

# **FRESNO 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, 2015, through June 30, 2017*



**BETTY T. YEE**  
California State Controller

December 2020



**BETTY T. YEE**  
California State Controller

December 16, 2020

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Robert G. Nelson, Ed.D., Superintendent  
Fresno Unified School District  
2309 Tulare Street  
Fresno, CA 93721

Dear Dr. Nelson:

The State Controller's Office audited the costs claimed by Fresno Unified School District for the legislatively mandated California Assessment of Student Performance and Progress Program for the period of July 1, 2015, through June 30, 2017.

The district claimed \$2,897,066 for costs of the mandated program. Our audit found that \$494,077 is allowable; and \$2,402,989 is unallowable primarily because the district claimed reimbursement for ineligible costs. The State paid the district \$1,000. The State will pay allowable costs claimed that exceed the amount paid, totaling \$493,077, contingent upon available appropriations.

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 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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/IRCFForm.pdf](http://www.csm.ca.gov/forms/IRCFForm.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: Keshia Thomas, President  
Board of Education  
Fresno Unified School District  
Santino Danisi, Interim Chief Financial Officer  
Administrative Services  
Fresno Unified School District  
Kim Kelstrom, Executive Officer  
Fiscal Services  
Fresno Unified School District  
Kaleb Neufeld, Director of Fiscal Services  
Fiscal Services  
Fresno Unified School District  
Gabriel Halls, Senior Director  
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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 Fresno Unified School District for the legislatively mandated California Assessment of Student Performance and Progress Program (CAASPP) for the period of July 1, 2015, through June 30, 2017.

The district claimed \$2,897,066 for costs of the mandated program. Our audit found that \$494,077 is allowable; and \$2,402,989 is unallowable primarily because the district claimed reimbursement for ineligible costs. The State paid the district \$1,000. The State will pay allowable costs claimed that exceed the amount paid, totaling \$493,077, contingent upon available appropriations.

## 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.<sup>1</sup>

The audit period was July 1, 2015, 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, and materials and supplies. 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 members, and discussed the claim preparation process with district staff members to determine what information was obtained, who obtained it, and how it was used;
- Reviewed sign-in logs and training itineraries for claimed salaries and benefits costs. We found that the costs were fully supported for the audit period;
- Compared the claimed indirect cost rates to the rates approved by CDE. We found that the district used the proper indirect cost rates; however, the rates were not applied to total direct costs (see Finding 2);
- Reviewed lists of existing computing devices as of July 1, 2015, and July 1, 2016. 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 two hours, as specified by the district. We found that the district claimed unallowable materials and supplies (see Finding 1); 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 did not report the Assessment Apportionment Fund received from CDE as an offsetting revenue for the claimed materials and supplies costs (see Finding 3).

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

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<sup>1</sup> Unreasonable and/or excessive costs include ineligible costs that are not identified in the programs parameters and guidelines as a reimbursable cost.

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 instances of noncompliance with the requirements described in our audit objective. We found that the district supported the claimed costs; however, the unallowable costs are ineligible 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, Fresno Unified School District claimed \$2,897,066 for costs of the legislatively mandated CAASPP Program. Our audit found that \$494,077 is allowable and \$2,402,989 is unallowable. The State paid the district \$1,000. The State will pay allowable costs claimed that exceed the amount paid, totaling \$493,077, 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 CAASPP Program.

## **Views of Responsible Officials**

We issued a draft audit report on October 21, 2020. Santino Danisi, Interim Chief Financial Officer, Administrative Services, responded by letter on October 29, 2020 (Attachment), disagreeing with Finding 1 and agreeing with Findings 2 and 3. This final audit report includes the district's complete response.



**Restricted Use**

This audit report is solely for the information and use of Fresno Unified School District, the Fresno County Office of Education, the California Department of Education, 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](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

December 16, 2020

## Schedule—

# Summary of Program Costs

### July 1, 2015, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2015, through June 30, 2016</u>				
Direct costs:				
Salaries and benefits				
Read and view CAASPP materials	\$ 167,331	\$ 167,331	\$ -	
Total salaries and benefits	<u>167,331</u>	<u>167,331</u>	<u>-</u>	
Materials and supplies				
Computers, browsers, or peripherals	1,504,004	-	(1,504,004)	
Total materials and supplies	<u>1,504,004</u>	<u>-</u>	<u>(1,504,004)</u>	Finding 1
Total direct costs	1,671,335	167,331	(1,504,004)	
Indirect costs	-	6,024	6,024	Finding 2
Total direct and indirect costs	1,671,335	173,355	(1,497,980)	
Less offsetting revenues and reimbursements	<u>(159,890)</u>	<u>(146,692)</u>	<u>13,198</u>	Finding 3
Total program costs	<u>\$ 1,511,445</u>	26,663	<u>\$ (1,484,782)</u>	
Less amount paid by the State <sup>2</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 26,663</u>		
<u>July 1, 2016, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Assess technology	\$ 80,973	\$ 80,973	\$ -	
Read and view CAASPP materials	512,730	512,730	-	
Total salaries and benefits	<u>593,703</u>	<u>593,703</u>	<u>-</u>	
Materials and supplies				
Computers, browsers, or peripherals	751,335	-	(751,335)	
Internet service, network equipment, consultants, or engineers	40,583	-	(40,583)	
Total materials and supplies	<u>791,918</u>	<u>-</u>	<u>(791,918)</u>	Finding 1
Total direct costs	1,385,621	593,703	(791,918)	
Indirect costs	-	20,127	20,127	Finding 2
Total direct and indirect costs	1,385,621	613,830	(771,791)	
Less offsetting revenues and reimbursements	<u>-</u>	<u>(146,416)</u>	<u>(146,416)</u>	Finding 3
Total program costs	<u>\$ 1,385,621</u>	467,414	<u>\$ (918,207)</u>	
Less amount paid by the State <sup>2</sup>		(1,000)		
Allowable costs claimed in excess of amount paid		<u>\$ 466,414</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2015, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits				
Assess technology	\$ 80,973	\$ 80,973	\$ -	
Read and view CAASPP materials	<u>680,061</u>	<u>680,061</u>	<u>-</u>	
Total salaries and benefits	<u>761,034</u>	<u>761,034</u>	<u>-</u>	
Materials and supplies				
Computers, browsers, or peripherals	2,255,339	-	(2,255,339)	
Internet service, network equipment, consultants, or engineers	<u>40,583</u>	<u>-</u>	<u>(40,583)</u>	
Total materials and supplies	<u>2,295,922</u>	<u>-</u>	<u>(2,295,922)</u>	Finding 1
Total direct costs	3,056,956	761,034	(2,295,922)	
Indirect costs	<u>-</u>	<u>26,151</u>	<u>26,151</u>	Finding 2
Total direct and indirect costs	3,056,956	787,185	(2,269,771)	
Less offsetting revenues and reimbursements	<u>(159,890)</u>	<u>(293,108)</u>	<u>(133,218)</u>	Finding 3
Total program costs	<u>\$2,897,066</u>	494,077	<u>\$ (2,402,989)</u>	
Less amount paid by the State <sup>2</sup>		<u>(1,000)</u>		
Allowable costs claimed in excess of amount paid		<u>\$ 493,077</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Payment amount current as of November 12, 2020.

# Findings and Recommendations

## **FINDING 1— Unallowable materials and supplies**

The district claimed \$2,295,922 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.

A requirement for reimbursement is that the district’s existing inventory of computing devices, 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, technology infrastructure, and broadband internet service. The district was not aware of the reimbursement requirements outlined in the program’s parameters and guidelines.

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, to administer the CAASPP to all eligible students; and
- Broadband internet service providing at least 20 Kbps (kilobits per second) per pupil to students who are to be tested simultaneously; acquiring and installing wireless or wired network equipment; and hiring consultants or engineers to assist the district in completing and troubleshooting the installation.

The claimed costs represent the acquisition of computing devices 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
2015-16	\$ 1,504,004	\$ -	\$ (1,504,004)
2016-17	791,918	-	(791,918)
	<u>\$ 2,295,922</u>	<u>\$ -</u>	<u>\$ (2,295,922)</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	\$ 2,255,339	\$ -	\$ (2,255,339)
Internet service, network equipment, consultants, or engineers	40,583	-	(40,583)
	<u>\$ 2,295,922</u>	<u>\$ -</u>	<u>\$ (2,295,922)</u>

The district claimed \$2,255,339 in materials and supplies related to the reimbursable activity of “computers, browsers, or peripherals.” 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.

The district claimed \$40,583 in materials and supplies related to the reimbursable activity of “internet service, network equipment, consultants, or engineers.” We found that the entire amount is unallowable because the district did not meet the existing technology infrastructure and broadband internet service requirements outlined in the program’s parameters and guidelines.

### **Existing inventory of computing devices and broadband internet service**

The district provided us with an existing inventory of computing devices as of June 30, 2015, and June 30, 2016. For each fiscal year, we accounted for the computing devices that did not meet the minimum technical specifications to determine the number of computing devices available to students for CAASPP assessments. The district specified that the inventory lists provided were cross-checked for duplicate serial numbers, did not contain any surplus/disposed computers, and included only those computers available for student use (i.e., computers used for administrative purposes were not included).

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

<u>Fiscal Year</u>	<u>Beginning Inventory</u>	<u>Devices Not Meeting Minimum Specifications</u>	<u>Devices Available for Testing</u>
2015-16	31,829	(13)	31,816
2016-17	33,944	(24)	33,920

The district stated that the its broadband internet speed varied between school sites, ranging from 100 Mbps (megabits per second) to 1 Gbps (gigabytes per second), for the period of July 1, 2013, through June 30, 2017. Therefore, we opted to apply the lowest internet speed of 100 Mbps to the Smarter Balanced Technology Readiness Calculator.

### **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 calculated the number of computing devices and network bandwidth the district needed to administer the CAASPP tests to all eligible pupils within the testing window provided by CDE. We 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 two hours, as specified by the district.

The following table shows the number of computing devices and 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	36,876	2,459	60	100 Mbps	49.18 Mbps (49.18% of total bandwidth)
2016-17	36,595	2,440	60	100 Mbps	48.80 Mbps (48.80% of total bandwidth)

For FY 2015-16, the district had 31,816 existing computing devices that met the minimum technical specifications for CAASPP assessments. CDE provided a 60-day testing window to complete the assessments; therefore, the district needed only 2,459 computing devices using 49.18% of a 100-Mbps bandwidth to complete the assessments.

For FY 2016-17, the district had 33,920 existing computing devices that met the minimum technical specifications for CAASPP assessments. CDE provided a 60-day testing window to complete the assessments; therefore, the district needed only 2,440 computing devices using 48.80% of a 100-Mbps 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 include 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

- District Response: The District respectfully disagrees with Finding No. 1 disallowing the entire amount of materials and supplies claimed in the amount of \$2,295,922 for fiscal years 2015/16 and 2016/17. The District disagrees with the audit finding "it was not aware of the reimbursement requirements outlined in the program's parameters and guidelines."
- The parameters and guidelines do not state that the calculations to determine the number of computing devices that the District needed to administer the CAASPP tests are to be based on calculations on the Smarter Balanced Technology Readiness Calculator's formula.
- Additionally, page 10 of the Commission's test claim decision states: "SBAC also acknowledges, however, that some school districts may be required to make new purchases: There will also be a need in certain scenarios for various districts to consider the purchase of additional computers or computational devices..."most new hardware will naturally fall well into the specifications released so far..."
- District purchase of an additional 5,100 devices, 15% of increase inventory, is not a massive overhaul and was an upgrade of devices. The District determined that CAASPP testing could not be administered in a manner that was timely or equitable necessitating the need to purchase 5,100 computing devices increasing their inventory of computing devices.

The District was then able to use their existing compatible inventory of computing devices that was CAASP compliant to serve their 40,000 students. In accordance with the parameters and guidelines of reimbursable CAASPP activities, the District claimed technology

expenditures purchased for the sole purpose of CAASPP. These purchases were necessary and met the minimum requirements for the District to administer the CAASPP test in a sufficient manner that was equitable to all student groups and to ensure that the test could be completed within the allotted time frame. Due to the District's size, high unduplicated count, and high Special Education population, there are several mitigating factors that are considered when calculating the number of devices required to test nearly 40,000 students in both 2015/16 and 2016/17.

- **Testing Procedures:** Based on field work it was determined that students needed more than the estimated time asserted by ETS to administer CAASPP testing. Due to the District's high unduplicated population, a large majority of students struggled taking the test within the recommended time frame and as a result, many students suffer test-taking fatigue. Because of this, the testing procedures in 2015/16 and 2016/17 were established to test one grade level per week to ensure that disadvantaged students had adequate time to complete the test.
- **Testing Window:** Local Educational Agencies have the flexibility to select their own testing window each year; however, the minimum window must be at least 25 days and fall within the available testing window designated by the California Department of Education. The 60-day testing period used by the State Controller's Office to determine the minimum number of required devices is not supported by the parameters and guidelines. The actual testing window the District utilized was 35 days and allowed students as much instructional time as possible before taking such a test. The months of March and the first part of April were dedicated for instruction. The District purchased 3,509 computers in 2015/16 and 1,646 computers in 2016/17 for CAASPP testing. Although the District did have beginning inventory of 31,829 devices in 2015/16, many of these devices were inadequate for testing as they were at the end of their life cycle. In addition, many of these devices were repurposed for other activities and could not be utilized for testing. The computing devices purchased in 2015/16 and 2016/17 were required for testing to be administered within the testing window across all school sites and that students took the test on devices that would not fail while testing occurred.
- **Network Requirements:** In 2015/16 and 2016/17, the network expenses claimed were necessary so that all school sites across the District had the bandwidth requirements to administer the testing. These infrastructure upgrades were necessary to meet the minimum bandwidth and network connectivity requirements to administer the testing to all eligible pupils. Due to the District's large geographical reach in Fresno County, the District was required to improve the network infrastructure to ensure that there was equity across the District for all school sites so the CAASPP test could be administered. During this period, there were school sites in South East Fresno that required improvement to the bandwidth as this region was lacking the network infrastructure needed to administer testing. In addition, there were over 2,000 access points that were replaced throughout the District and core switches for all instructional sites were replaced to help increase the bandwidth. These additions made it possible for sites to administer the testing and to reduce the amount of wireless interference. These network improvements were necessary for CAASPP testing and would not



have been completed if the CAASSP did not require electronic testing. Before these improvements were implemented, the network team spent significant time assisting, troubleshooting, and supporting the network in 2014/15 to ensure that there was no loss in connectivity while testing was occurring.

### SCO Comment

Our finding and recommendation remain unchanged.

On January 22, 2016, the Commission adopted a decision that imposed a reimbursable state-mandated program upon school districts, commonly referred to as the CAASPP program.

In that decision, the Commission stated that its analysis is:

...limited to the declarations and evidence provided with the test claim, the testimony offered...and documentation and guidance produced by the Smarter Balanced Assessment Consortium (SBAC), or the contractor(s), found on the Department of Education's (CDE's) website.

To assist schools in determining the technology requirements of this new program, SBAC and CDE provided a tool called the Smarter Balanced Technology Readiness Calculator. The CDE website states:

This calculator estimates the number of days and associated network bandwidth required to administer English Language Arts (ELA) and Mathematics assessments given the number of students, number of computers, and number of hours per day computers are available for testing at a specific school.

The district, in its response to the draft audit report, contends that the program's parameters and guidelines do not state that the calculations to determine the number of computing devices are to be based on calculations on the Smarter Balanced Technology Readiness Calculator's formula. The parameters and guidelines do, however, establish a clearly defined requirement for claimants, by stating:

**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.**

The district did not provide documentation to show that its existing inventory of computing devices and broadband internet service was not sufficient to administer the CAASPP test within the testing window. Therefore, we used the calculator to determine the number of computing devices the district needed to administer the CAASPP test to all eligible pupils within the testing window. By changing parameters in the calculator, an agency can determine the network bandwidth required to administer the assessments, as well as determine the minimum number of computers needed to administer the assessments within the testing window (assuming the network bandwidth was already sufficient).

Additionally, the district states that it purchased “an additional 5,100 devices,” as they were necessary to administer the CAASPP test within the allotted time frame and make the test equitable to all students.

Based on inventory records provided by the district for FY 2015-16, the district maintained a beginning inventory of computing devices totaling 31,829. Those computing devices were used to test 36,876 students, a ~.86-to-one computer-to-student ratio. Our tests using the readiness calculator showed that the district needed to maintain only 2,459 computers to complete CAASPP testing within a 60-day testing window (with computer availability set at two hours per day).

For FY 2016-17, the results were similar. Beginning inventory of computing devices totaled 33,944. These devices were used to test 36,595 students, a ~.93-to-one computer-to-student ratio. The district needed to maintain only 2,440 computers to complete CAASPP testing within a 60-day testing window (with computer availability set at two hours per day).

Per the Commission’s decision:

The Commission first finds that providing devices to administer the CAASPP to all pupils via computer does not mean providing a computer for every student. Testimony at the test claim hearing indicated that rotating students through a computer lab may be sufficient in some schools, while others may choose “computers on wheels.” Similarly, SBAC’s technology requirements guidance states that “districts might consider pooling more mobile units, like laptops or tablets within their district for transport from one school site to the next as testing windows are staggered across sites.”

In addition, SBAC maintains that the technology requirements to implement the assessment “were deliberately established as a low entry point to help ensure that technology-purchasing decisions are made based on instructional plans and to increase the likelihood that schools will successfully engage in online testing.”

The issues raised by the district in its response to the draft audit report are reasonable, measured, and thoughtfully considered. We recognize the complexity with testing approximately 36,000 students across multiple school sites. These considerations were raised by districts during the test claim process with the Commission. The Commission decision for the CAASPP program states:

The Commission finds that claimants *are required*, based on the approved activity, and the technology specifications issued by the contractor(s), to use existing devices and technology infrastructure, if compatible (i.e., if there is an available secure browser and sufficient network speed). And, if existing devices and technology infrastructure are not sufficient, the burden is on the claimant to establish, based on supporting documentation, that increased costs are required to administer the assessments in accordance with the law. In addition, as the “boilerplate” language in Section V. of the parameters and guidelines already provide, reimbursement on a pro-rata basis is required *if* technology infrastructure and computing devices are used for purposes other than the CAASPP assessments.

We did not address the testing procedures used by the district for the audit period, as doing so falls outside of the scope of our engagement. The

district has discretion as to how it addresses test-taking fatigue and provides adequate time to complete the assessments (as long as the timeline falls within the mandated testing window).

The district, in its response to the draft audit report, states:

Local Educational Agencies [LEAs] have the flexibility to select their own testing window each year; however, the minimum window must be at least 25 days and fall within the available testing window designated by the California Department of Education. The 60-day testing period used by the State Controller's Office to determine the minimum number of required devices is not supported by the parameters and guidelines.

California Code of Regulations, Title 5, section 855 states, in part:

Beginning in the 2015-16 school year, the CAASPP operational achievement tests pursuant to Education Code section 60640(b) shall be administered to each pupil at some time during the following available testing windows:

- (1) Unless otherwise stated in these regulations, the available testing window shall begin on the day in which 66 percent of the school's or track's annual instructional days have been completed, but no earlier than the second Tuesday in January of each year, and testing may continue up to and including the last day of instruction for the regular school's or track's annual calendar, but in no case later than July 15 or the next weekday following the 15th if the 15th is not a weekday.

The CAASPP Online Test Administration Manual (TAM) for both 2015 and 2016 states:

Sixty-six percent of a school year occurs on the 118th instructional day in a 180-day school year, leaving a 12-week regulatory testing window for grades three through eight testing...LEAs have the option to select a shorter testing window.

For FY 2015-16, TAM specified that the testing must occur after the 118th instructional day. The school calendar indicated that the 118th instructional day was March 4, 2016. Testing may continue up to and include the last day of instruction, which fell on June 9, 2016. This timeframe provides 60 school days of testing, from March 5, 2016, to June 9, 2016.

For FY 2016-17, TAM specified that the testing must occur after the 118th instructional day. The school calendar indicated that the 118th instructional day was March 3, 2017. Testing may continue up to and include the last day of instruction, which fell on June 8, 2017. This timeframe provides 60 school days of testing, from March 4, 2017, to June 8, 2017.

Additionally, California Code of Regulations, Title 5, section 855 states that CDE, with approval of the State Board of Education, "may require LEAs to more *fully utilize* [emphasis added] the testing window..." The district states that it elected to use a 35-day testing window, and allowed students as much instructional time possible before they took the CAASPP test. Shortening the mandated testing window is within the

district’s discretion, but it is not *mandated*, nor is the purchase of additional computing devices needed to meet the shortened testing window. The district’s own inventory records clearly show that it had enough computing devices to perform the CAASPP testing within the testing window without needing to purchase additional computing devices.

The district also addressed network requirements in its response to the draft audit report by stating that upgrades were necessary to meet the minimum bandwidth and network connectivity requirements. We disagree.

The parameters and guidelines require that claimants maintain supporting documentation to show how their existing technology infrastructure was not sufficient to administer the CAASPP test to all eligible pupils within the testing window. The district provided no supporting documentation to show that the networking upgrades were mandated, and no support to show how the existing infrastructure prevented it from conducting the CAASPP testing within the mandated 60-day window. Again, accelerating the timeline to complete testing is discretionary; it is not mandated.

**FINDING 2—  
Allowable indirect costs related to salaries and benefits**

The district claimed \$761,034 in salaries and benefits for the audit period. We found that the entire amount is allowable; however, the district did not apply the indirect cost rate to the claimed salaries and benefits for the audit period. As such, we found that \$26,151 in indirect costs is allowable.

The error occurred because the district was not aware that the CDE-approved indirect cost rate could be applied to salaries and benefits.

The following table summarizes the indirect cost audit adjustment by fiscal year:

Fiscal Year	Salaries and Benefits		Indirect Cost Rate	Indirect Costs		
	Amount Claimed	Amount Allowable		Amount Claimed	Amount Allowable	Audit Adjustment
2015-16	\$ 167,331	\$ 167,331	3.60%	\$ -	\$ 6,024	\$ 6,024
2016-17	593,703	593,703	3.39%	-	20,127	20,127
	<u>\$ 761,034</u>	<u>\$ 761,034</u>		<u>\$ -</u>	<u>\$ 26,151</u>	<u>\$ 26,151</u>

Section V.B. of the parameters and guidelines (Claim Preparation and Submission) states:

**B. Indirect Cost Rates**

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost. Indirect costs may include: (a) the indirect costs originating in each

department or agency of the governmental unit carrying out state mandated programs; and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Indirect costs may include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs; and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the CDE approved indirect cost rate for the year that funds are expended.

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
- Claim indirect costs on allowable direct costs.

District’s Response

The District agrees with the recommendation.

**FINDING 3—  
Underreported  
offsetting revenue**

The district reported offsetting revenues of \$159,890 for the audit period. We found that the district underreported offsetting revenues by \$133,218.

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 underreported the Assessment Apportionment Fund of \$133,218 for the audit period. The program’s parameters and guidelines require that this fund 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
2015-16	\$ (159,890)	\$ (146,692)	\$ 13,198
2016-17	-	(146,416)	(146,416)
	<u>\$ (159,890)</u>	<u>\$ (293,108)</u>	<u>\$ (133,218)</u>

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:

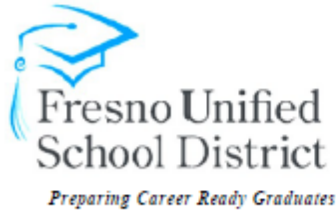
- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that all offsetting revenues are identified and deducted from claimed costs.

### District’s Response

The District agrees with the recommendation. However, it should be noted the 2015/16 claim was finalized in February 2017 and revenue was received in October 2017 to include the offset in the claim. The 2016/17 claim was finalized in February 2018 and revenue was received in July 2018 to include the offset in the claim.

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

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**BOARD OF EDUCATION**

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**SUPERINTENDENT**

Robert G. Nelson, Ed.D.

October 29, 2020

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

Re: CAASPP Audit Finding Responses

Dear Ms. Kurokawa:

Fresno Unified School District ("District") is in receipt of the California Assessment of Student Performance and Progress Program (CAASPP) draft audit report that was provided to the District on October 22, 2020 for the period of July 1, 2015 through June 30, 2017. Below are the District's responses to the audit findings that were listed in the report as it relates to: unallowable materials and supplies, allowable indirect costs related to salaries and benefits, and the underreporting of offsetting revenues.

**Finding 1 – Unallowable Materials and Supplies**

- District Response: The District respectfully disagrees with Finding No. 1 disallowing the entire amount of materials and supplies claimed in the amount of \$2,295,922 for fiscal years 2015/16 and 2016/17. The District disagrees with the audit finding "it was not aware of the reimbursement requirements outlined in the program's parameters and guidelines."
- The parameters and guidelines do not state that the calculations to determine the number of computing devices that the District needed to administer the CAASPP tests are to be based on calculations on the Smarter Balanced Technology Readiness Calculator's formula.
- Additionally, page 10 of the Commission's test claim decision states: "SBAC also acknowledges, however, that some school districts may be required to make new purchases: There will also be a need in certain scenarios for various districts to consider the purchase of additional computers or computational devices..."most new hardware will naturally fall well into the specifications released so far..."
- District purchase of an additional 5,100 devices, 15% of increase inventory, is not a massive overhaul and was an upgrade of devices. The District determined that CAASPP testing could not be administered in a manner that was timely or equitable necessitating the need to purchase 5,100 computing devices increasing their inventory of computing devices.



The District was then able to use their existing compatible inventory of computing devices that was CAASP compliant to serve their 40,000 students. In accordance with the parameters and guidelines of reimbursable CAASPP activities, the District claimed technology expenditures purchased for the sole purpose of CAASPP. These purchases were necessary and met the minimum requirements for the District to administer the CAASPP test in a sufficient manner that was equitable to all student groups and to ensure that the test could be completed within the allotted time frame. Due to the District's size, high unduplicated count, and high Special Education population, there are several mitigating factors that are considered when calculating the number of devices required to test nearly 40,000 students in both 2015/16 and 2016/17.

- **Testing Procedures:** Based on field work it was determined that students needed more than the estimated time asserted by ETS to administer CAASPP testing. Due to the District's high unduplicated population, a large majority of students struggled taking the test within the recommended time frame and as a result, many students suffer test-taking fatigue. Because of this, the testing procedures in 2015/16 and 2016/17 were established to test one grade level per week to ensure that disadvantaged students had adequate time to complete the test.
- **Testing Window:** Local Educational Agencies have the flexibility to select their own testing window each year; however, the minimum window must be at least 25 days and fall within the available testing window designated by the California Department of Education. The 60-day testing period used by the State Controller's Office to determine the minimum number of required devices is not supported by the parameters and guidelines. The actual testing window the District utilized was 35 days and allowed students as much instructional time as possible before taking such a test. The months of March and the first part of April were dedicated for instruction. The District purchased 3,509 computers in 2015/16 and 1,646 computers in 2016/17 for CAASPP testing. Although the District did have beginning inventory of 31,829 devices in 2015/16, many of these devices were inadequate for testing as they were at the end of their life cycle. In addition, many of these devices were repurposed for other activities and could not be utilized for testing. The computing devices purchased in 2015/16 and 2016/17 were required for testing to be administered within the testing window across all school sites and that students took the test on devices that would not fail while testing occurred.
- **Network Requirements:** In 2015/16 and 2016/17, the network expenses claimed were necessary so that all school sites across the District had the bandwidth requirements to administer the testing. These infrastructure upgrades were necessary to meet the minimum bandwidth and network connectivity requirements to administer the testing to all eligible pupils. Due to the District's large geographical reach in Fresno County, the District was required to improve the network infrastructure to ensure that there was equity across the District for all school sites so the CAASPP test could be administered. During this period,

there were school sites in South East Fresno that required improvement to the bandwidth as this region was lacking the network infrastructure needed to administer testing. In addition, there were over 2,000 access points that were replaced throughout the District and core switches for all instructional sites were replaced to help increase the bandwidth. These additions made it possible for sites to administer the testing and to reduce the amount of wireless interference. These network improvements were necessary for CAASPP testing and would not have been completed if the CAASPP did not require electronic testing. Before these improvements were implemented, the network team spent significant time assisting, troubleshooting, and supporting the network in 2014/15 to ensure that there was no loss in connectivity while testing was occurring.

Finding 2 – Allowable indirect costs related to salaries and benefits

- District Response: The District agrees with the recommendation.

Finding 3 – Underreporting Offsetting Revenues

- District Response: The District agrees with the recommendation. However, it should be noted the 2015/16 claim was finalized in February 2017 and revenue was received in October 2017 to include the offset in the claim. The 2016/17 claim was finalized in February 2018 and revenue was received in July 2018 to include the offset in the claim.

Thank you for your consideration of the District's claim. Should you have any questions, please do not hesitate to call Kim Kelstrom, Executive Officer, Fiscal Services at (559) 244-1000.

Sincerely,



Santino Danisi  
Interim Chief Financial Officer  
Administrative Services  
Fresno Unified School District

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