

OAKLAND UNIFIED SCHOOL DISTRICT

Revised Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 798, Statutes of 1983
and Chapter 1023, Statutes of 1994

July 1, 2002, through June 30, 2008



JOHN CHIANG
California State Controller

October 2010



JOHN CHIANG
California State Controller

October 25, 2010

Gary Yee, President
Board of Education
Oakland Unified School District
1025 2nd Avenue
Oakland, CA 94606-2212

Dear Mr. Yee:

The State Controller's Office audited the costs claimed by the Oakland Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 798, Statutes of 1983, and Chapter 1023, Statutes of 1994) for the period of July 1, 2002, through June 30, 2008.

The final report issued September 24, 2010, was not appropriately addressed to the Governing Board. This final report corrects the addressee of the final report.

The district claimed \$1,492,260 for the mandated program. Our audit disclosed that \$935,612 is allowable and \$556,648 is unallowable. The costs are unallowable because the district claimed non-reimbursable initial truancy notifications. The State paid the district \$535,236. Allowable costs claimed exceed the amount paid by \$400,376.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: Anthony Smith, Ph.D., Superintendent
Oakland Unified School District
Vernon E. Hal, Chief Financial Officer
Oakland Unified School District
Jack O'Connell, Superintendent of Public Instructions
California Department of Education
Sheila Jordan, County Superintendent of Schools
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Oakland Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 798, Statutes of 1983, and Chapter 1023, Statutes of 1994) for the period of July 1, 2002, through June 30, 2008.

The district claimed \$1,492,260 for the mandated program. Our audit disclosed that \$935,612 is allowable and \$556,648 is unallowable. The costs are unallowable because the district claimed non-reimbursable initial truancy notifications. The State paid the district \$535,236. Allowable costs claimed exceed the amount paid by \$400,376.

Background

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

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, the commission on State Mandates (CSM) did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, until June 30, 2006, districts were eligible for mandated program reimbursement if they notified parents or guardian(s) of the first five elements.

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

CSM did not amend the program's parameters and guidelines until January 31, 2008 (effective July 1, 2006). Therefore, for mandate-reimbursement purposes until June 30, 2006, a pupil is initially classified as truant upon the fourth unexcused absence.

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

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on August 27, 1987, and amended them on July 22, 1993, and January 31, 2008. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2002, through June 30, 2008.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Oakland Unified School District claimed \$1,492,260 for costs of the Notification of Truancy Program. Our audit disclosed that \$935,612 is allowable and \$556,648 is unallowable.

For the fiscal year (FY) 2002-03 claim, the State paid the district \$45,250. Our audit disclosed that the entire amount is unallowable. The State will offset \$45,250 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2003-04 claim, the State paid the district \$274,566. Our audit disclosed that \$175,135 is allowable and \$99,431 is unallowable. The State will offset \$99,431 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2004-05 claim, the State paid the district \$153,810. Our audit disclosed that \$142,986 is allowable and \$10,824 is unallowable. The State will offset \$10,824 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2005-06 claim, the State made no payment to the district. Our audit disclosed that \$186,635 is allowable. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

For the FY 2006-07 claim, the State paid the district \$61,603. Our audit disclosed that \$232,447 is allowable and \$93,137 is unallowable. The State will pay allowable costs claimed that exceed the amount paid, contingent upon available appropriations.

For the FY 2007-08 claim, the State paid the district \$7. Our audit disclosed that \$198,409 is allowable and \$149,731 is unallowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$198,402, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on March 26, 2010. Adrian V. Kirk, Director, Family and Community Office, responded by letter dated August 27, 2010, agreeing with the audit results.

Restricted Use

This report is solely for the information and use of the Oakland Unified School District, the Alameda County Office of Education, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

October 25, 2010

**Schedule 1—
Summary of Program Costs
July 1, 2002, through June 30, 2008**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference ¹</u>
<u>July 1, 2002, through June 30, 2003</u>				
Number of truancy notifications	3,428	—	(3,428)	Finding 1
Uniform cost allowance	× \$13.20	× \$13.20	× \$13.20	
Total program costs	<u>\$ 45,250</u>	\$ —	<u>\$ (45,250)</u>	
Less amount paid by the State		(45,250)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (45,250)</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Number of truancy notifications	20,100	12,821	(7,279)	Findings 1, 2
Uniform cost allowance	× \$13.66	× \$13.66	× \$13.66	
Total program costs	<u>\$ 274,566</u>	\$ 175,135	<u>\$ (99,431)</u>	
Less amount paid by the State		(274,566)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (99,431)</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Number of truancy notifications	10,771	10,013	(758)	Findings 1, 2
Unit cost per initial notifications	× \$14.28	× \$14.28	× \$14.28	
Total program costs	<u>\$ 153,810</u>	\$ 142,986	<u>\$ (10,824)</u>	
Less amount paid by the State		(153,810)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (10,824)</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Number of truancy notifications	22,195	12,010	(10,185)	Findings 1, 2
Unit cost per initial notifications	× \$15.54	× \$15.54	× \$15.54	
Total program costs	<u>\$ 344,910</u>	\$ 186,635	<u>\$ (158,275)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 186,635</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Number of truancy notifications	20,160	14,393	(5,767)	Findings 1, 2
Unit cost per initial notifications	× \$16.15	× \$16.15	× \$16.15	
Total program costs	<u>\$ 325,584</u>	\$ 232,447	<u>\$ (93,137)</u>	
Less amount paid by the State		(61,603)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 170,844</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Number of truancy notifications	20,147	11,482	(8,665)	Finding 2
Unit cost per initial notifications	× \$17.28	× \$17.28	× \$17.28	
Total program costs	<u>\$ 348,140</u>	\$ 198,409	<u>\$ (149,731)</u>	
Less amount paid by the State		<u>(7)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 198,402</u>		
<u>Summary: July 1, 2002, through June 30, 2008</u>				
Total program costs	<u>\$ 1,492,260</u>	\$ 935,612	<u>\$ (556,648)</u>	
Less amount paid by the State		<u>(535,236)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 400,376</u>		

¹ See the Findings and Recommendations section.

Revised Findings and Recommendations

FINDING 1— Misstated number of initial truancy notifications claimed

The district claimed costs totaling \$160,931 for initial truancy notification letters that were not supported by the district's attendance records for fiscal year (FY) 2002-03 through FY 2006-07. The district either overstated or understated the number during each fiscal year.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Total number of initial truancy notifications documented	—	24,676	20,840	22,194	20,154	
Less number of initial truancy notifications claimed	(3,428)	(20,100)	(10,771)	(22,195)	(20,160)	
Understated/(overstated) number of initial truancy notifications	(3,428)	4,576	10,069	(1)	(6)	11,210
Uniform cost allowance	× \$13.20	× \$13.66	× \$14.28	× \$15.54	× \$16.15	
Audit adjustment	\$ (45,250)	\$ 62,508	\$ 143,785	\$ (16)	\$ (96)	\$ 160,931

The program's parameters and guidelines require the district to provide documentation that supports the total number of initial notifications of truancy distributed. In specifying reimbursable costs, the parameters and guidelines state that districts shall be reimbursed for the costs to identify truant pupils, prepare and distribute by mail or other method the forms to parents or guardians, and perform associated recordkeeping. The program reimburses claimants based on a uniform costs allowance and the number of eligible truancy notifications documented.

Recommendation

We recommend that the district claim the number of allowable initial truancy notification letters that its records support.

District's Response

The district agreed with the finding.

FINDING 2— Non-reimbursable initial truancy notifications claimed

The district overstated allowable initial truancy notifications by \$717,579 for FY 2003-04 through FY 2007-08. This amount is net of the adjustment identified in Finding 1 totaling \$160,931 in costs claimed that were not supported by the district's attendance records.

The district claimed initial truancy notifications it distributed for students who had not accumulated the required number of unexcused absences or instances of tardiness to be classified as truant under the mandated program. In addition, some of the students claimed by the district were either under age six or over age 18.

Education Code section 48200 states that children between the ages of 6 and 18 are subject to compulsory full-time education. However, Education Code section 48000 states, "A child shall be admitted to a

kindergarten at the beginning of a school year, or any later time in the same year if the child will have his or her fifth birthday on or before December 2 of that school year.” In addition, Education Code section 48010 states, “A child shall be admitted to the first grade of an elementary school during the first month of a school year if the child will have his or her sixth birthday on or before December 2 of that school year.” Therefore, kindergarten and 1st grade students are not subject to compulsory attendance requirements during some or all of their school year. In addition, 12th grade students are not subject to compulsory attendance requirements during some or all of their school year. If a truancy instance occurred before the child’s 6th birthday or after their 18th birthday, those instances are not reimbursable.

For each fiscal year, we selected a statistical sample of initial truancy notifications based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We chose our statistical sample from the population of initial truancy notifications that the district documented. We used a statistical sample so that we could project the sample results to the population. The district accounts for elementary and secondary school attendance differently; therefore, we stratified the population into two groups.

The district claimed unallowable initial truancy notifications for students who accumulated fewer than four unexcused absences or tardiness occurrences during the fiscal year. Some of these students accumulated fewer than three unexcused absences or tardiness occurrences. In addition, there were some students that were either under age six or over age 18.

For FY 2003-04, the district claimed unallowable initial truancy notifications for 82 elementary students; of this total, 79 students had fewer than four unexcused absences or tardiness occurrences and three students were under the age of six. In addition, the district claimed unallowable initial truancy notifications for 65 secondary students; of this total, 57 students had fewer than four unexcused absences or tardiness occurrences and eight students were over age 18.

For FY 2004-05, the district claimed unallowable initial truancy notifications for 73 elementary students who received fewer than four unexcused absences or tardiness occurrences during the fiscal year. In addition, the district claimed unallowable initial truancy notifications for 79 secondary students; of this total, 74 had fewer than four unexcused absences or tardiness occurrences and five students were over age 18.

For FY 2005-06, the district claimed unallowable initial truancy notifications for 72 elementary students; of this total, 47 students had fewer than four unexcused absences or tardiness occurrences and 25 students were under the age of six. In addition, the district claimed unallowable initial truancy notifications for 65 secondary students; of this total, 57 students had fewer than four unexcused absences or tardiness occurrences and eight students were over age 18.

For FY 2006-07, the district claimed unallowable initial truancy notifications for 58 elementary students; of this total, 40 students had fewer than four unexcused absences or tardiness occurrences and 18 students were under the age of six. In addition, the district claimed unallowable initial truancy notifications for 32 secondary students; of this total, 27 students had fewer than four unexcused absences or tardiness occurrences and five students were over age 18.

For FY 2007-08, the district claimed unallowable initial truancy notifications for 66 elementary students; of this total, 46 students had fewer than four unexcused absences or tardiness occurrences and 20 students were under the age of six. In addition, the district claimed unallowable initial truancy notifications for 62 secondary students; of this total, 49 students had fewer than four unexcused absences or tardiness occurrences and 13 students were over age 18.

The following table summarizes the number of unallowable initial truancy notifications claimed:

	Fiscal Year					Total
	2003-04	2004-05	2005-06	2006-07	2007-08	
Elementary schools:						
Number of unallowable initial truancy notifications	(82)	(73)	(72)	(58)	(66)	
Statistical sample size	÷ 148	÷ 147	÷ 147	÷ 147	÷ 147	
Unallowable percentage	(55.41)%	(49.66)%	(48.98)%	(39.46)%	(44.90)%	
Number of initial truancy notifications documented	× 9,258	× 7,973	× 8,623	× 7,866	× 7,508	
Total number of unallowable initial truancy notifications	(5,130)	(3,959)	(4,224)	(3,104)	(3,371)	
Uniform cost allowance	× \$13.66	× \$14.28	× \$15.54	× \$16.15	× \$17.28	
Total, elementary schools	\$ (70,076)	\$ (56,534)	\$ (65,641)	\$ (50,130)	\$ (58,251)	\$ (300,632)
Secondary schools:						
Number of unallowable initial truancy notifications	(65)	(79)	(65)	(32)	(62)	
Statistical sample size	÷ 149	÷ 148	÷ 148	÷ 148	÷ 148	
Unallowable percentage	(43.62)%	(53.38)%	(43.92)%	(21.62)%	(41.89)%	
Number of initial truancy notifications documented	× 15,418	× 12,867	× 13,571	× 12,288	× 12,639	
Total number of unallowable initial truancy notifications	(6,725)	(6,868)	(5,960)	(2,657)	(5,294)	
Uniform cost allowance	× \$13.66	× \$14.28	× \$15.54	× \$16.15	× \$17.28	
Total, secondary schools	\$ (91,863)	\$ (98,075)	\$ (92,618)	\$ (42,911)	\$ (91,480)	(416,947)
Audit adjustment	\$ (161,939)	\$ (154,609)	\$ (158,259)	\$ (93,041)	\$ (149,731)	\$ (717,579)

Education Code section 48260, subdivision (a), (as amended in 1994) defines a truant student as one who is absent from school without a valid excuse for three full days in one school year or who is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or combination thereof.

However, the parameters and guidelines state that initial truancy occurs when a student is absent from school without a valid excuse more than three days or tardy in excess of 30 minutes on each of more than three days in one school year. As the Commission of State Mandates (CSM) did not amend the parameters and guidelines until July 1, 2006, an initial truancy notification is reimbursable under the mandated program only when a student has accumulated unexcused absences or tardiness occurrences on four or more days for FY 2003-04 through FY 2005-06.

Effective July 1, 2006, the CSM adopted amended parameters and guidelines for the Notification of Truancy Program. The amended parameters and guidelines state:

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

Recommendation

We recommend that the district claim initial truancy notification costs only for those students between age 6 and age 18 who accumulate three or more unexcused absences or tardiness occurrences, in accordance with Education Code sections 48200 and 48260, subdivision (a).

District's Response

The district agreed with the finding.

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



OAKLAND UNIFIED
SCHOOL DISTRICT

expect **Success**

every student. every classroom. every day.

FAMILY & COMMUNITY OFFICE

August 27, 2010

Mr. James Spano
Bureau Chief
Mandated Cost Audits Bureau
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

Mr. Spano:

The following is the OUSD response to the Audit Report on the OUSD Notification of Truancy Program for the period 7/1/2002 through 6/30/2008. We accept the objectives, scope, methodology and findings of this audit. Further we appreciate the guidance afforded us in the process such that we will be able to avoid errors in the future.

We recognize that our primary problem areas were 1) our inability to provide adequate evidence of the notification of truancy matched against the attendance history of students; and 2) sending notifications of truancy to students ineligible for any reimbursement from the state. OUSD has already taken steps to remediate these areas of problem.

Please let us know if you require any further information or documentation from OUSD.

Regards,

Adrian V. Kirk
Director, Family & Community Office

**State Controller's Office
Division of Audits
Post Office Box 942850
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<http://www.sco.ca.gov>