

# **SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT**

Audit Report

## **NOTIFICATION OF TRUANCY PROGRAM**

Chapter 498, Statutes of 1983

*July 1, 2000, through June 30, 2003*



**STEVE WESTLY**  
California State Controller

November 2005



**STEVE WESTLY**  
California State Controller

November 30, 2005

Arturo Delgado, Ed.D., Superintendent  
San Bernardino City Unified School District  
777 North F Street  
San Bernardino, CA 92410

Dear Dr. Delgado:

The State Controller's Office audited the costs claimed by the San Bernardino City Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2000, through June 30, 2003.

The district claimed \$877,640 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district did not provide documentation to support the claimed number of truancy letters distributed and it distributed initial truancy notifications forms that did not contain all specified elements required by the mandate. The State paid the district \$529,148, which the district should return.

If you disagree with the audit findings, 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](http://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](mailto: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/ams

cc: Mohammad Z. Islam

Assistant Superintendent of Business Services  
San Bernardino City Unified School District

Derek Harris

Accounting Supervisor  
San Bernardino City Unified School District

Herbert R. Fischer, Ph.D.

San Bernardino County Superintendent of Schools

Scott Hannan, Director

School Fiscal Services Division  
California Department of Education

Arlene Matsuura, Education Fiscal Services Consultant

School Fiscal Services Division  
California Department of Education

Gerry Shelton, Director

Fiscal and Administrative Services Division  
California Department of Education

Jeannie Oropeza, Program Budget Manager

Education Systems Unit  
Department of Finance

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Objective, Scope, and Methodology .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>2</b>
<b>Views of Responsible Official .....</b>	<b>2</b>
<b>Restricted Use .....</b>	<b>3</b>
<b>Schedule 1—Summary of Program Costs.....</b>	<b>4</b>
<b>Findings and Recommendations .....</b>	<b>5</b>

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the San Bernardino City Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 2000, through June 30, 2003. The last day of fieldwork was May 13, 2005.

The district claimed \$877,640 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district did not provide documentation to support the claimed number of truancy letters distributed and it distributed initial truancy notifications forms that did not contain all specified elements required by the mandate. The State paid the district \$529,148. The district should return the total amount to the State.

## Background

*Education Code* Section 48260.5 (added by Chapter 498, Statutes of 1983) requires 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 available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

A truancy occurs when a student is absent from school without a valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year, according to *Education Code* Section 48260. A student will be initially classified as truant upon the fourth unexcused absence, after which the school must complete the requirements mandated in *Education Code* Section 48260.5.

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, 2000, through June 30, 2003.

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* Section 17558.5. 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 instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the San Bernardino City Unified School District claimed \$877,640 for costs of the Notification of Truancy Program. Our audit disclosed that the entire amount is unallowable.

For fiscal year (FY) 2000-01, the State paid the district \$269,782. Our audit disclosed that all of the costs claimed are unallowable. The district should return the total amount paid to the State.

For FY 2001-02, the State paid the district \$259,366. Our audit disclosed that all of the costs claimed are unallowable. The district should return the total amount to the State.

For FY 2002-03, the State made no payment to the district. Our audit disclosed that all of the costs claimed are unallowable.

**Views of  
Responsible  
Official**

We issued a draft audit report on September 9, 2005. We contacted Mohammad Islam, Assistant Superintendent, by telephone on September 29, 2005.

In response, Derek Harris, Accounting Supervisor, stated that the district understands the audit findings and has no records to dispute them. Mr. Harris advised the SCO to proceed with the final report.

## **Restricted Use**

This report is solely for the information and use of the San Bernardino City Unified School District, the San Bernardino County Superintendent of Schools, 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, 2000, through June 30, 2003**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2000, through June 30, 2001</u>				
Number of initial truancy notifications	27,873	—	(27,873)	Findings 1, 2
Uniform cost allowable	× \$12.73	× \$12.73	× \$12.73	
Total program costs	<u>\$ 354,823</u>	—	<u>\$ (354,823)</u>	
Less amount paid by the State		<u>(269,782)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (269,782)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of initial truancy notifications	26,158	—	(26,158)	Findings 1, 2
Uniform cost allowable	× \$12.91	× \$12.91	× \$12.91	
Total program costs	<u>\$ 337,700</u>	—	<u>\$ (337,700)</u>	
Less amount paid by the State		<u>(259,366)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (259,366)</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Number of initial truancy notifications	14,024	—	(14,024)	Findings 1, 2
Uniform cost allowable	× \$13.20	× \$13.20	× \$13.20	
Total program costs	<u>\$ 185,117</u>	—	<u>\$ (185,117)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 2000, through June 30, 2003</u>				
Total program costs	<u>\$ 877,640</u>	\$ —	<u>\$ (877,640)</u>	
Less amount paid by the State		<u>(529,148)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (529,148)</u>		

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

# Findings and Recommendations

**FINDING 1—  
Overclaimed number  
of initial truanancies**

The district claimed \$5,955 for fiscal year (FY) 2000-01 and FY 2001-02 for 463 truancy notification forms distributed to pupils’ parents or guardians that were not supported by attendance records. The overclaimed notifications are as follows.

	Fiscal Year		Total
	2000-01	2001-02	
Number of truancy notifications supported by attendance records	27,747	25,821	53,568
Truancy notifications claimed	(27,873)	(26,158)	(54,031)
Unallowable truancy notifications	(126)	(337)	(463)
Uniform cost allowance	× \$12.73	× \$12.91	
Audit adjustment	\$ (1,604)	\$ (4,351)	\$ (5,955)

For FY 2002-03, the district claimed 14,024 truanancies; its records revealed 21,732 truanancies. As discussed in Finding 2, a statistical sample of truanancies for FY 2002-03 supported that all of the truanancies claimed are unallowable.

Recommendation

We recommend that the district establish policies and procedures to ensure that it claims only actual initial truancy notifications distributed to pupils’ parents or guardians.

**FINDING 2—  
Unsupported  
truanancies**

The district claimed \$871,685 during the audit period for initial truancy notifications that were not reimbursable. The district did not maintain records to substantiate the actual number of truancy notifications distributed to pupils’ parents or guardians. Instead, the district asserted that the claim was prepared based on the information available from the attendance accounting system. The district assumed that a notification of truancy was issued for every pupil identified as a truant in its attendance accounting system. The district’s attendance accounting system revealed 75,300 truanancies (27,747 for FY 2000-01, 25,821 for FY 2001-02, and 21,732 for FY 2002-03).

From the total population of initial truanancies identified in the attendance accounting system, we selected a statistical sample for each year based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used a statistical sample so that we could project the sample results to the population. The district used a different attendance accounting method for elementary and middle/high schools. Thus, for each year, we selected two groups of samples: elementary and middle/high schools.

Our examination involved verifying copies of initial truancy notifications and/or documents that supported the distribution of the initial truancy notifications for the selected samples. The number of unsupported truancy notifications identified in the sample, the unallowable percentage, and the projected audit adjustments are summarized below.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
Unallowable truanancies:				
Non-compliant notifications	23	48	54	125
Unsupported notifications	274	248	242	764
Total unallowable truanancies	297	296	296	889
Truant pupils sampled	÷ 297	÷ 296	÷ 296	
Unallowable percentage	100%	100%	100%	
Claimed number of truancy notifications supported by attendance records	× 27,747	× 25,821	× 14,024	67,592
Projected unallowable truancy notifications	27,747	25,821	14,024	
Uniform cost allowance	× \$12.73	× \$12.91	× \$13.20	
Audit adjustment	\$ 353,219	\$ 333,349	\$ 185,117	\$ 871,685

For FY 2000-01, we selected and tested 297 truanancies, 148 for elementary schools and 149 for middle/high schools from a population of 27,747 truanancies (12,838 for elementary and 14,909 for middle/high schools). For FY 2001-02, we selected and tested 296 truanancies, 148 for elementary schools and 148 for middle/high schools from a population of 25,821 truanancies (11,661 for elementary and 14,160 for middle/high schools). For FY 2002-03, we selected and tested 296 truanancies, 148 for elementary schools and 148 for middle/high schools from a population of 21,732 truanancies (9,081 for elementary and 12,651 for middle/high schools).

Our tests revealed that the entire sample examined was unallowable. The district's records substantiated 125 initial truancy notifications: 42 for elementary schools (12 for FY 2000-01, 13 for FY 2001-02, and 17 for FY 2002-03) and 83 for middle/high schools (11 for FY 2000-01, 35 for FY 2001-02, and 37 for FY 2002-03). However, the truancy notifications contained only two of the required five elements. The elements discussed in the letter included (1) the pupil's truancy and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. For the remainder of the sampled students, the district did not provide any records to substantiate the distribution of truancy notifications.

*Parameters and Guidelines*, as amended by the Commission on State Mandates, allows the district to be reimbursed for claimed costs if the initial truancy notification forms distributed to pupils' parents or guardians contain five specified elements. *Education Code* Section 48260.5 (amended by Chapter 1023, Statutes of 1994, effective January 1, 1995) requires three additional elements. However, since *Parameters and Guidelines* has not been amended, the claimant continues to be reimbursed if it complies with the five specified elements in the guidelines.

*Parameters and Guidelines* states that a truancy occurs when a student is absent from school without valid excuse for more than three days or is tardy in excess of 30 minutes on each of more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year. *Education Code* Section 48260(a) (as amended in 1994) defines a truant student as one who is absent from school without valid excuse for three full school days in one year or is tardy or absent for more than 30 minutes during the school day without a valid excuse on three occasions in one school year, or any combination thereof. However, since *Parameters and Guidelines* has not been amended, the claimant will continue to be reimbursed for students having more than three unexcused absences.

#### Recommendation

We recommend that the district establish policies and procedures to ensure that it supports all claimed notification letters.

We also recommend that the district claim reimbursement under the Notification of Truancy Program only for truancy notifications applicable to pupils who are absent from school without valid excuse for more than three days, or are tardy in excess of 30 minutes on each of more than three days in one school year.

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

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