

ONTARIO-MONTCLAIR SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 2001, through June 30, 2004



JOHN CHIANG
California State Controller

February 2007



JOHN CHIANG
California State Controller

February 14, 2007

Sharon P. McGehee, Ph.D., Superintendent
Ontario-Montclair School District
950 West D Street
Ontario, CA 91762

Dear Dr. McGehee:

The State Controller's Office audited the costs claimed by the Ontario-Montclair School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2001, through June 30, 2004.

The district claimed and was paid \$348,851 for the mandated program. Our audit disclosed that the entire amount is unallowable because the district claimed unsupported initial truancy notification costs. The district should return the total amount to the State.

If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

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

Sincerely,

Original signed by:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Danielle Calise, Assistant Superintendent, Business Services
Ontario-Montclair School District
Elizabeth McNevin, Accountant
Ontario-Montclair School District
Herbert R. Fischer, Ph.D., County Superintendent of Schools
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the Ontario-Montclair School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2001, through June 30, 2004. The last day of fieldwork was October 18, 2006.

The district claimed and was paid \$348,851 for the mandated program. Our audit disclosed that the entire amount is unallowable because the district claimed unsupported initial truancy notification costs. The district should return the total amount to the State.

Background

Education Code Section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. Chapter 1023, Statutes of 1994, amended *Education Code* Section 48260.5 to require school districts to also notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. However, since *Parameters and Guidelines* has not been amended, districts are eligible for mandated program reimbursement if they notify parents or guardians of the first five elements.

Education Code Section 48260 originally defined a truant pupil as one who is absent from school without a valid excuse for more than three days or who is tardy in excess of 30 minutes on each of more than three days in one school year. Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended *Education Code* Section 48260 and renumbered it to Section 48260(a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, as *Parameters and Guidelines* has not been amended, for mandate-reimbursement purposes, a pupil is initially classified as truant upon the fourth unexcused absence.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [COSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on August 27, 1987, and last amended it on July 22, 1993. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Notification of Truancy Program for the period of July 1, 2001, through June 30, 2004.

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

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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

Conclusion

Our audit disclosed an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, the Ontario-Montclair School District claimed and was paid \$348,851 for costs of the Notification of Truancy Program. Our audit disclosed that the entire amount is unallowable.

For the fiscal year (FY) 2001-02 claim, the State paid the district \$120,812. Our audit disclosed that all of the costs claimed are unallowable. The district should return \$120,812 to the State.

For the FY 2002-03 claim, the State paid the district \$97,627. Our audit disclosed that all of the costs claimed are unallowable. The district should return \$97,627 to the State.

For the FY 2003-04 claim, the State paid the district \$130,412. Our audit disclosed that all of the costs claimed are unallowable. The district should return \$130,412 to the State.

**Views of
Responsible
Official**

We issued a draft audit report on December 6, 2006. We contacted Elizabeth McNevin, Accountant, by telephone on January 18, 2007. Ms. McNevin declined to respond to the draft report.

Restricted Use

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

Original signed by:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2004**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment ¹</u>
<u>July 1, 2001, through June 30, 2002</u>			
Number of truancy notifications	9,358	—	(9,358)
Uniform cost allowance	× \$12.91	× \$12.91	× \$12.91
Total program costs	<u>\$ 120,812</u>	—	<u>\$ (120,812)</u>
Less amount paid by the State		(120,812)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (120,812)</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Number of truancy notifications	7,396	—	(7,396)
Uniform cost allowance	× \$13.20	× \$13.20	× \$13.20
Total program costs	<u>\$ 97,627</u>	—	<u>\$ (97,627)</u>
Less amount paid by the State		(97,627)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (97,627)</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Number of truancy notifications	9,547	—	(9,547)
Uniform cost allowance	× \$13.66	× \$13.66	× \$13.66
Total program costs	<u>\$ 130,412</u>	—	<u>\$ (130,412)</u>
Less amount paid by the State		(130,412)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (130,412)</u>	
<u>Summary: July 1, 2001, through June 30, 2004</u>			
Total program costs	<u>\$ 348,851</u>	\$ —	<u>\$ 348,851</u>
Less amount paid by the State		(348,851)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (348,851)</u>	

¹ See the Finding and Recommendation section.

Finding and Recommendation

**FINDING—
Unallowable initial
truancy notification
costs claimed**

During the audit period, the district claimed unallowable costs totaling \$348,851 for 26,301 initial truancy notifications. The costs are unallowable for one or more of the following reasons.

- The district did not provide documentation showing that it distributed initial truancy notification letters.
- The district distributed truancy notification letters that did not contain the elements required by *Parameters and Guidelines*.
- The district claimed initial truancy notification costs for students who did not have the required number of unexcused absences or tardies.
- In counting unexcused absences, the district included days on which students were suspended or assigned to independent study.

The district provided attendance exception reports to support the number of notifications claimed. The district’s attendance exception reports indicate that the district underclaimed total notifications by 61 for the audit period. From the total population identified, we selected statistical samples based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. For each fiscal year, we stratified the sample between elementary school and middle school students because districts account for attendance differently between these school levels. The following table shows the population and sample sizes.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Population:				
Elementary schools	7,151	5,485	7,597	20,233
Middle schools	2,213	1,908	2,008	6,129
Total	<u>9,364</u>	<u>7,393</u>	<u>9,605</u>	<u>26,362</u>
Sample size:				
Elementary schools	147	146	147	440
Middle schools	141	139	140	420
Total	<u>288</u>	<u>285</u>	<u>287</u>	<u>860</u>

For the audit period, our review disclosed the following information.

- The district provided documentation of initial truancy notification letters for only 42 elementary school students. The district did not provide any documentation for middle school students. School personnel stated that the missing notifications were either not maintained or never prepared. In addition, the district did not have standardized policies and procedures for reporting the initial truancy notification.

For some district school sites, attendance clerks and administrators described the schools’ attendance process, which might include telephone calls or home visits. Some school sites provided telephone logs for review. Although notifying parents or guardians by telephone

call is not a reimbursable activity, we reviewed the telephone logs and attendance records to gain an understanding of each school site's process by which it notifies a student's parent or guardian of the five elements required by the mandated program. These records did not support that school officials discussed the required elements with the students' parents or guardians. Furthermore, *Parameters and Guidelines* requires the district to document the five elements on a form that is distributed to truant student's parent or guardian.

- The district provided documentation for 42 truancy notification letters. These letters did not include the elements required by *Parameters and Guidelines*. The individual schools, the district's School Attendance Review Team, or the district's School Attendance Review Board issued these letters. The district did not develop a uniform letter for use by all schools. Some school sites provided a sample of their current truancy notification letter. The current letters also did not include the required elements.
- Attendance records showed that 50 elementary school students and 49 middle school students did not have four or more unexcused absences. Initial truancy notification letters are not allowable for these students.
- For seven students, attendance records showed that the district included as unexcused absences days on which students participated in independent study. For 83 students, attendance records showed that the district included as unexcused absences days that students were suspended. However, school suspensions and participation in independent study are not trancies as defined by the *Education Code*.

Parameters and Guidelines requires districts, upon a student's initial classification as a truant, to notify the student's parent or guardian by first-class mail or other reasonable means of (1) the student's truancy; (2) that the parent or guardian is obligated to compel the attendance of the student at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution. Districts must also inform parents and guardians of (1) alternative educational programs available in the district; and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. Chapter 1023, Statutes of 1984, amended *Education Code* Section 48260.5, by requiring districts to notify parents or guardians of three additional elements. However, since *Parameters and Guidelines* has not been amended, districts may be reimbursed under the mandated program if they comply with the five elements specified in *Parameters and Guidelines*.

Parameters and Guidelines states, "A truancy occurs when a student is absent from school without valid excuse more than three (3) days or is tardy in excess of thirty (30) minutes on each of more than three (3) days in one school year." Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended *Education Code* Section 48260 and renumbered it to Section 48260(a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one

school year, or any combination thereof. However, as *Parameters and Guidelines* has not been amended, for mandate-reimbursement purposes, a pupil is initially classified as truant upon the fourth unexcused absence.

In specifying reimbursable costs, *Parameters and Guidelines* states that districts shall be reimbursed for the costs to identify truant pupils, prepare and distribute by mail or other method the forms to parents or guardians, and perform associated recordkeeping. *Parameters and Guidelines* also states that districts must provide documentation in support of the reimbursement claimed.

The following table summarizes the audit adjustment.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Unallowable truancy notifications claimed	(9,358)	(7,396)	(9,547)	\$ (26,301)
Uniform cost allowance	× \$12.91	× \$13.20	× \$13.66	
Audit adjustment	<u>\$ (120,812)</u>	<u>\$ (97,627)</u>	<u>\$ (130,412)</u>	<u>\$ (348,851)</u>

Recommendation

We recommend that the district distribute initial truancy notifications that comply with *Education Code* Section 48260.5, and that it maintain documentation supporting notifications distributed. We also recommend that the district classify pupils as truant according to *Education Code* Section 48260(a). However, for mandate-reimbursement purposes, we recommend that the district claim only those pupils who meet the truancy definition provided in *Parameters and Guidelines*.

Subsequent to our audit fieldwork, the district submitted a proposed truancy notification letter for our review. The sample letter provided meets *Parameters and Guidelines* and *Education Code* requirements.

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