

ABC UNIFIED SCHOOL DISTRICT

Audit Report

CALIFORNIA ASSESSMENT OF STUDENT PERFORMANCE AND PROGRESS PROGRAM

Chapter 489, Statutes of 2013;
and Chapter 32, Statutes of 2014

July 1, 2013, through June 30, 2017



BETTY T. YEE
California State Controller

December 2022



BETTY T. YEE
California State Controller

December 27, 2022

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Toan Nguyen, Interim Superintendent
ABC Unified School District
16700 Norwalk Boulevard
Cerritos, CA 90703

Dear Mr. Nguyen:

The State Controller's Office audited the costs claimed by ABC Unified School District for the legislatively mandated California Assessment of Student Performance and Progress Program for the period of July 1, 2013, through June 30, 2017.

The district claimed and was paid \$186,208 for the mandated program. Our audit found that none of the claimed costs are allowable because the district claimed reimbursement for unsupported costs.

Following issuance of this audit report, the Local Government Programs and Services Division of the State Controller's Office will notify the district of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

If you have any questions, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/ac

cc: Monika Arora, Director
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by ABC Unified School District for the legislatively mandated California Assessment of Student Performance and Progress (CAASPP) Program for the period of July 1, 2013, through June 30, 2017.

The district claimed and was paid \$186,208 for the mandated program. Our audit found that none of the claimed costs are allowable because the district claimed reimbursement for unsupported costs.

Background

California Education Code section 60640, as amended by Statutes 2013, Chapter 489 (Assembly Bill 484) and Statutes 2014, Chapter 32 (Senate Bill 858); and Title 5, California Code of Regulations, sections 850, 852, 853, 853.5, 857, 861(b)(5), and 864, as added or amended by Register 2014, Numbers 6, 30, and 35, established the CAASPP Program and replaced the Standardized Testing and Reporting Program, effective January 1, 2014. The CAASPP Program requires school districts to transition from paper and pencil multiple-choice tests to computer-based tests.

On January 22, 2016, the Commission on State Mandates (Commission) adopted a decision finding that the test claim statutes and regulations impose a reimbursable state-mandated program upon school districts within the meaning of Article XIII B, Section 6 of the California Constitution and Government Code (GC) section 17514. The Commission adopted the parameters and guidelines on March 25, 2016.

The Commission found that each claimant is allowed to claim and be reimbursed for the following ongoing activities identified in the parameters and guidelines (Section I., "Summary of the Mandate"):

- Beginning January 1, 2014, provide "a computing device, the use of an assessment technology platform, and the adaptive engine" to administer the CAASPP assessments to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology requirements.
- Beginning February 3, 2014, the local educational agency (LEA) CAASPP coordinator shall be responsible for assessment technology, and shall ensure current and ongoing compliance with minimum technology specifications as identified by the CAASPP contractor(s) or consortium.
- Beginning February 3, 2014, notify parents or guardians each year of their pupil's participation in the CAASPP assessment system, including notification that notwithstanding any other provision of law, a parent's or guardian's written request to excuse his or her child from any of all parts of the CAASPP assessments shall be granted.
- Beginning February 3, 2014, score and transmit the CAASPP tests in accordance with manuals or other instructions provided by the contractor or the California Department of Education (CDE).

- Beginning February 3, 2014, identify pupils unable to access the computer-based version of the CAASPP tests, and report to the CAASPP contractor the number of pupils unable to access the computer-based version of the test.
- Beginning February 3, 2014, report to CDE if a pupil in grade 2 was administered a diagnostic assessment in language arts and mathematics that is aligned to the common core academic content standards pursuant to Education Code section 60644.
- Beginning February 3, 2014, comply with any and all requests from CAASPP contractors, and abide by any and all instructions provided by the CAASPP contractor or consortium, whether written or oral, that are provided for training or provided for in the administration of a CAASPP test.
- Beginning August 27, 2014, the CAASPP test site coordinator shall be responsible for ensuring that all designated supports, accommodations and individualized aids are entered into the registration system.

Section VII, “Offsetting Revenues and Reimbursements,” of the parameters and guidelines states:

The following state and federal funds must be identified as offsetting revenues:

- Statutes 2013, chapter 48 (\$1.25 billion in Common Core implementation funding), *if* used by a school district on any of the reimbursable CAASPP activities to support the administration of computer-based assessments.
- Funding apportioned by SBE [the State Board of Education] from Statutes 2014, chapter 25, Line Item 6110-113-0001, schedule (8), for fiscal year 2013-2014 CAASPP costs.
- Funding apportioned by SBE from Statutes 2015, chapter 10, Line Item 6110-113-0001, schedule (7) for fiscal year 2014-2015 CAASPP costs.
- Statutes 2014, chapter 25, Line Item 6110-488 and chapter 32 (appropriation for outstanding mandate claims) *if* used by a school district on any of the reimbursable CAASPP activities.
- Statutes 2014, chapter 25, Line Item 6110-182-0001, Provision 2 (appropriation “to support network connectivity infrastructure grants”) *if* used by a school district on any of the reimbursable CAASPP activities.

Any other offsetting revenue 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 from any source, including but not limited to, service fees collected, federal funds, and other applicable state funds, shall be identified and deducted from any claim submitted for reimbursement.

The program’s parameters and guidelines establish the state mandate and define the reimbursement criteria. In compliance with GC section 17558, SCO issues the *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)* to assist school districts in claiming reimbursable costs.

Audit Authority

We conducted this performance audit in accordance with GC sections 17558.5 and 17561, which authorize the SCO to audit the district's records to verify the actual amount of the mandated costs. In addition, GC section 12410 provides the SCO with general audit authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law.

Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated CAASPP Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.¹

The audit period was July 1, 2013, through June 30, 2017.

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the district for the audit period and identified the significant cost components of each claim as salaries, benefits, and contract services. We determined whether there were any errors or unusual or unexpected variances from year to year. We then reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key district staff members. We also discussed the claim preparation process with district staff to determine what information was obtained, who obtained it, and how it was used.
- We assessed the reliability of data (payroll and expenditure reports) generated by the district's information management system and determined that the data was sufficiently reliable to address the audit objective.
- We traced productive hourly rate calculations for district staff members responsible for performing the mandated activity to supporting information in the district's payroll system. We noted variances between the claimed and recalculated rates; however, we determined that it was reasonable to accept the rates as claimed.
- We reviewed staff rosters that the district provided to support the salaries and benefits claimed for the number of district staff members who completed CAASPP training during the audit period. The staff rosters did not include sufficient appropriate information to properly support the number of district staff members who completed CAASPP training. Therefore, we relied on the CAASPP training sign-in sheets to calculate the allowable number of district staff members. We found that the district overstated the number of district staff members who completed CAASPP training (see the Finding).

¹ Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

- We used the Smarter Balanced Technology Readiness Calculator to determine the network bandwidth that the district needed to administer the CAASPP test to all eligible pupils within the testing window provided by CDE. We found that the claimed contract services costs were reasonable and allowable as claimed.
- We compared the claimed indirect cost rates to the rates approved by CDE. We noted no errors; therefore, we accepted the rates as claimed.
- We requested and reviewed expenditure reports and the district's accounting records for the salaries, benefits, and contract services costs claimed during the audit period. We noted that the district reported offsetting revenues during the audit period. We also noted variances; however, we determined that the reported amounts were reasonable.

We did not audit the district's financial statements.

We conducted this performance 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 objective. We believe that evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

As a result of performing the audit procedures, we found that the district did not comply with the requirements described in our audit objective. We found that the district claimed costs that were not supported by appropriate source documents, as quantified in the Schedule and described in the Finding and Recommendation section. To the extent that the district claimed costs not supported by appropriate source documents, such costs are also unreasonable and/or excessive. However, we did not find that the district claimed costs that were funded by other sources, aside from the offsetting revenues that were already reported in the claims.

For the audit period, ABC Unified School District claimed and was paid \$186,208 for costs of the legislatively mandated CAASPP Program. Our audit found that none of the claimed costs are allowable.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the district of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

Follow-up on Prior Audit Findings

We have not previously conducted an audit of the district's legislatively mandated CAASPP Program.

**Views of
Responsible
Officials**

We issued the draft report on November 15, 2022. ABC Unified School District did not respond to the draft report.

Restricted Use

This audit report is solely for the information and use of ABC Unified School District, the Los Angeles County Office of Education, the CDE, 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 audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

December 27, 2022

Schedule—
Summary of Program Costs
July 1, 2013, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2013, through June 30, 2014</u>			
Direct costs:			
Salaries and benefits:			
Read and view CAASPP materials	\$ 46,818	\$ 6,475	\$ (40,343)
Total direct costs	46,818	6,475	(40,343)
Indirect costs	2,406	333	(2,073)
Total direct and indirect costs	49,224	6,808	(42,416)
Less offsetting revenues and reimbursements	(32,784)	(32,784)	-
Subtotal	16,440	(25,976)	(42,416)
Adjustment to eliminate negative balance	-	25,976	25,976
Total program costs	<u>\$ 16,440</u>	-	<u>\$ (16,440)</u>
Less amount paid by the State ²		(16,440)	
Amount paid in excess of allowable costs		<u>\$ (16,440)</u>	
<u>July 1, 2014, through June 30, 2015</u>			
Direct costs:			
Salaries and benefits:			
Read and view CAASPP materials	\$ 77,053	\$ 10,447	\$ (66,606)
Total direct costs	77,053	10,447	(66,606)
Indirect costs	4,369	592	(3,777)
Total direct and indirect costs	81,422	11,039	(70,383)
Less offsetting revenues and reimbursements	(33,009)	(33,009)	-
Subtotal	48,413	(21,970)	(70,383)
Adjustment to eliminate negative balance	-	21,970	21,970
Total program costs	<u>\$ 48,413</u>	-	<u>\$ (48,413)</u>
Less amount paid by the State ²		(48,413)	
Amount paid in excess of allowable costs		<u>\$ (48,413)</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2015, through June 30, 2016</u>			
Direct costs:			
Salaries and benefits:			
Read and view CAASPP materials	\$ 138,238	\$ 8,497	\$ (129,741)
Total direct costs	138,238	8,497	(129,741)
Indirect costs	8,294	510	(7,784)
Total direct and indirect costs	146,532	9,007	(137,525)
Less offsetting revenues and reimbursements	(44,320)	(44,320)	-
Subtotal	102,212	(35,313)	(137,525)
Adjustment to eliminate negative balance	-	35,313	35,313
Total program costs	<u>\$ 102,212</u>	-	<u>\$ (102,212)</u>
Less amount paid by the State ²		(102,212)	
Amount paid in excess of allowable costs		<u>\$ (102,212)</u>	
<u>July 1, 2016, through June 30, 2017</u>			
Direct costs:			
Salaries and benefits:			
Read and view CAASPP materials	\$ 53,737	\$ 4,649	\$ (49,088)
Total salaries and benefits	53,737	4,649	(49,088)
Contract services:			
Computer, browsers, or peripherals	6,843	6,843	-
Total contract services	6,843	6,843	-
Total direct costs	60,580	11,492	(49,088)
Indirect costs	2,891	250	(2,641)
Total direct and indirect costs	63,471	11,742	(51,729)
Less offsetting revenues and reimbursements	(44,328)	(44,328)	-
Subtotal	19,143	(32,586)	(51,729)
Adjustment to eliminate negative balance	-	32,586	32,586
Total program costs	<u>\$ 19,143</u>	-	<u>\$ (19,143)</u>
Less amount paid by the State ²		(19,143)	
Allowable costs claimed in excess of amount paid		<u>\$ (19,143)</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>Summary: July 1, 2013, through June 30, 2017</u>			
Direct costs:			
Salaries and benefits:			
Read and view CAASPP materials	\$ 315,846	\$ 30,068	\$ (285,778)
Total salaries and benefits	315,846	30,068	(285,778)
Contract services:			
Computer, browsers, or peripherals	6,843	6,843	-
Total contract services	6,843	6,843	-
Total direct costs	322,689	36,911	(285,778)
Indirect costs	17,960	1,685	(16,275)
Total direct and indirect costs	340,649	38,596	(302,053)
Less offsetting revenues and reimbursements	(154,441)	(154,441)	-
Subtotal	186,208	(115,845)	(302,053)
Adjustment to eliminate negative balance	-	115,845	115,845
Total program costs	<u>\$ 186,208</u>	-	<u>\$ (186,208)</u>
Less amount paid by the State ²		(186,208)	
Allowable costs claimed in excess of amount paid		<u>\$ (186,208)</u>	

¹ See the Finding and Recommendation section.

² Payment amount current as of November 29, 2022.

Finding and Recommendation

**FINDING—
Unallowable salaries
and benefits**

The district claimed \$315,846 in salaries and benefits for the Read and View CAASPP Materials cost component during the audit period. We found that \$30,068 is allowable and \$285,778 is unallowable. Unallowable related indirect costs total \$16,275, for a total finding of \$302,053.

Reimbursement for this cost component requires that district staff members who are involved in administering assessments complete appropriate training as directed by the CAASPP contractors or consortium. This training includes reading the *CAASPP Online Test Administration Manual*; the Smarter Balanced Assessment Consortium’s *Usability, Accessibility, and Accommodations Guidelines*; and the *California Assessment of Student Performance and Progress: Test Administrator Reference Guide*, and viewing the associated Smarter Balanced training modules.

To calculate the claimed salaries and benefits, the district multiplied the number of district staff members identified in its staff rosters by the associated number of training hours for each staff person to determine the total training hours, then multiplied the resulting hours by a productive hourly rate.

During audit fieldwork, we found that the district overstated the number of district staff members who completed CAASPP training, and overstated the related indirect costs. The district overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Read and View CAASPP Materials cost component for the audit period:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
2013-14	\$ 46,818	\$ 6,475	\$ (40,343)	(2,073)	\$ (42,416)
2014-15	77,053	10,447	(66,606)	(3,777)	(70,383)
2015-16	138,238	8,497	(129,741)	(7,784)	(137,525)
2016-17	53,737	4,649	(49,088)	(2,641)	(51,729)
	<u>\$ 315,846</u>	<u>\$ 30,068</u>	<u>\$ (285,778)</u>	<u>\$ (16,275)</u>	<u>\$ (302,053)</u>

Number of District Staff

For the audit period, the district obtained the claimed number of district staff members who completed CAASPP training from the district’s staff rosters. The district provided the staff rosters for fiscal year (FY) 2013-14, FY 2015-16, and FY 2016-17 for our review. During our review, we found that the district’s staff rosters did not identify any mandate-related activity information such as training type, date training occurred, or the number of training hours. The district’s staff rosters included only district staff members’ names and grade levels of instruction. Therefore, we determined that the district’s staff rosters did not include sufficient appropriate

information to properly support the number of district staff members claimed for the Read and View CAASPP Materials cost component for the audit period.

For FY 2014-15 through FY 2016-17, the district provided CAASPP training PowerPoint PDF slides and CAASPP training sign-in sheets for our review. We found that the training sign-in sheets identify the mandated activity of CAASPP training, names and signatures of district staff members who attended the training, and the date on which the training occurred. The CAASPP training PowerPoint PDF slides provide support for the content of the training. Therefore, we determined that it was reasonable to rely on the CAASPP training sign-in sheets and PowerPoint PDF slides to calculate the allowable number of district staff members for the Read and View CAASPP Materials cost component for the audit period.

The district was not able to provide supporting documentation for the training costs claimed for FY 2013-14. As a result, we calculated an average number of district staff members based on the documentation provided for FY 2014-15 through FY 2016-17. We applied the average district staff member count to FY 2013-14, for which supporting documentation was not available. We found that the district overstated salary and benefit costs as a result of claiming unsupported district staff members that completed CAASPP training. We recalculated the allowable costs based on the allowable number of district staff members who completed CAASPP training for the audit period.

The following table summarizes the total claimed, allowable, and adjusted number of district staff members for the Read and View CAASPP Materials cost component per fiscal year:

Fiscal Year	Number of Staff Claimed	Number of Staff Allowable	Audit Adjustment
2013-14	335	37	(298)
2014-15	442	51	(391)
2015-16	360	35	(325)
2016-17	367	26	(341)
Total	1,504	149	(1,355)

Training Hours

For the audit period, the district claimed two to five hours for district staff members to complete CAASPP training. The district did not maintain documentation to support the number of training hours claimed for district staff members to complete CAASPP training.

During testing, we interviewed district staff members to determine the time it took them to complete CAASPP training. Based on our interviews, we found that it took district staff members 2.5 hours to complete CAASPP training. The district overstated salary and benefit costs as a result of claiming unsupported CAASPP training hours. We recalculated the allowable costs based on the allowable training hours for the audit period.

The following table summarizes the claimed, allowable, and adjusted salary and benefit costs for the Read and View CAASPP Materials costs component by fiscal year:

Fiscal Year	Amount Claimed (a)	Number of Staff Allowable (b)	Training Hours Allowable (c)	Total Hours (d) = b × c	Productive Hourly Rate (e)	Amount Allowable (f) = d × e	Audit Adjustment (g) = f - a
2013-14	\$ 46,818	37	2.5	92.50	\$ 70.00	\$ 6,475	\$ (40,343)
2014-15	77,053	51	2.5	127.50	81.94	10,447	(66,606)
2015-16	138,238	35	2.5	87.50	97.11	8,497	(129,741)
2016-17	53,737	26	2.5	65.00	71.53	4,649	(49,088)
Total	\$ 315,846	149		372.50		\$ 30,068	\$ (285,778)

Criteria

Section IV, “Reimbursable Activities,” of the parameters and guidelines begins:

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, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agenda, and declarations. Declarations must include a certification or declaration stating, “I certify (or declared) under penalty of perjury under the laws of the State of California that the foregoing is true and correct,” and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

Recommendation

As of FY 2017-18, the CAASPP Program is funded through a mandate block grant. The district elected to receive mandate block grant funding pursuant to GC section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of receiving mandate block grant funding, we recommend that the district:

- Follow the SCO’s *Mandated Cost Manual* and the mandated program’s parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs are supported by contemporaneous source documentation.

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