

EAST SIDE UNION HIGH SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 2003, through June 30, 2007



JOHN CHIANG
California State Controller

February 2009



JOHN CHIANG
California State Controller

February 13, 2009

Patricia Martinez-Roach, President
Board of Trustees
East Side Union High School District
830 North Capitol Avenue
San Jose, CA 95133

Dear Ms. Martinez-Roach:

The State Controller's Office audited the costs claimed by the East Side Union High School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2003, through June 30, 2007.

The district claimed \$865,273 for the mandated program. Our audit disclosed that \$839,615 is allowable and \$25,658 is unallowable. The costs are unallowable because the district claimed unsupported and ineligible notification of truancy cases. The State paid the district \$376,110. Allowable costs claimed exceed the amount paid by \$463,505.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Bob Nunez, Superintendent
 East Side Union High School District
Jerry Kurr, Associate Superintendent
 East Side Union High School District
Charles Weis, Santa Clara County Superintendent of Schools
 Santa Clara County Office of Education
Scott Hannan, Director
 School Fiscal Services Division
 California Department of Education
Carol Bingham, Director
 Fiscal Policy Division
 California Department of Education
Arlene Matsuura, Education Fiscal Services Consultant
 School Fiscal Services Division
 California Department of Education
Jeannie Oropeza, Program Budget Manager
 Education Systems Unit
 Department of Finance

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	2
Views of Responsible Official	3
Restricted Use	3
Schedule 1—Summary of Program Costs.....	4
Findings and Recommendations	5
Attachment—District’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the East Side Union High School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2003, through June 30, 2007.

The district claimed \$865,273 for the mandated program. Our audit disclosed that \$839,615 is allowable and \$25,658 is unallowable. The costs are unallowable because the district claimed unsupported and ineligible notification of truancy cases. The State paid the district \$376,110. Allowable costs claimed exceed the amount paid by \$463,505.

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. Education Code section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [CSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987.

On February 23, 2007, Assembly Bill 1698 (Chapter 60, Statutes of 2007) directed the CSM to amend the parameters and guidelines by January 31, 2008, regarding the definition of a truant and the elements included in the initial truancy notification to conform to Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995. The CSM adopted amended parameters and guidelines on January 31, 2008, effective for FY 2006-07.

Education Code section 48260.5 (as amended by Chapter 1023, Statutes of 1994), requires 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.

Education Code section 48260 (amended by Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, and renumbered from section 48260) states 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.

In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2003, through June 30, 2007.

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

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

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

For the audit period, the East Side Union High School District claimed \$865,273 for costs of the Notification of Truancy Program. Our audit disclosed that \$839,615 is allowable and \$25,658 is unallowable.

For the fiscal year (FY) 2003-04 claim, the State paid the district \$172,621. Our audit disclosed that \$159,835 is allowable. The State will offset \$12,786 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2004-05 claim, the State paid the district \$180,970. Our audit disclosed that the entire amount is allowable.

For the FY 2005-06 claim, the State made no payment to the district. Our audit disclosed that \$252,168 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$252,168, contingent upon available appropriations.

For the FY 2006-07 claim, the State paid the district \$22,519. Our audit disclosed that \$246,642 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$224,123, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on December 11, 2008. Jerry Kurr, Associate Superintendent, responded by letter dated January 12, 2009 (Attachment), agreeing 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 East Side Union High School District, the Santa Clara 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

February 13, 2009

**Schedule 1—
Summary of Program Costs
July 1, 2003, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Number of truancy notifications	12,637	11,701	(936)	Finding 1, 2
Uniform cost allowance	× \$ 13.66	× \$ 13.66	× \$ 13.66	
Total program costs	<u>\$ 172,621</u>	\$ 159,835	<u>\$ (12,786)</u>	
Less amount paid by the State		<u>(172,621)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (12,786)</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Number of truancy notifications	12,673	12,673	—	
Unit cost per initial notifications	× \$ 14.28	× \$ 14.28	—	
Total program costs	<u>\$ 180,970</u>	180,970	<u>\$ —</u>	
Less amount paid by the State		<u>(180,970)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Number of truancy notifications	16,227	16,227	—	
Unit cost per initial notifications	× \$ 15.54	× \$ 15.54	—	
Total program costs	<u>\$ 252,168</u>	\$ 252,168	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 252,168</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Number of truancy notifications	16,069	15,272	(797)	Finding 1, 2
Unit cost per initial notifications	× \$ 16.15	× \$ 16.15	× \$ 16.15	
Total program costs	<u>\$ 259,514</u>	\$ 246,642	<u>\$ (12,872)</u>	
Less amount paid by the State		<u>(22,519)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 224,123</u>		
<u>Summary: July 1, 2003, through June 30, 2007</u>				
Total program costs	<u>\$ 865,273</u>	\$ 839,615	<u>\$ (25,658)</u>	
Less amount paid by the State		<u>(376,110)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 463,505</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Unsupported number
of initial truanancies**

The district claimed \$19,397 in unsupported initial truancy notification costs for the audit period.

The district’s attendance records did not support the number of initial truancy notification forms that the district reported on its mandated claims. The district overstated the initial truancy notifications by 856 for fiscal year (FY) 2003-04 and by 477 for FY 2006-07.

We reviewed all truanancies claimed. The district claimed 12,637 truanancies for FY 2003-04 and 16,069 for FY 2006-07. However, the district records supported only 11,781 and 15,592, respectively.

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

	Fiscal Year		Total
	2003-04	2006-07	
Number of initial truancy notifications supported by district records	11,781	15,592	
Less initial truancy notifications claimed	<u>(12,637)</u>	<u>(16,069)</u>	
Unsupported initial truancy notifications	(856)	(477)	
Uniform cost allowance	× \$13.66	× \$16.15	
Audit adjustment	<u>\$ (11,693)</u>	<u>\$ (7,704)</u>	<u>\$ (19,397)</u>

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

Recommendation

We recommend that the district ensure that its records support the number of initial truancy notifications claimed. In addition, we recommend that the district maintain supporting documentation as required by the parameters and guidelines.

District’s Response

The district agreed with the finding.

**FINDING 2—
Ineligible truancy
notifications claimed**

The district claimed \$6,261 in ineligible truancy notification costs for FY 2003-04 and FY 2006-07. The district claimed ineligible initial truancy notifications for students who accumulated less than the required number of unexcused absences or tardies to be classified as truant under the mandated program.

We measured the error rate through statistical sampling. We selected a statistical sample for each fiscal year from the total population of truancy cases based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sampling so that the results could be projected to the total truancy population. We reviewed a random sample of 148 and 149 truanies for FY 2003-04 and FY 2006-07, respectively, of which one for FY 2003-04 and three for FY 2006-07 were ineligible truanies. The truanies were ineligible because the students did not have the required number of unexcused absences or tardies to be classified as truant.

The following table summarizes the audit adjustment:

	Fiscal Year		Total
	2003-04	2006-07	
Number of ineligible initial truancy notifications	(1)	(3)	
Sample size	÷ 148	÷ 149	
Percentage of ineligible initial truancy notifications Population	(0.68)% × 11,781	(2.05)% × 15,592	
Projected ineligible initial truancy notifications	<u>(80)</u>	<u>(320)</u>	
Ineligible number of truancy notifications	(80)	(320)	
Uniform cost allowance	× \$13.66	× \$16.15	
Audit adjustment	<u>\$ (1,093)</u>	<u>\$ (5,168)</u>	<u>\$ (6,261)</u>

For FY 2003-04, the parameters and guidelines state that a truancy occurs when a student is absent from school without valid excuse more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year. However, the parameters and guidelines were amended for FY 2006-07 to state that a truancy occurs when a student is absent from school without a valid excuse three full days in one school year, or is tardy or absent without valid excuse for more than any 30 minute period during the school day on three occasions in one school year, or any combination thereof.

Recommendation

We recommend that the district claim initial truancy notifications only for those students who meet the truancy definition provided in the parameters and guidelines.

District’s Response

The district agreed with the finding.

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



East Side Union High School District

830 North Capitol Avenue • San José, California 95133-1316 • 408-347-5000

Academic, personal and social success for each and every student.

Bob Nuñez, Superintendent

January 12, 2009

Jim L. Spano
Chief, Mandated Cost Audits Bureau
California State Controller's Office
P.O. Box 942850
Sacramento, Ca 94250-5874

Dear Mr. Spano,

This letter is to confirm that we agree to the findings stated on your certified letter received dated December 17, 2008. The letter for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2003 through June 30, 2007.

We will follow your recommendation to ensure maintaining supporting documentation as required by the parameters and guidelines. Only claiming initial truancy notification for those students who meet the truancy definition provided in the parameter and guidelines.

Thank you.

Sincerely,

Jerry Kurr
Associate Superintendent of
Administration and Business Services

cc: George Sanchez, Administrator of Student Services, ESUHSD
Jeffrey V. Brownfield, Chief, Division of Audits, State Controller's Office

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

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