid, totaling \$217,807, contingent upon available appropriations.

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/as

cc: Cindy Marten, Superintendent  
San Diego Unified School District  
Jenny Salkeld, Chief Financial Officer  
San Diego Unified School District  
Gamy Rayburn, Retired Manager, Budget Development  
San Diego Unified School District  
Lora Duzyk, Assistant Superintendent  
Business Services  
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Peter Foggato, Director  
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California Department of Education  
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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

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the San Diego Unified School District for the legislatively mandated Charter Schools I, II, and III Program (Chapter 781, Statutes of 1992; Chapters 34 and 673, Statutes of 1998; Chapter 78, Statutes of 1999; and California Department of Education Memo [May 22, 2000]) for the period of July 1, 2008, through June 30, 2012.

The district claimed \$2,817,517 for the mandated program. Our audit found that \$217,807 is allowable (\$237,461 less a \$19,654 penalty for filing late claims) and \$2,599,710 is unallowable. The costs are unallowable primarily because the district claimed unallowable and estimated allocation method costs, claimed duplicate time records, misstated productive hourly rates, and overstated offsetting reimbursements. The State made no payments to the district. The State will pay allowable costs claimed that exceed the amount paid, totaling \$217,807, contingent upon available appropriations.

## Background

### Charter Schools I Program

Chapter 781, Statutes of 1992, added Education Code sections 47605 and 47607 by requiring governing boards of school districts that have received a charter petition to:

- Respond to information requests;
- Review and evaluate petitions;
- Conduct public hearings; and
- Monitor charter schools performance.

School districts that have denied an original charter school petition are required to respond to the inquiry of the review panel convened by the county superintendent, and reconsider the charter petition if so requested. Other school districts may provide personnel to take part in the review panel convened by the county superintendent of schools.

On July 21, 1994, the Commission on State Mandates (Commission) adopted the statement of decision for the Charter Schools Program and determined that this legislation imposes a State mandate reimbursable under Government Code Section 17514. The Commission adopted the parameters and guidelines for the Charter Schools Program that defined the reimbursement criteria on October 18, 1994.

### Charter Schools II Program

Chapters 34 and 673, Statutes of 1998, added and amended Education Code sections 47605, 47605.5, 47607, and 47614 by requiring governing boards of school districts that have received a petition to:

- Review charter school petitions for renewal; and
- Notify charter schools of any violation of Education Code section 47607, subdivision (b).

On November 21, 2002, the Commission adopted the statement of decision for the Charter Schools II Program and determined that the legislation imposed a State mandated reimbursable under Government Code Section 17514.

The Commission adopted the consolidated parameters and guidelines for the Charter Schools I and II Program on December 2, 2003, replacing prior Charter Schools mandated programs and incorporating the reimbursable activities from the Charter Schools I Program along with the newly adopted Charter Schools II Program.

Furthermore, the Commission found that Education Code section 47613 establishes a fee authority that must be used by a school district to offset any claimed reimbursement for the costs of charter school supervisory oversight under the Charter Schools program parameters and guidelines.

### Charter Schools III Program

Chapter 34, Statutes of 1998, and Chapter 78, Statutes of 1999, added and amended Education Code sections 47605 and 47653 by requiring governing boards of school districts that have received a petition to:

- Upon denial of a charter petition, make written findings of fact to support findings; and
- Transfer funds in lieu of property taxes.

On May 25, 2006, the Commission adopted the statement of decision for the Charter Schools III program and determined that the legislation imposed a State mandate reimbursable under Government Code sections 17514 and 17556. Additionally, the Commission found that charter schools are not eligible claimants under article XIII B, section 6 of the California Constitution and applicable statutes.

The Commission adopted the consolidated parameters and guidelines for the Charter Schools I, II, and III Program on December 4, 2006, which replaced the prior Charter Schools Programs. Reimbursable activities from the Charter Schools I and II programs were incorporated into the new consolidated parameters and guidelines along with the newly adopted Charter School III activities.

Furthermore, the activity requiring districts to include revenues and expenditures of charter schools in its annual statement was not incorporated into the consolidated parameters and guidelines because the activity was reimbursable only from May 22, 2000, until June 30, 2001.

## **Objectives, Scope, and Methodology**

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.

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Charter Schools I, II, and III Program for the period of July 1, 2008, through June 30, 2012.

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 San Diego Unified School District claimed \$2,817,517 for costs of the Charter Schools I, II, and III Program. Our audit found that \$217,807 is allowable (\$237,461 less a \$19,654 penalty for filing late claims) and 2,599,710 is unallowable.

The State made no payments to the district. Our audit found that \$217,807 is allowable. The State will pay allowable costs claimed, totaling \$217,807, contingent upon available appropriations.

**Views of  
Responsible  
Officials**

We issued a draft audit report on November 2, 2015. Jenny Salkeld, Chief Financial Officer, responded by letter dated November 9, 2015 (Attachment), not disputing 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 San Diego Unified School District, the San Diego 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

November 30, 2015

## Schedule— Summary of Program Costs July 1, 2008, through June 30, 2012

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs				
Responding to information requests	\$ 86,378	\$ 63,369	\$ (23,009)	Finding 1
Evaluating petitions	56,201	41,362	(14,839)	Finding 2
Public hearings	16,356	21,525	5,169	Finding 3
Review of renewal petitions	42,694	-	(42,694)	Finding 4
Notification of violation of Education Code Section 47607	511	511	-	
Findings on denial of petition	112	112	-	
Monitoring the charter	1,569,983	322,142	(1,247,841)	Finding 5
Transfer of funds in lieu of taxes	1,534	1,534	-	
Total direct costs	1,773,769	450,555	(1,323,214)	
Indirect costs	101,991	25,906	(76,085)	Findings 1-5
Total direct and indirect costs	1,875,760	476,461	(1,399,299)	
Less offsetting reimbursements	(946,652)	(335,535)	611,117	Finding 6
Total claimed amount	929,108	140,926	(788,182)	
Less late claim filing penalty <sup>2</sup>	-	(10,000)	(10,000)	
Total program cost	<u>\$ 929,108</u>	130,926	<u>\$ (798,182)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 130,926</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs				
Responding to information requests	\$ 2,281	\$ 2,281	\$ -	
Evaluating petitions	5,502	5,502	-	
Public hearings	1,385	1,385	-	
Review of renewal petitions	28,858	-	(28,858)	Finding 4
Notification of violation of Education Code Section 47607	1,376	1,376	-	
Findings on denial of petition	-	-	-	
Monitoring the charter	1,608,691	129,480	(1,479,211)	Finding 5
Transfer of funds in lieu of taxes	1,650	1,650	-	
Total direct costs	1,649,743	141,674	(1,508,069)	
Indirect costs	50,317	4,321	(45,996)	Findings 4-5
Total direct and indirect costs	1,700,060	145,995	(1,554,065)	
Less offsetting reimbursements	(784,056)	(129,480)	654,576	Finding 6
Total claimed amount	916,004	16,515	(899,489)	
Less late claim filing penalty <sup>2</sup>	-	(1,652)	(1,652)	
Total program cost	<u>\$ 916,004</u>	\$ 14,863	<u>\$ (901,141)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 14,863</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs				
Responding to information requests	\$ 15,264	\$ 15,264	\$ -	
Evaluating petitions	12,342	12,342	-	
Public hearings	446	446	-	
Review of renewal petitions	112,726	-	(112,726)	Finding 4
Notification of violation of Education Code Section 47607	6,088	6,088	-	
Findings on denial of petition	-	-	-	
Monitoring the charter	-	112,726	112,726	Finding 5
Transfer of funds in lieu of taxes	1,973	1,973	-	
Total direct costs	148,839	148,839	-	
Indirect costs	3,452	3,452	-	
Total direct and indirect costs	152,291	152,291	-	
Less offsetting reimbursements	(5,502)	(114,449)	(108,947)	Finding 6
Total claimed amount	146,789	37,842	(108,947)	
Less late claim filing penalty <sup>2</sup>	-	(3,784)	(3,784)	
Total program cost	<u>\$ 146,789</u>	34,058	<u>\$ (112,731)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 34,058</u>		
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs				
Responding to information requests	\$ 7,173	\$ 7,173	\$ -	
Evaluating petitions	17,336	17,336	-	
Public hearings	208	208	-	
Review of renewal petitions	129,639	-	(129,639)	Finding 4
Notification of violation of Education Code Section 47607	3,734	3,734	-	
Findings on denial of petition	724	724	-	
Monitoring the charter	1,619,777	408,343	(1,211,434)	Finding 5
Transfer of funds in lieu of taxes	2,441	2,441	-	
Total direct costs	1,781,032	439,959	(1,341,073)	
Indirect costs	61,979	15,310	(46,669)	Findings 4-5
Total direct and indirect costs	1,843,011	455,269	(1,387,742)	
Less offsetting reimbursements	(1,017,395)	(413,091)	604,304	Finding 6
Total claimed amount	825,616	42,178	(783,438)	
Less late claim filing penalty <sup>2</sup>	-	(4,218)	(4,218)	
Total program cost	<u>\$ 825,616</u>	\$ 37,960	<u>\$ (787,656)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 37,960</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2008, through June 30, 2012</u>				
Direct costs				
Responding to information requests	\$ 111,096	\$ 88,087	\$ (23,009)	
Evaluating petitions	91,381	76,542	(14,839)	
Public hearings	18,395	23,564	5,169	
Review of renewal petitions	313,917	-	(313,917)	
Notification of violation of Education Code Section 47607	11,709	11,709	-	
Findings on denial of petition	836	836	-	
Monitoring the charter	4,798,451	972,691	(3,825,760)	
Transfer of funds in lieu of taxes	7,598	7,598	-	
Total direct costs	5,353,383	1,181,027	(4,172,356)	
Indirect costs	217,739	48,989	(168,750)	
Total direct and indirect costs	5,571,122	1,230,016	(4,341,106)	
Less offsetting reimbursements	(2,753,605)	(992,555)	1,761,050	
Total claimed amount	2,817,517	237,461	(2,580,056)	
Less late claim filing penalty <sup>2</sup>	-	(19,654)	(19,654)	
Total program cost	<u>\$ 2,817,517</u>	\$ 217,807	<u>\$ (2,599,710)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 217,807</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> The district filed its annual reimbursement claims in each fiscal year after the due date specified in Government Code section 17560. Pursuant to Government Code section 17568, the State assessed a late filing penalty equal to 10% of allowable costs, not to exceed \$10,000 (for claims filed on or after August 24, 2007).

# Findings and Recommendations

## **FINDING 1— Responding to Information Requests – unallowable salaries and benefits and related indirect costs**

The district claimed \$111,096 for salaries and benefits and \$5,641 for related indirect costs for the Responding to Information Requests cost component during the audit period. We found that \$88,087 of the salaries and benefits is allowable and \$23,009 is unallowable. The costs claimed are unallowable because the district claimed hours from duplicate time sheets and misstated productive hourly rates (PHR) for fiscal year (FY) 2008-09. Related unallowable indirect costs totaled \$1,323.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits within the responding to information requests cost component by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
2008-09	\$ 86,378	\$ 63,369	\$ (23,009)
2009-10	2,281	2,281	-
2010-11	15,264	15,264	-
2011-12	7,173	7,173	-
<b>Total</b>	<b>\$ 111,096</b>	<b>\$ 88,087</b>	<b>\$ (23,009)</b>

### **Salaries and Benefits**

For the audit period, the district claimed the actual time spent by employees to respond to information requests from the public concerning charter schools. To determine claimed costs for this component, the district multiplied the actual time recorded within staff time sheets by each individual's PHR.

#### *Duplicate Time Sheets Claimed*

The staff who performed the eligible activities within this component recorded their time on monthly time logs or percentage-of-effort certifications that recorded the time spent on each activity on a daily basis. At the end of each fiscal year, the district's claim preparer retrieved the timesheets and used the results to compute claimed costs. Starting in FY 2009-10, the district began using the electronic time recording system, Axiom.

The district provided hard copy monthly time logs and summary reports for each fiscal year under audit. We reviewed 100% of the time sheets and summary reports for each fiscal year. Upon completion of our review, we found that the district claimed hours from duplicate time sheets for a number of employees for FY 2008-09.

Of the 62 time sheets reviewed for FY 2008-09, we found that 12, representing 381 hours, were duplicates. We removed the duplicate time records from the district's claim and allowed the remaining 1,133 hours. We used the remaining hours supported in our calculations to determine total allowable costs for this cost component.

#### *Misstated PHRs*

The district claimed the individual PHR of each employee who performed the claimed activities. We obtained the salary and benefit information of each employee in order to calculate the allowable rates for each fiscal year. During our review, we found that the district misstated each of the PHRs claimed within FY 2008-09, because it used different annual salaries during claim preparation. We used the allowable PHRs within our calculations to determine total allowable costs for this cost component. Of the \$23,099 total adjustment for salaries and benefits for FY 2008-09, \$1,655 was attributed to misstated PHRs in this fiscal year.

#### *Summary of Audit Adjustment*

We calculated the allowable salaries and benefits by multiplying the allowable hours of each district employee by their respective PHR allowed. We found that the district overstated salaries and benefits by \$23,009 within the Responding to Information Requests cost component for the audit period. Related unallowable indirect costs totaled \$1,323.

#### **Criteria**

The parameters and guidelines (section IV – Reimbursable Activities) state that, for salaries and benefits, costs must be supported by source documents. The parameters and guidelines state, in part, that:

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, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section V.A.1 – Claim Preparation and Submission) state that, for salaries and benefits, the claimant must report each employee's name, job classification, and PHR. Furthermore, the claimant must describe the specific activities performed and the hours devoted to each activity performed. The parameters and guidelines state, in part, that:

Salaries and Benefits: 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 (Charter Schools A.1) allow costs of activities related to responding to information requests as follows:

Responding to Information Requests: Provide information, upon request, to the community regarding the Charter Schools Act of 1992 and governing board's charter policy and procedures.

#### Recommendation

We recommend that the district ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

#### District's Response

The district stated that it does not plan to dispute the audit findings.

### **FINDING 2— Evaluating Petitions – unallowable salaries and benefits and related indirect costs**

The district claimed \$91,381 for salaries and benefits and \$4,289 for related indirect costs for the Evaluating Petitions cost component during the audit period. We found that \$76,542 of the salaries and benefits is allowable and \$14,839 is unallowable. The costs claimed are unallowable because the district claimed hours from duplicate time sheets and misstated PHRs for FY 2008-09. Related unallowable indirect costs totaled \$854.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits within the responding to information requests cost component by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
2008-09	\$ 56,201	\$ 41,362	\$ (14,839)
2009-10	5,502	5,502	-
2010-11	12,342	12,342	-
2011-12	17,336	17,336	-
<b>Total</b>	<b>\$ 91,381</b>	<b>\$ 76,542</b>	<b>\$ (14,839)</b>

#### **Salaries and Benefits**

For the audit period, the district claimed the actual time spent by employees to evaluate charter petitions of potential charter schools. To determine claimed costs for this component, the district multiplied the actual time recorded within staff time sheets by each individual's PHR.

### *Duplicate Time Sheets Claimed*

The staff who performed the eligible activities within this component recorded their time on monthly time logs or percentage-of-effort certifications that recorded the time spent on each activity on a daily basis. At the end of each fiscal year, the district's claim preparer retrieved the timesheets and used the results to compute claimed costs. Starting in FY 2009-10, the district began using the electronic time recording system, Axiom.

The district provided hard copy monthly time logs and summary reports for each fiscal year under audit. We reviewed 100% of the timesheets and summary reports for each fiscal year. Upon completion of our review, we found that the district claimed hours from duplicate timesheets for a number of employees for FY 2008-09.

Of the 40 time sheets reviewed for FY 2008-09, we found that 7, representing 181 hours, were duplicates. We removed the duplicate time records from the district's claim and allowed the remaining 614 hours. We used the remaining hours supported in our calculations to determine total allowable costs for this cost component.

### *Misstated PHRs*

The district claimed the individual PHR of each employee who performed the claimed activities. We obtained the salary and benefit information of each employee in order to calculate the allowable rates for each fiscal year. During our review, we found that the district misstated each of the PHRs claimed for FY 2008-09 because it used different annual salaries during claim preparation. We used the allowable PHRs within our calculations to determine total allowable costs for this cost component. Of the \$14,839 total adjustment for salaries and benefits for FY 2008-09, \$1,198 was attributed to misstated PHRs.

### *Summary of Audit Adjustment*

We calculated the allowable salaries and benefits by multiplying the allowable hours of each district employee by their respective PHR allowed. We found that the district overstated salaries and benefits by \$14,839 within the Evaluating Petitions cost component for the audit period. Related unallowable indirect costs totaled \$854.

### **Criteria**

The parameters and guidelines (section IV – Reimbursable Activities) state that, for salaries and benefits, the costs must be supported by source documents. The parameters and guidelines state, in part, that:

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, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section V.A.1 – Claim Preparation and Submission) state that, for salaries and benefits, the claimant must report each employee’s name, job classification, and PHR. Furthermore, the claimant must describe the specific activities performed and the hours devoted to each activity performed. The parameters and guidelines state, in part, that:

Salaries and Benefits: 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 (Charter Schools A.2) allow costs of activities related to evaluating charter petitions, as follows:

Evaluating Petitions: Review and evaluate qualified charter petitions for compliance with criteria for the granting of charters.

#### Recommendation

We recommend that the district ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

#### District’s Response

The district stated that it does not plan to dispute the audit findings.

### **FINDING 3— Public Hearings – understated salaries and benefits and related indirect costs**

The district claimed \$18,395 for salaries and benefits and \$999 for related indirect costs for the Public Hearings cost component for the audit period. Our audit found that salaries and benefits were understated totaling \$5,169 for FY 2008-09. The costs claimed were understated because the district erroneously did not claim allowable hours from a number of employee timesheets. Additionally, the district claimed hours from duplicate timesheets and misstated PHRs for FY 2008-09. The related understatement of indirect costs totaled \$298.

The following table summarizes the claimed and allowable salaries and benefits within the public hearings cost component by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
2008-09	\$ 16,356	\$ 21,525	\$ 5,169
2009-10	1,385	1,385	-
2010-11	446	446	-
2011-12	208	208	-
Total	<u>\$ 18,395</u>	<u>\$ 23,564</u>	<u>\$ 5,169</u>

## **Salaries and Benefits**

For the audit period, the district claimed the actual time spent by employees preparing for public hearings to consider the level of community support for a charter petition. To determine claimed costs for this component, the district multiplied the actual time recorded within staff time sheets by each individual's PHR.

### *Unclaimed and Duplicate Time Sheets*

The staff who performed the eligible activities within this component recorded their time on monthly time logs or percentage-of-effort certifications that recorded the time spent on each activity on a daily basis. At the end of each fiscal year, the district's claim preparer retrieved the timesheets and used the results to compute claimed costs. Starting in FY 2009-10, the district began using the electronic time recording system, Axiom.

The district provided monthly time logs and summary reports for each fiscal year under audit. We reviewed the timesheets and summary reports for each fiscal year. Upon completion of our review, we found that the district erroneously left eligible hours off the claim and claimed hours from duplicate timesheets.

Of the 24 time sheets reviewed for FY 2008-09 that contained hours for preparing for public hearings, we found that one was a duplicate totaling five hours. Furthermore, we found three additional time records, totaling 79 hours, that contained eligible public hearing activities that were not included in the district's claim. We included the unclaimed hours and excluded the hours from the duplicate time sheet from our calculations to determine total allowable costs for this cost component.

### *Misstated PHRs*

The district claimed the individual PHR of each employee who performed the claimed activities. We obtained the salary and benefit information of each employee in order to calculate the allowable rates for each fiscal year. During our review, we found that the district misstated each of the PHRs claimed for FY 2008-09 because it used different annual salary information during claim preparation. We used the allowable PHRs in our calculations to determine total allowable costs for this cost component. The misstatement of PHRs resulted in an overstatement of \$467, which reduced the total understatement of salaries and benefits for FY 2008-09 to \$5,169.

### *Summary of Audit Adjustment*

We calculated the allowable salaries and benefits by multiplying the allowable hours of each district employee by their respective PHR allowed. We found that the district understated salaries and benefits by \$5,169 within the Public Hearings cost component for the audit period. Related understated indirect costs totaled \$298.

## Criteria

The parameters and guidelines (section IV – Reimbursable Activities) state that, for salaries and benefits, the costs must be supported by source documents. The parameters and guidelines state, in part, that:

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, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section V.A.1 – Claim Preparation and Submission) state that, for salaries and benefits, the claimant must report each employee's name, job classification, and PHR. Furthermore, the claimant must describe the specific activities performed and the hours devoted to each activity performed. The parameters and guidelines state, in part, that:

Salaries and Benefits: 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 (Charter Schools A.3) allow costs of activities related to preparing for public hearings, as follows:

Public Hearings: Prepare for public hearings, to be done within thirty days of receiving petition, to consider the level of community support for a charter school petition, and grant or deny the charter school petition within sixty days of receiving the petition, subject to one thirty-day continuance by agreement of the parties, pursuant to Education Code section 47605.

## Recommendation

We recommend that the district ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

## District's Response

The district stated that it does not plan to dispute the audit findings.

### **FINDING 4— Review of Renewal Petitions – unallowable salaries and benefits and related indirect costs**

The district claimed \$313,917 for salaries and benefits and \$10,461 for related indirect costs for the Review of Renewal Petitions cost component during the audit period. We found that the entire amount of \$313,917 is unallowable. The costs claimed are unallowable because the district claimed hours for activities that are ineligible for reimbursement under this cost component. Related unallowable indirect costs totaled \$10,461.

The following table summarizes the claimed, allowable and unallowable salaries and benefits within the Review of Renewal Petitions cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2008-09	\$ 42,694	\$ -	\$ (42,694)
2009-10	28,858	-	(28,858)
2010-11	112,726	-	(112,726)
2011-12	129,639	-	(129,639)
<b>Total</b>	<b>\$ 313,917</b>	<b>\$ -</b>	<b>\$ (313,917)</b>

### **Salaries and Benefits**

For the audit period, the district claimed the actual time spent by employees to review all renewal petitions received by the district. To determine claimed costs for this component, the district multiplied the actual time recorded within staff time sheets by each individual's PHR.

#### *Ineligible Activities Claimed*

During the last year of the charter term, charter schools submit a renewal petition to the district to extend the charter for another five year term. The district staff reviews the renewal petitions to verify that the petitions follow education codes and are compliant with established criteria. The district uses information received from the supervisory oversight and monitoring activities performed during the life of the charter. Once the district's review is complete, the staff makes their recommendation to the school board to either accept or deny the charter's renewal.

During discussions with key staff members who performed the claimed activities, we found that the district claimed the cost of the time taken to perform reviews of all renewal petitions. However, the parameters and guidelines state that only costs to "review charter school petitions for renewal that are submitted directly to the governing board of the school district that initially denied the charter" are reimbursable. The only hours eligible for reimbursement under this cost component are for reviewing renewal petitions from charter schools that were originally denied a charter by the district but then on appeal were subsequently granted a charter by the County or State Offices of Education.

Furthermore, in our discussions with district staff, staff members stated that no charter schools that were denied by the district were then granted a charter on appeal by the county or state during the audit period. Staff members were unable to provide an explanation or further documentation to support the claimed costs. As a result, the costs claimed are ineligible for reimbursement under this cost component.

However, during the audit, we found that the actual petition renewal activities claimed by the district under this component are eligible activities within the Monitoring component (Charter Schools B.1). Therefore, we included the claimed hours under this component within our review of the monitoring activities (see Finding 5).

#### *Summary of Audit Adjustment*

We calculated the allowable salaries and benefits by multiplying the allowable hours of each district employee by their respective PHR allowed. We found that the district overstated salaries and benefits by \$313,917 within the Review of Renewal Petitions cost component for the audit period. Related unallowable indirect costs totaled \$10,461.

#### **Criteria**

The parameters and guidelines (section IV – Reimbursable Activities) state that, for salaries and benefits, the costs must be supported by source documents. The parameters and guidelines state, in part, that:

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, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section V.A.1 – Claim Preparation and Submission) state that, for salaries and benefits, the claimant must report each employee's name, job classification, and PHR. Furthermore, the claimant must describe the specific activities performed and the hours devoted to each activity performed. The parameters and guidelines state, in part, that:

Salaries and Benefits: 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 (Charter Schools II – A.1) allow costs of activities related to reviewing renewal petitions, as follows:

Review charter school petitions for renewal that are submitted directly to the governing board of the school district that initially denied the charter. Pursuant to Education Code section 47605, subdivision (k)(3), the petition must be submitted prior to expiration of the charter granted by the State Board of Education.

#### **Recommendation**

We recommend that the district ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

District's Response

The district stated that it does not plan to dispute the audit findings.

**FINDING 5—  
Monitoring the  
Charter –  
unallowable allocation  
costs, salaries and  
benefits, and related  
indirect costs**

The district claimed \$4,798,451 for direct costs (\$409,887 for salaries and benefits, \$4,109,860 for department allocation costs, and \$278,704 for contract services for FY 2011-12) and \$195,707 for related indirect costs for the Monitoring the Charter cost component during the audit period. We found that \$972,691 is allowable (\$693,987 for salaries and benefits and \$278,704 for contract services for FY 2011-12) and \$3,825,760 is unallowable. The costs claimed are unallowable because the district claimed estimated costs using an unallowable allocation method, and claimed costs for duplicate time sheets and misstated PHRs for FY 2008-09. Additionally, the district claimed costs for reviewing renewal petitions within the incorrect cost component; we subsequently moved them to the Monitoring the Charter component. Related unallowable indirect costs totaled \$156,410.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits within the monitoring the charter cost component by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
2008-09	\$ 1,569,983	\$ 322,142	\$ (1,247,841)
2009-10	1,608,691	129,480	(1,479,211)
2010-11	-	112,726	112,726
2011-12	1,619,777	408,343	(1,211,434)
Total	<u>\$ 4,798,451</u>	<u>\$ 972,691</u>	<u>\$ (3,825,760)</u>

**Salaries and Benefits**

For FY 2008-09 and FY 2009-10, the district claimed the actual time spent by employees to perform monitoring activities of the various charter schools. To determine claimed costs for the actual salaries and benefits, the district multiplied the actual time recorded within the staff time sheets by each individual's PHR.

*Duplicate Time Sheets Claimed*

The staff who performed the eligible activities within this component recorded their time on monthly time logs or percentage-of-effort certifications that recorded the time spent on each activity on a daily basis. At the end of each fiscal year, the district's claim preparer retrieved the timesheets and used the results to compute claimed costs. Starting in FY 2009-10, the district began using an electronic time recording system, Axiom.

The district provided hard copy monthly time logs and summary reports for each fiscal year under audit. We reviewed the timesheets and summary reports for each fiscal year claimed. We found that the district erroneously left eligible hours off the claim and claimed hours from duplicate time sheets.

Of the 113 timesheets reviewed for FY 2008-09 that contained hours for monitoring the charters, we found that eight, totaling 274.37 hours, were duplicates. Furthermore, we found four additional time records, totaling 117.82 hours, that contained eligible monitoring activities that were not included in the district's claim. We included the unclaimed hours and excluded the hours from the duplicate time sheet from our calculations to determine total allowable costs for this cost component.

#### *Review of Renewal Petitions*

The district claimed activities performed for the review of renewal petitions under the Review of Renewal Petitions cost component. However, we found that the district erroneously claimed costs for renewing all renewal petitions, when only the costs for reviewing renewal petitions from schools who were previously denied their charter are allowed within the component. During our discussions with the district, the district requested that we consider the hours claimed in review of renewals within the Monitoring the Charter component.

As the parameters and guidelines allows the costs to "review, analyze, and report on the charter school's performance for purposes of charter reconsideration, renewal, revision, evaluation, or revocation" under the Monitoring the Charter component, we determined that the costs claimed by the district under the review of renewal petitions component are eligible. We tested the timesheets with review of renewal petition activities to determine the amount of additional hours allowed under the Monitoring the Charter component. Upon completion of testing, we found an additional 4,992 hours allowable under the component for the audit period.

#### *Misstated PHRs*

The district claimed the individual PHR of each employee who performed the claimed activities. We obtained the salary and benefit information of each employee in order to calculate the allowable rates for each fiscal year. During our review, we found that the district misstated each of the PHRs claimed for FY 2008-09 because it used different annual salary information during claim preparation. We recalculated the rates and used the allowable rates to determine total allowable costs for this cost component. The misstatement of PHRs resulted in an overstated costs totaling \$4,473, which reduced the total salaries and benefits understatement for FY 2008-09 to \$284,100.

#### *Summary of Salaries and Benefits*

We calculated the allowable salaries and benefits by multiplying the allowable hours of each district employee by their respective PHR allowed. We found that the district understated salaries and benefits by \$284,100 within the Monitoring the Charter cost component for the audit period. Related understated indirect costs totaled \$8,746.

The following table summarizes the claimed and allowable salaries and benefits derived from the actual time recorded by district staff for each fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
2008-09	\$ 309,265	\$ 322,142	\$ 12,877
2009-10	100,622	129,480	28,858
2010-11	-	112,726	112,726
2011-12	-	129,639	129,639
Total	<u>\$ 409,887</u>	<u>\$ 693,987</u>	<u>\$ 284,100</u>

### Department Cost Allocation

In addition to claiming the hours of employees who performed the monitoring activities, the district claimed \$4,109,860 in costs using an allocation method that estimated total monitoring costs from a number of district departments. The costs were allocated based on the ratio of enrolled charter school pupils to total district enrollment for each fiscal year. The district used this allocation method in each year under audit with the exception of FY 2010-11. The allocation consisted of a number of district departments, including:

- Board of Education
- Superintendent's Office
- Internal Audit
- General Counsel
- Communications
- Community Relations
- Labor Relations
- Chief Financial Officer
- Charter Schools
- School Choice
- Assessment of Services
- Controller's Office
- Facilities Planning and Construction
- Instructional Facilities Plan
- Maintenance Unit

The district calculates the claimed costs by determining which departments or business units are involved in the monitoring of charter schools, then the claim preparer retrieves the total expenditures of the departments that are not already funded by restricted resources. Next, the preparer multiplies the expenditures of each department (except the Charter Schools and Choice Schools Departments) by the allocation percentage based on district enrollment within the respective fiscal year. The allocation percentage is calculated by dividing the total number of pupils enrolled in charter schools by the total number of pupils enrolled in the entire district. The district claimed an allocation percentage of 10.72% for FY 2008-09, 11.07% for FY 2009-10, and 12.09% for FY 2011-12.

For the Charter Schools Department, the district did not use the allocation percentage. Instead, the district claimed 100% of department's costs. For the Choice Schools Department, the district allocated 70% of the departmental expenditures.

As support for these costs, the district was able to provide only its calculation worksheet including enrollment reports and Board of Education meeting minutes. We reviewed the supporting documentation and discussed the allocation method with district staff. As a result of our review, we found the allocation method unallowable.

#### Claimed costs are estimated

The calculation used by the district is an estimate of costs incurred based on the ratio of charter school and district-wide enrollment. The parameters and guidelines state that "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." The claimed costs by the district resulting from the allocation do not represent the actual costs incurred to perform the eligible activities.

#### The District was unable to provide sufficient supporting documentation

The district was able to provide support only for the allocation calculation percentage and department expenditures. The district was unable to provide documentation to support the assertion that the departments claimed actually incurred the claimed expenses while performing eligible activities. The district's departments used timesheets to record time spent on the mandated program activities but no timesheets were provided for the departments within the allocation with exception of the General Counsel, Charter Schools, and Choice Schools Departments. However, the hours from these three departments with timesheets were already claimed separately from the department allocation. The parameters and guidelines state that "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."

During our internal control review, we held discussions with the Internal Audit department. During those discussions, department staff members stated that they do not perform audits concerning the charter school programs. However, a portion of the internal audit department's costs are being allocated within the district's claim.

#### The allocation results in duplicated costs

The district allocated the total costs of the departments by using the enrollment percentage. The allocation includes the total costs from the General Counsel, Charter Schools, and Choice Schools departments. However, for FY 2008-09 and FY 2009-10, the district claimed hours of employees within these three departments in a number of cost components. This resulted in a duplication of claimed costs—the salaries and benefits of the employees who completed timesheets were claimed within each cost component then also used in the pool of department expenditures within the allocation calculation.

As a result of the issues detailed above, we determined that the entire \$4,109,860 claimed using the department allocation was not properly supported and is unallowable under this mandated program. Related unallowable indirect costs total \$165,156.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits derived from the district's departmental cost allocation for each fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2008-09	\$ 1,260,718	\$ -	\$ (1,260,718)
2009-10	1,508,069	-	(1,508,069)
2010-11	-	-	-
2011-12	1,341,073	-	(1,341,073)
<b>Total</b>	\$ 4,109,860	\$ -	\$ (4,109,860)

### Summary

Our review of the employee salaries and benefits and department allocation found that the district overstated costs by \$3,825,760 within the Monitoring the Charter cost component for the audit period. Related unallowable indirect costs totaled \$156,410.

### Criteria

The parameters and guidelines (section IV – Reimbursable Activities) state that, for salaries and benefits, the costs must be supported by source documents. The parameters and guidelines state, in part, that:

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, sign-in sheets, invoiced, and receipts.

The parameters and guidelines (section V.A.1 – Claim Preparation and Submission) state that, for salaries and benefits, the claimant must report each employee's name, job classification, and PHR. Furthermore, the claimant must describe the specific activities performed and the hours devoted to each activity performed. The parameters and guidelines state, in part, that:

Salaries and Benefits: 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 (Charter Schools B.1) allow costs of activities related to the monitoring of charter schools, as follows:

- Review, analyze, and report on the charter school's performance for purposes of charter reconsideration, renewal, revision, evaluation, or revocation by the governing body.
- Evaluate and decide upon material revisions, renewals, or revocations of charters.

The parameters and guidelines (Charter Schools II A.1) allow only costs of activities related to the review of renewal petitions that are submitted to the board that initially denied the charter, as follows:

Review charter school petitions for renewal that are submitted directly to the governing board of the school district that initially denied the charter. Pursuant to Education Code section 47605, subdivision (k)(3), the petition must be submitted prior to expiration of the charter granted by the State Board of Education.

#### Recommendation

We recommend that the district ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

#### District's Response

The district stated that it does not plan to dispute the audit findings.

### **FINDING 6— Overstated Offsetting Revenues**

The district reported \$2,753,605 for offsetting revenues during the audit period (\$2,649,758 for fee authority revenues and \$103,847 for restricted resources). We found that the district overstated offsetting revenues totaling \$1,761,050 (\$1,713,229 for fee authority revenues and \$47,821 for restricted resources). The revenues claimed were overstated because the district applied fee authority funds to ineligible and unsupported monitoring costs and claimed restricted resource revenues of unclaimed and ineligible salaries.

The following table summarizes the claimed, audited, and adjusted amount of offsetting revenues by fiscal year:

Fiscal Year	Amount Claimed	Audited Amount	Audit Adjustment
2008-09	\$ (946,652)	\$ (335,535)	\$ 611,117
2009-10	(784,056)	(129,480)	654,576
2010-11	(5,502)	(114,449)	(108,947)
2011-12	(1,017,395)	(413,091)	604,304
Total	\$ (2,753,605)	\$ (992,555)	\$ 1,761,050

### Education Code section 47613, Fee Authority Funds

Education Code section 47613 established a fee authority that must be used by a school district or county office of education to offset any claimed reimbursement for the costs of charter school supervisorial oversight under the Charter Schools program parameters and guidelines. The fee authority revenues are required to offset costs only under the Monitoring the Charter cost component.

The district reported a total of \$2,649,758 in fee authority revenues during the audit period. No fee authority revenues were claimed for FY 2010-11 as the district did not claim any monitoring costs. We reviewed the district's revenue support and found that the district adhered to this code section and correctly applied the fee authority revenues in each year that monitoring costs were claimed. However, we determined that the district overstated direct monitoring costs for each fiscal year claimed, leading to an overstatement of the corresponding offsetting revenues. Additionally, we determined that the district actually incurred allowable monitoring costs for FY 2010-11, resulting in an understatement of fee authority revenues for that year.

After applying the fee authority revenues to allowable monitoring costs, we found that of the \$2,649,758 fee authority revenues reported, \$936,529 is allowable, resulting in an overstatement of \$1,713,229 for the audit period.

The following table summarizes the claimed, audited, and adjusted amount of 47613 fee authority revenues by fiscal year:

Fiscal Year	Amount Claimed	Audited Amount	Audit Adjustment
2008-09	\$ (873,302)	\$ (310,201)	\$ 563,101
2009-10	(784,056)	(129,480)	654,576
2010-11	-	(108,947)	(108,947)
2011-12	(992,400)	(387,901)	604,499
Total	\$ (2,649,758)	\$ (936,529)	\$ 1,713,229

### Restricted Resources

Staff salaries claimed by the district were funded from both restricted and unrestricted funds. For the employees who had their salary costs covered by restricted funds, the district calculated an offset based on the percentage of salary for which the restricted funds are used. The district reported a total of \$103,847 in revenues from restricted resources during the audit period.

We reviewed the district's funding percentages and found that the district used an appropriate application method. However, we found that the district claimed revenues from an employee whose direct costs were not claimed in FY 2008-09. Additionally, we found that the district applied funding percentages to ineligible direct costs.

After applying the supported restricted resource funding percentages to allowable salaries and benefits, we found that of the \$103,847 in revenues claimed, \$56,026 is allowable, resulting in an overstatement of \$47,821 for the audit period.

The following table summarizes the claimed, audited, and adjusted amount of restricted resource revenues by fiscal year:

Fiscal Year	Amount Claimed	Audited Amount	Audit Adjustment
2008-09	\$ (73,350)	\$ (25,334)	\$ 48,016
2009-10	-	-	-
2010-11	(5,502)	(5,502)	-
2011-12	(24,995)	(25,190)	(195)
Total	\$ (103,847)	\$ (56,026)	\$ 47,821

### Criteria

The parameters and guidelines (Section VII – Offsetting Revenues and Other Reimbursements) state that any relative reimbursements must be used to offset costs claimed. The parameters and guidelines state, in part, that:

Any offsets 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.

The parameters and guidelines continue to identify specific offsetting reimbursements, as follows:

Education Code section 47613 establishes a fee authority that must be used by a school district or county office of education to offset any claimed reimbursement for the costs of charter schools supervisorial oversight under the Charter Schools Parameters and Guidelines. This refers to activity B.1 under Charter Schools in section IV of these parameters and guidelines.

### Recommendation

We recommend that the district ensure that claimed revenues include only eligible revenues, are based on actual costs, and are properly supported.

### District's Response

The district stated that it does not plan to dispute the audit findings.

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

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**San Diego Unified**  
SCHOOL DISTRICT

Jenny Salkeld  
Chief Financial Officer  
Finance Division  
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jsalkeld@sandi.net

November 9, 2015

Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874

Dear Mr. Spano:

The San Diego Unified School District is in receipt of the draft audit report for the Charter Schools I, II, and III Mandated Cost Programs for the period July 1, 2008 through June 30, 2012.

The district does not plan to file a dispute to the draft findings at this time.

Sincerely,

Jenny Salkeld  
Chief Financial Officer  
San Diego Unified School District

JS/sas

cc: Gamy Rayburn, Interim Director, Budget Development

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

**<http://www.sco.ca.gov>**