

# **PLACER COUNTY**

Audit Report

## **HANDICAPPED AND DISABLED STUDENTS PROGRAM**

Chapter 1747, Statutes of 1984, and  
Chapter 1274, Statutes of 1985

*July 1, 1998, through June 30, 2000*



**STEVE WESTLY**  
California State Controller

February 2003



**STEVE WESTLY**  
**Controller of the State of California**

February 28, 2003

The Honorable Katherine Martinis  
Auditor-Controller  
Placer County  
2970 Richardson Drive  
Auburn, CA 95603

Dear Ms. Martinis:

The State Controller's Office (SCO) has completed an audit of the claims filed by Placer County for costs of the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985) for the period of July 1, 1998, through June 30, 2000.

The county claimed \$1,069,800 (\$1,070,800 in costs, less a \$1,000 penalty for filing late) for the mandated program. The SCO audit disclosed that \$888,815 is allowable and \$180,985 is unallowable. The unallowable costs resulted primarily from the county claiming ineligible treatment costs and understating offsetting revenues from claimed costs. The county was paid \$206,154. Consequently, allowable costs claimed in excess of the amount paid total \$682,661.

The above amounts incorporate the fiscal effect of Assembly Bill 2781 (Chapter 1167, Statutes of 2002). The legislation changed the regulatory criteria by stating that the percentage of treatment costs claimed by counties for FY 2000-01 and prior fiscal years is not subject to dispute by the SCO. Consequently, AB 2781 increased net reimbursable costs by \$560,782.

The SCO has established an informal audit review process to resolve a dispute of facts. The auditee should submit, in writing, a request for a review and all information pertinent to the disputed issues within 60 days after receiving the final report. The request and supporting documentation should be submitted to: Richard J. Chivaro, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, CA 94250-0001.

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

Sincerely,

*Original signed by*

WALTER BARNES  
Chief Deputy Controller, Finance

WB:ams/jj/kmm

cc: James Nissen, Administrator  
Children's System of Care  
Placer County

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# Audit Report

## Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by Placer County for costs of the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985), for the period of July 1, 1998, through June 30, 2000. The last day of fieldwork was August 16, 2002.

The county claimed \$1,069,800 (\$1,070,800 in costs, less a \$1,000 penalty for filing late) for the mandated program. The SCO audit disclosed that \$888,815 is allowable and \$180,985 is unallowable. The unallowable costs resulted primarily from the county claiming ineligible treatment costs and understating offsetting revenues from claimed costs. The county was paid \$206,154. Consequently, allowable costs claimed in excess of the amount paid total \$682,661.

## Background

Chapter 1747, Statutes of 1984, requires counties to participate in the mental health assessment for "individuals with exceptional needs," participate in the expanded Individualized Education Program (IEP) team, and provide case management services for "individuals with exceptional needs" who are designated as "seriously emotionally disturbed." These requirements impose a new program or a higher level of service on counties. On April 26, 1990, the Commission on State Mandates determined that Chapter 1747, Statutes of 1984, resulted in state-mandated costs that are reimbursable pursuant to *Government Code* Section 17561.

*Parameters and Guidelines*, adopted by the Commission on State Mandates, establishes the state mandate and defines criteria for reimbursement. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement to assist counties in claiming reimbursable costs.

## Objective, Scope, and Methodology

The objective of the audit was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Handicapped and Disabled Students Program (Chapter 1747, Statutes of 1984, and Chapter 1274, Statutes of 1985), for the period of July 1, 1998, through June 30, 2000.

The auditors performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;

- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the county's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the county's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

## Conclusion

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

For the audit period, Placer County claimed \$1,069,080 (\$1,070,800 in costs, less a \$1,000 penalty for filing late) for costs of the legislatively mandated Handicapped and Disabled Students Program. The SCO audit disclosed that \$888,815 is allowable and \$180,985 is unallowable.

For fiscal year (FY) 1998-99, the county was paid \$206,154 by the State. The audit disclosed that \$172,457 is allowable. The amount paid in excess of allowable costs claimed, totaling \$33,697, should be returned to the State.

For FY 1999-2000, the county was not paid by the State. The audit disclosed that \$716,358 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$716,358, will be paid by the State based on available appropriations.

## Views of Responsible Official

The SCO issued a draft audit report on January 8, 2003. The Honorable Katherine Martinis, Auditor-Controller, Placer County, responded by letter dated February 4, 2003, agreeing with the audit findings.

In her response, the Auditor-Controller stated that the "other local funding" amounts for assessments and treatment were transposed on Schedule 1 for FY 1999-2000. The schedule has been revised in this report to reflect the corrected amount. Furthermore, she stated that the State paid the county only \$130,463 rather than the \$172,833 shown in the draft report. Considering all of the offsets made by the State, the net amount paid by the State was zero. This report has been updated to reflect the correct amount paid.

Subsequent to our receipt of the county's formal response, during a discussion on February 26, 2003, Jim Nissen, Administrator, Children's System of Care, expressed reservation on the validity of unallowable medication support costs discussed in Finding 1.

**Restricted Use**

This report is solely for the information and use of Placer County and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

# Findings and Recommendations

## **FINDING 1— Ineligible costs claimed**

The county claimed various assessment and treatment costs relating to medication support for FY 1998-99 that were ineligible and, therefore, not reimbursable under program guidelines.

According to its policy, the county classified activities within the first 60 days as assessment and, thereafter, as treatment. Furthermore, the county specifically identified the Short Doyle/Medi-Cal offsetting revenues to assessment and treatment costs for FY 1998-99.

*Parameters and Guidelines* specifies that only the following treatment services are reimbursable: individual therapy, collateral therapy and contacts, day treatment, and the mental health portion of residential treatment in excess of the California Department of Social Services payment for residential placement.

As a result, ineligible assessment and treatment costs for medication support claimed are unallowable as follows:

	Audit Adjustment		
	FY 1998-99	FY 1999-2000	Total
Assessment costs:			
Short-Doyle/Medi-Cal funds	\$ (8,901)	\$ —	\$ (8,901)
Offsetting revenues	796	—	796
Net assessment costs	<u>(8,105)</u>	<u>—</u>	<u>(8,105)</u>
Treatment costs:			
Short-Doyle/Medi-Cal funds	(51,038)	—	(51,038)
Offsetting revenues	9,255	—	9,255
Net treatment costs	<u>(41,783)</u>	<u>—</u>	<u>(41,783)</u>
Net costs	<u>\$ (49,888)</u>	<u>\$ —</u>	<u>\$(49,888)</u>

### Recommendation

The county should ensure that only reimbursable costs are claimed in accordance with program guidelines.

Assessment and treatment activities are separate and distinct activities. Consequently, the county should establish procedures to properly classify costs based on the activity performed rather than using a 60-day criteria.

### Auditee's Response

The County Auditor-Controller concurred with this finding. However, the administrator of Children's System of Care expressed reservation relating to unallowable medication support costs.



SCO's Comment

The finding and recommendation remain unchanged.

*Parameters and Guidelines*, Section V(B)2, specifies the following treatment services, when required by a child's Individualized Education Program (IEP), are reimbursable: individual therapy; collateral therapy and contracts; group therapy; day treatment; and the mental health portion of residential treatment in excess of the California Department of Social Services' payments for residential placement. Each treatment service above is defined under Title 9, Section 543, of the *California Administrative Code*. As medication monitoring was defined in regulation at the time *Parameters and Guidelines* was adopted and was not included as a reimbursable cost, the only reasonable conclusion is that it was intentionally excluded and therefore, not reimbursable.

**FINDING 2—  
Overstated  
administration  
costs**

The county overstated its claim for administrative costs by (1) duplicating costs that were already claimed within their assessment and treatment services and (2) utilizing an overstated effective hourly rate by deducting sick leave earned but not used.

*Parameters and Guidelines* specifies that only actual increased costs incurred in the performance of the mandated activities and adequately documented are reimbursed.

The SCO auditors computed the amount of the overstated administrative costs as follows:

	Audit Adjustment		
	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>Total</u>
Assessment costs	\$ (2,164)	\$ (1,833)	\$ (3,997)
Treatment costs	<u>(46,957)</u>	<u>(10,422)</u>	<u>(57,379)</u>
Totals	<u>\$ (49,121)</u>	<u>\$ (12,255)</u>	<u>\$ (61,376)</u>

Recommendation

The county should ensure that sick days used rather than earned are deducted when calculating the productive hourly rate. After FY 1998-99, the county implemented procedures to ensure that administrative costs are not claimed twice.

Auditee's Response

The auditee concurred with this finding.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 3—  
Understated  
allocation of  
EPSDT funding**

The county did not offset the correct amount of Early Periodic Screening, Diagnosis, and Treatment (EPSDT) funding against the claimed costs. Incorrect amounts and percentages were claimed because the California Department of Mental Health determines the finalized amount of EPSDT funding after the required filing date of the claim.

*Parameters and Guidelines* specifies that (1) any direct payments (categorical funding) received from the State which are specifically allocated to this program, and (2) any other reimbursements for this mandate (excluding Short-Doyle funding, private insurance payments, and Medi-Cal payments) which are received from any source shall be deducted from this claim.

The SCO auditors computed the understated amount of EPSDT funding as follows:

	Audit Adjustment		
	<u>FY 1998-99</u>	<u>FY 1999-2000</u>	<u>Total</u>
Assessment costs	\$ (7,427)	\$ (9,179)	\$ (16,606)
Treatment costs	<u>(4,571)</u>	<u>(39,429)</u>	<u>(44,000)</u>
Totals	<u>\$ (11,998)</u>	<u>\$ (48,608)</u>	<u>\$ (60,606)</u>

Recommendation

The county should reconcile the estimated EPSDT funding claimed to the actual amounts finalized and received in subsequent years. The reconciled difference should be adjusted in the current claim year.

Auditee’s Response

The auditee concurred with this finding.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 4—  
Understated  
offsetting revenues  
from local school  
districts**

The county did not deduct offsetting revenues received from local school districts that directly relate to costs claimed. The amounts were determined through a maintenance-of-effort agreement between the county and local school districts in which the county would be reimbursed for actual costs it incurred.

*Parameters and Guidelines* specifies that (1) any direct payments (categorical funding) received from the State which are specifically allocated to this program, and (2) any other reimbursements for this mandate (excluding Short-Doyle funding, private insurance payments, and Medi-Cal payments) which are received from any source shall be deducted from this claim.

The SCO auditors computed the understated amount of local funding as follows:

	Audit Adjustment		
	FY 1998-99	FY 1999-2000	Total
Assessment costs	\$ (2,343)	\$ (10,406)	\$ (12,749)
Treatment costs	(70,882)	(76,019)	(146,901)
Totals	<u>\$ (73,225)</u>	<u>\$ (86,425)</u>	<u>\$ (159,650)</u>

#### Recommendation

The county should implement policies and procedures to ensure that the offsetting revenues are properly deducted from claimed costs.

#### Auditee's Response

The auditee concurred with this finding.

#### SCO's Comment

The finding and recommendation remain unchanged.

### **FINDING 5— Reimbursable net treatment costs overstated**

For FY 1998-99, the county claimed 10% of the total treatment costs rather than 10% of treatment costs net of offsetting funding. The non-reimbursable costs claimed were funded with realignment (non-categorical) funds. For FY 1999-2000, the county claimed 100% of net treatment costs rather than 10% of net allowable treatment costs reimbursable under this program.

*Parameters and Guidelines* specifies that only the 10% of mental health treatment costs covered by the State's Short-Doyle Act are reimbursable. Therefore, the SCO auditors computed the required offset to net allowable treatment costs claimed, as follows:

	Audit Adjustment		
	FY 1998-99	FY 1999-2000	Total
Net treatment costs claimed	\$ 687,759	\$ 723,831	\$1,411,590
Less treatment costs adjusted in Findings 1 through 4 above	(184,232)	(147,288)	(331,520)
Allowable net treatment costs	503,527	576,543	1,080,070
Less reimbursable costs (10%)	(50,353)	(57,654)	(108,007)
Non-reimbursable costs (90%)	453,174	518,889	972,063
Non-reimbursable costs claimed	(561,816)	—	(561,816)
Overstated/(understated) funding	<u>\$ 108,642</u>	<u>\$ (518,889)</u>	<u>\$ (410,247)</u>

On September 30, 2002, AB 2781 (Chapter 1167, Statutes of 2002) changed the *Parameters and Guidelines'* regulatory criteria. The legislation states that the percentage of treatment costs claimed by the counties for FY 2000-01 and prior fiscal years is not subject to dispute by the SCO. Consequently, the SCO applied the percentage of net treatment costs claimed to allowable net treatment costs. As a result,

rather than understating realignment and other funding by \$410,247, the county overstated realignment funding by \$150,535, a difference of \$560,782.

	Audit Adjustment		
	FY 1998-99	FY 1999-2000	Total
<b>Calculation to determine allowable net treatment costs</b>			
Net treatment costs claimed	\$ 687,759	\$ 723,831	\$1,411,590
Less realignment funding claimed	(561,816)	—	(561,816)
Adjusted net treatment costs claimed	<u>\$ 125,943</u>	<u>\$ 723,831</u>	<u>\$ 849,774</u>
Percentage of adjusted net treatment costs claimed	<u>18.32%</u>	<u>100.00%</u>	
<b>Calculation to determine overstated realignment funding claimed</b>			
Allowable net treatment costs per audit	\$ 503,527	\$ 576,543	\$1,080,070
Percentage of treatment costs claimed	18.32%	100.00%	
Reimbursable treatment costs	92,246	576,543	668,789
Less allowable net treatment costs	(503,527)	(576,543)	(1,080,070)
Realignment funding per audit	(411,281)	—	(411,281)
Less realignment funding claimed	561,816	—	561,816
Overstated realignment funding claimed	<u>\$ 150,535</u>	<u>\$ —</u>	<u>\$ 150,535</u>

#### Auditee's Response

The auditee concurred with this finding.

#### SCO's Comment

The finding and recommendation remain unchanged.

**Schedule 1—  
Summary of Program Costs  
July 1, 1998, through June 30, 2000**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference <sup>1</sup>
<u>July 1, 1998, through June 30, 1999</u>				
Assessment costs	\$ 96,469	\$ 87,568	\$ (8,901)	Finding 1
Administrative costs	9,109	6,945	(2,164)	Finding 2
Less offsetting revenues:				
State categorical funds		(7,427)	(7,427)	Finding 3
Short-Doyle/Medi-Cal	(25,367)	(24,571)	796	Finding 1
Other-local funding	—	(2,343)	(2,343)	Finding 4
Net assessment costs	<u>80,211</u>	<u>60,172</u>	<u>(20,039)</u>	
Treatment costs	1,132,305	1,081,267	(51,038)	Finding 1
Administrative costs	127,126	80,169	(46,957)	Finding 2
Less offsetting revenues:				
State categorical funds	(201,706)	(206,277)	(4,571)	Finding 3
Short-Doyle/Medi-Cal	(369,966)	(360,711)	9,255	Finding 1
Other-local funding	—	(70,882)	(70,882)	Finding 4
Net treatment costs	<u>687,759</u>	<u>523,566</u>	<u>(164,193)</u>	
Realignment funding adjustment	<u>(561,816)</u>	<u>(411,281)</u>	<u>150,535</u>	Finding 5
Net treatment costs after funding received	<u>125,943</u>	<u>112,285</u>	<u>(13,658)</u>	
Total costs	<u>\$ 206,154</u>	<u>172,457</u>	<u>\$ (33,697)</u>	
Less amount paid by the State		<u>(206,154)</u>		
Amount paid in excess of allowable costs claimed		<u>\$ 33,697</u>		
<u>July 1, 1999, through June 30, 2000</u>				
Assessment costs	\$ 184,238	\$ 184,238	\$ —	
Administrative costs	20,925	19,092	(1,833)	Finding 2
Less offsetting revenues:				
State categorical funds	(24,547)	(33,726)	(9,179)	Finding 3
Short-Doyle/Medi-Cal	(39,801)	(39,801)	—	
Other-local funding	—	(10,406)	(10,406)	Finding 4
Net assessment costs	<u>140,815</u>	<u>119,397</u>	<u>(21,418)</u>	
Treatment costs	1,000,556	1,000,556	—	
Administrative costs	118,671	108,249	(10,422)	Finding 2
Less offsetting revenues:				
State categorical funds	(152,740)	(192,169)	(39,429)	Finding 3
Short-Doyle/Medi-Cal	(242,656)	(242,656)	—	
Other-local funding	—	(76,019)	(76,019)	Finding 4
Net treatment costs	<u>723,831</u>	<u>597,961</u>	<u>(125,870)</u>	
Realignment funding adjustment	<u>—</u>	<u>—</u>	<u>—</u>	Finding 5
Net treatment costs after funding received	<u>723,831</u>	<u>597,961</u>	<u>(125,870)</u>	
Total costs	<u>864,646</u>	<u>717,358</u>	<u>(147,288)</u>	
Less penalty	<u>(1,000)</u>	<u>(1,000)</u>	<u>—</u>	
Net costs	<u>\$ 863,646</u>	<u>716,358</u>	<u>\$ (147,288)</u>	
Less amount paid by the State		<u>—</u>		

Allowable costs claimed in excess of amount paid

\$ 716,358

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference <sup>1</sup>
<u>Summary: July 1, 1998, through June 30, 2000</u>				
Assessment costs	\$ 280,707	\$ 271,806	\$ (8,901)	Finding 1
Administrative costs	30,034	26,037	(3,997)	Finding 2
Less offsetting revenues:				
State categorical funds	(24,547)	(41,153)	(16,606)	Finding 3
Short-Doyle/Medi-Cal	(65,168)	(64,372)	796	Finding 1
Other-local funding	—	(12,749)	(12,749)	Finding 4
Net assessment costs	<u>221,026</u>	<u>179,569</u>	<u>(41,457)</u>	
Treatment costs	2,132,861	2,081,823	(51,038)	Finding 1
Administrative costs	245,797	188,418	(57,379)	Finding 2
Less offsetting revenues:				
State categorical funds	(354,446)	(398,446)	(44,000)	Finding 3
Short-Doyle/Medi-Cal	(612,622)	(603,367)	9,255	Finding 1
Other-local funding	—	(146,901)	(146,901)	Finding 4
Net treatment costs	<u>1,411,590</u>	<u>1,121,527</u>	<u>(290,063)</u>	
Realignment funding adjustment	<u>(561,816)</u>	<u>(411,281)</u>	<u>150,535</u>	Finding 5
Net treatment costs after funding received	<u>849,774</u>	<u>710,246</u>	<u>(139,528)</u>	
Total costs	1,070,800	889,815	(180,985)	
Less penalty	<u>(1,000)</u>	<u>(1,000)</u>	<u>—</u>	
Net costs	<u>\$1,069,800</u>	888,815	<u>\$ (180,985)</u>	
Less amount paid by the State		<u>(206,154)</u>		
Allowable costs claimed in excess of amount paid		<u>\$ 682,661</u>		

<sup>1</sup> See Schedule 2.

**Schedule 2—  
Summary of Audit Adjustments  
July 1, 1998, through June 30, 2000**

Cost Elements	Audit Adjustments <sup>1</sup>					Total
	Finding 1	Finding 2	Finding 3	Finding 4	Finding 5	
<b>July 1, 1998, through June 30, 1999</b>						
Assessment costs	\$ (8,901)	\$ —	\$ —	\$ —	\$ —	\$ (8,901)
Administrative costs	—	(2,164)	—	—	—	(2,164)
Less offsetting revenues:						
State categorical funds	—	—	(7,427)	—	—	(7,427)
Short-Doyle/Medi-Cal	796	—	—	—	—	796
Local funding	—	—	—	(2,343)	—	(2,343)
Net assessment costs	(8,105)	(2,164)	(7,427)	(2,343)	—	(20,039)
Treatment costs	(51,038)	—	—	—	—	(51,038)
Administrative costs	—	(46,957)	—	—	—	(46,957)
Less offsetting revenues:						
State categorical funds	—	—	(4,571)	—	—	(4,571)
Short-Doyle/Medi-Cal	9,255	—	—	—	—	9,255
Local funding	—	—	—	(70,882)	—	(70,882)
Net treatment costs	(41,783)	(46,957)	(4,571)	(70,882)	—	(164,193)
Realignment funding adjustment	—	—	—	—	150,535	150,535
Net treatment costs after funding adjustment	(41,783)	(46,957)	(4,571)	(70,882)	150,535	(13,658)
Total adjustment for FY 1998-99	\$ (49,888)	\$ (49,121)	\$ (11,998)	\$ (73,225)	\$ 150,535	\$ (33,697)
<b>July 1, 1999, through June 30, 2000</b>						
Assessment costs	\$ —	\$ (1,833)	\$ —	\$ —	\$ —	\$ (1,833)
Administrative costs	—	—	—	—	—	—
Less offsetting revenues:						
State categorical funds	—	—	(9,179)	—	—	(9,179)
Short-Doyle/Medi-Cal	—	—	—	—	—	—
Local funding	—	—	—	(10,406)	—	(10,406)
Net assessment costs	—	(1,833)	(9,179)	(10,406)	—	(21,418)
Treatment costs	—	(10,422)	—	—	—	(10,422)
Administrative costs	—	—	—	—	—	—
Less offsetting revenues:						
State categorical funds	—	—	(39,429)	—	—	(39,429)
Short-Doyle/Medi-Cal	—	—	—	—	—	—
Local funding	—	—	—	(76,019)	—	(76,019)
Net treatment costs	—	(10,422)	(39,429)	(76,019)	—	(125,870)
Realignment funding adjustment	—	—	—	—	—	—
Net treatment costs after funding adjustment	—	(10,422)	(39,429)	(76,019)	—	(125,870)
Total adjustment for FY 1999-2000	\$ —	\$ (12,255)	\$ (48,608)	\$ (86,425)	\$ —	\$ (147,288)

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





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

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February 4, 2003

## COUNTY OF PLACER

KATHERINE J. MARTINIS, CPA  
Auditor-Controller  
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## OFFICE OF AUDITOR-CONTROLLER

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Mr. Jim L. Spano, Chief  
Compliance Audits Bureau  
State Controller's Office  
Division of Audits  
P.O. Box 942850  
Sacramento, CA 94250-5874

### Response to the Audit of Handicapped and Disabled Students Program for the period of July 1, 1998 through June 30, 2000

We concur to findings 1 – 5.

However, we noted errors on Schedule 1, beginning on page 7, that should be corrected in your final audit report.

1) July 1, 1998, through June 30, 1999

The ending year should be "1999" not "2000."

2) July 1, 1999, through June 30, 2000

- a. "Other-local funding" amounts for "Assessment costs" and "Treatment costs" were switched. The amount of \$(10,406) should be Assessments and \$(76,019) should be Treatment costs.

This change has no fiscal impact.

- b. On April 21, 2001, the State Controller issued a letter to Placer County that indicated that the County owed the State \$172,833 for the 1999-2000 claim. However, the State subsequently applied two offsets in 2001, \$20,049 and \$22,321; therefore, net payments should be \$130,463 and Allowable costs claimed in excess of amount paid should be \$585,895.

If you have additional questions, please contact my office or Jim Nissen at (530) 886-2813.

Sincerely,

Katherine J. Martinis  
Auditor-Controller

c: Jim Nissen, HHS

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, California 94250-5874**

**<http://www.sco.ca.gov>**