SACRAMENTO CITY 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, 2009, through June 30, 2012

BETTY T. YEE

California State Controller

December 2015

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California State Controller

December 1, 2015

Darrel Woo, President, Board of Education
Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824

Dear Mr. Woo:

The State Controller's Office audited the costs claimed by Sacramento City 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, 2009, through June 30, 2012.

The district claimed $469,045 for the mandated program. Our audit found that $441,793 is allowable and $27,252 is unallowable. The costs are unallowable primarily because the district claimed unsupported and unallowable initial truancy notifications. The State paid the district $32,506. The State will pay allowable costs claimed that exceed the amount paid, totaling $409,287, 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/ls

cc: José L. Banda, Superintendent
Sacramento City Unified School District
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Sacramento City 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, 2009, through June 30, 2012.

The district claimed $469,045 for the mandated program. Our audit found that $441,793 is allowable and $27,252 is unallowable. The costs are unallowable primarily because the district claimed unsupported and unallowable initial truancy notifications. The State paid the district $32,506. The State will pay allowable costs claimed that exceed the amount paid, totaling $409,287, 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 (Commission)) determined that Chapter 498, Statutes of 1983, imposed a State mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the State mandate and define the reimbursement criteria. The Commission adopted parameters and guidelines on August 27, 1987. The Commission 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.

Objectives, 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, 2009, 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, Sacramento City Unified School District claimed $469,045 for costs of the Notification of Truancy Program. Our audit found that $441,793 is allowable and $27,252 is unallowable.

The State paid the district $32,506. Our audit found that $441,793 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $409,287, contingent upon available appropriations.

Views of Responsible Officials

We discussed our audit results with the district's representative during an exit conference conducted on October 7, 2015. Gerardo Castillo, Chief Business Officer, agreed with the audit results. Mr. Castillo 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 Sacramento City Unified School District, the Sacramento County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

December 1, 2015

Schedule—
Summary of Program Costs
July 1, 2009, through June 30, 2012

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference [1]
July 1, 2009, through June 30, 2010				
Number of initial truancy notifications	9,261	7,736	(1,525)	Findings 1, 2
Uniform cost allowance	× $17.87	× $17.87	× $17.87	
Total program costs [3]	$ 165,494	$ 138,242	$ (27,252)	
Less amount paid by the State		(32,506)		
Allowable costs claimed in excess of (less than) amount paid		$ 105,736		
July 1, 2010, through June 30, 2011				
Number of initial truancy notifications	8,649	9,872	1,223	Findings 1, 2
Uniform cost allowance	× $18.29	× $18.29	× $18.29	
Subtotal	$ 158,190	$ 180,559	$ 22,369	
Less allowable costs that exceed costs claimed [2]		(22,369)	(22,369)	
Total program costs [3]		$ 158,190	$ -	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 158,190		
July 1, 2011, through June 30, 2012				
Number of initial truancy notifications	7,687	13,427	5,740	Findings 1, 2
Uniform cost allowance	× $18.91	× $18.91	× $18.91	
Subtotal	$ 145,361	$ 253,905	$ 108,544	
Less allowable costs that exceed costs claimed [2]		(108,544)	(108,544)	
Total program costs [3]		$ 145,361	$ -	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		$ 145,361		
Summary: July 1, 2009, through June 30, 2012				
Subtotal of program costs	$ 469,045	$ 572,706	$ 103,661	
Less allowable costs that exceed costs claimed [2]	-	(130,913)	(130,913)	
Total program costs [3]	$ 469,045	441,793	$ (27,252)	
Less amount paid by the State		(32,506)		
Allowable costs claimed in excess of (less than) amount paid		$ 409,287		

[1] See the Findings and Recommendations section.

[2] Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2010-11 and FY 2011-12.

[3] Calculation differences due to rounding.

Findings and Recommendations

FINDING 1—
Unsupported and unallowable initial truancy notifications

The district understated its claimed costs by the net amount of $166,290 for the audit period (understated by $281,390 and overstated by $115,100). Costs were understated because the district understated the total number of initial truancy notifications distributed for each year of the audit period. Costs were overstated because the district claimed costs for unallowable initial truancy notifications.

For each fiscal year, the district provided a list taken from its attendance accounting systems of students for whom the district distributed initial truancy notifications. The number of notifications documented exceeded the number of initial truancy notifications claimed (1,382 for FY 2009-10; 3,554 for FY 2010-11; and 10,137 for FY 2011-12).

In addition, the district's list of truancy notifications also contained notifications distributed for students who appeared two or more times in the district's attendance records (duplicate notifications), which are unallowable under the mandated program.

The following table summarizes the audit adjustment:

	Fiscal Year			
	2009-10	2010-11	2011-12	Total
Number of notifications documented	10,643	12,203	17,824	
Less number of notifications claimed	(9,261)	(8,649)	(7,687)	
Understated notifications exceeding claimed notifications	1,382	3,554	10,137	
Uniform cost allowance	x $17.87	x $18.29	x $18.91	
Audit adjustment	$ 24,696	$ 65,003	$ 191,691	$ 281,390
Less: Duplicate notifications	(2,413)	(1,574)	(2,284)	
Uniform cost allowance	x $17.87	x $18.29	x $18.91	
Audit adjustment	$ (43,120)	$ (28,789)	$ (43,191)	$ (115,100)
Total audit adjustment [1]	$ (18,424)	$ 36,214	$ 148,500	$ 166,290

[1] Calculation differences due to rounding

The program's parameters and guidelines require the district to provide documentation that shows the total number of initial truancy notifications distributed. The mandated program reimburses claimants based on a uniform cost allowance, and the number of allowable and reimbursable notifications documented.

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 the number of allowable initial truancy notifications that its records support. We also recommend that the district exclude from this count any duplicate notifications.

FINDING 2—
Non-reimbursable initial truancy notifications

The district claimed non-reimbursable initial truancy notifications totaling $62,629. The district claimed initial truancy notifications that it distributed for students who did not accumulate the required number of unexcused absences or tardiness occurrences 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. The district accounts for student attendance differently depending on the student's grade level. Therefore, we stratified students into two groups for each year: those students subject to daily attendance accounting and those subject to period attendance accounting. We selected our samples from the lists of students that the district provided, which were taken from its online attendance accounting systems.

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 six and 18.
- Students accumulated fewer than three unexcused absences or tardiness occurrences in total.
- Unallowable notifications distributed to charter school students were not eliminated from the student population used to select our sample.

The following table summarizes the non-reimbursable initial truancy notifications identified in our statistical samples:

	Fiscal Year		
	2009-10	2010-11	2011-12
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Daily attendance accounting:			
Fewer than three total	(11)	(9)	(22)
Unallowable charter school students	(3)	(6)	(4)
Non-reimbursable initial truancy notifications, daily attendance accounting	(14)	(15)	(26)
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Period attendance accounting:			
Fewer than three while between ages six and 18	(3)	(4)	(4)
Fewer than three total	(3)	(2)	(9)
Non-reimbursable initial truancy notifications, period attendance accounting	(6)	(6)	(13)

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified for each group sampled:

	Fiscal Year			
	2009-10	2010-11	2011-12	Total
Daily attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(14)	(15)	(26)	
Statistical sample size	÷ 142	÷ 146	÷ 147	
Unallowable percentage	(9.86)%	(10.27)%	(17.69)%	
Population sampled	x 2,721	x 5,201	x 8,353	
Extrapolated number of unallowable initial truancy notifications	(268)	(534)	(1,478)	
Uniform cost allowance	x $17.87	x $18.29	x $18.91	
Audit adjustment, daily attendance accounting (A)	$ (4,789)	$ (9,767)	$ (27,949)	$ (42,505)
Period attendance accounting:				
Number of unallowable initial truancy notifications from statistical sample	(6)	(6)	(13)	
Statistical sample size	÷ 146	÷ 146	÷ 147	
Unallowable percentage	(4.11)%	(4.11)%	(8.84)%	
Population sampled	x 5,509	x 5,428	x 7,187	
Extrapolated number of unallowable initial truancy notifications	(226)	(223)	(635)	
Uniform cost allowance	x $17.87	x $18.29	x $18.91	
Audit adjustment, period attendance accounting (B) [1]	$ (4,039)	$ (4,078)	$ (12,007)	(20,124)
Total audit adjustment ((A) + (B))	$ (8,828)	$ (13,845)	$ (39,956)	$ (62,629)

[1] Calculation differences due to rounding

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

> Any pupil *subject to compulsory full-time or to compulsory continuation education* [emphasis added] who is absent form school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [*sic*] without a valid excuse on three occasions in one school year, or any combination thereof, is truant.

The parameters and guidelines (section 1 – Background 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 whose attendance records show that the students accumulated the minimum number of unexcused absences or tardiness occurrences to be classified as truant pursuant to the Education Code and the program's parameters and guidelines.

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