

FRESNO COUNTY OFFICE OF EDUCATION

Audit Report

MIGRANT EDUCATION PROGRAM

July 1, 2013, through June 30, 2014



BETTY T. YEE
California State Controller

August 2016



BETTY T. YEE
California State Controller

August 19, 2016

Veronica Aguila, Director
California Department of Education
English Learner Support Division
Migrant Education Program
1430 N Street, Suite 2204
Sacramento, CA 95814-5901

Dear Ms. Aguila:

The State Controller's Office, pursuant to an Interagency Agreement with the California Department of Education, conducted an audit of the Fresno County Office of Education's (COE) Migrant Education Program (MEP) for the period of July 1, 2013, through June 30, 2014.

The purpose of the audit was to determine whether the Fresno COE complied with the United States Department of Education Office of Migrant Education's MEP requirements; specifically, that the Fresno COE maintains proper internal controls to ensure that the program-related costs were incurred for eligible and approved activities, and the accounts and records substantiate that the funds were expended for allowable activities.

We determined that the Fresno COE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable, approved activities. However, we determined that the Fresno COE did not fully comply with the California MEP Fiscal Handbook, 2007, as it misreported expenditures in the incorrect object codes, excluding them from calculation of indirect costs. We also determined that the Fresno COE did not fully comply with Title 34, *Code of Federal Regulations*, Part 80.36 and the California MEP Fiscal Handbook, 2007 when it sought procurement of its contracts.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by telephone at (916) 324-6310.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/lb

Attachment

cc: Jim Yovino, Superintendent
Fresno County Office of Education
Ruben Castillo, Administrator
Migrant Education Region IV
Fresno County Office of Education
Dr. Kathryn Catania, Deputy Superintendent
Educational Services
Fresno County Office of Education
Richard Martin, Deputy Superintendent
Business Services
Fresno County Office of Education
Kevin Chan, Director
Audits and Investigations Division
California Department of Education
Celina Torres, Education Administrator I
English Learner Support Division
California Department of Education

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Audit Report

Summary

The State Controller's Office (SCO) conducted an audit of the Fresno County Office of Education's (COE) Migrant Education Program (MEP) for the period of July 1, 2013, through June 30, 2014.

The purpose of the audit was to determine whether the Fresno COE complied with the United States Department of Education Office of Migrant Education's MEP requirements; specifically, that the Fresno COE maintains proper internal controls to ensure that program-related costs were incurred for eligible and approved costs, and that the accounts and records substantiate that the funds were expended for allowable activities.

We determined that the Fresno COE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable, approved activities. However, we determined that the Fresno COE did not fully comply with the California MEP Fiscal Handbook, 2007, as it misreported expenditures in the incorrect object codes, excluding them from calculation of indirect costs. We also determined that the Fresno COE did not fully comply with Title 34, *Code of Federal Regulations*, Part 80.36 (34 CFR 80.36) and the California MEP Fiscal Handbook, 2007, when it sought procurement of its contracts.

Background

The MEP is authorized under the federal "No Child Left Behind Act" and is funded by Title I, Part C, with the mission of providing supplementary services to ensure that migrant children meet the same academic standards that non-migrant children are expected to meet.

Funds support high-quality education programs for migrant children and help ensure that those children who relocate are not penalized in any manner by disparities among states in curriculum, graduation requirements, or state academic content and student academic achievement standards. Funds also ensure that migrant children are provided with appropriate education services (including supportive services) that address their special needs and that migrant students receive full and appropriate opportunities to meet the same state academic content and student academic achievement standards that non-migrant children are expected to meet. Federal funds are allocated by formula to state educational agencies, based on each state's per-pupil expenditure for education and counts of eligible migrant children, ages 3 through 21, residing within the state.

The allowable MEP efforts are identified, formulated, and developed in concert with the California Department of Education (CDE) and the State's 23 MEP regions/sub-grantees. The regions/sub-grantees include county offices of education and/or school districts. At the state level, the CDE also administers and monitors the federal pass-through funds for the MEP sub-grantees and recipients.

The Fresno COE provides, administers, and directly oversees 23 school districts, with 16 districts through District Service Agreements and seven districts through Memorandums of Understanding (MOU). These sub-recipient districts are responsible for directly providing and administering MEP services to their students and are subject to regional oversight. The Fresno COE also funds a consortium of school districts, typically with an enrollment of fewer than 200 migrant students, in which MEP services are provided through MOU. The Fresno COE and sub-recipient districts offer migrant instructional services to eligible migrant students through various extended day settings: after school instruction, Saturday school, summer school, etc. These services are offered to provide instructional support to meet the unique needs to migrant students.

The Office of Migrant Education conducted a review of the MEP program and issued the review in September 2011. The California State Auditor audited the administration of the federally-funded MEP administered by the CDE and issued its audit report in February 2013. The reviews did not identify any specific administrative oversight concerns of the region or its sub-recipients.

The CDE requested that the SCO assess administrative oversight efforts¹ and conduct this performance audit of the MEP sub-grantees.

The SCO's authority to conduct this audit is given by:

- Interagency Agreement No. CN 140308 effective February 1, 2015, between the SCO and the CDE, which provides that the SCO will conduct an independent management review of the CDE's administrative oversight efforts, including technical assistance provided to MEP sub-grantees, and an independent management review of MEP sub-grantee fiscal administrative and reporting practices over MEP funding.
- Government Code section 12410, which states, "The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment"

Objectives, Scope, and Methodology

The purpose of the audit was to determine whether the Fresno COE complied with the federal MEP requirements; specifically, that the Fresno COE maintains proper internal controls to ensure that its efforts and program-related costs were incurred for eligible and approved MEP program activities, and that accounting records and source documents substantiate that the MEP funds were expended for approved allowable activities for the audit period of July 1, 2013, through June 30, 2014.

¹ This assessment will be covered in a separate management letter to the CDE.

Audit methodologies included, but were not limited to the following:

- Reviewing applicable state and federal requirements related to the MEP, including the California MEP Fiscal Handbook, 2007;
- Reviewing prior audits and single audit reports, and written policies and procedures relating to the MEP;
- Reviewing the MEP regional application, and budget and quarterly expenditure reports;
- Conducting inquiries with personnel, and reviewing and assessing related internal controls; and
- Obtaining and reviewing supporting documentation to ensure that MEP expenditures for costs were necessary, reasonable, and allowable.

We conducted this performance audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. 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.

Conclusion

We determined that the Fresno COE maintained adequate internal controls to ensure its compliance with applicable federal and state laws and regulations, and that MEP funds were expended for allowable and approved activities. However, we determined that the Fresno COE did not fully comply with the California MEP Fiscal Handbook, 2007, as it misreported expenditures in the incorrect object codes, excluding them from calculation of indirect costs. We also determined that the Fresno COE did not fully comply with 34 CFR 80.36 and the California MEP Fiscal Handbook, 2007 when it sought procurement of its contracts.

Views of Responsible Officials

We issued a draft report on July 15, 2016, with four preliminary findings. Jim Yovino, Superintendent of Schools, Fresno County office of Education responded in a letter dated July 21, 2016, with additional documentation to resolve Draft Findings 1 and 3. Based on the follow-up documentation provided, we renumbered the final report with two findings remaining. The Fresno COE's response has been incorporated in this final report as an Attachment.

Restricted Use

This report is solely for the information and use of the Fresno COE, the United States Department of Education, the CDE, and the SCO. It is not intended to be and should not be used by anyone other than these specified parties. The 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

August 19, 2016

Schedule 1— Summary of Reported, Audited, and Questioned Costs July 1, 2013, through June 30, 2014 (includes 5th Quarter ¹)

| Object Code | Description | Reported/Audited Costs | Allowable Costs | Questioned Costs | Reference |
|--|--|---------------------------|---------------------|---------------------|-----------------------|
| Certificated Personnel Salaries | | | | | |
| 1100 | Teachers | \$ 675,850 | \$ 675,850 | \$ - | |
| 1200 | Pupil Support Services | 116,762 | 116,762 | - | |
| 1300 | Supervisor/Administrators | 735,108 | 735,108 | - | |
| 1900 | Other Certificated Salaries | 88,508 | 88,508 | - | |
| | Subtotal | \$ 1,616,228 | \$ 1,616,228 | \$ - | |
| Classified Salaries | | | | | |
| 2100 | Instructional Aides | \$ 386,560 | \$ 386,560 | \$ - | |
| 2200 | Support Services Salaries | 1,208,182 | 1,208,182 | - | |
| 2300 | Supervisor/Administrators | 138,813 | 138,813 | - | |
| 2400 | Clerical, Technical and Office Staff | 575,001 | 575,001 | - | |
| 2900 | Other Classified Salaries | 560,703 | 560,703 | - | |
| | Subtotal | \$ 2,869,259 | \$ 2,869,259 | \$ - | |
| Benefits | | | | | |
| 3000-3900 | Employee Benefits | \$ 1,506,120 | \$ 1,506,120 | \$ - | |
| | Subtotal | \$ 1,506,120 | \$ 1,506,120 | \$ - | |
| Books and Supplies | | | | | |
| 4100 | Textbooks Curricula Materials | \$ - | \$ - | \$ - | |
| 4200 | Books & Reference Materials | 3,938 | 3,938 | - | |
| 4300 | Materials & Supplies | 348,256 | 348,256 | - | |
| 4400 | Noncapitalized Equipment | 12,310 | 12,310 | - | |
| 4700 | Food | 4,250 | 4,250 | - | |
| | Subtotal | \$ 368,754 | \$ 368,754 | \$ - | |
| Services and Other Operating Expenditures | | | | | |
| 5100 | Subagreements for Services | \$ 73,255 | \$ 73,255 | \$ - | |
| 5200 | Travel & Conference | 180,258 | 180,258 | - | |
| 5300 | Dues & Memberships | - | - | - | |
| 5400 | Insurance | 5,926 | 5,926 | - | |
| 5500 | Operations & Housekeeping Services | 5,272 | 5,272 | - | |
| 5600 | Rentals, Leases, Repairs & Noncapitalized Improvements | 368,022 | 368,022 | - | |
| 5700 | Transfers of Direct Costs | 66,524 | 66,524 | - | |
| 5800 | Professional and Consulting Services and Expenses | 1,063,427 | 577,637 | 485,790 | Finding 1 & Finding 2 |
| 5900 | Communications | 9,893 | 9,893 | - | |
| | Subtotal | \$ 1,772,577 | \$ 1,286,787 | \$ 485,790 | |
| Capital Outlay | | | | | |
| 6000 | CAPITAL OUTLAY | \$ - | \$ - | \$ - | |
| | SUBTOTAL | \$ - | \$ - | \$ - | |
| | Subtotal | \$ 8,132,938 | \$ 7,647,148 | \$ 485,790 | |
| | Indirect Cost | 465,656 | 465,656 | - | |
| | Total ² | \$ 8,598,594 | \$ 8,112,804 | \$ 485,790 | |

¹ The 5th Quarter is the first quarter of the following fiscal year, during which the region is allowed to spend the funds that were not expended in the current fiscal year.

² Schedule 1 is \$499 more than in the Fresno COE's final expenditure report due to rounding.

Findings and Recommendations

FINDING 1— Misreported object codes

In performing substantive testing of expenses in the Professional Consulting Services and Operating Expenditures Account (Object Code 5800), we noted that services provided by the Education and Leadership Foundation, in the amount of \$454,375 and reported by the Fresno COE to the Object Code 5800, were instructional in nature and should have been recorded in the Object Code 5100 and excluded from the indirect costs calculation as required by the California MEP Fiscal Handbook, 2007.

Criteria

Section 8.0, Additional Information, Object Classification Codes, of the California MEP Fiscal Handbook, 2007 states:

Subagreements for Services are indicated when a part of all of an instructional or support activity for which the LEA is responsible is conducted by a third party rather than by the LEA. . . For purposes of indirect costs, Subagreements for Services must be excluded from the calculation of the indirect cost rate, except that up to \$25,000 of an individual subagreement may be coded to Object Code 5800 <...> and included in the calculation of the rate.

Recommendation

In reporting its expenses to the CDE for reimbursement, the Fresno COE should report all instructional services provided by vendors to the Object Code 5100 and excluded from the indirect costs calculation.

Fresno COE's Response

Based on the Fresno COE MEP interpretation of the sub-agreements, interpretation of the California MEP Fiscal Handbook 2007 Edition, and direction from CDE, we conclude that the sub-agreements were properly coded to 5100 and 5800 object lines. We believe Fresno COE MEP correctly charged indirect based on the allowable expenses....

SCO's Comment

We determined that, based on a description of services, all of the contracts with the Education and Leadership Foundation should have been recorded in the Object Code 5100 and excluded from indirect cost calculation. The contracts were sub-agreements for instructional services for which the Fresno COE was responsible, but contracted with the vendor to provide. The finding remains unchanged.

**FINDING 2—
Insufficient
documentation for
contracts and
procurement**

In performing substantive testing of contracts and procurement, we noted that the Fresno COE was unable to provide documentation related to the procurement of contractors/consultants sufficient to substantiate that it was in compliance with the procurement standards required by 34 CFR 80.36 and the California MEP Fiscal Handbook, 2007 for the following selected contracts:

- Education and Leadership Foundation, for \$6,415.20
- Resolve Right, Inc., for \$25,000

Specifically, the Fresno COE lacked the following:

- Maintenance of sufficient records to detail the significant history of the procurements, including but not limited to: the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- Documented evidence that a cost or price analysis was performed, including making independent estimates before receiving proposals.
- A clear process or written criteria for judging proposals, assessing technical qualifications of contracted personnel, and assessing the quality of a technical approach.
- Documented evidence that awards were made to the offeror whose proposal was most advantageous, with price considered.

Criteria

34 CFR 80.36 (b) (9) states:

Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

34 CFR 80.36 (c) states:

Competition. (1) All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of section 80.36.

34 CFR 80.36 (d) states:

Methods of procurement to be followed- (1) Procurement by small purchase procedures... (2) Procurement by sealed bids... (3) Procurement by competitive proposals... (4) Procurement by noncompetitive proposals

34 CFR 80.36 (f) states:

Contract cost and price. (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals.

Recommendation

To ensure its adherence to the standards as prescribed by federal and state laws and regulations, the Fresno COE should improve its current procurement procedures and practices to include the following:

- Maintenance of records sufficient to detail the significant history of procurement, including but not limited to: the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- Documented evidence that a cost or price analysis was performed, including making independent estimates before receiving proposals.
- A clear process or written criteria for judging proposals, assessing technical qualifications of contracted personnel, and assessing the quality of a technical approach.
- Documented evidence that awards were made to the offeror whose proposal was most advantageous, with price considered.

Fresno COE's Response

The Fresno COE MEP concurs with the finding... The Fresno COE MEP currently has a way to maintain records with sufficient history of procurement including rationale for method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price. The Fresno COE MEP will develop a method to document evidence that awards were made to the offeror whose proposal was most advantageous, with price consideration.

SCO's Comment

The finding remains unchanged.

**Attachment—
Fresno County Office of Education's Response to
Draft Audit Report**



fresno county office of education

July 21, 2016

Andrew Finlayson, Chief of State Agency Audits Bureau
State Controller's Office, Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Finlayson,

This letter is in regard to Fresno COE's response to the audit conducted of the Migrant Education Program (MEP) for the period of July 1, 2013 through June 30, 2014.

Enclosed you will find our response to each specific finding as well as attachments to support those responses.

Should you have any questions, please contact Ruben V. Castillo, Administrator, Migrant Education Region IV, rcastillo@fcoe.org or by telephone at (559) 497-3816.

Sincerely,

Jim A. Yovino, Superintendent of Schools
Fresno County

RVC/rc

Attachments

cc: Dr. Kathryn Catania, Deputy Superintendent, Educational Services, Fresno COE
Richard Martin, Deputy Superintendent, Business Services, Fresno COE
Ruben Castillo, Administrator, Migrant Education, Region IV
Celina Torres, Education Administrator I, English Learner Support Division,
California Department of Education

1111 Van Ness Avenue • Fresno, California 93721-2000
(559) 265-3000 • TDD (559) 497-3912 • Web Site: www.fcoe.org



Fresno County Office of Education's Response to Findings and Recommendations of the Migrant Education Program (MEP) audit report for period July 1, 2013- June 30, 2014:

Response to finding 1: Incorrect procurement process

During the Exit phone conference with audit staff on June 2, 2016, it was shared that Fresno COE Migrant Education staff believed all of the contracts in question were individual contracts since they were relative to different districts, different grade levels, different duration, and different programs. The Region MEP accountant conferred with the CDE Consultant at the time regarding object 5100 and object 5800 and the consultant verbally agreed they should be considered separate contracts. These individual contracts were listed in the CDE approved regional service agreement.

According to the fifth paragraph, page 47 of the California MEP Fiscal Handbook, 2007 Edition, it reads:
"may record expenditures of up to \$25,000 for an individual sub-agreement as defined in object 5100, sub-agreement for services. This \$25,000 limit applies for the duration of the sub-agreement." (See Attachment 1)

In an email inquiry (see Attachment 2) to the School Fiscal Services Division (SFSFD) dated Thursday, June 2, 2016 they provided the following response: "Regarding the multiple contracts with the same contractor, if the contracts were negotiated and executed separately, I believe they would be considered separate subagreements for services, the first \$25,000 of each may be charged to object 5800 and the remainder charged to object 5100. However, if you have a master contract with the same vendor to provide the same services for multiple students, you could only charge the first \$25,000 once to object 5800."

Based on the California MEP Fiscal Handbook, 2007 Edition, direction from CDE, SFSFD, and our interpretation, we believe this finding is not substantiated and should be removed.

Response to finding 2: Misreported object codes

Based on the Fresno COE MEP interpretation of the sub-agreements, interpretation of the California MEP Fiscal Handbook 2007 Edition, and direction from CDE, we conclude that the sub-agreements were properly coded to 5100 and 5800 object lines. We believe Fresno COE MEP correctly charged indirect based on the allowable expenses and request Finding 2 be removed.

Response to finding 3: Improper funding allocation methodology

Fresno COE, MEP does have a funding allocation formula that considers two of the factors listed in Section 3.2, subsection A.2, page 8 (See Attachment 3), of the California MEP Fiscal Handbook, 2007 Edition; program needs and enrollment. The entire section reads: Establish a written distribution of funds formula reflective of programs needs, enrollment and/or other factors such as mobility, age, and grade-level.

SCO's
Comment

Related
Finding 1 has
been
eliminated,
hence, this
response is
not relevant
for the report

SCO's
Comment

Related
Finding 3 has
been
eliminated,
hence, this
response is not
relevant for
the report



For the 2013/14 school year and every school year, district program needs are assessed prior to the development of the District Service Agreements as well as input and requests received directly from the Migrant Advisory Board of Management (BOM) member district representative. BOM members meet 5 times a year and are provide information regarding funding/allocations, fiscal procedures/requirements, availability of services and programs, compliance issues, federal & state regulations, legislative issues, and/or topics referred by the Migrant Administrator or County Superintendent.

Representative methods of duties of the Migrant Region 4 Advisory BOM members includes: 1) advising the Migrant Administrator and/or the County Superintendent of Schools on policy recommendations relative to implementing the philosophy and goals of the program; 2) making recommendations regarding budget, curriculum, projects, policies, and guidelines as deemed appropriate; 3) changes in rules, policies, guidelines, compliance issues as related to the operation of the Migrant Education Region 4 program.

The 2013/14 Region IV Preliminary Grant Allocation spreadsheet (see Attachment 4) contains the formulas used to distribute funds to the district. What was provided to Farkhad Askarov, primary Auditor, were the individual district funding allocation sheets only. The attached spreadsheets are for Region 4 admin use only, and not provided to the districts (see Attachment 5). These was not provided to the auditor.

Evidence provided should clear up any misconception that Fresno COE MEP lacks an adequate funding allocation methodology and Finding 3 be removed.

Response to finding 4: *Insufficient documentation for contracts and procurement*

The Fresno COE MEP concurs with the finding “the Fresno COE should improve its current procurement procedures and practices too include the following;”

- Maintain records sufficient to detail the significant history of procurement, including but not limited to: the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- Document evidence that a cost or price analysis was performed, including making independent estimates before receiving proposals.
- A clear process or written criteria for judging proposals, assessing technical qualifications of contracted personnel, and assessing the quality of a technical approach.
- Documents evidence that awards were made to the offeror whose proposal was most advantageous, with price considered.

The Fresno COE MEP currently has a way to maintain records with sufficient history of procurement including rationale for method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price. The Fresno COE MEP will develop a method to document evidence that awards were made to the offeror whose proposal was most advantageous, with price consideration.

Such fees include those charged for health, building, and operating inspections and permits, plan reviews, and utility connection fees. These charges typically relate to emissions, fuel-tank operations, hazardous waste generation, chemical storage, food safety, water safety, and fire safety. Examples of departments and special districts that assess these fees include Air Pollution Control, Environmental or Public Health Services, Fire Department, and Public Water Control.

Record expenditures for Internet-based publications and materials. Record periodic costs of licensing, support, or maintenance agreements for nonequipment items, such as software. Initial licensing and other costs incurred as part of a major system acquisition should be recorded in Object 6400, Equipment.

Record expenditures not otherwise designated, such as payments of interest on loans repaid within the fiscal year, payments for damages to personal property, expenditures for fingerprints, physical and X-ray examinations required for employment, scholarship payments, and similar items.

Debt issuance costs, including underwriter discounts and fees, should be recorded here. If long-term debt is issued at a discount, the discount should be recorded in Object 7699, All Other Financing Uses.

May record expenditures of up to \$25,000 for an individual subagreement as defined in Object 5100, Subagreements for Services. This \$25,000 limit applies for the duration of the subagreement. Exclude the remainder of the subagreement, which must be recorded in Object 5100. Examples of subagreements include payments for pupil transportation made to common carriers or to parents in lieu of transportation; tuition for students attending instructional programs at a community college; and expenditures to nonpublic, nonsectarian schools for the education of exceptional children for whom appropriate services are neither available nor can be provided by the LEA.

Note: Expenditures to nonpublic, nonsectarian schools for the education of children with exceptional needs should be charged to Object 5100, Subagreements for Services. Expenditures for excess costs and/or deficits in special education programs paid to provider school districts or county offices should be charged to objects 7141–7143, Other Tuition.

5900 - Communications. Record expenditures for periodic servicing of all methods of communication, including pagers, cell phones, beepers, and telephone service systems. This object also includes the monthly charges for fax lines, TV cable lines, and Internet service and lines. The cost of postage stamps and "refill" of postage meters should be coded to Communications, as should the cost of parcel service or other means used to deliver a letter or other communications. Shipping of purchased goods by parcel service or

*SCO's
Comment*

*Related
Finding 1 has
been
eliminated,
hence
Attachment 1
is not relevant
for the report*

Rita Contreras

From: Shoufie Nakamura
Sent: Wednesday, July 20, 2016 3:27 PM
To: Rita Contreras
Subject: FW: Subagreement Questions

From: SACSINFO [mailto:SACSINFO@cde.ca.gov]
Sent: Thursday, June 02, 2016 9:30 AM
To: Shoufie Nakamura <snakamura@fcoe.org>
Cc: SACSINFO <SACSINFO@cde.ca.gov>
Subject: RE: Subagreement Questions

Good morning Shoufie,

Regarding the multiple contracts with the same contractor, if the contracts were negotiated and executed separately, I believe they would be considered separate subagreements for services, the first \$25,000 of each may be charged to Object 5800 and the remainder charged to Object 5100.

However, if you have a "master" contract with the same vendor to provide the same services for multiple students, you could only charge the first \$25,000 once to Object 5800.

I hope this helps. If you have other questions regarding subagreements, please let me know.

Blanche Katayama for SACSINFO

California Department of Education
 School Fiscal Services Division
 Office of Financial Accountability & Information Services
sacsinfo@cde.ca.gov
 916-322-1770

From: Shoufie Nakamura [mailto:snakamura@fcoe.org]
Sent: Wednesday, June 01, 2016 10:10 AM
To: SACSINFO
Subject: Subagreement Questions

Hello, my name is Shoufie Nakamura and I have a question regarding the sub-agreement coding, E.G.:

If I have a couple individual contract within one fiscal year and set up as 2 different contracts, should I combined the total as one \$25,000 in object 580000, and the rest will be charged to object 510000 line?

For example: If I hire the same contractor with one fiscal year:

Contract number 1 is for math program cost \$ 45,000, so I charge the first \$25,000 to object 580000 line and \$20,000 to object 510000.

SCO's
 Comment

Related
 Finding 1
 has been
 eliminated,
 hence
 Attachment
 2 is not
 relevant for
 the report

Then the second contract, I hire the same contractor to do Language power program for the amount of \$ 65,000. Do I treat this charge as individual contract since the contract number is different, and start all over as a new first \$25,000 to object 580000 line and \$40,000 to object 51000 line.

Or do I combined both contract number 1 and # 2 together, so the object 580000 will be \$25,000 and object 510000 will be \$85,000.

Please let me know the answer. Thank you.

Shoufie Nakamura
(559) 497-3868

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1. Allocate funds in a manner consistent with program requirements as set forth in federal and state legislation.
2. Establish a written distribution of funds formula reflective of program needs, enrollment and/or other factors such as mobility, age, and grade-level.
3. Reallocate funds, through the specified amendment and revision process.
4. Have written procedures and criteria for amending or revising service agreements including criteria, process, and timelines for reallocating funds.
5. Expend funds only on the basis of applications, amendments, or revisions approved by the CDE/MIEO.
6. Maintain fiscal procedures in conformity with requirements adopted by the CDE/MIEO.
7. Use fiscal control and fund accounting procedures that will ensure proper disbursement of and accounting for NCLB Title I, Part C funds.
8. Meet the requirements of the GEPA and the GASB as they relate to fiscal control and fund accounting.
9. Return to the CDE/MIEO the amount of NCLB Title I, Part C, funds later determined not to have been spent in accordance with applicable law.
10. Have written policies and procedures for collecting money paid to districts for expenditures later determined to be unallowable.
11. Monitor all school district expenditures as deemed appropriate by the operating agency, and maintain a record of the review that shall be kept on file by the operating agency for the amount-of-time specified by law.
12. Use procurement procedures that reflect applicable federal and state statutes and standards. Local procedures must conform to applicable federal laws and to the procurement standards found in 34CFR80.36 and 34CFR89.36. Federal law supersedes any locally developed policies or procedures that is contradictory to federal statutes and requirements for all MEP funding. Therefore, all policies for procurement services under the MEP at the regional and district level *must* be consistent with the requirements in 34CFR80.36, 34CFR89.36, and OMB Circulars A-87 and A-133. The following applies:

*SCO's
Comment*

*Related
Finding 3 has
been
eliminated,
hence
Attachment
3 is not
relevant for
the report*

Related Finding 3 has been eliminated, hence Attachment 4 is not relevant for the report

Based on 2011-2012 count

| District | Region IV Performance Report Final Count 2011-2012 | Rate \$220 |
|-------------------------------|--|--------------------|
| | A1 | Regular |
| Alvina Elementary | 4 | \$880 * |
| Burrel Union Elementary | 20 | \$4,400 |
| Canuthers Unified-REVISED | 347 | \$76,340 |
| Central Unified | 420 | \$92,400 |
| Clovis Unified-REVISED#2 | 445 | \$97,900 |
| Coalinga/H Unif use last year | 514 | \$77,755 |
| County Superintendent | 61 | \$13,420 * |
| Firebaugh-Las Deltas Unified | 660 | \$149,600 |
| Fowler Unified | 48 | \$10,560 |
| Fresno Unified-REVISED | 2669 | \$587,180 |
| Golden Plains Unified | 338 | \$74,360 |
| Kerman Unified | 374 | \$82,280 |
| Kings Canyon Unified | 1002 | \$220,440 |
| Kingsburg Joint Union Elem. | 2 | \$440 * |
| Laton Joint Unified | 40 | \$8,800 |
| Mendota Unified | 873 | \$192,060 |
| Monroe Elementary | 61 | \$13,420 |
| Orange Center Elementary | 70 | \$15,400 |
| Pacific Union Elementary | 5 | \$1,100 |
| Parlier Unified | 1128 | \$248,160 |
| Raisin City Elementary | 96 | \$21,120 |
| Riverdale Joint Unified | 287 | \$63,140 |
| Sanger Unified | 394 | \$86,680 |
| Selma Unified | 336 | \$73,920 |
| Washington Colony Elem. | 4 | \$880 * |
| Washington Unified | 563 | \$123,860 |
| West Park Elementary | 30 | \$6,600 |
| Westside Elementary | 123 | \$27,060 |
| TOTALS | 10,934 | \$2,370,155 |

| District | Region IV Performance Report Final Count 2011-2012 | Rate \$105 |
|----------|--|------------|
| | A2 | Summer |
| | 1 | \$105 |
| | 212 | \$22,260 |
| | 117 | \$12,285 |
| | 216 | \$22,680 |
| | 207 | \$1,851 |
| | 29 | \$3,045 |
| | 298 | \$31,290 |
| | 3 | \$315 |
| | 1,448 | \$152,040 |
| | 154 | \$16,170 |
| | 184 | \$19,320 |
| | 441 | \$46,305 |
| | 0 | \$0 |
| | 9 | \$945 |
| | 319 | \$33,495 |
| | 35 | \$3,675 |
| | 44 | \$4,620 |
| | 0 | \$0 |
| | 439 | \$46,095 |
| | 53 | \$5,565 |
| | 104 | \$10,920 |
| | 164 | \$17,220 |
| | 161 | \$16,905 |
| | 0 | \$0 |
| | 257 | \$26,985 |
| | 16 | \$1,680 |
| | 33 | \$3,465 |
| | 4,944 | \$499,236 |

SCO's
Comment

Related
Finding 3 has
been
eliminated,
hence
Attachment
5 is not
relevant for
the report

Funding Method: Region provides direct services to Districts for: Health Component, OSY, CLP, and MESRP, so the Region maintains 25.42% from \$295 (regular rate), and 75.86% from \$435 (summer rate) to operate the programs and services.

Regular formula = $(\$295) \cdot (29 \times 25.42\%) = \220

Round up/down become \$220

Summer formula = $(\$435) \cdot (43 \times 75.86\%) = \105

Round up/down become \$105

This does not reflect 5.1% reduction due to sequestration

Note * Districts declined allocation, fund maintain by Region

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