

# **FULLERTON JOINT UNION HIGH SCHOOL DISTRICT**

Audit Report

## **THE STULL ACT PROGRAM**

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

*July 1, 2000, through June 30, 2008;  
and July 1, 2010, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

November 2018



**BETTY T. YEE**  
California State Controller

November 20, 2018

Scott Scambray, Ed.D., Superintendent of Schools  
Fullerton Joint Union High School District  
1051 W. Bastanchury Road  
Fullerton, CA 92833

Dear Dr. Scambray:

The State Controller's Office (SCO) audited the costs claimed by Fullerton Joint Union High School District for the legislatively mandated The Stull Act Program for the period of July 1, 2000, through June 30, 2008; and July 1, 2010, through June 30, 2012. We did not include the costs claimed for July 1, 2008, through June 30, 2010, in the audit period because the statute of limitations to initiate the audit of these years had expired.

The district claimed \$1,284,763 for the mandated program. Our audit found that \$681,713 is allowable (\$696,410 less a \$14,697 penalty for filing late claims) and \$603,050 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for costs not supported with contemporaneous source documentation. The State paid the district \$608,102. Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the district of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/as

cc: Marilyn Buchi, President  
Board of Trustees  
Fullerton Joint Union High School District  
Joan Velasco, Assistant Superintendent  
Business Services  
Fullerton Joint Union High School District  
David Bennett, Director  
Business Services  
Fullerton Joint Union High School District  
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State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Fullerton Joint Union High School District for the legislatively mandated Stull Act Program for the period of July 1, 2000, through June 30, 2008; and July 1, 2010, through June 30, 2012. We did not include the costs claimed for July 1, 2008, through June 30, 2010, in the audit period because the statute of limitations to initiate the audit of these years had expired<sup>1</sup>.

The district claimed \$1,284,763 for the mandated program. Our audit found that \$681,713 is allowable (\$696,410 less a \$14,697 penalty for filing late claims) and \$603,050 is unallowable. The costs are unallowable primarily because the district claimed reimbursement for costs not supported with contemporaneous source documentation. The State paid the district \$608,102.

## Background

Chapter 498, Statutes of 1983, and Chapter 4, Statutes of 1999, added sections 44660 through 44665 to the California Education Code. 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 the 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 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 related to the instructional techniques and strategies used by the employee, and the employee's adherence to curricular objectives (California Education Code section 44662(b), as amended by Chapter 498, Statutes of 1983);
- Evaluating and assessing the performance of certificated instructional employees who teach reading, writing, mathematics, history/social science, and science in grades 2 through 11 related to the progress of pupils toward the state adopted academic content standards as measured by state adopted assessment tests (California Education Code section 44662(b), as amended by Chapter 4, Statutes of 1999); and

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<sup>1</sup>GC section 17558.5(a) allows the SCO to initiate an audit no later than three years from when a reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made, the time to initiate the audit starts from the date the SCO makes the initial payment on the claim. The FY 2008-09 and FY 2009-10 claims were fully paid and the three-year statute of limitations to initiate the audit had expired by the time we initiated this audit.

- Assessing and evaluating permanent certificated, instructional, and non-instructional employees who 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 California Education Code section 44664. The additional evaluations shall last until the employee achieves a positive evaluation, or is separated from the school district (California 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 legislatively mandated 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 period was July 1, 2000, through June 30, 2008; and July 1, 2010, through June 30, 2012.

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the district for the audit period and identified the material cost components of each claim as salaries and benefits, and indirect costs. Determined whether there were any errors or 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;
- Requested time documentation to support the salary and benefits costs claimed for the entire audit period. The district maintained complete contemporaneous time documents only for fiscal year (FY) 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12. We calculated the allowable salaries and benefits costs for those four fiscal years. We used the allowable evaluation activity costs for FY 2006-07, and applied an Implicit Price Deflator to determine the allowable salaries and benefits for FY 2000-01 through FY 2005-06;
- Requested lists of employees evaluated for each fiscal year in the audit period to determine a population from which to select a sample to test. The district did not maintain records to show specific employees evaluated; however, we were able to create a list of employees evaluated from the time records provided for FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12. Using a random number generator, we randomly selected a non-statistical sample and tested 266 evaluations (out of 1,064). We identified 117 ineligible evaluations in the sample that were not projected to the intended population;

- Traced all employees' claimed productive hourly rates (PHRs) to supporting documentation from the district's payroll system for FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12. Based on the results of our review, we determined that the PHRs used by the district for FY 2006-07, FY 2007-08, and FY 2011-12 appear to be reasonable and supported by appropriate documentation. For FY 2011-12, we applied the actual calculated PHRs to employee evaluations rather than the single "administrator" rate used by the district;
- Reviewed all claimed training costs for the audit period. Due to the immaterial nature of the training costs, we allowed the costs as claimed;
- 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; and
- Reviewed potential sources of offsetting revenues/reimbursements for the audit period. We inquired with district staff and reviewed the single audit reports (with accompanying financial statements) for other sources of funding.

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

Our audit found instances of non-compliance with the requirements outlined in the Objective, Scope, and Methodology section. We found that the district did not claim costs that were funded by another source; however, it did claim unsupported and ineligible costs, as quantified in the accompanying Schedule and described in the Finding and Recommendation.

For the audit period, Fullerton Joint Union High School District claimed \$1,284,763 for costs of the legislatively mandated Stull Act Program. Our audit found that \$681,713 is allowable (\$696,410 less a \$14,697 penalty for filing late claims) and \$603,050 is unallowable. The payment information is as follows:

- For the FY 2000-01 through FY 2005-06 claims, we found that \$497,146 is allowable. The State paid the district \$608,102.
- For the FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12 claims, we found that \$184,567 is allowable. The State made no payment to the district. The State will pay that amount, contingent upon available appropriations.

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 The Stull Act Program.

**Views of  
Responsible  
Officials**

We discussed our audit results with the district's representatives during an exit conference on September 7, 2018. David Bennett, Director, Business Services, Fullerton Joint Union High School District, neither agreed nor disagreed with the audit results. Mr. Bennett 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 Fullerton Joint Union High School District, the Orange 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 audit report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

November 20, 2018



**Schedule—**  
**Summary of Program Costs**  
**July 1, 2000, 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, 2000, through June 30, 2001</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 81,301	\$ 73,945	\$ (7,356)
Total direct costs	81,301	73,945	(7,356)
Indirect costs	4,089	3,719	(370)
Total direct and indirect costs	85,390	77,664	(7,726)
Less late filing penalty <sup>2</sup>	-	(3,200)	(3,200)
Total program costs	<u>\$ 85,390</u>	74,464	<u>\$ (10,926)</u>
Less amount paid by the State <sup>3</sup>		(81,418)	
Amount paid in excess of allowable costs claimed		<u>\$ (6,954)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 88,804	\$ 75,596	\$ (13,208)
Total direct costs	88,804	75,596	(13,208)
Indirect costs	4,387	3,734	(653)
Total direct and indirect costs	93,191	79,330	(13,861)
Less late filing penalty <sup>4</sup>	-	(2,948)	(2,948)
Total program costs	<u>\$ 93,191</u>	76,382	<u>\$ (16,809)</u>
Less amount paid by the State <sup>3</sup>		(88,857)	
Amount paid in excess of allowable costs claimed		<u>\$ (12,475)</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 95,242	\$ 77,878	\$ (17,364)
Total direct costs	95,242	77,878	(17,364)
Indirect costs	6,096	4,984	(1,112)
Total direct and indirect costs	101,338	82,862	(18,476)
Less late filing penalty <sup>5</sup>	-	(2,865)	(2,865)
Total program costs	<u>\$ 101,338</u>	79,997	<u>\$ (21,341)</u>
Less amount paid by the State <sup>3</sup>		(96,625)	
Amount paid in excess of allowable costs claimed		<u>\$ (16,628)</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 102,596	\$ 80,757	\$ (21,839)
Total direct costs	102,596	80,757	(21,839)
Indirect costs	5,632	4,434	(1,198)
Total direct and indirect costs	108,228	85,191	(23,037)
Less late filing penalty <sup>6</sup>	-	(2,731)	(2,731)
Total program costs	<u>\$ 108,228</u>	82,460	<u>\$ (25,768)</u>
Less amount paid by the State <sup>3</sup>		(103,194)	
Amount paid in excess of allowable costs claimed		<u>\$ (20,734)</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 108,069	\$ 85,582	\$ (22,487)
Total direct costs	108,069	85,582	(22,487)
Indirect costs	6,776	5,366	(1,410)
Total direct and indirect costs	114,845	90,948	(23,897)
Less late filing penalty <sup>7</sup>	-	(2,953)	(2,953)
Total program costs	<u>\$ 114,845</u>	87,995	<u>\$ (26,850)</u>
Less amount paid by the State <sup>3</sup>		(109,503)	
Amount paid in excess of allowable costs claimed		<u>\$ (21,508)</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 121,229	\$ 90,244	\$ (30,985)
Training activities	608	608	-
Total direct costs	121,837	90,852	(30,985)
Indirect costs	6,668	4,996	(1,672)
Total program costs	<u>\$ 128,505</u>	95,848	<u>\$ (32,657)</u>
Less amount paid by the State <sup>3</sup>		(128,505)	
Amount paid in excess of allowable costs claimed		<u>\$ (32,657)</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 213,812	\$ 94,727	\$ (119,085)
Total direct costs	213,812	94,727	(119,085)
Indirect costs	7,441	3,296	(4,145)
Total program costs	<u>\$ 221,253</u>	98,023	<u>\$ (123,230)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 98,023</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 160,743	\$ 39,474	\$ (121,269)
Total direct costs	160,743	39,474	(121,269)
Indirect costs	8,262	2,029	(6,233)
Total program costs	<u>\$ 169,005</u>	41,503	<u>\$ (127,502)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 41,503</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 119,852	\$ 30,108	\$ (89,744)
Total direct costs	119,852	30,108	(89,744)
Indirect costs	6,088	1,529	(4,559)
Total program costs	<u>\$ 125,940</u>	31,637	<u>\$ (94,303)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 31,637</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 130,132	\$ 12,726	\$(117,406)
Total direct costs	130,132	12,726	(117,406)
Indirect costs	6,936	678	(6,258)
Total program costs	<u>\$ 137,068</u>	13,404	<u>\$(123,664)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 13,404</u>	
<u>Summary: July 1, 2000, through June 30, 2008; and July 1, 2010, through June 30, 2012</u>			
Direct costs:			
Salaries and benefits			
Evaluation activities	\$ 1,221,780	\$ 661,037	\$(560,743)
Training	608	608	-
Total direct costs	1,222,388	661,645	(560,743)
Indirect costs	62,375	34,765	(27,610)
Total direct and indirect costs	1,284,763	696,410	(588,353)
Less late filing penalty	-	(14,697)	(14,697)
Total program costs	<u>\$ 1,284,763</u>	681,713	<u>\$(603,050)</u>
Less amount paid by the State <sup>3</sup>		(608,102)	
Allowable costs claimed in excess of amount paid		<u>\$ 73,611</u>	

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

<sup>2</sup>The district filed its FY 2000-01 initial reimbursement claim for \$45,669 by the due date specified in GC section 17560, and amended it to \$85,390 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount.

<sup>3</sup>Payment amount current as of August 15, 2018.

<sup>4</sup>The district filed its FY 2001-02 initial reimbursement claim for \$49,853 by the due date specified in GC section 17560, and amended it to \$93,191 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount.

<sup>5</sup>The district filed its FY 2002-03 initial reimbursement claim for \$54,210 by the due date specified in GC section 17560, and amended it to \$101,338 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount.

<sup>6</sup>The district filed its FY 2003-04 initial reimbursement claim for \$57,884 by the due date specified in GC section 17560, and amended it to \$108,228 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount.

<sup>7</sup>The district filed its FY 2004-05 initial reimbursement claim for \$61,422 by the due date specified in GC section 17560, and amended it to \$114,845 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount.

# Finding and Recommendation

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

The district claimed \$1,222,388 in salaries and benefits for the audit period. We found that \$661,645 is allowable and \$560,743 is unallowable. Unallowable related indirect costs total \$27,610, for a total audit finding of \$588,353.

Salaries and benefits are overstated primarily because the district was unaware that it was required to maintain contemporaneous supporting documentation for The Stull Act Program until the Commission on State Mandates adopted the program's parameters and guidelines, effective September 27, 2005. District claims for FY 2000-01 through FY 2005-06 were filed with the SCO in calendar year 2006.

The following table summarizes the unallowable salaries and benefits, and related indirect costs, by fiscal year:

Fiscal Year	Salaries and Benefits			Related Indirect Costs		Total Audit
	Amount Claimed	Amount Allowable	Audit Adjustment	Indirect Cost Rate	Indirect Cost Adjustment <sup>1</sup>	Adjustment
2000-01	\$ 81,301	\$ 73,945	\$ (7,356)	5.03%	\$ (370)	(7,726)
2001-02	88,804	75,596	(13,208)	4.94%	(653)	(13,861)
2002-03	95,242	77,878	(17,364)	6.40%	(1,112)	(18,476)
2003-04	102,596	80,757	(21,839)	5.49%	(1,198)	(23,037)
2004-05	108,069	85,582	(22,487)	6.27%	(1,410)	(23,897)
2005-06	121,837	90,852	(30,985)	5.50%	(1,672) <sup>2</sup>	(32,657)
2006-07	213,812	94,727	(119,085)	3.48%	(4,145)	(123,230)
2007-08	160,743	39,474	(121,269)	5.14%	(6,233)	(127,502)
2010-11	119,852	30,108	(89,744)	5.08%	(4,559)	(94,303)
2011-12	130,132	12,726	(117,406)	5.33%	(6,258)	(123,664)
Total	<u>\$ 1,222,388</u>	<u>\$ 661,645</u>	<u>\$ (560,743)</u>		<u>\$ (27,610)</u>	<u>\$ (588,353)</u>

<sup>1</sup> Immaterial differences due to rounding.

<sup>2</sup> Includes \$33 of allowable indirect costs related to training that was not originally claimed.

## **Time Log Activities**

The time logs recorded the time that district evaluators spent performing eight activities within the teacher evaluation process. The district evaluated permanent, probationary, and temporary certificated instructional teachers. The time log tracks reported time for the following activities:

- Conducting a conference with the certificated staff member to review his or her goals and objectives;
- Conducting a pre-observation conference with the certificated staff member;
- Classroom observations (formal and informal);
- Writing a report regarding observations;
- Conducting a post-observation conference with the certificated staff member;

- Conducting a final evaluation conference with the certificated staff member;
- Writing the final evaluation report; and
- Discussing Standardized Testing and Reporting (STAR) results and how to improve instructional abilities with the certificated staff member.

Per the program's parameters and guidelines, the only reimbursable activities tracked by the district were classroom observations (formal and informal), writing a report regarding observations, and writing a final evaluation report. We did not count the remaining five unallowable activities recorded in the time logs.

Upon initiation of the audit, we requested supporting documentation for the claimed costs. The district was able to provide contemporaneous time records for specific employee evaluations for FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12. The district was unable to locate any supporting documentation for the FY 2000-01 through FY 2005-06 claims. We used the FY 2006-07 time documents to determine allowable costs for FY 2006-07, and applied an Implicit Price Deflator model to determine allowable costs for FY 2000-01 through FY 2005-06.

The district was unable to provide a master list of certificated employees evaluated by year. However, we reviewed the contemporaneous time logs for FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12, and noted that they provided sufficient detail to compile a list of certificated employees evaluated in these years. We determined the total time for each allowable evaluation, and applied only the allowable time associated with evaluating an individual employee to each line item.

### **Completed Evaluations**

For the audit period, the district did not maintain a master list of certificated employees evaluated. Therefore, we compiled a list of 1,525 evaluated employees using the time logs provided for FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12.

The parameters and guidelines allow reimbursement for evaluations conducted for certificated instructional personnel who performed the requirements of education programs mandated by state or federal law during specific evaluation periods. We reviewed this listing of completed evaluations and found that 461 evaluations were not reimbursable for the following reasons:

- Teacher evaluations claimed multiple times in one school year (314);
- Evaluations listed on the time records for which the employee's name could not be identified (75);
- Permanent certificated biannual teacher evaluations claimed every year rather than every other year (69); and
- Evaluations listed with no available status (permanent, probationary, or temporary) (3).

For the remaining evaluations, totaling 1,064, we randomly selected a non-statistical sample and tested 266 evaluations; we found that 117 are ineligible. The district was unable to locate 112 of the evaluations requested and claimed reimbursement for five evaluations that were not for certificated instructional employees (e.g. counselors and psychologists).

The following table summarizes our audit results by fiscal year:

Fiscal Year	Evaluations Documented in the Time Logs	Evaluations Not Eligible for Reimbursement	Population Selected for Testing	Tested Evaluations Found to be Ineligible	Allowable Number of Evaluations
2006-07	515	(96)	419	(47)	372
2007-08	471	(200)	271	(34)	237
2010-11	344	(92)	252	(28)	224
2011-12	195	(73)	122	(8)	114
Total	1,525	(461)	1,064	(117)	947

### Calculation of Allowable Evaluation Activities and Training Costs

To arrive at allowable salaries and benefits for evaluation activities for FY 2006-07, FY 2007-08, FY 2010-11, and FY 2011-12, we multiplied the allowable time for each evaluation by the claimed PHR for each evaluator performing the program's reimbursable activities. Once the allowable salaries and benefits costs were determined for FY 2006-07, we used an Implicit Price Deflator to determine allowable costs for FY 2000-01 through FY 2005-06.

For the claimed training costs, the district claimed \$608 for FY 2005-06 only. We determined those costs to be allowable. The district did not, however, claim indirect costs for this component; we determined those costs to be \$33.

After applying the applicable indirect cost rates to allowable evaluation activities and training, we determined that indirect costs of \$34,765 were allowable for the audit period.

Section IV.A.1 of the parameters and guidelines states that the following is 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. (Ed. Code, § 44662, subd. (b), as amended by Stats. 1983, ch. 498.)

Reimbursement for this activity is limited to the review of the employee's instructional techniques and strategies and adherence to curricular objectives, and to include in the written evaluation of the certificated instructional employees the assessment of these factors during the following evaluation periods:

- Once each year for probationary certificated employees;
- Every other year for permanent certificated employees; and

- 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 (as defined in 20 U.S.C. § 7801), 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 is 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. (Ed. Code, § 44662, subd. (b), as amended by Stats. 1999, ch. 4.)

Reimbursement for this activity is limited to the review of the results of the STAR 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 to include in the written evaluation of those certificated employees the assessment of the employee's performance based on the STAR results for the pupils they teach during the evaluation periods specified in Education Code section 44664, and described below:

- Once each year for probationary certificated employees;
- Every other year for permanent certificated employees; and
- 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 (as defined in 20 U.S.C. § 7801), and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

Section IV. of the parameters and guidelines 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:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its mandated cost claims; and



- Ensure that claimed costs include only eligible costs, are based on actual costs, and are supported by contemporaneous source documentation.

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