

# **LAKEPORT 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, 2015, through June 30, 2017*



**BETTY T. YEE**  
California State Controller

May 2020



**BETTY T. YEE**  
California State Controller

May 6, 2020

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

Jill Falconer, Superintendent  
Lakeport Unified School District  
2508 Howard Avenue  
Lakeport, CA 95453

Dear Ms. Falconer:

The State Controller's Office audited the costs claimed by Lakeport Unified School District for the legislatively mandated California Assessment of Student Performance and Progress Program for the period of July 1, 2015, through June 30, 2017.

The district claimed \$530,645 for costs of the mandated program. Our audit found that none of the claimed costs are allowable because the district claimed reimbursement for ineligible and unsupported costs. The State made no payments to the district.

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*

JIM L. SPANO, CPA  
Chief, Division of Audits

JLS/lis

cc: Jacque Eischens, Chief Business Official  
Lakeport Unified School District  
Dan Buffalo, President  
Board of Education  
Lakeport Unified School District  
Brock Falkenberg, Superintendent of Schools  
Lake County Office of Education  
Caryn Moore, Director  
School Fiscal Services Division  
California Department of Education  
Amy Tang-Paterno, Education Fiscal Services Consultant  
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Jeff Bell, Program Budget Manager  
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California Department of Finance  
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Debra Morton, Manager  
Local Government Programs and Services Division  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Lakeport Unified School District for the legislatively mandated California Assessment of Student Performance and Progress Program (CAASPP) for the period of July 1, 2015, through June 30, 2017.

The district claimed \$530,645 for costs of the mandated program. Our audit found that none of the claimed costs are allowable because the district claimed reimbursement for ineligible and unsupported costs. The State made no payments to the district.

## Background

Education Code section 60640, as amended by the Statutes of 2013, Chapter 489 (Assembly Bill 484) and the Statutes of 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, Nos. 6, 30, and 35 established the CAASPP Program and replaced the Standardized Testing and Reporting (STAR) 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 program's parameters and guidelines establish the state mandate and define the reimbursement criteria. In compliance with GC section 17558, the SCO issues claiming instructions to assist school districts in claiming mandated program reimbursable costs.

The Commission-approved reimbursable activities are as follows:

- 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 or 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 contractors 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.

The Commission also found that the following state and federal funds must be identified and deducted as offsetting revenue from any school district's reimbursement claim:

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 State Board of Education (SBE) 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 6100-113-0001, 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.

## **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.

The audit period was July 1, 2015, through June 30, 2017.

To achieve our objective, 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 fixed assets, and salaries and benefits. Determined whether there were any errors or unusual or unexpected variances from year to year. Reviewed the activities claimed to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key district staff. Discussed the claim preparation process with district staff to determine what information was obtained, who obtained it, and how it was used;
- Requested supporting time documentation for the entire audit period. The district did not provide the required documentation to support the time and activities claimed;
- Requested lists of existing computing devices as of June 30, 2015, and June 30, 2016. The district did not provide the required documentation supporting its existing inventory of computing devices;
- Reviewed lists of computing devices purchased during the audit period;
- Requested documentation of broadband internet capacity as of June 30, 2015, and June 30, 2016. The district did not provide the required documentation supporting its existing broadband internet service; and
- Determined whether the district received any offsetting revenues during the audit period. The district properly reported offsetting revenues received during FY 2016-17.

GC sections 12410, 17558.5, and 17561 provide the legal authority to conduct this audit. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the district's financial statements.

**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 did not find that the district claimed costs that were funded by other sources; however, we did find that it claimed ineligible and unsupported costs, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, Lakeport Unified School District claimed \$530,645 for costs of the legislatively mandated CAASPP Program. Our audit found that none of the claimed costs are allowable. The State made no payments to the district.

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 discussed our audit results with the district's representatives during an exit conference conducted on February 7, 2020. Jacque Eischens, Chief Business Official, responded by letter dated March 30, 2020 (Attachment), stating that the district will not provide a response to the findings and that we could issue the final audit report. The district's complete response is included as an attachment to this audit report.

**Restricted Use**

This audit report is solely for the information and use of Lakeport Unified School District, the Lake County Office of Education, the California Department of Education, the California Department of Finance, and 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](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

May 6, 2020



## Schedule—

# Summary of Program Costs

### July 1, 2015, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2015, through June 30, 2016</u>				
Direct costs:				
Salaries and benefits				
Assess technology	\$ 581	\$ -	\$ (581)	
Notify parents or guardians	114	-	(114)	
Read and view CAASPP materials	2,904	-	(2,904)	
Enter designated supports and accommodations	566	-	(566)	
Total salaries and benefits	<u>4,165</u>	<u>-</u>	<u>(4,165)</u>	Finding 1
Fixed assets				
Broadband internet service, network equipment, consultants, or engineers	215,253	-	(215,253)	
Total fixed assets	<u>215,253</u>	<u>-</u>	<u>(215,253)</u>	Finding 2
Total direct costs	219,418	-	(219,418)	
Indirect costs	<u>18,958</u>	<u>-</u>	<u>(18,958)</u>	Finding 1,2
Total program costs	<u>\$ 238,376</u>	<u>-</u>	<u>\$(238,376)</u>	
Less amount paid by the State <sup>2</sup>		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		
<u>July 1, 2016, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Score and transmit CAASPP tests	\$ 241	\$ -	\$ (241)	
Read and view CAASPP materials	1,162	-	(1,162)	
Total salaries and benefits	<u>1,403</u>	<u>-</u>	<u>(1,403)</u>	Finding 1
Fixed assets				
Broadband internet service, network equipment, consultants, or engineers	273,411	-	(273,411)	
Total fixed assets	<u>273,411</u>	<u>-</u>	<u>(273,411)</u>	Finding 2
Total direct costs	274,814	-	(274,814)	
Indirect costs	<u>21,133</u>	<u>-</u>	<u>(21,133)</u>	Finding 1,2
Total direct and indirect costs	295,947	-	(295,947)	
Less offsetting revenues and reimbursements	<u>(3,678)</u>	<u>-</u>	<u>3,678</u>	
Total program costs	<u>\$ 292,269</u>	<u>-</u>	<u>\$(292,269)</u>	
Less amount paid by the State <sup>2</sup>		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2015, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Assess technology	\$ 581	\$ -	\$ (581)	
Notify parents or guardians	114	-	(114)	
Score and transmit CAASPP tests	241	-	(241)	
Read and view CAASPP materials	4,066	-	(4,066)	
Enter designated supports and accommodations	566	-	(566)	
Total salaries and benefits	<u>5,568</u>	<u>-</u>	<u>(5,568)</u>	Finding 1
Fixed assets				
Broadband internet service, network equipment, consultants, or engineers	488,664	-	(488,664)	
Total fixed assets	<u>488,664</u>	<u>-</u>	<u>(488,664)</u>	Finding 2
Total direct costs	494,232	-	(494,232)	
Indirect costs	<u>40,091</u>	<u>-</u>	<u>(40,091)</u>	Finding 1,2
Total direct and indirect costs	534,323	-	(534,323)	
Less offsetting revenues and reimbursements	<u>(3,678)</u>	<u>-</u>	<u>3,678</u>	
Total program costs	<u>\$ 530,645</u>	<u>-</u>	<u>\$(530,645)</u>	
Less amount paid by the State <sup>2</sup>		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Payment amount current as of April 13, 2020.

# Findings and Recommendations

## **FINDING 1— Unallowable salaries and benefits and related indirect costs**

The district claimed \$5,568 in salaries and benefits and \$468 in related indirect costs for the audit period. The district claimed these costs for various district staff members to perform reimbursable activities related to the mandated program.

The district determined the claimed salary costs by multiplying the time required to perform the reimbursable activities by the average productive hourly rate of the employee classifications that performed the reimbursable activities. The district calculated the related indirect costs by multiplying the claimed salary costs by the district's indirect cost rate.

During testing, we found that the entire claimed amount is unallowable. The costs are unallowable because the district did not provide contemporaneous time documents to support the time and activities claimed, as required by the program's parameters and guidelines.

The following table summarizes the audit adjustments by fiscal year:

Fiscal Year	Reimbursable Activity	Salaries and Benefits			Related Indirect Cost Adjustment	Total Audit Adjustment
		Amount Claimed	Amount Allowable	Audit Adjustment		
2015-16	Assess technology	\$ 581	\$ -	\$ (581)	\$ (50)	\$ (631)
	Notify parents or guardians	114	-	(114)	(10)	(124)
	Read various training material	2,904	-	(2,904)	(251)	(3,155)
	Enter aid items in registration system	566	-	(566)	(49)	(615)
	<b>Total, FY 2015-16</b>	<b>\$ 4,165</b>	<b>\$ -</b>	<b>\$ (4,165)</b>	<b>\$ (360)</b>	<b>\$ (4,525)</b>
2016-17	Score and transmit CAASPP tests	\$ 241	\$ -	\$ (241)	\$ (19)	\$ (260)
	Read various training material	1,162	-	(1,162)	(89)	(1,251)
	<b>Total, FY 2016-17</b>	<b>\$ 1,403</b>	<b>\$ -</b>	<b>\$ (1,403)</b>	<b>\$ (108)</b>	<b>\$ (1,511)</b>
<b>Total</b>	<b>\$ 5,568</b>	<b>\$ -</b>	<b>\$ (5,568)</b>	<b>\$ (468)</b>	<b>\$ (6,036)</b>	

Section IV of the parameters and guidelines (Reimbursable Activities) states:

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 declare) 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 fiscal year 2017-18, the CAASPP Program is funded through a mandate block grant. The district has 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 mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are supported by contemporaneous source documentation.

## **FINDING 2— Unallowable fixed assets and related indirect costs**

The district claimed \$488,664 in fixed assets and \$39,623 in related indirect costs for the audit period. We found that the entire amount is unallowable because the district did not maintain supporting documentation for the claimed costs, as required by the program's parameters and guidelines.

The district claimed fixed asset costs for desktop or laptop computers, iPads, or other tablet computers. The claimed costs represent the acquisition of additional computing devices. The district also claimed related indirect costs for this activity. However, the program's claiming instructions exclude school districts from claiming indirect costs on fixed assets.

A requirement for reimbursement is that the district's existing inventory of computing devices, accessories, technology infrastructure, and broadband internet service be insufficient to administer the CAASPP tests to all eligible pupils within the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium. The district was not aware of the reimbursement requirements outlined in the program's parameters and guidelines, and did not document its existing inventory of computing devices, accessories, technology infrastructure, and broadband internet service as required prior to filing its claims. Therefore, the district did not provide supporting documentation to show that the purchase of additional computing devices was required to comply with the mandated program.

The following table summarizes the audit adjustments related to fixed assets by fiscal year:

Fiscal Year	Fixed Assets			Related Indirect Costs Adjustment	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2015-16	\$ 215,253	\$ -	\$ (215,253)	\$ (18,598)	\$ (233,851)
2016-17	273,411	-	(273,411)	(21,025)	(294,436)
	<u>\$ 488,664</u>	<u>\$ -</u>	<u>\$ (488,664)</u>	<u>\$ (39,623)</u>	<u>\$ (528,287)</u>

Section IV.A of the parameters and guidelines (Reimbursable Activities) states:

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 specifications, as identified by the CAASPP contractor(s) or consortium. Reimbursement for this activity include the following:

1. A sufficient number of desktop or laptop computers, iPads, or other tablet computers for which Smarter Balanced provides secure browser support in the academic year, along with a keyboard, headphones, and a pointing device for each, to administer the CAASPP to all eligible pupils within the testing window provided by CDE regulations.
2. Broadband internet service providing at least 20 Kbps per pupil to be tested simultaneously, costs for acquisition and installation of wireless or wired network equipment, and hiring consultants or engineers to assist a district in completing and troubleshooting the installation.

*Claimants shall maintain supporting documentation showing how their existing inventory of computing devices and accessories, technology infrastructure, and broadband internet service is not sufficient to administer the CAASPP test to all eligible pupils in the testing window, based on the minimum technical specifications identified by the contractor(s) or consortium.*

#### Recommendation

As of fiscal year 2017-18, the CAASPP Program is funded through a mandate block grant. The district has 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 mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are supported by contemporaneous source documentation.

**Attachment—  
District’s Comments Regarding the Audit Results**

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*Building successful futures*

March 30, 2020

Michael Marslek, Auditor  
Office of State Controller Betty T. Yee  
Division of Audits, Compliance Audits Bureau  
3301 C Street, Suite 725A  
Sacramento, CA 95816

RE: CAASPP Claims Audit

Lakeport Unified School District declines to provide a response to the audit findings and permits the audit to skip the draft and go to final.

Sincerely,

Jacquie Eischens  
Chief Business Official



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