

CUCAMONGA 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

June 2019



BETTY T. YEE
California State Controller

June 28, 2019

Janet Temkin, Superintendent
Cucamonga School District
8776 Archibald Avenue
Rancho Cucamonga, CA 91730

Dear Ms. Temkin:

The State Controller's Office (SCO) audited the costs claimed by Cucamonga 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 \$2,054,963 for the mandated program. Our audit found that the entire amount is unallowable primarily 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 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.

This final audit report contains an adjustment to costs claimed by the district. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to the Commission's regulations, outlined in Title 2, *California Code of Regulations*, section 1185.1, subdivision (c), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

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/ljs

cc: Laura Hendison, President, Board of Trustees

Cucamonga School District

Rick Jensen, Assistant Superintendent, Business Services

Cucamonga School District

Michael Chaix, Ed.D., Assistant Superintendent, Educational Services

Cucamonga School District

Bobby Applegate, Supervisor of Technology and Information Systems

Cucamonga School District

Thomas Cassida, Director, Business Advisory Services

San Bernardino County Superintendent of Schools

Caryn Moore, Director

School Fiscal Services Division

California Department of Education

Amy Tang-Paterno, Education Fiscal Services Consultant

Government Affairs Division

California Department of Education

Jeff Bell, Program Budget Manager

Education Systems Unit

California Department of Finance

Edward Hanson, Principal Program Budget Analyst

Education Systems Unit

California Department of Finance

Evelyn Calderon-Yee, Bureau Chief

Local Government Programs and Services Division

State Controller's Office Cucamonga School District

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	3
Conclusion	4
Follow-up on Prior Audit Findings.....	4
Views of Responsible Officials.....	4
Restricted Use	5
Schedule—Summary of Program Costs	6
Findings and Recommendations.....	9
Attachment—District’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Cucamonga 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 \$2,054,963 for the mandated program. Our audit found that the entire amount is unallowable primarily 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 FY 2013-2014 CAASPP costs.
- Funding apportioned by SBE from Statutes 2015, chapter 10, Line Item 6100-113-0001, schedule (7) FY 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, 2013, through June 30, 2017.

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the district for the audit period to identify the material cost components of each claim to determine whether there were any errors or any unusual or unexpected variances from year to year. We also 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 and reviewed supporting time documentation for the entire audit period. The district did not provide documentation, as described in the guidelines, to support the time and activities claimed;
- Requested and reviewed lists of existing computing devices as of December 31, 2013; June 30, 2014; June 30, 2015, and June 30, 2016. We used the Smarter Balanced Technology Readiness Calculator to determine the number of computing devices and network bandwidth the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE. We also set the number of available hours for the testing computers each day at seven, as specified by the district;
- Requested and reviewed lists of surplus computing devices for the audit period;
- Requested and reviewed lists of computing devices purchased during the audit period;
- Requested and reviewed expenditure reports for the claimed salaries and benefits, and materials and supplies costs;
- Compared all claimed indirect cost rates to the rates approved by the CDE. We noted no errors; therefore, we accepted the rates as claimed; and
- Traced all claimed materials and supplies costs to the district's accounting records to determine the funding source. We found instances in which the district did not offset the claimed costs for assessment apportionment payments it received (see Finding 3 for more details).

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 found that the district claimed unsupported and ineligible costs, and costs that were funded by other sources, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, Cucamonga School District claimed \$2,054,963 for costs of the legislatively mandated CAASPP Program. Our audit found that none of the costs claimed 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 issued a draft audit report on April 30, 2019. Rick Jensen, Assistant Superintendent, Business Services, Cucamonga School District, responded by letter dated May 8, 2019 (Attachment), stating that the district "does not contest the auditor's findings nor does the district agree with the basis of the finding[s]". This audit report includes the district's response.

Restricted Use

This audit report is solely for the information and use of Cucamonga School District, the San Bernardino 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

JIM L. SPANO, CPA
Chief, Division of Audits

June 28, 2019

Schedule—

Summary of Program Costs

July 1, 2013, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2013, through June 30, 2014</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 1,089	\$ -	\$ (1,089)	
Notify parents or guardians	452	-	(452)	
Review supplemental videos and webcasts	476	-	(476)	
Read and review CAASPP materials	1,023	-	(1,023)	
Total salaries and benefits	3,040	-	(3,040)	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	427,823	-	(427,823)	
Total materials and supplies	427,823	-	(427,823)	Finding 2
Total direct costs	430,863	-	(430,863)	
Indirect costs	20,035	-	(20,035)	Finding 1, 2
Total program costs	\$ 450,898	-	\$ (450,898)	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		\$ -		
<u>July 1, 2014, through June 30, 2015</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 1,350	\$ -	\$ (1,350)	
Assess technology	94	-	(94)	
Notify parents or guardians	612	-	(612)	
Score and transmit CAASPP tests	94	-	(94)	
ID and report pupils unable to access computer-based CAASPP tests	188	-	(188)	
Review supplemental videos and webcasts	487	-	(487)	
Read and review CAASPP materials	1,159	-	(1,159)	
Enter designated supports and accommodations in registration system	1,786	-	(1,786)	
Total salaries and benefits	5,770	-	(5,770)	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	1,173,218	-	(1,173,218)	
Total materials and supplies	1,173,218	-	(1,173,218)	Finding 2
Total direct costs	1,178,988	-	(1,178,988)	
Indirect costs	52,819	-	(52,819)	Finding 1, 2
Total direct and indirect costs	1,231,807	-	(1,231,807)	
Less offsetting revenues and reimbursements	-	(4,827)	(4,827)	Finding 3
Adjustment to eliminate negative balance	-	4,827	4,827	
Total program costs	\$ 1,231,807	-	\$ (1,231,807)	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		\$ -		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2015, through June 30, 2016</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 957	\$ -	\$ (957)	
Assess technology	100	-	(100)	
Notify parents or guardians	776	-	(776)	
Score and transmit CAASPP tests	120	-	(120)	
ID and report pupils unable to access computer-based CAASPP tests	581	-	(581)	
Review supplemental videos and webcasts	619	-	(619)	
Read and review CAASPP materials	1,350	-	(1,350)	
Enter designated supports and accommodations	1,864	-	(1,864)	
Total salaries and benefits	6,367	-	(6,367)	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	346,749	-	(346,749)	
Total materials and supplies	346,749	-	(346,749)	Finding 2
Total direct costs	353,116	-	(353,116)	
Indirect costs	15,078	-	(15,078)	Finding 1, 2
Total direct and indirect costs	368,194	-	(368,194)	
Less offsetting revenues and reimbursements	-	(6,476)	(6,476)	Finding 3
Adjustment to eliminate negative balance	-	6,476	6,476	
Total program costs	<u>\$ 368,194</u>	-	<u>\$ (368,194)</u>	
Less amount paid by the State ²		-	-	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		
<u>July 1, 2016, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 469	\$ -	\$ (469)	
Assess technology	105	-	(105)	
Notify parents or guardians	452	-	(452)	
Score and transmit CAASPP tests	18	-	(18)	
ID and report pupils unable to access computer-based CAASPP tests	517	-	(517)	
Review supplemental videos and webcasts	549	-	(549)	
Read and review CAASPP materials	888	-	(888)	
Enter designated supports and accommodations	916	-	(916)	
Total salaries and benefits	3,914	-	(3,914)	Finding 1
Total direct costs	3,914	-	(3,914)	
Indirect costs	150	-	(150)	Finding 1
Total program costs	<u>\$ 4,064</u>	-	<u>\$ (4,064)</u>	
Less amount paid by the State ²		-	-	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2013, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 3,865	\$ -	\$ (3,865)	
Assess technology	299	-	(299)	
Notify parents or guardians	2,292	-	(2,292)	
Score and transmit CAASPP tests	232	-	(232)	
ID and report pupils unable to access computer-based CAASPP tests	1,286	-	(1,286)	
Review supplemental videos and webcasts	2,131	-	(2,131)	
Read and review CAASPP materials	4,420	-	(4,420)	
Enter designated supports and accommodations	4,566	-	(4,566)	
Total salaries and benefits	19,091	-	(19,091)	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	1,947,790	-	(1,947,790)	
Total materials and supplies	1,947,790	-	(1,947,790)	Finding 2
Total direct costs	1,966,881	-	(1,966,881)	
Indirect costs	88,082	-	(88,082)	Finding 1, 2
Total direct and indirect costs	2,054,963	-	(2,054,963)	
Less offsetting revenues and reimbursements	-	(11,303)	(11,303)	Finding 3
Adjustment to eliminate negative balance	-	11,303	11,303	
Total program costs	\$ 2,054,963	-	\$ (2,054,963)	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		\$ -		

¹ See the Findings and Recommendations section.

² Payment amount current as of June 19, 2019.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits

The district claimed \$19,091 in salaries and benefits for the audit period. We found that the entire 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 district misinterpreted the program's parameters and guidelines requirement that it maintain contemporaneous source documentation to support all claimed salary and benefit costs for the audit period. Unallowable related indirect costs total \$822, for a total finding of \$19,913.

The district claimed salary and benefit costs for eight reimbursable activities:

- Providing “a computing device, the use of an assessment technology platform, and the adaptive engine” to administer the CAASPP to all pupils via computer, which includes the acquisition of and ongoing compliance with minimum technology requirements;
- Assessing the current and ongoing compliance with minimum technology specifications by the LEA CAASPP coordinator;
- Notifying parents or guardians each year of their pupil's participation in the CAASPP assessment system, including notifying them that notwithstanding any other provision of law, a parent's or guardians written request to excuse his or her child from any or all parts of the CAASPP assessments shall be granted;
- Scoring and transmitting CAASPP tests in accordance with manuals or other instructions provided by the contractor or the CDE;
- Identifying pupils unable to access the computer-based version of the CAASPP tests and reporting to the CAASPP contractor the number of pupils unable to access the computer-based version of the test;
- Participating in the training directed by the CAASPP contractor or consortium by reviewing the applicable supplemental videos and archived webcasts;
- Participating in the training directed by the CAASPP contractors or consortium by reading the CAASPP *Smarter Balanced Online Test Administration Manual*, the *Smarter Balanced Usability, Accessibility, and Accommodations Guidelines*, and the *Test Administrator Reference Guide*, and viewing the associated Smarter Balanced training modules; and
- Ensuring that all designated supports, accommodations and individualized aids are entered into the registration system by the CAASPP test site coordinator.

To support the claimed salary and benefit costs, the district provided activity logs. The activity logs included employees' names and titles and described reimbursable CAASPP activities. However, the time entered on

the activity logs did not represent the actual hours spent on each activity, as these logs did not identify specific dates on which the activities occurred. In addition, the activity logs were not signed by each employee but by the district's consultant, based on a telephone conference with the employee. Per the program's parameters and guidelines, the logs provided are not considered contemporaneous source documentation.

The following table summarizes the audit adjustment related to salaries and benefits by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Claimed Indirect Cost Rate	Indirect Cost Adjustment	Total Adjustment
2013-14	\$ 3,040	\$ -	\$ (3,040)	4.65%	\$ (141)	\$ (3,181)
2014-15	5,770	-	(5,770)	4.48%	(259)	(6,029)
2015-16	6,367	-	(6,367)	4.27%	(272)	(6,639)
2016-17	3,914	-	(3,914)	3.84%	(150)	(4,064)
	<u>\$ 19,091</u>	<u>\$ -</u>	<u>\$ (19,091)</u>		<u>\$ (822)</u>	<u>\$ (19,913)</u>

The following table summarizes the audit adjustment related to salaries and benefits by reimbursable activity.

Reimbursable Activity	Amount Claimed	Amount Allowable	Audit Adjustment
Computers, browsers, or peripherals	\$ 3,865	\$ -	\$ (3,865)
Assess technology	299	-	(299)
Notify parents or guardians	2,292	-	(2,292)
Score and transmit CAASPP tests	232	-	(232)
ID and report pupils unable to access computer based tests	1,286	-	(1,286)
Review supplemental videos and webcasts	2,131	-	(2,131)
Read and view CAASPP materials	4,420	-	(4,420)
Enter supports and accommodations into registration system	4,566	-	(4,566)
Total	<u>\$ 19,091</u>	<u>\$ -</u>	<u>\$ (19,091)</u>

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 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 the mandate block grant and 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.

District's Response

The District does not contest the Auditor's findings nor does the District agree with the basis of the finding. As discussed with the Auditor, it is difficult to know what activities will be deemed allowable in any mandated program's parameters and guidelines (P&Gs) before they are written, approved by the Commission on State Mandates (COSM) and disseminated to school districts. These P&Gs may be approved years after the activities are performed. Therefore, school districts are obligated to document time in all activities on the chance they may be reimbursable through a mandate claim process in the future. Future mandates should be reimbursable based on average time spent on an activity, perhaps through the test claim process, rather than rely on contemporaneous records that most likely will not exist at the time a mandate is finally approved by the COSM.

SCO Comment

Our finding and recommendation remain unchanged.

The program's parameters and guidelines require claimants to maintain contemporaneous documentation to support claimed costs. If a claimant wishes to change the parameters and guidelines regarding source documentation, it can request that the Commission amend the parameters and guidelines, pursuant to GC section 17557.

FINDING 2— Unallowable materials and supplies costs

The district claimed \$1,947,790 in materials and supplies costs for the audit period. We found that the entire amount is unallowable. The costs are unallowable because the district did not meet the requirements for reimbursement outlined in the program's parameters and guidelines. In addition, the district claimed unsupported and ineligible materials and supplies costs.

A requirement for reimbursement is that the district's existing inventory of computing devices and accessories is not sufficient to administer the CAASPP tests to all eligible pupils in the testing window, based on the minimum technology specifications identified by the contractor(s) or consortium. For the audit period, the district had sufficient existing inventory of computing devices and accessories, and was not aware of the reimbursement requirements outlined in the program's parameters and guidelines. Unallowable related indirect costs total \$87,260, for a total finding of \$2,035,050.

The following table summarizes the audit adjustment related to materials and supplies by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Claimed Indirect Cost Rate	Related Indirect Cost Adjustment	Total Audit Adjustment
2013-14	\$ 427,823	\$ -	\$ (427,823)	4.65%	\$ (19,894)	\$ (447,717)
2014-15	1,173,218	-	(1,173,218)	4.48%	(52,560)	(1,225,778)
2015-16	346,749	-	(346,749)	4.27%	(14,806)	(361,555)
	<u>\$ 1,947,790</u>	<u>\$ -</u>	<u>\$ (1,947,790)</u>		<u>\$ (87,260)</u>	<u>\$ (2,035,050)</u>

The following table summarizes the audit adjustment related to materials and supplies by reimbursable activity (for the audit period, the district claimed materials and supplies costs for reimbursable activities related to computers, browsers, or peripherals only):

Reimbursable Activity	Amount Claimed	Amount Allowable	Audit Adjustment
Computers, browsers, or peripherals	\$ 1,947,790	\$ -	\$ (1,947,790)
	<u>\$ 1,947,790</u>	<u>\$ -</u>	<u>\$ (1,947,790)</u>

The claimed costs for the Computers, browsers, or peripherals activity represent the acquisition of computing devices and accessories. We found that the entire amount is unallowable. Of that amount, the district claimed \$428,187 for warranties and \$2,279 for folio cases that are not reimbursable. The district also claimed \$14,282 in unsupported costs. Additionally, claimed costs of \$1,503,042 are unallowable because the district did not meet the existing inventory requirement outlined in the program's parameters and guidelines.

Existing inventory of computing devices

The district provided a list of existing student computing devices as of December 31, 2013. For each fiscal year, we accounted for the computing devices that did not meet the minimum technology specifications, devices that were disposed of, and new purchases to determine the number of computing devices available to students for CAASPP assessments.

The following table shows the number of existing computing devices that were available for testing at the beginning of each fiscal year:

	(A)	(B)	(C)	(D) = (A)+(B)+(C)	(E)	(F)	(G) = (D)+(E)+(F)
Fiscal Year	Beginning Inventory	Devices Not Meeting Minimum Specifications	Devices Disposed of Before Testing	Devices Available for Testing	Devices Disposed of After Testing	New Purchases	Ending Inventory
2013-14	984	(26)	-	958	-	415	1,373
2014-15	1,373	-	-	1,373	-	1,550	2,923
2015-16	2,923	-	(20)	2,903	-	650	3,553

Determining the sufficiency of existing computing devices

CDE provides a tool called the Smarter Balanced Technology Readiness Calculator to assist districts in preparing technology resources for computer-based assessments. This web-based calculator estimates the number of days, and associated network bandwidth, required to administer ELA and Mathematics assessments, given the existing number of students, the current number of computers available for testing, and the number of hours per day those computers are available for testing.

We developed our calculation based on the Smarter Balanced Technology Readiness Calculator's formula to determine the number of computing devices that the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE.

The following table shows the number of computing devices that the district needed to complete the assessments within the testing window:

Fiscal Year	Students Tested	Devices Needed for Testing	Computer Hours Per Day	Days in Testing Window
2013-14	1,550	43	7	42
2014-15	1,606	31	7	60
2015-16	1,659	32	7	60

The following table shows the number of days needed to complete the assessments using the district's existing inventory of computing devices:

Fiscal Year	Students Tested	Devices Available for Testing	Computer Hours Per Day	Days to Complete Testing
2013-14	1,550	958	7	1.85
2014-15	1,606	1,373	7	1.34
2015-16	1,659	2,903	7	1.14

For FY 2013-14, the district had 958 existing computing devices that met the minimum technology specifications for CAASPP assessments. Our calculation determined that the district could complete the assessments for 1,550 students in 1.85 days. However, CDE provided a 42-day testing window in which to complete the assessments, so the district needed only 43 computing devices to complete the assessments.

For FY 2014-15, the district had 1,373 existing computing devices that met the minimum technology specifications for CAASPP assessments. Our calculation determined that the district could complete the assessments for 1,606 students in 1.34 days. However, CDE provided a 60-day testing window in which to complete the assessments, so the district needed only 31 computing devices to complete the assessments.

For FY 2015-16, the district had 2,903 existing computing devices that met the minimum technology specifications for CAASPP assessments. Our calculation determined that the district could complete the assessments for 1,659 students in 1.14 days. However, CDE provided a 60-day testing window in which to complete the assessments, so the district needed only 32 computing devices to complete the assessments.

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:

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 CASPP to all eligible pupils with in the testing window provided by CDE regulations.

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 FY 2017-18, the CAASPP Program is funded through the mandate block grant and 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.

District's Response

The District does not contest the Auditor's findings nor does the District agree with the basis of the finding.

SCO Comment

Our finding and recommendation remain unchanged.

**FINDING 3—
Underreported
offsetting revenues**

The district did not report any offsetting revenues for the audit period. We found that the district understated offsetting revenue by \$11,303.

The district misinterpreted the program's parameters and guidelines requirement that it identify and deduct any revenue received for this mandated program.

During our review of the funding sources, we found that the district received \$4,827 in FY 2014-15 and \$6,476 in FY 2015-16 from CDE in assessment apportionment payments for the CAASPP Program. The program's parameters and guidelines require that these costs be deducted from any claimed costs filed by the district.

The following table summarizes the audit adjustment related to offsetting revenues by fiscal year:

Fiscal Year	Offset Reported	Revenue Applied to CAASPP Program	Audit Adjustment
2014-15	\$ -	\$ (4,827)	\$ (4,827)
2015-16	-	(6,476)	(6,476)
Total	\$ -	\$ (11,303)	\$ (11,303)

Section VII of the parameters and guidelines (Offsetting Revenues and Reimbursements) states that 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 the reimbursable CAASPP activities to support the administration of computer-based assessments.
- Funding apportioned by 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 cost 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.

Recommendation

As of FY 2017-18, the CAASPP Program is funded through the mandate block grant and 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 all revenues applied to the CAASPP Program are identified and deducted from claimed costs.

District's Response

The District does not contest the Auditor's findings nor does the District agree with the basis of the finding.

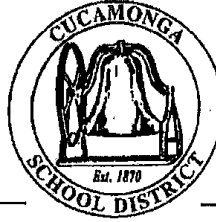
SCO Comment

Our finding and recommendation remain unchanged.

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

Board of Trustees

Henry J. Cowles
Laura Hendison
Eric D. Montague
David J. Ortega
Yolanda Strong Reed



Administration

Janet Temkin
Superintendent
Richard Dahlin
Personnel and Pupil Services
Michael Chaix
Educational Services
Rick Jensen
Business Services

8776 Archibald Avenue, Rancho Cucamonga, California 91730-4699
(909) 987-8942 / FAX (909) 980-3628

May 8, 2019

Lisa Kurokawa, Chief
Compliance Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250

Re: Cucamonga School District
California Assessment of Student Performance and Progress Program (CAASPP)
Audit Report of CAASPP Mandated Cost Reimbursable Claim
For the Period of July 1, 2013 through June 30, 2017

Dear Ms. Kurokawa:

The Cucamonga School District (hereafter "District") is responding to the draft audit report regarding costs claimed for the legislatively mandated California Assessment of Student Performance and Progress Program (hereafter "CAASPP") for the period of July 1, 2013 through June 30, 2017.

Finding 1: Unallowable salaries and benefits

The preliminary findings state that the District claimed \$19,091 in salaries and benefits for the audit period. The Auditor found the entire amount as 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.

District's Response to Finding 1:

The District does not contest the Auditor's findings nor does the District agree with the basis of the finding. As discussed with the Auditor, it is difficult to know what activities will be deemed allowable in any mandated program's parameters and guidelines (P&Gs) before they are written, approved by the Commission on State Mandates (COSM) and disseminated to school districts. These P&Gs may be approved years after the activities are performed. Therefore, school districts are obligated to document time in all activities on the chance they may be reimbursable through a mandate claim process in the future. Future mandates should be reimbursable based on average time spent on an activity, perhaps through the test claim process, rather than rely on contemporaneous records that most likely will not exist at the time a mandate is finally approved by the COSM.

Education...The Key to a Successful Future.

Finding 2: Unallowable materials and supplies costs

The preliminary findings state that the District claimed \$1,947,790 in materials and supplies costs for the audit period; the Auditor found the entire amount as unallowable because the District did not meet the requirements for reimbursement outlined in the program's P&Gs. In addition, the District claimed unsupported and ineligible materials and supplies costs.

District's Response to Finding 2:

The District does not contest the Auditor's findings nor does the District agree with the basis of the finding.

Finding 3: Underreported offsetting revenues

The preliminary findings state that the District did not report any offsetting revenues for the audit period. The Auditor found that the District understated offsetting revenue by \$11,303.

District's Response to Finding 3:

The District does not contest the Auditor's findings nor does the District agree with the basis of the finding.

We request that our response be published with the final audit report as well as shared with the Executive Office of the State Controller.

Sincerely,



Rick Jensen
Assistant Superintendent
Business Services

C: Janet Temkin, Superintendent
Richard Dahlin, Interim Superintendent; Asst. Supt., Personnel and Pupil Support Services
Dr. Michael Chaix, Asst. Supt., Educational Services
Bobby Applegate, Supervisor, Technology Services
Sandra Reynolds, Reynolds Consulting

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

<http://www.sco.ca.gov>