

# **ABC UNIFIED SCHOOL DISTRICT**

Audit Report

## **THE STULL ACT PROGRAM**

Chapter 498, Statutes of 1983;  
and Chapter 4, Statutes of 1999

*July 1, 1998, through June 30, 2002; July 1, 2005, through June 30, 2008;  
and July 1, 2010, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

October 2017



**BETTY T. YEE**  
California State Controller

October 23, 2017

Christopher Apodaca, President, Board of Education  
ABC Unified School District  
16700 Norwalk Blvd  
Cerritos, CA 90703

Dear Mr. Apodaca:

The State Controller's Office (SCO) audited the costs claimed by ABC Unified School District for the legislatively mandated Stull Act Program (Chapter 498, Statutes of 1983; and Chapter 4, Statutes of 1999) for the period of July 1, 1998, through June 30, 2002; July 1, 2005, through June 30, 2008; and July 1, 2010, through June 30, 2012.

The district claimed \$1,024,435 for the mandated program. Our audit found that \$607,793 is allowable and \$416,642 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for ineligible and unsupported costs. The State paid the district \$814,500. The SCO's Local Government Programs and Services Division will send the district a separate notification letter to resolve the amount paid in excess of allowable costs, totaling \$206,707. The letter will be sent within 30 days from the issuance date of this report.

If you have any questions, please contact Jim L. Spano, CPA, Assistant Division Chief by telephone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/rg

cc: Dr. Mary Sieu, Superintendent  
ABC Unified School District  
Toan Nguyen, Assistant Superintendent, Business Services  
ABC Unified School District  
Dr. Gina Zietlow, Interim Assistant Superintendent, Human Resources  
ABC Unified School District  
Keith D. Crafton, Director  
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Education Systems Unit  
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Anita Dagan, Manager  
Local Government Programs and Services Division  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by ABC Unified School District for the legislatively mandated Stull Act Program (Chapter 498, Statutes of 1983; and Chapter 4, Statutes of 1999) for the period of July 1, 1998, through June 30, 2002; July 1, 2005, through June 30, 2008; and July 1, 2010, through June 30, 2012.

The district claimed \$1,024,435 for the mandated program. Our audit found that \$607,793 is allowable and \$416,642 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for ineligible and unsupported costs. The State paid the district \$814,500. The SCO's Local Government Programs and Services Division (LGPSD) will send the district a separate notification letter to resolve the amount paid in excess of allowable costs, totaling \$206,707. The letter will be sent within 30 days from the issuance date of this report.

## Background

Chapter 498, Statutes of 1983, and Chapter 4, Statutes of 1999, added Education Code sections 44660 through 44665. The legislation provided reimbursement for specific activities related to evaluation and assessment of the performance of "certificated personnel" within each school district, except for those employed in local, discretionary educational programs.

On May 27, 2004, the Commission on State Mandates (Commission) determined that the legislation imposed a State mandate reimbursable under Government Code (GC) section 17514.

The program's parameters and guidelines establish the State mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on September 27, 2005. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

The Commission-approved reimbursable activities are as follows:

- Evaluating and assessing the performance of certificated instructional employees that perform the requirements of educational programs mandated by state or federal laws as it reasonably relates to the instructional techniques and strategies used by the employee and the employee's adherence to curricular objectives (Education Code section 44662(b) as amended by Chapter 498, Statutes of 1983);
- Evaluating and assessing the performance of certificated instructional employees that teach reading, writing, mathematics, history/social science, and science in grades 2 to 11 as it reasonably relates to the progress of pupils toward the state adopted academic content standards as measured by state adopted assessment tests (Education Code section 44662(b) as amended by Chapter 4, Statutes of 1999); and
- Assessing and evaluating permanent certificated, instructional, and non-instructional employees that perform the requirements of

educational programs mandated by state or federal law and receive an unsatisfactory evaluation in the years in which the permanent certificated employee would not have otherwise been evaluated pursuant to Education Code section 44664. The additional evaluations shall last until the employee achieves a positive evaluation, or is separated from the school district (Education Code section 44664 as amended by Chapter 498, Statutes of 1983).

## **Objective, Scope, and Methodology**

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the Stull Act 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 periods were from July 1, 1998, through June 30, 2002; July 1, 2005, through June 30, 2008; and July 1, 2010, through June 30, 2012.

To achieve our audit objective, we:

- Reviewed annual mandated cost claims filed by the district for the audit period to identify the material cost components of each claim, and determine whether there were any errors, or unusual or unexpected variances from year to year. We also reviewed the activities claimed to determine whether they adhered to SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key personnel and performed a walkthrough of the claim preparation process to determine what information was obtained, who obtained it, and how it was used;
- Requested supporting time documentation for the entire audit period. Only the fiscal year (FY) 2011-12 time documents were contemporaneous. We used the FY 2011-12 records to compute an average time allotment to apply to each year under audit;
- Requested and reviewed listings of employees evaluated by fiscal year. Using a random number generator, we randomly selected a non-statistical sample and tested 711 evaluations (out of 2,842) for the audit period. We identified two errors in the sample that were not projected to the population;
- Traced a haphazardly selected non-statistical sample of employee's claimed productive hourly rates to supporting documentation from the district's payroll system. For FY 2007-08, FY 2010-11, and FY 2011-12, we sampled and tested 13 (out of 100) employees. We noted no issues; therefore, we accepted the rates as claimed;
- Traced all claimed training costs to supporting documentation provided by the district, and noted any unallowable costs; and
- Compared all claimed indirect cost rates to the rates allowed by the California Department of Education. We noted no errors; therefore, we accepted the rates as claimed.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. We conducted this 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**

Our audit found an instance of noncompliance with the requirements outlined in the Objective section. This instance is described in the accompanying Schedule (Summary of Program Costs) and in the Finding and Recommendation section of this report.

For the audit period, ABC Unified School District claimed \$1,024,435 for costs of the Stull Act Program. Our audit found that \$607,793 is allowable and \$416,642 is unallowable.

For the FY 1998-99 through FY 2001-02 claims, and the FY 2005-06 and FY 2006-07 claims, the State paid the district \$814,500. Our audit found that \$408,418 is allowable. The SCO's LGPSD will send the district a separate notification letter to resolve the amount paid in excess of allowable costs, totaling \$406,082. The letter will be sent within 30 days from the issuance date of this report.

For the FY 2007-08, FY 2010-11, and FY 2011-12 claims, the State made no payment to the district. Our audit found that \$199,375 is allowable. SCO's LGPSD will send the district a separate notification letter to resolve allowable costs in excess of the amount paid, totaling \$199,375. The letter will be sent within 30 days from the issuance date of this report.

## **Views of Responsible Officials**

We discussed our audit results with the district's representative during an exit conference conducted on August 2, 2017. Toan Nguyen, Assistant Superintendent, Business Services, agreed with the audit results. Mr. Nguyen declined a draft audit report and agreed that we could issue the audit report as final.

**Restricted Use**

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

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

October 23, 2017

**Schedule—**  
**Summary of Program Costs**  
**July 1, 1998, through June 30, 2002;**  
**July 1, 2005, through June 30, 2008;**  
**and July 1, 2010, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 109,934	\$ 44,965	\$ (64,969)
Total direct costs	109,934	44,965	(64,969)
Indirect costs	5,540	2,266	(3,274)
Total program costs	<u>\$ 115,474</u>	47,231	<u>\$ (68,243)</u>
Less amount paid by the State		(115,474)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (68,243)</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 126,919	\$ 52,306	\$ (74,613)
Total direct costs	126,919	52,306	(74,613)
Indirect costs	2,665	1,098	(1,567)
Total program costs	<u>\$ 129,584</u>	53,404	<u>\$ (76,180)</u>
Less amount paid by the State		(129,584)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (76,180)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 118,821	\$ 56,325	\$ (62,496)
Total direct costs	118,821	56,325	(62,496)
Indirect costs	7,830	3,712	(4,118)
Total program costs	<u>\$ 126,651</u>	60,037	<u>\$ (66,614)</u>
Less amount paid by the State		(126,651)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (66,614)</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 111,164	\$ 62,336	\$ (48,828)
Total direct costs	111,164	62,336	(48,828)
Indirect costs	9,738	5,461	(4,277)
Total program costs	<u>\$ 120,902</u>	67,797	<u>\$ (53,105)</u>
Less amount paid by the State		(120,902)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (53,105)</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 170,266	\$ 95,281	\$ (74,985)
Total direct costs	170,266	95,281	(74,985)
Indirect costs	10,795	6,041	(4,754)
Total program costs	<u>\$ 181,061</u>	101,322	<u>\$ (79,739)</u>
Less amount paid by the State		(181,061)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (79,739)</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 139,545	\$ 72,488	\$ (67,057)
Training activities	2,790	1,437	(1,353)
Total direct costs	142,335	73,925	(68,410)
Indirect costs	9,053	4,702	(4,351)
Total program costs	<u>\$ 151,388</u>	78,627	<u>\$ (72,761)</u>
Less amount paid by the State		(140,828)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (62,201)</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 99,750	\$ 99,779	\$ 29
Total direct costs	99,750	99,779	29
Indirect costs	6,394	6,396	2
Total direct and indirect costs	106,144	106,175	31
Less allowable costs that exceed costs claimed <sup>2</sup>	-	(31)	(31)
Total program costs	<u>\$ 106,144</u>	106,144	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 106,144</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 63,378	\$ 86,459	\$ 23,081
Training activities	234	1,582	1,348
Total direct costs	63,612	88,041	24,429
Indirect costs	2,958	4,094	1,136
Total direct and indirect costs	66,570	92,135	25,565
Less allowable costs that exceed costs claimed <sup>2</sup>	-	(25,565)	(25,565)
Total program costs	<u>\$ 66,570</u>	66,570	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 66,570</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 22,023	\$ 71,261	\$ 49,238
Training activities	3,327	2,821	(506)
Total direct costs	25,350	74,082	48,732
Indirect costs	1,311	3,830	2,519
Total direct and indirect costs	26,661	77,912	51,251
Less allowable costs that exceed costs claimed <sup>2</sup>	-	(51,251)	(51,251)
Total program costs	<u>\$ 26,661</u>	26,661	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 26,661</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>Summary: July 1, 1998, through June 30, 2002; July 1, 2003, through June 30, 2008; and July 1, 2010, through June 30, 2012</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 961,800	\$ 641,200	\$(320,600)
Training activities	6,351	5,840	(511)
Total direct costs	968,151	647,040	(321,111)
Indirect costs	56,284	37,600	(18,684)
Total direct and indirect costs	1,024,435	684,640	(339,795)
Less allowable costs that exceed costs claimed <sup>2</sup>	-	(76,847)	(76,847)
Total program costs	<u>\$ 1,024,435</u>	607,793	<u>\$(416,642)</u>
Less amount paid by the State		(814,500)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (206,707)</u>	

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> GC section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2007-2008, FY 2010-11, and FY 2011-12.

# Finding and Recommendation

**FINDING—  
Overstated salaries,  
benefits, and related  
indirect costs**

The district claimed \$968,151 in salaries and benefits and \$56,284 in related indirect costs for the audit period. We found that \$321,111 in salaries and benefits is unallowable. The costs are unallowable primarily because the district claimed reimbursement for costs not supported by source documentation. Related indirect costs totaled \$18,684.

The following table summarizes the unallowable salaries and benefits by fiscal year:

Fiscal Year	Salaries and Benefits		
	(A) Claimed	(B) Allowable	(C) = (B)-(A) Adjustment
1998-99	\$ 109,934	\$ 44,965	\$ (64,969)
1999-00	126,919	52,306	(74,613)
2000-01	118,821	56,325	(62,496)
2001-02	111,164	62,336	(48,828)
2005-06	170,266	95,281	(74,985)
2006-07	142,335	73,925	(68,410)
2007-08	99,750	99,779	29
2010-11	63,612	88,041	24,429
2011-12	25,350	74,082	48,732
	<u>\$ 968,151</u>	<u>\$ 647,040</u>	<u>\$ (321,111)</u>

**Supporting Time Documents**

For the audit period, the district presented its time documents in two different ways. For the FY 1998-99 to FY 2001-02, FY 2005-06 to FY 2007-08, and FY 2010-11 time documents, the district assigned an estimated time spent on evaluation activities to a number of employees. The district did not separately identify the time devoted to each specific employee. In addition, the time documents for FY 1998-99 to FY 2001-02 were not collected contemporaneously as they were dated in September 2006 and October 2006.

For the FY 2011-12 time documents, the district evaluators recorded actual time for specific evaluated employees. We informed the district that the time documents for FY 2011-12 would be used to calculate an average time allotment. This average time allotment would be used in place of the time documents provided as support for FY 1998-99 to FY 2001-02, FY 2005-06 to FY 2007-08, and FY 2010-11.

The district’s time documents for FY 2011-12 recorded the time it took district evaluators to perform nine main activities within the teacher evaluation process. The district evaluated permanent, probationary, and temporary certificated instructional employees. Time increments for the following two activities on the district’s time documents were not included in the average time allotment:

- Review the results of the STAR test as it relates to the performance of the teacher teaching reading, writing, math, history/social science, or science in grades 2-11; and

- Write-up the evaluation of the teacher's performance based on the STAR results for the pupils they teach.

At the entrance conference, the district stated that reviewing STAR test results and write-ups of a teacher's performance based on the STAR results were part of the evaluation process at only one middle school in the district. However, the FY 2011-12 time documents for that middle school did not indicate any time spent performing the aforementioned activities. Therefore, these activities are not reimbursable.

We determined that the time spent on the following seven activities is reimbursable:

- Evaluate teacher's instructional techniques/strategies and adherence to curricular objectives;
- Write-up the evaluation of the instructional techniques/strategies and adherence to curricular objectives;
- Conduct additional evaluation/assessment of employee performance;
- Writing the additional evaluation/assessment;
- Transmit a copy of the written evaluation to the employee;
- Attach employee's written response to the evaluation to employee's personnel file; and
- Meet with employee to discuss the additional evaluation.

After removing the unallowable activities reported by the district, the district's contemporaneous time records show that it took an average of 3.40 hours per permanent employee evaluation, 2.72 hours per non-permanent employee evaluation, and 3.50 hours per unsatisfactory evaluation. These averages will be used in place of the time documents for FY 1998-99 to FY 2001-02, FY 2005-06 to FY 2007-08, and FY 2010-11.

### **Completed Evaluations**

The district's Human Resources Department assembled a master list of evaluations for the audit period by reviewing each employee file. This list is the basis of support for the total evaluation population for the audit period.

We reviewed the evaluation listings for each fiscal year to ensure that only eligible evaluations were counted for reimbursement. The program's parameters and guidelines allow reimbursement for evaluations conducted of certificated instructional personnel who perform the requirements of education programs mandated by state or federal law during specific evaluation periods. The parameters and guidelines also allow reimbursement once per year for those evaluations conducted for probationary employees and every other year for permanent employees.

The following table shows the number of evaluations that are not reimbursable under the mandated program:

Fiscal Year	Number of Completed Evaluations		
	(A) District- Provided	(B) Audited	(C)=(B)-(A) Difference
1998-99	296	281	(15)
1999-00	335	287	(48)
2000-01	337	298	(39)
2001-02	373	324	(49)
2005-06	422	390	(32)
2006-07	332	281	(51)
2007-08	381	361	(20)
2010-11	357	330	(27)
2011-12	329	288	(41)
Totals	3,162	2,840	(322)

The non-reimbursable evaluations included the following:

- Certificated employees with non-instructional job classifications;
- Teacher evaluations claimed multiple times in one school year;
- Permanent biannual teacher evaluations claimed every year rather than every other year; and
- Evaluations that we requested during testing, and which the district was unable to locate.

### Calculation of Allowable Evaluation Costs

To arrive at allowable salaries and benefits for “evaluation activities” for the audit period, we multiplied the number of allowable evaluations by the average of allowable hours per evaluation and the average of all claimed productive hourly rates (PHRs).

The following table summarizes allowable evaluation costs by fiscal year:

Fiscal Year	Evaluation activities		
	(A) Claimed	(B) Allowable	(C)=(B)-(A) Audit Adjustment
1998-99	\$ 109,934	\$ 44,965	\$ (64,969)
1999-00	126,919	52,306	(74,613)
2000-01	118,821	56,325	(62,496)
2001-02	111,164	62,336	(48,828)
2005-06	170,266	95,281	(74,985)
2006-07	139,545	72,488	(67,057)
2007-08	99,750	99,779	29
2010-11	63,378	86,459	23,081
2011-12	22,023	71,261	49,238
Total	\$ 961,800	\$ 641,200	\$ (320,600)

### Calculation of Allowable Training Costs

The district claimed training costs of \$6,351 for FY 2006-07, FY 2010-11, and FY 2011-12. We found that \$5,840 in training costs is reimbursable under the mandate and \$511 is not reimbursable. The district did not provide sufficient documentation to support the costs related to the one-time activity of training staff on the implementation of reimbursable activities listed in the parameters and guidelines. We applied the applicable indirect cost rates to allowable training costs to calculate allowable indirect costs of \$311.

The following table summarizes claimed, allowable, and unallowable salaries and benefits related to training costs by fiscal year using the claimed PHRs:

Fiscal Year	Training		
	(A) Claimed	(B) Allowable	(C)=(B)-(A) Audit Adjustment
2006-07	\$ 2,790	\$ 1,437	\$ (1,353)
2010-11	234	1,582	1,348
2011-12	3,327	2,821	(506)
<b>Total</b>	<b>\$ 6,351</b>	<b>\$ 5,840</b>	<b>\$ (511)</b>

Section IV.A.1 of the parameters and guidelines states that the following activities are reimbursable:

Evaluate and assess the performance of certificated instructional employees that perform the requirements of educational programs mandated by state or federal law as it reasonably relates to the instructional techniques and strategies used by the employee and the employee's adherence to curricular objectives.

Reimbursement for this activity is limited to:

- a. Reviewing the employee's instructional techniques and strategies and adherence to curricular objectives, and
- b. Including in the written evaluation of the certificated instructional employees the assessment of these factors during the following evaluation periods:
  - o Once each year for probationary certificated employees;
  - o Every other year for permanent certificated employees; and
  - o Beginning January 1, 2004, every five years for certificated employees with permanent status who have been employed at least ten years with the school district, are highly qualified, and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

Section IV.A.2 of the parameters and guidelines states that the following activities are reimbursable:

Evaluate and assess the performance of certificated instructional employees that teach reading, writing, mathematics, history/social

science, and science in grades 2 to 11 as it reasonably relates to the progress of pupils towards the state adopted academic content standards as measured by state adopted assessment tests.

Reimbursement for this activity is limited to:

- a. Reviewing the results of the Standardized Testing and Reporting test as it reasonably relates to the performance of those certificated employees that teach reading, writing, mathematics, history/social science, and science in grades 2 to 11, and
- b. Including in the written evaluation of those certificated employees the assessment of the employee's performance based on the Standardized Testing and Reporting results for the pupils they teach during the evaluation periods specified in Education Code section 44664, and described below:
  - o Once each year for probationary certificated employees;
  - o Every other year for permanent certificated employees; and
  - o Beginning January 1, 2004, every five years for certificated employees with permanent status who have been employed at least ten years with the school district, are highly qualified, and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

Section IV.C—Training of the parameters and guidelines states that the district may train staff on implementing the reimbursable activities listed in Section IV of the parameters and guidelines. (This is a one-time activity for each employee.)

Section IV—Reimbursable Activities of the parameters and guidelines also 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.

### Recommendation

Commencing in FY 2012-13, the district elected to participate in a block grant program, pursuant to GC section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district ensure that claimed costs are based on actual costs, are for activities reimbursable under the program's parameters and guidelines, and are supported by contemporaneous source documentation.

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