

RIVERSIDE UNIFIED SCHOOL DISTRICT

Revised Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 2000, through June 30, 2002



JOHN CHIANG
California State Controller

April 2013



JOHN CHIANG
California State Controller

April 8, 2013

Gayle Cloud, President
Board of Education
Riverside Unified School District
3380 14th Street
Riverside, CA 92501

Dear Mrs. Cloud:

The State Controller's Office (SCO) audited the claims filed by Riverside Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2000, through June 30, 2002.

This revised final report supersedes our previous revised final report, issued February 5, 2010. We revised Finding 2 of the final report to allow a prorated amount of the unit cost allowance for noncompliant initial truancy notifications distributed in fiscal year (FY) 2000-01 that did not contain all five elements required by the parameters and guidelines. This revision increased allowable costs for FY 2000-01 from \$0 to \$112,854.

The district claimed \$399,535 for the mandated program. Our audit found that \$214,107 is allowable and \$185,428 is unallowable. The unallowable costs resulted from the district overclaiming the number of reimbursable truancy notifications. The district was paid \$101,253. Allowable costs claimed exceed the amount paid by \$112,854.

The district previously filed an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM) on September 13, 2010. The district may file an amended IRC based on this revised final audit report. 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 CSM's website link at www.csm.ca.gov/docs/IRCForm.pdf.

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, CPA
Chief, Division of Audits

JVB/vb

cc: Richard L. Miller, Ph.D.
District Superintendent
Riverside Unified School District
Michael Fine
Deputy Superintendent
Riverside Unified School District
Kenneth M. Young, County Superintendent of Schools
Riverside County Office of Education
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Revised Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the Riverside Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2000, through June 30, 2002.

The district claimed \$399,535 for the mandated program. Our audit found that \$214,107 is allowable and \$185,428 is unallowable. The unallowable costs resulted from the district overclaiming the number of reimbursable truancy notifications. The district was paid \$101,253. The State will pay allowable costs claimed that exceed the amount paid, totaling \$112,854, contingent upon available appropriations.

Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) requires 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 (1) of the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and be subject to prosecution.

Additionally, the district must inform parents and guardians of (1) alternative educational programs available in the district and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. A truancy occurs when a student is absent from school without a valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year, according to Education Code section 48260. A student shall be initially classified as truant upon the fourth unexcused absence, after which the school must complete the requirements mandated in Education Code section 48260.5.

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. CSM adopted the parameters and guidelines on August 27, 1987, and last amended them on July 22, 1993. 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.

**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, 2000, through June 30, 2002.

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.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district did not submit a representation letter.

Conclusion

The audit found 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 Riverside Unified School District claimed \$399,535 for costs of the Notification of Truancy Program. Our audit found that \$214,107 is allowable and \$185,428 is unallowable.

For the fiscal year (FY) 2000-01 claim, the State made no payment to the district. Our audit found that \$112,854 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2001-02 claim, the State paid the district \$101,253. Our audit found that the entire amount is allowable.

**Views of
Responsible
Officials**

We issued a draft audit report on December 5, 2003. We did not receive a response to the draft audit report. We issued the initial final report on October 28, 2004.

First revised final audit report dated December 12, 2007

The district filed an incorrect reduction claim (IRC) with the Commission on State Mandates (CSM), on June 12, 2006, questioning our authority to audit the FY 1999-2000 claim because the statute of limitations for initiating an audit had expired. The SCO logged the district's claim on December 22, 2000. At that time, we had two years following the end of the calendar year in which the claim was filed to initiate an audit. Our audit, initiated in February 25, 2003, was not within the statutory period to initiate an audit. Therefore, the FY 1999-2000 audit adjustment of \$257,454 was removed and we issued the first revised final report on December 12, 2007.

Second revised final audit report dated February 5, 2010

The district filed a revised IRC with the CSM on August 26, 2008, questioning our application of sampling results to determine audit adjustments. We conducted a statistical sample on the total population of notifications claimed in each year of the audit period. Subsequently, we extrapolated the exception rate derived from the sample to determine unallowable notices.

The district correctly notes that the FY 2001-02 sample does not reflect the relative occurrence of trancies at different grade levels. We agree that attendance procedures for elementary and special education students differ from those for middle and high school students. Therefore, the 31.97% exception rate was incorrectly computed and does not accurately represent exceptions for both populations. We removed the adjustment totaling \$32,365 from Finding 2 of this revised final report.

However, for FY 2000-01, our sample results revealed that 100% of 149 tested notifications were unallowable. As the results identified exceptions for all notifications tested, we concluded that all notifications claimed for FY 2000-01 were unallowable. The audit adjustment remains unchanged from the prior revised audit report.

We advised Michael Fine, Deputy Superintendent, of the above revisions on December 29, 2009. In an email dated January 11, 2010, he concurred with the revisions that we made to Finding 2 of the audit report. We issued the second revised final audit report on February 5, 2010.

Third revised final audit report

The district filed a second revised IRC with the CSM on September 13, 2010, questioning the audit finding for FY 2000-01 as it pertained to notice content and documentation compliance for that year. As noted in the audit report, the two sample notifications provided by the district contained two of the five elements required by the parameters and guidelines. The district's Child Welfare and Attendance Office (CWA) oversaw the district's student attendance issues during FY 2000-01.

Notification forms made available by CWA that year for use by the district's thirty-eight school sites contained two of the five elements required by the parameters and guidelines. Therefore, we revised the final report herein to allow a prorated amount (40%) of the unit cost allowance for noncompliant initial truancy notifications distributed in FY 2000-01 that did not contain all five elements required by the parameters and guidelines. This revision increased allowable costs for FY 2000-01 from \$0 to \$112,854. We advised Michael Fine, Deputy Superintendent, of the above revisions via email on February 6, 2013, and again on February 28, 2013. Mr. Fine did not respond to the audit revisions.

Restricted Use

This report is solely for the information and use of the Riverside 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, CPA
Chief, Division of Audits

April 8, 2013

**Revised Schedule 1—
Summary of Program Costs
July 1, 2000, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2000, through June 30, 2001</u>				
Number of initial truancy notifications	23,258	22,163	(1,095)	Finding 1
Uniform cost allowance	× \$12.73	× \$12.73	× \$12.73	
Subtotal	\$ 296,074	\$ 282,135	\$ (13,939)	
Noncompliant initial truancy notifications	—	(169,281)	(169,281)	Finding 2
Total program costs	<u>\$ 296,074</u>	\$ 112,854	<u>\$ (183,220)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 112,854</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of truancy notifications	8,014	7,843	(171)	Finding 1
Uniform cost allowance	× \$12.91	× \$12.91	× \$12.91	
Total program costs	<u>\$ 103,461</u>	\$ 101,253	<u>\$ (2,208)</u>	
Less amount paid by the State		(101,253)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 2000, through June 30, 2002</u>				
Total program costs	<u>\$ 399,535</u>	\$ 214,107	<u>\$ (185,428)</u>	
Less amount paid by the State		(101,253)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 112,854</u>		

¹ See the Findings and Recommendations section.

Revised Findings and Recommendations

**FINDING 1—
Overclaimed
number of initial
truancies**

The district claimed \$16,147 during the audit period for 1,266 initial truancy notification forms distributed to pupils’ parents or guardians that were not supported by attendance records. The overclaimed number of initial truancy notifications resulted from mathematical errors when the district manually counted the students from student absence reports during the claim preparation process.

	Fiscal Year		Total
	2000-01	2001-02	
Number of truancy notifications supported by absence reports	22,163	7,843	
Less truancy notifications claimed	(23,258)	(8,014)	
Unallowable truancy notifications	(1,095)	(171)	<u>(1,266)</u>
Uniform cost allowance	× \$12.73	× \$12.91	
Audit adjustment	<u>\$ (13,939)</u>	<u>\$ (2,208)</u>	<u>\$ (16,147)</u>

Recommendation

We recommend that the district establish policies and procedures to ensure that it prepares claims that are free of mathematical errors.

District’s Response

The district did not respond to this finding.

**FINDING 2—
Unallowable costs
relating to initial
truancies**

The district claimed unallowable costs totaling \$169,281. The costs are unallowable because the district distributed initial truancy notifications in FY 2000-01 that did not contain all five items required by the parameters and guidelines.

Effective during FY 2000-01, the parameters and guidelines required that districts distribute initial truancy notification forms that notify parents or guardians of the following five items:

1. The pupil’s truancy.
2. The parent or guardian is obligated to compel the attendance of the pupil at school.
3. Parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with section 48290) of Chapter 2 of Part 27 of the Education Code.
4. Alternative educational programs are available in the district.
5. The parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil’s truancy.

The district distributed initial truancy notifications that did not include items two, three, and four listed above. Therefore, three-fifths (60%) of the unit cost allowance for each notification is unallowable.

The following table summarizes the audit adjustment:

	Fiscal Year 2000-01
Number of noncompliant initial truancy notifications	22,163
Uniform cost allowance	× \$12.73
Subtotal	282,135
Unallowable percentage	× (60.0)%
Audit adjustment	<u>\$ (169,281)</u>

We selected a random sample of 149 students from the total population of pupils claimed as truant for FY 2000-01. We reviewed attendance records for the sample of 149 pupils claimed as truant for FY 2000-01. None of the 149 sampled notifications were reimbursable. For two of the sampled notifications, the district was able to provide notification letters that documented that the student was truant and that the parent of the truant student could meet with district staff to discuss the truancy issue. These letters did not contain three of the required five elements. The remaining 147 sampled notifications were not supported by any documentation.

We also noted that in FY 2000-01, the process of sending out truancy notification letters was the responsibility of individual school sites. Our sample included truant students from 33 of the district's 42 school sites. Except for the two notifications noted above, individual notification letters were not retained for audit purposes. In addition, the individual school sites did not retain sample copies of the truancy letters that were distributed to parents or guardians of truant students.

During FY 2001-02, the process of distributing truancy notification letters was consolidated within the district's Pupil Services Office. The district was able to document that the notification letters distributed in FY 2001-02 contained the five elements that are required by the parameters and guidelines. However, for some of the notifications reviewed, the pupils did not have four or more truantries in the school year. We did not project the error to the population, as our sample selected was not appropriately stratified among students with different attendance procedures. We also did not adjust claimed cost for the sampled items as the adjustment was immaterial. Attendance procedures for elementary and special education students differ from those for middle and high school students.

The program's parameters and guidelines, as amended by the CSM on July 22, 1993, specify that school districts shall be reimbursed for identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents or guardians, and associated recordkeeping using a uniform cost allowance. The uniform cost allowance, which was \$10.21 per initial notification of truancy in FY 1992-93, is adjusted each subsequent year by the Implicit Price Deflator.

For the audit period, the parameters and guidelines state that a truancy occurs when a student is absent from school without valid excuse for *more* than three days or is tardy in excess of 30 minutes on each of more than three days in one school year. These parameters and guidelines allow the district to be reimbursed for claimed costs if the initial truancy notification forms distributed to pupils' parents or guardians contain the five specified elements. Education Code section 48260.5 was amended by Chapter 1023, Statutes of 1994, (effective January 1, 1995) to require three additional elements. However, since the parameters and guidelines have not been amended, the claimant continues to be reimbursed if it complies with the five specified elements required by the guidelines.

Effective July 1, 2006, the CSM adopted amended parameters and guidelines. The amended parameters and guidelines require the initial truancy notification form to contain eight specified elements and define a truancy as follows:

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

We recommend that the district claim initial truancy notification costs for only those students who accumulate three or more unexcused absences or tardiness occurrences between ages 6 and 18, in accordance with Education Code sections 48200 and 48260, subdivision (a).

District's Response

The district agreed with the removal of the FY 2001-02 adjustment as the statistical sampling was not representative. The district did not respond to the adjustment of FY 2000-01 costs for the district's omission of three of the five required elements in the initial truancy notifications.

SCO's Comment

Subsequent to the issuance of the second revised final audit report dated February 5, 2010, the district filed a second revised incorrect reduction claim on September 13, 2010, questioning the 100% audit adjustment for the district's failure to include only two of the three required elements in the initial truancy notifications. We concurred with the district and restated 40% of the costs as the initial truancy notifications contained two of the five required elements. As a result, the audit adjustment decreased by \$112,854, from \$282,135 to \$169,281.

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