

JURUPA UNIFIED SCHOOL DISTRICT

Audit Report

EMERGENCY PROCEDURES, EARTHQUAKE PROCEDURES, AND DISASTERS PROGRAM

Chapter 1659, Statutes of 1984

July 1, 2001, through June 30, 2003



JOHN CHIANG
California State Controller

January 2007



JOHN CHIANG
California State Controller

January 31, 2007

Elliott Duchon, Superintendent
Jurupa Unified School District
4850 Pedley Road
Riverside, CA 92509

Dear Mr. Duchon:

The State Controller's Office audited the costs claimed by the Jurupa Unified School District for the legislatively mandated Emergency Procedures, Earthquake Procedures, and Disasters Program (Chapter 1659, Statutes of 1984) for the period of July 1, 2001, through June 30, 2003.

The district claimed and was paid \$292,095 for the mandated program. Our audit disclosed that \$3,197 is allowable and \$288,898 is unallowable. The unallowable costs occurred primarily because the district claimed costs that were not supported with adequate documentation. The district should return \$288,898 to the State.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

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

Sincerely,

Original signed by:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/ams

cc: Pam Lauzon

Assistant Superintendent of Business Services
Jurupa Unified School District

Beth Connors

Director of Fiscal Services
Jurupa Unified School District

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Jurupa Unified School District for the legislatively mandated Emergency Procedures, Earthquake Procedures, and Disasters Program (Chapter 1659, Statutes of 1984) for the period of July 1, 2001, through June 30, 2003. The last day of fieldwork was June 8, 2006.

The district claimed and was paid \$292,095 for the mandated program. Our audit disclosed that \$3,197 is allowable and \$288,898 is unallowable. The unallowable costs occurred primarily because the district claimed costs that were not supported with adequate documentation. The district should return \$288,898 to the State.

Background

Chapter 1659, Statutes of 1984, added and amended *Education Code* Sections 35295, 35296, 35297, 40041.5, and 40042. The law requires each school district and county superintendent of schools to establish an earthquake emergency procedure in each school building under its jurisdiction. In addition, the law requires that school districts allow public agencies to use school buildings, grounds, and equipment for mass care and welfare shelters during disasters or other emergencies affecting public health and welfare. This law further eliminated school districts' authority to recover direct costs from public agencies that use school facilities during local emergencies.

On July 23, 1987, the Commission on State Mandates (COSM) determined that Chapter 1659, Statutes of 1984, imposed a state mandate reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on March 23, 1989 (last amended on May 29, 2003). In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Emergency Procedures, Earthquake Procedures, and Disasters Program for the period of July 1, 2001, through June 30, 2003.

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 the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for

reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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, the Jurupa Unified School District claimed \$292,095 for costs of the Emergency Procedures, Earthquake Procedures, and Disasters Program. Our audit disclosed that \$3,197 is allowable and \$288,898 is unallowable.

For fiscal year (FY) 2001-02, the State paid the district \$153,651. Our audit disclosed that \$3,197 is allowable. The district should return \$150,454 to the State.

For FY 2002-03, the State paid the district \$138,444. Our audit disclosed that all of the costs claimed are unallowable. The district should return the entire amount to the State.

Views of Responsible Officials

We issued a draft audit report on November 9, 2006. Pam Lauzon, Assistant Superintendent of Business Services, responded by letter received on December 7, 2006, (Attachment) disagreeing with 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 Jurupa Unified School District, the Riverside 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

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2003**

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustment | Reference ¹ |
|--|-------------------------|------------------------|---------------------|------------------------|
| <u>July 1, 2001, through June 30, 2002</u> | | | | |
| Salaries and benefits | \$ 146,112 | \$ 3,040 | \$ (143,072) | Findings 1, 2 |
| Indirect costs | 7,539 | 157 | (7,382) | Findings 1, 2 |
| Total program costs | <u>\$ 153,651</u> | 3,197 | <u>\$ (150,454)</u> | |
| Less amount paid by the State | | <u>(153,651)</u> | | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (150,454)</u> | | |
| <u>July 1, 2002, through June 30, 2003</u> | | | | |
| Salaries and benefits | \$ 134,307 | \$ — | \$ (134,307) | Findings 1, 2, 3 |
| Indirect costs | 4,137 | — | (4,137) | Findings 1, 2, 3 |
| Total program costs | <u>\$ 138,444</u> | — | <u>\$ (138,444)</u> | |
| Less amount paid by the State | | <u>(138,444)</u> | | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (138,444)</u> | | |
| <u>Summary: July 1, 2001, through June 30, 2003</u> | | | | |
| Salaries and benefits | \$ 280,419 | \$ 3,040 | \$ (277,379) | Findings 1, 2, 3 |
| Indirect costs | 11,676 | 157 | (11,519) | Findings 1, 2, 3 |
| Total program costs | <u>\$ 292,095</u> | 3,197 | <u>\$ (288,898)</u> | |
| Less amount paid by the State | | <u>(292,095)</u> | | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ (288,898)</u> | | |

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salary and benefit costs, and related indirect costs

The district claimed unallowable salary and benefit costs totaling \$275,743 for the audit period. The related indirect costs total \$11,453. The unallowable costs occurred because the district did not support costs claimed with adequate source documentation.

Updating System/Training Preparation

The district claimed salary and benefit costs totaling \$24,934 for updating the earthquake emergency system and for training preparation. The entire amount is unallowable. The district did not provide any documentation to support \$2,076 of costs claimed. The district supported the remaining unallowable costs with employee certifications. The district did not have adequate source documentation to corroborate the dates, activities, and mandate-related time that employees identified on the certifications.

We interviewed school site representatives from 5 of the district's 25 school sites. Regarding the time claimed for updating the earthquake emergency system, school representatives stated that it was an estimated time spent updating their school's Safe School Safety Plan, of which earthquake preparedness is a small part. The representatives did not have any documentation to support actual time spent updating the earthquake-related portion of the safety plan.

One representative stated that she was recently instructed to add activity dates to the certification. She stated that the time spent to update the Safe School Safety Plan extended over a period of time, but she entered only one date on the certification, as the consultant instructed. The district's consultant asked a second representative to sign and date a certification that already indicated the hours worked for each activity. A third representative stated that the employee certification did not necessarily reflect the actual dates when mandated activities were performed.

Employee Training

The district claimed unallowable salary and benefit costs totaling \$250,809 for employee training. The district did not provide any documentation to support \$21,156 of costs claimed. The district initially supported the remaining unallowable costs with employee certifications. The certifications indicate that all school site employees attended two hours of training. The district attached a list of school site employees to each certification. District representatives stated that the two hours claimed consisted of two earthquake drills, lasting one hour each, conducted each year. However, some school site representatives testified that the time claimed represented time spent for both earthquake drills and pre-drill meetings.

Subsequently, the district submitted additional documentation to corroborate the employee certifications. However, the additional documentation was inadequate to corroborate the dates, activities, and mandate-related time that employees identified on the certifications. In addition, the district claimed salary and benefit costs for teachers who

participated in earthquake drills; however, these costs are not reimbursable under the mandated program. The district's documentation was inadequate for one or more of the following reasons.

- The district provided disaster drill reports that either identified actual time of less than one hour for earthquake drills or did not identify actual time spent.
- The district provided documentation that was informational and had no correlation to claimed costs.
- Meeting documentation did not identify the amount of time spent on mandate-related activities or those employees who attended the meetings.
- The meeting topics that employees discussed were not mandate-related.
- Activities documented occurred outside of the audit period.

For non-instructional employees, we allowed actual time spent participating in earthquake drills based on the disaster drill reports provided. The following table summarizes the audit adjustment.

| | Fiscal Year | | Total |
|---------------------------------------|---------------------|---------------------|---------------------|
| | 2001-02 | 2002-03 | |
| Updating system/training preparation: | | | |
| Unsupported | \$ — | \$ (2,076) | \$ (2,076) |
| Supported by employee certification | (11,182) | (11,676) | (22,858) |
| Subtotal | (11,182) | (13,752) | (24,934) |
| Employee training: | | | |
| Unsupported | (15,633) | (5,523) | (21,156) |
| Supported by employee certification | (115,481) | (114,172) | (229,653) |
| Subtotal | (131,114) | (119,695) | (250,809) |
| Total salary and benefit costs | (142,296) | (133,447) | (275,743) |
| Indirect costs | (7,342) | (4,111) | (11,453) |
| Audit adjustment | <u>\$ (149,638)</u> | <u>\$ (137,558)</u> | <u>\$ (287,196)</u> |

Parameters and Guidelines states:

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

Evidence corroborating the source documents may include [declarations] . . . However, corroborating documents cannot be substituted for source documents.

In addition, *Parameters and Guidelines* requires the district to describe the specific reimbursable activities performed and report the hours devoted to each reimbursable activity. For each training class claimed, districts must identify the course title, subject, purpose, date, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro rata portion may be claimed. Furthermore, *Parameters and Guidelines* states that in-classroom teacher time spent instructing students on the earthquake emergency procedure system is not reimbursable.

Recommendation

We recommend that the district maintain adequate documentation to support costs claimed in accordance with *Parameters and Guidelines*.

District's Response

At the time of the audit the district was asked to provide documentation of the time spent to train staff on the emergency procedures. The district then submitted signed affidavits certifying the time spent under the penalty of perjury. It is an incorrect conclusion on the part of the auditors to deny these certifications since the staff reviewed the items carefully and then rendered their certifications accordingly.

The district will be filing an incorrect reduction claim in the near future to address this issue.

SCO's Comment

Our finding and recommendation are unchanged. The district did not submit any additional documentation to support costs claimed. Although the district states that "staff reviewed the items carefully" before rendering certifications, the district did not identify or provide the items it said were reviewed. Furthermore, the district's response did not address various issues noted in the audit finding, including the following.

- Costs claimed for which the district provided no supporting documentation.
- Documentation that did not corroborate the dates, activities, and mandate-related time that employees identified on the certifications.
- District employees' testimony indicating that time reported on employee certifications was estimated and included non-mandate-related activities.
- Non-reimbursable costs claimed for teachers who participated in earthquake drills.
- Documentation supporting actual time that was less than the time that employees claimed.

**FINDING 2—
Claimed costs funded
from restricted fund
sources**

The district claimed unallowable salary and benefit costs totaling \$20,027. Of this amount, \$18,926 was unallowable in Finding 1. This finding reports the remaining \$1,101 as unallowable. The related indirect costs total \$50.

The district claimed salary and benefit costs for five job classifications that were funded from restricted fund sources. The job classifications are Cafeteria Manager/Assistant, Mechanics, Resource Specialists, Bilingual Language Tutors, and Instructional Aides. The following table summarizes the audit adjustment.

| | Fiscal Year | | Total |
|--------------------------|-----------------|-----------------|-------------------|
| | 2001-02 | 2002-03 | |
| Salary and benefit costs | \$ (776) | \$ (325) | \$ (1,101) |
| Indirect costs | (40) | (10) | (50) |
| Audit adjustment | <u>\$ (816)</u> | <u>\$ (335)</u> | <u>\$ (1,151)</u> |

Parameters and Guidelines states that “reimbursement for this mandate 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 exclude from costs claimed those costs that are funded from restricted fund sources.

District’s Response

The district did not respond to this audit finding.

**FINDING 3—
Unsupported hourly
rates claimed**

The district claimed unallowable salary and benefit costs totaling \$134,307 for FY 2002-03. Of this amount, \$133,772 was unallowable in Findings 1 and 2. This finding reports the remaining \$535 as unallowable. The related indirect costs total \$16. The district did not provide documentation to support the productive hourly rates claimed in FY 2002-03.

The district claimed FY 2002-03 salary and benefit costs by using an average productive hourly rate for various employee classifications. The district did not provide documentation to support the average productive hourly rates. The district’s consultant explained that she calculated FY 2002-03 average productive hourly rates by sampling employees and calculating an average for each classification. However, the district did not identify the employees sampled or the sampling methodology, did not show that the sample and resulting calculations were statistically valid, and did not provide any documentation to support the sampled employees’ productive hourly rates.

Parameters and Guidelines states that only actual costs may be claimed. Actual costs must be traceable and supported by source documents that show the validity of such costs.

Recommendation

We recommend that the district maintain adequate documentation to support productive hourly rates claimed in accordance with *Parameters and Guidelines*.

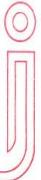
District's Response

The district did not respond to this audit finding.

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

JURUPA UNIFIED SCHOOL DISTRICT

EDUCATION CENTER 4850 Pedley Road Riverside, CA 92509 (951) 360-4100



BOARD OF EDUCATION Carl E. Harris, President Michael A. Rodriguez, Clerk Mary L. Burns John J. Chavez Sam D. Knight
SUPERINTENDENT Elliott Duchon

Jeffrey V. Brownfield
Chief, Division of Audits
California State Controller
PO Box 942850
Sacramento, CA 92450-5874

After careful review of the audit findings provided by your office we would like to address the accuracy of these findings as presented.

At the time of the audit the district was asked to provide documentation of the time spent to train staff on the emergency procedures. The district then submitted signed affidavits certifying the time spent under the penalty of perjury. It is an incorrect conclusion on the part of the auditors to deny these certifications since the staff reviewed the items carefully and then rendered their certifications accordingly.

The district will be filing an incorrect reduction claim in the near future to address this issue.

Respectfully yours,

Pam Lauzon
Assistant Superintendent of Business Services

**State Controller's Office
Division of Audits
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<http://www.sco.ca.gov>