

WEST COVINA 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

September 2020



BETTY T. YEE
California State Controller

September 9, 2020

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Charles D. Hinman, Ed.D., Superintendent
West Covina Unified School District
1717 W. Merced Avenue
West Covina, CA 91790

Dear Dr. Hinman:

The State Controller's Office audited the costs claimed by West Covina 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 \$2,723,580 for costs of the mandated program. Our audit found that none of the claimed costs are allowable, 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 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.

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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. IRC information is available 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/ac

cc: Camie Poulos, President

Board of Education

West Covina Unified School District

Drew Passalacqua, Ed.D., Assistant Superintendent

Business Services Division

West Covina Unified School District

John Ziegenhohn, Chief Fiscal Executive

West Covina Unified School District

Jeff Young, Interim Director

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by West Covina 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 \$2,723,580 for costs of the mandated program. Our audit found that none of the claimed costs are allowable, 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 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 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 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.

The Commission also found that the following state and federal funds must be identified and deducted as offsetting revenues 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 [the 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 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.

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:

- Reviewed the annual mandated cost claims filed by the district for the audit period and identified the significant cost component of each claim as salaries and benefits, materials and supplies, and contract services. Determined whether there were any errors, or any 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, and discussed the claim preparation process with district staff to determine what information was obtained, who obtained it, and how it was used;
- Compared the claimed indirect cost rates to the rates approved by CDE. We found no errors; therefore, we accepted the rates as claimed;
- Requested contemporaneous time documents to support the claimed salaries and benefits for the audit period. Confirmed with the district that no such documents were created at or near the same time the actual activities were incurred. We found that the entire claimed amount is unsupported (see Finding 1);
- Reviewed lists of existing computing devices as of December 31, 2013. Used the Smarter Balanced Technology Readiness Calculator to determine the number of computing devices and network bandwidth that the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE. We set the number of available hours for the testing computers each day to three hours, as specified by the district. We found that the district claimed ineligible and unsupported materials and supplies (see Finding 2);
- Used the Smarter Balanced Technology Readiness Calculator to determine the network bandwidth that the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE. We found that the district claimed ineligible and unsupported contract services (see Finding 3); and
- Reviewed expenditure reports and the district's accounting records for the materials and supplies costs claimed during the audit period. We found that the district underreported offsetting revenues because the district used a combination of federal, state, and CDE revenues to fund the claimed materials and supplies costs (see Finding 4).

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

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 costs that are ineligible, unsupported, and funded by another source, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, West Covina Unified School District claimed \$2,723,580 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 issued a draft audit report on July 15, 2020. John Ziegenhohn, Chief Fiscal Executive, responded by email on July 21, 2020 (Attachment), stating that the district "does not contest the auditor's findings but strongly disagrees with the basis of the finding[s]." This final audit report includes the district's complete response.

Restricted Use

This audit report is solely for the information and use of West Covina Unified School District, the Los Angeles County Office of Education, the CDE, 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.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

September 9, 2020

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	\$ 10,869	\$ -	\$ (10,869)	
Internet service, network equipment, consultants, or engineers	1,772	-	(1,772)	
Assess technology	16,140	-	(16,140)	
Notify parents or guardians	1,555	-	(1,555)	
Score and transmit CAASPP tests	1,102	-	(1,102)	
Identify and report pupils	167	-	(167)	
Review supplemental videos and Webcasts	2,435	-	(2,435)	
Read and view CAASPP materials	2,700	-	(2,700)	
Total salaries and benefits	<u>36,740</u>	<u>-</u>	<u>(36,740)</u>	Finding 1
Total direct costs	36,740	-	(36,740)	
Indirect costs	<u>2,858</u>	<u>-</u>	<u>(2,858)</u>	Finding 1
Total direct and indirect costs	39,598	-	(39,598)	
Less offsetting revenues and reimbursements	-	(14,133)	(14,133)	Finding 4
Adjustment to eliminate negative balance	-	14,133	14,133	
Total program costs	<u>\$ 39,598</u>	<u>-</u>	<u>\$ (39,598)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		
<u>July 1, 2014, through June 30, 2015</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 5,584	\$ -	\$ (5,584)	
Internet service, network equipment, consultants, or engineers	355	-	(355)	
Assess technology	178	-	(178)	
Notify parents or guardians	2,214	-	(2,214)	
Score and transmit CAASPP tests	889	-	(889)	
Identify and report pupils	178	-	(178)	
Review supplemental videos and Webcasts	3,012	-	(3,012)	
Read and view CAASPP materials	3,013	-	(3,013)	
Enter designated supports and accommodations in registration system	4,575	-	(4,575)	
Total salaries and benefits	<u>19,998</u>	<u>-</u>	<u>(19,998)</u>	Finding 1
Materials and supplies				
Internet service, network equipment, consultants, or engineers	122,603	-	(122,603)	
Total materials and supplies	<u>122,603</u>	<u>-</u>	<u>(122,603)</u>	Finding 2
Total direct costs	142,601	-	(142,601)	
Indirect costs	<u>8,613</u>	<u>-</u>	<u>(8,613)</u>	Finding 1, 2
Total program costs	<u>\$ 151,214</u>	<u>-</u>	<u>\$ (151,214)</u>	
Less amount paid by the State ²		<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 ¹
<u>July 1, 2015, through June 30, 2016</u>				
Direct costs:				
Salaries and benefits				
Computers, browsers, or peripherals	\$ 4,750	\$ -	\$ (4,750)	
Assess technology	103	-	(103)	
Notify parents or guardians	1,854	-	(1,854)	
Score and transmit CAASPP tests	1,548	-	(1,548)	
Identify and report pupils	310	-	(310)	
Review supplemental videos and Webcasts	2,648	-	(2,648)	
Read and view CAASPP materials	3,222	-	(3,222)	
Enter designated supports and accommodations in registration system	3,953	-	(3,953)	
Total salaries and benefits	<u>18,388</u>	<u>-</u>	<u>(18,388)</u>	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	1,364,773	-	(1,364,773)	
Internet service, network equipment, consultants, or engineers	200,861	-	(200,861)	
Total materials and supplies	<u>1,565,634</u>	<u>-</u>	<u>(1,565,634)</u>	Finding 2
Contract services				
Internet service, network equipment, consultants, or engineers	732,842	-	(732,842)	
Total contract services	<u>732,842</u>	<u>-</u>	<u>(732,842)</u>	Finding 3
Total direct costs	2,316,864	-	(2,316,864)	
Indirect costs	<u>120,477</u>	<u>-</u>	<u>(120,477)</u>	Finding 1, 2, 3
Total direct and indirect costs	2,437,341	-	(2,437,341)	
Less offsetting revenues and reimbursements	-	(27,764)	(27,764)	Finding 4
Adjustment to eliminate negative balance	-	27,764	27,764	
Total program costs	<u>\$ 2,437,341</u>	<u>-</u>	<u>\$ (2,437,341)</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	\$ 1,688	\$ -	\$ (1,688)	
Notify parents or guardians	877	-	(877)	
Review supplemental videos and Webcasts	1,630	-	(1,630)	
Read and view CAASPP materials	1,394	-	(1,394)	
Enter designated supports and accommodations in registration system	1,324	-	(1,324)	
Total salaries and benefits	<u>6,913</u>	<u>-</u>	<u>(6,913)</u>	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	82,471	-	(82,471)	
Total materials and supplies	<u>82,471</u>	<u>-</u>	<u>(82,471)</u>	Finding 2
Total direct costs	89,384	-	(89,384)	
Indirect costs	<u>6,043</u>	<u>-</u>	<u>(6,043)</u>	Finding 1, 2
Total direct and indirect costs	95,427	-	(95,427)	
Less offsetting revenues and reimbursements	-	(1,465)	(1,465)	Finding 4
Adjustment to eliminate negative balance	-	1,465	1,465	
Total program costs	<u>\$ 95,427</u>	<u>-</u>	<u>\$ (95,427)</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	\$ 22,891	\$ -	\$ (22,891)	
Internet service, network equipment, consultants, or engineers	2,127	-	(2,127)	
Assess technology	16,421	-	(16,421)	
Notify parents or guardians	6,500	-	(6,500)	
Score and transmit CAASPP tests	3,539	-	(3,539)	
Identify and report pupils	655	-	(655)	
Review supplemental videos and Webcasts	9,725	-	(9,725)	
Read and view CAASPP materials	10,329	-	(10,329)	
Enter designated supports and accommodations in registration system	9,852	-	(9,852)	
Total salaries and benefits	<u>82,039</u>	<u>-</u>	<u>(82,039)</u>	Finding 1
Materials and supplies				
Computers, browsers, or peripherals	1,447,244	-	(1,447,244)	
Internet service, network equipment, consultants, or engineers	323,464	-	(323,464)	
Total materials and supplies	<u>1,770,708</u>	<u>-</u>	<u>(1,770,708)</u>	Finding 2
Contract services				
Internet service, network equipment, consultants, or engineers	732,842	-	(732,842)	
Total contract services	<u>732,842</u>	<u>-</u>	<u>(732,842)</u>	Finding 3
Total direct costs	2,585,589	-	(2,585,589)	
Indirect costs	137,991	-	(137,991)	Finding 1, 2, 3
Total direct and indirect costs	<u>2,723,580</u>	<u>-</u>	<u>(2,723,580)</u>	
Less offsetting revenues and reimbursements	-	(43,362)	(43,362)	Finding 4
Adjustment to eliminate negative balance	-	43,362	43,362	
Total program costs	<u>\$ 2,723,580</u>	<u>-</u>	<u>\$ (2,723,580)</u>	
Less amount paid by the State ²		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ -</u>		

¹ See the Findings and Recommendations section.

² Payment information current as of July 23, 2020.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits

The district claimed \$82,039 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 \$5,489, for a total finding of \$87,528.

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 tests 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 contractor or consortium by reading the *CAASPP Online Test Administration Manual*, the *Smarter Balanced Usability, Accessibility, and Accommodations Guidelines*, and the *CAASPP 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.

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

Fiscal Year	Salaries and Benefits			Claimed Indirect Cost Rate	Indirect Cost Adjustment	Total Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment			
2013-14	\$ 36,740	\$ -	\$ (36,740)	7.78%	\$ (2,858)	\$ (39,598)
2014-15	19,998	-	(19,998)	6.04%	(1,208)	(21,206)
2015-16	18,388	-	(18,388)	5.20%	(956)	(19,344)
2016-17	6,913	-	(6,913)	6.76%	(467)	(7,380)
Total	\$ 82,039	\$ -	\$ (82,039)		\$ (5,489)	\$ (87,528)

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

Reimbursable Activity	Salaries and Benefits		
	Amount Claimed	Amount Allowable	Audit Adjustment
Computers, browsers, or peripherals	\$ 22,891	\$ -	\$ (22,891)
Internet service, network equipment, consultants, engineers	2,127	-	(2,127)
Assess technology	16,421	-	(16,421)
Notify parents or guardians	6,500	-	(6,500)
Score and transmit CAASPP tests	3,539	-	(3,539)
ID and report pupils unable to access computer-based tests	655	-	(655)
Review supplemental videos and webcasts	9,725	-	(9,725)
Read and view CAASPP materials	10,329	-	(10,329)
Enter supports and accommodations into registration system	9,852	-	(9,852)
Total	\$ 82,039	\$ -	\$ (82,039)

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 fiscal year (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 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's response to the findings as a whole is as follows:

West Covina Unified School District does not contest the auditor's findings but strongly disagrees with the basis of the finding:

The Commission on State Mandates failed to provide proper guidance to all districts in regards to what would and would not be allowed prior to January 2014. The Commission on State Mandates adopted the "parameters and guidelines" to define the reimbursement criteria on March 25, 2016. This is over two years after the required CAASPP testing. West Covina USD had to determine its CAASPP testing needs and make the necessary technology purchases to administer the testing effectively by January 2014, long before any "guidelines" were published.

**FINDING 2—
Unallowable materials
and supplies**

The district claimed \$1,770,708 in materials and supplies for the audit period. We found that the entire amount is unallowable. The costs are unallowable because the district did not meet the reimbursement requirements outlined in the program's parameters and guidelines. In addition, the district claimed unsupported and ineligible material and supply costs.

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. For the audit period, the district had a sufficient existing inventory of computing devices, accessories, technology infrastructure, and broadband internet service. The district was not aware of the reimbursement requirements outlined in the program's parameters and guidelines. Unallowable related indirect costs total \$94,394, for a total finding of \$1,865,102.

The district claimed material and supply costs for two reimbursable activities:

- Providing a sufficient number of desktop or laptop computers, iPads, or other tablet computers for which Smarter Balanced provided secure

browser support in the academic year, along with a keyboard, headphones, and a pointing device for each student to administer the CAASPP; and

- Broadband internet service providing at least 20 Kbps [kilobits per second] 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.

The claimed costs represent the acquisition of computing devices and accessories, and the expansion of existing technology infrastructure.

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

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Claimed Indirect Cost Rate	Indirect Cost Adjustment	Total Adjustment
2014-15	\$ 122,603	-	\$ (122,603)	6.04%	\$ (7,405)	\$ (130,008)
2015-16	1,565,634	-	(1,565,634)	5.20%	(81,413)	(1,647,047)
2016-17	82,471	-	(82,471)	6.76%	(5,576)	(88,047)
Total	<u>\$ 1,770,708</u>	<u>\$ -</u>	<u>\$ (1,770,708)</u>		<u>\$ (94,394)</u>	<u>\$ (1,865,102)</u>

The following table summarizes the audit adjustments related to materials and supplies by reimbursable activity:

Reimbursable Activity	Amount Claimed	Amount Allowable	Audit Adjustment
Computers, browsers, or peripherals	\$ 1,447,244	\$ -	\$ (1,447,244)
Internet service, network equipment, consultants, or engineers	323,464	-	(323,464)
Total	<u>\$ 1,770,708</u>	<u>\$ -</u>	<u>\$ (1,770,708)</u>

The district claimed \$1,447,244 in materials and supplies related to the reimbursable activity “computers, browsers, or peripherals.” We found that the entire amount is unallowable. Of that amount, the district claimed \$218,244 for laptop charging carts, cameras, and warranties that are not reimbursable. The district also claimed \$2,001 in unsupported costs. Additional claimed costs of \$1,226,999 are unallowable because the district did not meet the existing inventory requirement outlined in the program’s parameters and guidelines.

The district claimed \$323,464 in materials and supplies related to the reimbursable activity “internet service, network equipment, consultants, or engineers.” We found that the entire amount is unallowable because the district did not meet the existing inventory requirement outlined in the program’s parameters and guidelines.

Existing inventory of computing devices and broadband internet service

The district provided an existing inventory of computing devices as of December 31, 2013. For each fiscal year, we accounted for the computing devices that did not meet the minimum technical specifications, devices that had been 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 at the beginning of each fiscal year:

Fiscal Year	(A)	(B)	(C)	(D)	(E) = (A)+(B)+(C)+(D)	(F)	(G)	(H) = (E)+(F)+(G)
	Beginning Inventory	Devices Not Meeting Minimum Specifications	Devices Disposed Before Testing	Devices Purchased Before Testing	Devices Available for Testing	Devices Disposed After Testing	Devices Purchased After Testing	Ending Inventory
2013-14	4,549	-	(3)	315	4,861	(184)	24	4,701
2014-15	4,701	-	(274)	627	5,054	-	118	5,172
2015-16	5,172	-	(275)	1,064	5,961	-	3,184	9,145
2016-17	9,145	(2,431)	(219)	1,284	7,779	-	174	7,953
Total		(2,431)	(771)	3,290		(184)	3,500	

The district informed us that that its broadband internet speed was 1 Gbps (gigabytes per second) for the period of July 1, 2013, through June 30, 2017.

Determining the sufficiency of existing computing devices and broadband internet service

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

We made calculations to determine the number of computing devices and network bandwidth that the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE. We based our calculations on the Smarter Balanced Technology Readiness Calculator's formula. We set the number of available hours for the testing computers each day to three hours, as specified by the district.

The following table shows the number of computing devices and network bandwidth (in megabits per second) that the district needed to complete the assessments within the testing window:

Results based on computing devices that the district needed

Fiscal Year	Students Tested	Devices Needed for Testing	Days in Testing Window	District's Internet Speed	Estimated Bandwidth Required
2013-14	4,711	262	48	1 Gbps	5.24 Mbps (0.52% of total bandwidth)
2014-15	4,724	210	60	1 Gbps	4.20 Mbps (0.42% of total bandwidth)
2015-16	4,659	208	60	1 Gbps	4.16 Mbps (0.42% of total bandwidth)
2016-17	4,557	203	60	1 Gbps	4.06 Mbps (0.41% of total bandwidth)

The following table shows the required number of days and network bandwidth that the district needed in order to complete the assessments using its existing inventory of computing devices:

Results based on computing devices that the district had for student use

Fiscal Year	Students Tested	Devices Available for Testing	Days to Complete Testing	District's Internet Speed	Estimated Bandwidth Required
2013-14	4,711	4,861	2.67	1 Gbps	94.22 Mbps (9.42% of total bandwidth)
2014-15	4,724	5,054	2.67	1 Gbps	94.48 Mbps (9.45% of total bandwidth)
2015-16	4,659	5,961	2.67	1 Gbps	93.18 Mbps (9.32% of total bandwidth)
2016-17	4,557	7,779	2.67	1 Gbps	91.14 Mbps (9.11% of total bandwidth)

For FY 2013-14, the district had 4,861 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 4,711 students in 2.67 days using 9.42% of a 1-Gbps bandwidth. However, CDE provided a 48-day testing window to complete the assessments; therefore, the district needed only 262 computing devices using 0.52% of a 1-Gbps bandwidth to complete the assessments.

For FY 2014-15, the district had 5,054 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 4,724 students in 2.67 days using 9.45% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district needed only 210 computing devices using 0.42% of a 1-Gbps bandwidth to complete the assessments.

For FY 2015-16, the district had 5,961 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 4,659 students in 2.67 days using 9.32% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district needed only 208 computing devices using 0.42% of a 1-Gbps bandwidth to complete the assessments.

For FY 2016-17, the district had 7,779 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 4,557 students in 2.67 days using 9.11% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district needed only 203 computing devices using 0.41% of a 1-Gbps bandwidth to complete the assessments.

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

- A) 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 includes 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.

Reimbursement is NOT required to provide a computing device for every pupil, for the time to assess each pupil, or for the purchase of other equipment not listed.

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 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 did not respond to individual findings. For the district's response to the findings as a whole, see Finding 1.

**FINDING 3—
Unallowable contract
services**

The district claimed \$732,842 in contract services for the audit period. We found that the entire amount is unallowable. The costs are unallowable because the district did not meet the reimbursement requirements outlined in the program's parameters and guidelines. In addition, the district claimed unsupported contract service costs.

The district claimed contract service costs for the reimbursable activity related to "internet service, network equipment, consultants, or engineers." The claimed costs represent services to expand the district's existing technology infrastructure. The district claimed these contract service costs because it misinterpreted the program's parameters and guidelines requirement that it maintain documentation to prove that its existing technology infrastructure was not sufficient to administer the CAASPP test to all eligible pupils within the testing window. The district already met the minimum specifications related to broadband internet service and technology infrastructure (see more details in Finding 2—Unallowable materials and supplies). Unallowable related indirect costs total \$38,108, for a total finding of \$770,950.

The following table summarizes the audit adjustments related to contracted services by fiscal year:

Fiscal Year	Contract Services			Claimed Indirect Cost Rate	Indirect Cost Adjustment	Total Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment			
2015-16	732,842	-	(732,842)	5.20%	(38,108)	(770,950)
Total	\$ 732,842	\$ -	\$ (732,842)		\$ (38,108)	\$ (770,950)

A requirement for reimbursement is that the district's broadband internet service is not sufficient to administer the CAASPP tests to all eligible pupils within the testing window, based on the minimum technology specifications identified by the contractor(s) or consortium. For FY 2015-16, the district had sufficient existing broadband internet service, as the network service contracts stated that the district's broadband internet speed was 1 Gbps as of July 1, 2015.

Of the claimed amount, the district claimed \$47,736 in unsupported costs. Additional claimed costs of \$685,106 are unallowable because the district did not meet the existing technology infrastructure requirements outlined in the program's parameters and guidelines.

Determining the sufficiency of existing broadband internet service

We used the Smarter Balanced Technology Readiness Calculator to determine the network bandwidth that the district needed to administer the CAASPP Program tests to all eligible pupils within the testing window provided by CDE.

The following table shows the network bandwidth that the district needed to complete the assessments within the testing window:

Results based on computing devices that the district needed					
Fiscal Year	Students Tested	Devices Needed for Testing	Days in Testing Window	District's Internet Speed	Estimated Bandwidth Required
2015-16	4,659	208	60	1 Gbps	4.16 Mbps (0.42% of total bandwidth)

The following table shows the required number of days and network bandwidth that the district needed to complete the assessments using its existing inventory of computing devices:

Results based on computing devices that the district had for student use					
Fiscal Year	Students Tested	Devices Available for Testing	Days to Complete Testing	District's Internet Speed	Estimated Bandwidth Required
2015-16	4,659	5,961	2.67	1 Gbps	93.18 Mbps (9.32% of total bandwidth)

For FY 2015-16, the district had 5,961 existing computing devices that met the minimum technical specifications for CAASPP assessments. Our calculation estimated that the district could complete the assessments for 4,659 students in 2.67 days using 9.32% of a 1-Gbps bandwidth. However, CDE provided a 60-day testing window to complete the assessments; therefore, the district needed only 208 computing devices using 0.42% of a 1-Gbps bandwidth to complete the assessments.

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

- A) 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 includes 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.

Reimbursement is NOT required to provide a computing device for every pupil, for the time to assess each pupil, or for the purchase of other equipment not listed.

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 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 did not respond to individual findings. For the district's response to the findings as a whole, see Finding 1.

FINDING 4— Underreported offsetting revenues

The district did not report any offsetting revenues for the audit period. We found that the district underreported offsetting revenues by \$43,362.

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

During our review of the funding sources, we found that the district used \$4,846 of restricted federal funds and \$5,623 of restricted state funds for the CAASPP program. In addition, the district did not report the Assessment Apportionment Fund balance of \$32,893 for the audit period as an offset. The program's parameters and guidelines require that these costs be deducted from any cost claims 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
2013-14	\$ -	\$ (14,133)	\$ (14,133)
2014-15	-	-	-
2015-16	-	(27,764)	(27,764)
2016-17	-	(1,465)	(1,465)
Total	\$ -	\$ (43,362)	\$ (43,362)

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 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 mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that all offsetting revenues are identified and deducted from claimed costs.

District’s Response

The district did not respond to individual findings. For the district’s response to the findings as a whole, see Finding 1.

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

From: John Ziegenhohn <jziegenhohn@wcusd.org>
Sent: Tuesday, July 21, 2020 11:38 AM
To: Kurokawa, Lisa <LKurokawa@sco.ca.gov>
Cc: Drew Passalacqua <dpassalacqua@wcusd.org>; Charles Hinman <chinman@wcusd.org>
Subject: District Response - CAASPP Audit Findings

CAUTION:

This email originated from outside of the organization.
Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Hello Mrs. Kurokawa,

We have reviewed the California Assessment of Student Performance and Progress Program (CAASPP) draft audit report and respond to the audit findings as follows:

West Covina Unified School District does not contest the auditor's findings but strongly disagrees with the basis of the finding:

The Commission on State Mandates failed to provide proper guidance to all districts in regards to what would and would not be allowed prior to January 2014. The Commission on State Mandates adopted the "parameters and guidelines" to define the reimbursement criteria on March 25, 2016. This is over two years after the required CAASPP testing. West Covina USD had to determine its CAASPP testing needs and make the necessary technology purchases to administer the testing effectively by January 2014, long before any "guidelines" were published.

Enclosed is a Word document with the West Covina USD audit finding response as requested in your email. Please send an email confirmation you have received this email. Let me know if you have any questions or concerns.

Thank you,

John Ziegenhohn
Chief Fiscal Executive
West Covina Unified School District
(626) 939-4600 X 4637

**State Controller's Office
Division of Audits
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