

# **FRESNO UNIFIED SCHOOL DISTRICT**

Audit Report

## **NOTIFICATION OF TRUANCY PROGRAM**

Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994;  
Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007

*July 1, 2009, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

May 2015



**BETTY T. YEE**  
California State Controller

May 4, 2015

Lindsay Cal Johnson, President  
Board of Education  
Fresno Unified School District  
2309 Tulare Street  
Fresno, CA 93721

Dear Mr. Johnson:

The State Controller's Office audited the costs claimed by Fresno Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2009, through June 30, 2012.

The district claimed \$1,719,341 for the mandated program. Our audit found that \$1,646,247 is allowable and \$73,094 is unallowable. The costs are unallowable primarily because the district claimed unallowable initial truancy notifications. The State paid the district \$84,815. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,561,432, contingent upon available appropriations.

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

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD, CPA**  
Chief, Division of Audits

JVB/lis

cc: Michael Hanson, Superintendent  
Fresno Unified School District  
Ruth Quinto, Deputy Superintendent/CFO  
Fresno Unified School District  
Jacquie Canfield, Fiscal Services Executive Officer  
Fresno Unified School District  
Jamie Perry, Senior Director  
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State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Fresno Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2009, through June 30, 2012.

The district claimed \$1,719,341 for the mandated program. Our audit found that \$1,646,247 is allowable and \$73,094 is unallowable. The costs are unallowable primarily because the district claimed unallowable initial truancy notifications. The State paid the district \$84,815. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,561,432, contingent upon available appropriations.

## Background

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent of guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents of guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of infraction to prosecution; (4) alternative educational programs are available in the district; (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to additionally require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege, and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates (Commission)) determined that Chapter 498, Statutes of 1983, imposed a State mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the State mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on August 27, 1987. The Commission subsequently amended the parameters and guidelines four times, most recently on May 27, 2010. 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.

## **Objectives, 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, 2009, through June 30, 2012.

The objectives of our audit were 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 legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. 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 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. Our audit scope did not assess the efficiency or effectiveness of program operations.

To achieve our audit objectives, we performed the following audit procedures:

- Interviewed employees, completed the internal control questionnaire, and performed a walk-through of the cost components of each claim.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.

## **Conclusion**

Our 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, Fresno Unified School District claimed \$1,719,341 for costs of the Notification of Truancy Program. Our audit found that \$1,646,247 is allowable and \$73,094 is unallowable.

The State paid the district \$84,815. Our audit found that \$1,646,247 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,561,432, contingent upon available appropriations.

**Views of  
Responsible  
Officials**

We discussed our audit results with the district’s representatives during an exit conference conducted on February 11, 2015. Jacquie Canfield, Fiscal Services Executive Officer; and Eugene Trofimenko, Financial Analyst II, agreed with the audit results. Ms. Canfield declined a draft audit report and agreed that we could issue the audit report as final.

On April 6, 2015, we provided the district with a preliminary final audit report. On April 9, 2015, Ruth Quinto, Deputy Superintendent/CFO, provided a letter response, stating in part that, “The District has no significant issue regarding the disallowed truancy notifications.” The district’s comments were in response to the preliminary final audit report, rather than to a draft audit report.

**Restricted Use**

This report is solely for the information and use of the Fresno Unified School District, the Fresno 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

May 4, 2015

**Schedule 1—  
Summary of Program Costs  
July 1, 2009, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2009, through June 30, 2010</u>				
Number of initial truancy notifications	24,164	23,387	(777)	Finding 1,2
Uniform cost allowance	× \$17.87	× \$17.87	× \$17.87	
Total program costs	<u>\$ 431,811</u>	\$ 417,926	<u>\$ (13,885)</u>	
Less amount paid by the State		<u>(84,815)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 333,111</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Number of initial truancy notifications	25,246	24,700	(546)	Finding 1,2
Uniform cost allowance	× \$18.29	× \$18.29	× \$18.29	
Total program costs	<u>\$ 461,749</u>	\$ 451,763	<u>\$ (9,986)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 451,763</u>		
<u>July 1, 2011, through June 30, 2012</u>				
Number of initial truancy notifications	43,669	41,066	(2,603)	Finding 1,2
Uniform cost allowance	× \$18.91	× \$18.91	× \$18.91	
Total program costs	<u>\$ 825,781</u>	\$ 776,558	<u>\$ (49,223)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 776,558</u>		
<u>Summary: July 1, 2009, through June 30, 2012</u>				
Total program costs	<u>\$ 1,719,341</u>	\$ 1,646,247	<u>\$ (73,094)</u>	
Less amount paid by the State		<u>(84,815)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,561,432</u>		

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



# Findings and Recommendations

## **FINDING 1— Unsupported and unallowable initial truancy notifications**

The district claimed unsupported and unallowable initial truancy notifications during the audit period. The unallowable costs total \$47,720. The costs are unallowable for the following reasons:

- For each fiscal year, the district provided a list of students for whom the district distributed initial truancy notifications. The number of notifications documented matched exactly in two fiscal years, but was overstated by one notification in FY 2010-11.
- The documented initial truancy notifications included notifications distributed for students who would have been 6 years old for the entire school year. Per Education Code section 48200, persons between the ages of 6 and 18 are subject to compulsory full-time education. Therefore, any unexcused absences or truancy occurrences before the student turns age 6 are not reimbursable. Students who were age 5 for the entire school year were not subject to compulsory full-time education.
- The number of initial truancy notifications documented included notifications distributed for independent study students. Independent study students are evaluated for compliance with their individual independent study agreements. They do not attend a normal class schedule and thus are not evaluated for normal school attendance tardiness or daily absences unless/until they return to a regular classroom schedule. Therefore, the initial truancy notification process is not applicable to independent study students.
- The number of initial truancy notifications documented included notifications distributed for students who attended charter schools. Charter school activities are not eligible for mandated program reimbursement.

The following table summarizes the audit adjustments:

	Fiscal Year			Total
	2009-10	2010-11	2011-12	
Number of initial truancy notifications documented	24,164	25,245	43,669	
Less number of initial truancy notifications claimed	(24,164)	(25,246)	(43,669)	
Overstated/understated number of claimed initial truancy notifications	–	(1)	–	
Less students under age 6 entire school year	–	–	(1,670)	
Less independent study students	(335)	(349)	–	
Less charter school students	(192)	–	(17)	
Total overstated/understated initial truancy notifications	(527)	(350)	(1,687)	
Uniform cost allowance	\$ 17.87	\$ 18.29	\$ 18.91	
Unallowable costs	\$ (9,417)	\$ (6,402)	\$ (31,901)	\$(47,720)

The program's parameters and guidelines instruct claimants to claim mandate-related costs as follows:

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

The parameters and guidelines also require claimants to maintain documentation that supports the total number of initial truancy notifications distributed.

In addition, Government Code section 17519 defines a "school district" as any school district, community college district, or county superintendent of schools. This definition does not include charter schools. As a result, charter school activities are not eligible for reimbursement under Government Code section 17560.

#### Recommendation

Commencing in FY 2012-13, the district elected to participate in a block grant program, pursuant to Government Code section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district ensure that its records support the number of initial truancy notifications claimed. In addition, we recommend that the district maintain supporting documentation as required by the parameters and guidelines.

#### **FINDING 2— Non-reimbursable initial truancy notifications**

The district claimed non-reimbursable initial truancy notifications totaling \$25,374. The district claimed notifications that it distributed for students who did not accumulate the required number of unexcused absences or tardiness occurrences to be classified as a truant under the mandated program.

For each fiscal year, we selected a statistical sample based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that we could project the sample results to the population. As the district accounts for attendance differently depending on grade level, we stratified the population into two groups; daily attendance accounting and period attendance accounting. We selected our samples from the lists of students that the district provided.

The following table summarizes the non-reimbursable initial truancy notifications identified by our statistical sample:

	Fiscal Year		
	2009-10	2010-11	2011-12
Number of unexcused absences and tardiness occurrences accumulated during the school year:			
Fewer than three while between ages 6 and 18	(1)	(2)	(6)
Fewer than three total	(2)	—	(2)
Unallowable initial truancy notifications	(3)	(2)	(8)

The following table summarizes the audit adjustment based on the unallowable initial truancy notifications identified for each year sampled:

	Fiscal Year			Total
	2009-10	2010-11	2011-12	
<u>Daily attendance accounting:</u>				
Number of unallowable initial truancy notifications from statistical sample	(2)	(2)	(8)	
Statistical sample size	÷ 148	÷ 149	÷ 149	
Unallowable percentage	(1.35%)	(1.34%)	(5.37%)	
Population sampled	× 13,320	× 14,635	× 17,051	
Extrapolated number of unallowable initial truancy notifications	(180)	(196)	(916)	
Uniform cost allowance	\$17.87	\$18.29	\$18.91	
Audit adjustment, daily attendance accounting <sup>1</sup>	\$ (3,217)	\$ (3,584)	\$ (17,322)	\$ (24,123)
<u>Period attendance accounting:</u>				
Number of unallowable initial truancy notifications from statistical sample	(1)	—	—	
Statistical sample size	÷ 148	÷ 148	÷ 149	
Unallowable percentage	(0.68%)	(0.00%)	(0.00%)	
Population sampled	× 10,317	× 10,261	× 24,931	
Extrapolated number of unallowable initial truancy notifications	(70)	—	—	
Uniform cost allowance	\$17.87	\$18.29	\$18.91	
Audit adjustment, period attendance Accounting <sup>1</sup>	\$ (1,251)	\$ —	\$ —	\$ (1,251)
Total audit adjustment	\$ (4,468)	\$ (3,584)	\$ (17,322)	\$ (25,374)

<sup>1</sup> Calculation differences due to rounding

Education Code section 48260, subdivision (a), states:

*Any pupil subject to compulsory full-time or to compulsory continuation education [emphasis added] who is absent from school without valid excuse three full days in one school year or tardy or absent for more than any 30-minute period during the schoolday [sic] without a valid excuse on three occasions in one school year, or any combination thereof, is a truant.*

Education Code section 48200 states that children between the ages of 6 and 18 are subject to compulsory full-time education. Therefore, student absences that occur before the student's 6th birthday or after the student's 18th birthday are not relevant when determining whether a student is a truant.

The parameters and guidelines (section I – Background and Summary of Mandate) state:

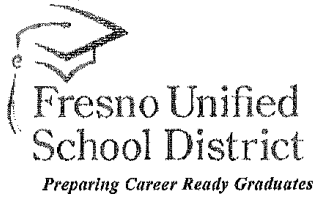
A truancy occurs when a student is absent from school without valid excuse three (3) full days in one school year, or is tardy or absent without valid excuse for more than any thirty (30)-minute period during the school day on three (3) occasions in one school year, or any combination thereof.

#### Recommendation

Commencing in FY 2012-13, the district elected to participate in a block grant program, pursuant to Government Code section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district claim initial truancy notifications only for those students who accumulate the required number of unexcused absences or tardiness occurrences while subject to compulsory full-time education.

**Attachment—  
District's Response to  
Audit Report**

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**BOARD OF EDUCATION**

Lindsay Cai Johnson, President  
Christopher De La Cerda, Clerk  
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Carol Mills, J.D.  
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**SUPERINTENDENT**  
Michael E. Hanson

April 9, 2015

Jim L. Spano, CPA  
Chief Compliance Audits Bureau  
Division of Audits  
State Controllers Office  
P.O. Box 942850  
Sacramento, CA 94250-5874

Re: Fresno Unified School District  
Notification of Truancy  
Audit of Annual Mandate Reimbursement Claim  
Fiscal Years 2008/09 thru 2011/12

This letter responds to the draft audit report issued April 6, 2015 by the State Controllers Office (SCO) regarding costs claimed by Fresno Unified School District (District) for the legislatively mandated Notification of Truancy Program for fiscal years 2008/09 through 2011/12. The District extends its gratitude to the SCO staff for their professional courtesy throughout the audit and appreciates this opportunity to respond to the audit findings.

The District has no significant issue regarding the disallowed truancy notifications. The District has taken the necessary steps to resolve the findings. Additionally while the District did opt for the block grant in 2012/13, we continued the truancy notifications and other mandated activities as required.

The District once again thanks the SCO for this opportunity to respond to the audit findings. Please note that the District reserves the right to raise other issues (if necessary) in subsequent proceedings related to the SCO's audit of these claims.

Sincerely,

Ruth F. Quinto, Deputy Superintendent/CFO  
Administrative Services

cc: Michael Hanson  
Jacquie Canfield  
Eugene Trofimenko

**State Controller's Office  
Division of Audits  
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