



JOHN CHIANG
California State Controller

February 7, 2014

Terry L. Walker, Superintendent of Schools
Irvine Unified School District
5050 Barranca Parkway
Irvine, CA 92604

Dear Mr. Walker:

The State Controller's Office reviewed the costs claimed by the Irvine Unified School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 2003, through June 30, 2004. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to ensuring that the California Department of Education STAR Program apportionment was properly offset.

The district claimed \$125,933 for the mandated program. Our review found that \$95,771 is allowable and \$30,162 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and the Finding and Recommendation. The State paid the district \$102,162 from funds appropriated under Chapter 724, Statutes of 2010. The State will apply \$6,391 against any balances of unpaid mandated program claims due the district as of October 19, 2010.

We informed Susana Lopez, Director of Fiscal Services, of the review finding via email on January 13, 2014. We did not receive a response from the district.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). 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 the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

Attachments

RE: S14-MCC-946

cc: John Fogarty, Assistant Superintendent, Business Services
Irvine Unified School District
Susana Lopez, Director of Fiscal Services
Irvine Unified School District
Laurie Serich-Lundquist, Assistant Director of Fiscal Services
Irvine Unified School District
Wendy Benkert, Ed.D., Associate Superintendent of Business Services
Orange County Department of Education
Peter Foggato, Director
School Fiscal Services Division
California Department of Education
Carol Bingham, Senior Fiscal Policy Advisor
Government Affairs Division
California Department of Education
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

**Attachment 1—
Summary of Program Costs
July 1, 2003, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits:			
Training, policies, and procedures	\$ 4,064	\$ 4,064	\$ —
Test materials, supplies, and equipment	54	54	—
Pre-test and post-test coordination	67,200	67,200	—
Test administration	19,908	19,908	—
Reporting and recordkeeping	12,341	12,341	—
Total salaries and benefits	103,567	103,567	—
Materials and supplies:			
Reporting and recordkeeping	7,689	7,689	—
Total materials and supplies	7,689	7,689	—
Contract services:			
Training, policies, and procedures	16	16	—
Pre-test and post-test coordination	8,655	8,655	—
Test administration	299	299	—
Total contract services	8,970	8,970	—
Total direct costs	120,226	120,226	—
Indirect costs	5,707	5,707	—
Total direct and indirect costs	125,933	125,933	—
Less offsetting reimbursements	—	(30,162)	(30,162)
Total program costs	\$ 125,933	95,771	\$ (30,162)
Less amount paid by the State ²		(102,162)	
Allowable costs claimed in excess of (less than) amount paid		\$ (6,391)	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 2003, through June 30, 2004

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$30,162, because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionment received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, imposed a state mandate upon school districts reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration under Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program the "National Norm-Referenced Achievement Test" effective July 1, 2004. This latter program has been suspended since September 30, 2008.

The parameters and guidelines for the STAR Program (section VII. Offsetting Savings and Reimbursements) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$50,170 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentage, which is based on test results published on the CDE STAR website. The district administered the following STAR tests during the review period:

California Standards Test (CST); California Achievement Test, Sixth Edition Survey (CAT/6); Spanish Assessment of Basic Education, Second Edition (SABE/2); and the California Alternate Performance Assessment (CAPA). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentage is 60.12% for fiscal year 2003-04.

The following table summarizes the unreported offsetting reimbursement calculation for the review period:

	<u>Fiscal Year 2003-04</u>
STAR Program Apportionment:	
CDE apportionment	\$ (50,170)
Mandate-related percentage	x <u>60.12%</u>
Mandate-related apportionment	(30,162)
Less offset CDE apportionment	<u>—</u>
Review adjustment	<u><u>\$ (30,162)</u></u>

Recommendation

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