

SixTen and Associates Mandate Reimbursement Services

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December 17, 2007

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Incorrect Reduction Claim of San Juan Unified School District
Notification of Truancy
Fiscal Years: 1999-00, 2000-01, 2001-02

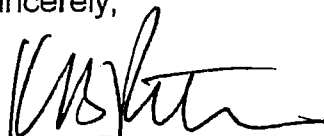
Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Juan Unified School District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Micheal G. Dencavage,
Chief Financial Officer
San Juan Unified School District
3738 Walnut Ave.
P.O. Box 477
Carmichael, CA 95609-0477

Sincerely,


Keith B. Petersen

COMMISSION ON STATE MANDATES

1. INCORRECT REDUCTION CLAIM TITLE

498/83 Notification of Truancy

2. CLAIMANT INFORMATION

San Juan Unified School District
Michael G. Dencavage,
Chief Financial Officer
San Juan Unified School District
3738 Walnut Avenue
P.O. Box 477

Carmichael, CA 95609-0477

Voice: 916-971-7293

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E-Mail: MDencavage@sanjuan.edu

3. CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this incorrect reduction claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Keith B. Petersen, President
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For CSM Use Only

Filing Date:

IRC #:

4. IDENTIFICATION OF STATUTES OR EXECUTIVE ORDERS

Statutes of 1983, Chapter 498

Education Code Section 48260.5

5. AMOUNT OF INCORRECT REDUCTION

<u>Fiscal Year</u>	<u>Amount of Reduction</u>
1999-00	\$34,709
2000-01	\$39,934
2001-02	\$33,799

TOTAL: \$108,442

6. NOTICE OF NO INTENT TO CONSOLIDATE

No, this claim is not being filed with the intent to consolidate on behalf of other claimants.

Sections 7-14 are attached as follows:

7. Written Detailed Narrative:	Pages 1 to 22
8. Controller's Letters:	Exhibit A
9. Parameters and Guidelines:	Exhibit B
10. Claiming Instructions:	Exhibit C
11. Final Audit Report:	Exhibit D
12. Exit Conference Notes:	Exhibit E
13. "Statistical Sampling Revisited":	Exhibit F
14. Reimbursement Claims:	Exhibit G

15. CLAIM CERTIFICATION

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief.

Michael G. Dencavage, Chief Financial Officer

Michael G. Dencavage 12-12-2007
Signature Date

1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 3841 North Freeway Blvd., Suite 170
5 Sacramento, California 95834
6 Voice: (916) 565-6104
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9
10 BEFORE THE
11 COMMISSION ON STATE MANDATES
12 STATE OF CALIFORNIA

13
14 INCORRECT REDUCTION CLAIM OF:)
15) No. CSM _____
16)
17) Chapter 498, Statutes of 1983
18) Education Code Section 48260.5
19)
20) **SAN JUAN UNIFIED**)
21) **School District**)
22) Notification of Truancy
23) Annual Reimbursement Claims:
24) Fiscal Year 1999-00
25) Fiscal Year 2000-01
26) Fiscal Year 2001-02
27)
28 _____)
INCORRECT REDUCTION CLAIM FILING

29 PART I. AUTHORITY FOR THE CLAIM

30 The Commission on State Mandates has the authority pursuant to Government
31 Code Section 17551(d) " . . . to hear and decide upon a claim by a local agency or
32 school district, filed on or after January 1, 1985, that the Controller has incorrectly
33 reduced payments to the local agency or school district pursuant to paragraph (2) of
34 subdivision (d) of Section 17561." San Juan Unified School District (hereafter "District"

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1 or "Claimant") is a school district as defined in Government Code Section 17519. Title
2 2, CCR, Section 1185 (a), requires the claimant to file an incorrect reduction claim with
3 the Commission.

4 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
5 requires incorrect reduction claims to be filed no later than three years following the
6 date of the Controller's remittance advice notifying the claimant of a reduction. A
7 Controller's audit report dated December 30, 2004 has been issued and constitutes a
8 demand for repayment and adjudication of the three annual reimbursement claims. On
9 June 16, 2005, the Controller issued a "results of review letter" for each of the three
10 annual reimbursement claims reporting the audit results and amounts due the state and
11 this constitutes a payment action. Copies of the Controller's "results of review letters"
12 are attached as Exhibit "A."

13 There is no alternative dispute resolution. The audit report transmittal letter
14 indicates that the District may dispute the audit by filing an incorrect reduction claim
15 with the Commission on State Mandates.

16 PART II. SUMMARY OF THE CLAIM

17 The Controller conducted a field audit of the District's annual reimbursement
18 claims for Fiscal Years 1999-00, 2000-01, and 2001-02, for the costs of complying with
19 the legislatively mandated program 498/83 Notification of Truancy. As a result of the
20 audit, the Controller determined that \$108,442 of the claimed costs were unallowable:

21 /

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	<u>Fiscal</u> <u>Year</u>	<u>Amount</u> <u>Claimed</u>	<u>Audit</u> <u>Adjustment</u>	<u>SCO</u> <u>Payments</u>	<u>Amount Due</u> <u><State> District</u>
1	1999-00	\$178,448	\$34,709	\$178,448	<\$34,709>
2	2000-01	\$183,477	\$39,934	\$142,855	\$ 688
3	2001-02*	<u>\$216,785</u>	<u>\$33,799</u>	<u>\$134,117</u>	<u>\$ 48,869</u>
4	Totals	\$578,710	\$108,442	\$455,420	\$14,848

* This is an amended claim.

The audit report states that the District has been paid \$455,420 for these claims and concludes that the amount of \$14,848 is due the District.

PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

The District has not filed any previous incorrect reduction claims for this mandate program. The District is not aware of any other incorrect reduction claims having been adjudicated on the specific issues or subject matter raised by this incorrect reduction claim. However, an incorrect reduction claim on this subject matter for Riverside Unified School District is pending hearing before the Commission.

PART IV. BASIS FOR REIMBURSEMENT

1. Mandate Legislation

Chapter 498, Statutes of 1983, added Section 48260.5 to the Education Code to require school districts to notify parents or guardians upon a pupil's initial classification of truancy of their specific obligations and the penalties for continued truancy, the availability of alternative education programs, and the opportunity to meet with school personnel to discuss solutions to the pupil's truancy.

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1 Education Code Section 48260.5 was amended by Chapter 1023, Statutes of
2 1994, to require additional content to notices (subdivisions f, g, and h), but that
3 amendment was not the subject of the test claim.

4 2. Test Claim

5 The State Board of Control, the predecessor body to the Commission on State
6 Mandates with jurisdiction regarding costs mandated by the state, determined on
7 November 29, 1984 that Education Code Section 48260.5 imposed an increased level
8 of service by requiring notifications be sent to the parents or guardians of pupils upon
9 initial classification of truancy.

10 3. Parameters and Guidelines

11 On August 27, 1987, the original parameters and guidelines were adopted,
12 revised on July 28, 1988, and then revised a final time on July 22, 1993. A copy of the
13 July 22, 1993 parameters and guidelines is attached as Exhibit "B."

14 4. Claiming Instructions

15 The Controller has periodically issued or revised claiming instructions for the
16 mandate program. A copy of the October 1996 revision of the claiming instructions is
17 attached as Exhibit "C." The October 1996 claiming instructions are believed to be, for
18 the purposes and scope of this incorrect reduction claim, substantially similar to the
19 version available at the time the annual reimbursement claims which are the subject of
20 this incorrect reduction claim were filed. However, since the Controller's claim forms
21 and instructions have not been adopted as regulations, they have no force of law, and,

1 therefore, have no effect on the outcome of this incorrect reduction claim.

2 PART V. STATE CONTROLLER CLAIM ADJUDICATION

3 The Controller conducted an audit of the District's annual reimbursement claims
4 for Fiscal Years 1999-00, 2000-01, and 2001-02. The audit concluded that 81% of the
5 District's costs, as claimed, were allowable. A copy of the December 30, 2004-audit
6 report is attached as Exhibit "D."

7 VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

8 By letter dated October 28, 2004, the Controller transmitted a copy of its draft
9 audit report. The District did not respond to the draft audit report.

10 PART VII. STATEMENT OF THE ISSUES

11 The District has encountered some difficulty in preparing this incorrect reduction
12 claim because the audit report provides summary results and not the specific
13 components of the adjustment amounts. The other source of information available to
14 the District regarding the derivation of the adjustments is the exit conference notes
15 which are attached as Exhibit "E." However, the adjustment amounts in the audit report
16 are different from the amounts reported at the exit conference and no explanation of the
17 difference is provided in the audit report.

18 **Finding 1 Overclaimed number of initial truanancies**

19 The district is not disputing this adjustment. This was finding #3 in the exit
20 conference notes.

21 /

Incorrect Reduction Claim of San Juan Unified School District
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Finding 2 Unallowable costs relating to initial truanancies

The audit report asserts that \$108,307 of the claimed costs are not reimbursable because "pupils did not accumulate the required number of unexcused absences to be classified as truant under the mandate program." This audit report finding appears to be a merger of Exit Conference findings #1 and #2.

Adjustment Amounts

Reimbursement for this mandate is based on the actual number of notifications distributed multiplied by a uniform cost allowance for reimbursement in lieu of reporting direct and indirect costs. The dollar amounts of the adjustments are the result of reductions in the number of notices approved for reimbursement based upon the auditor's review of a "random sample" of truancy notifications. There are no indirect costs applied to the uniform cost allowance. The amounts adjusted are:

	Annual Reimbursement Claim Fiscal Year			
<u>Total Amount Adjusted</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>Total</u>
Exit Conference Finding #1	\$23,017	\$25,282	\$30,881	\$79,180
Exit Conference Finding #2	<u>\$ 2,911</u>	<u>\$ 3,513</u>	<u>\$ 658</u>	<u>\$ 7,082</u>
Subtotal: EC Finding #1 and #2	\$25,928	\$28,795	\$31,539	\$86,262
 Audit Report Finding #2	 \$34,574	 \$39,934	 \$33,799	 \$108,307
 <u>Total Unallowable Truancy Notifications</u>				
Exit Conference Finding #1	1,882	1,986	2,392	6,260
Exit Conference Finding #2	<u>238</u>	<u>276</u>	<u>51</u>	<u>565</u>
Subtotal: EC Finding #1 and #2	2,120	2,262	2,443	6,825
 Audit Report Finding #2	 2,827	 3,137	 2,618	 8,582

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1 Number of "Non-compliant" Sampled Notifications

2	Exit Conference Finding #1	51	55	45	151
3	Exit Conference Finding #2	<u>6</u>	<u>7</u>	<u>1</u>	<u>14</u>
4	Subtotal: EC Finding #1 and #2	57	62	46	165
5	Audit Report Finding #2	57	64	46	167

6 Unit Cost Rate Multiplier

7 The unit cost rate multiplier was not adjusted.

8 The District is unable to ascertain the reason for the increase in the total dollar
9 amount and the extrapolated total unallowable notifications as reported at the exit
10 conference compared to the audit report when the number of non-compliant truancy
11 notifications sampled are essentially the same.

12 Reason for the Adjustments

13 The findings are based on the number of trancies incurred when the notification
14 was issued. The audit report states two reasons in support of the findings, either the
15 student did not have four absences [EC finding #1], or the student had less than three
16 absences [EC finding #2].

17 Statutory Requirements

18 Education Code Section 48260, as recodified by Chapter 1010, Statutes of 1976,
19 states:

20 "Any pupil subject to compulsory full-time education or to compulsory
21 continuation education who is absent from school without valid excuse more than
22 three days or tardy in excess of 30 minutes on each of more than three days in
23 one school year is a truant and shall be reported to the attendance supervisor or
24 to the superintendent of the school district."

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1 The parameters and guidelines were based on this definition of a truant, that is, a pupil
2 with more than three unexcused absences or tardy for more than three periods.

3 Education Code Section 48260, as amended by Chapter 1023, Statutes of 1994,
4 and Chapter 19, Statutes of 1995, states:

5 “(a) Any pupil subject to compulsory full-time education or to
6 compulsory continuation education who is absent from school without valid
7 excuse three full days in one school year or tardy or absent for more than any
8 30-minute period during the schoolday without a valid excuse ***on three
9 occasions in one school year, or any combination thereof, is a truant and shall
10 be reported to the attendance supervisor or to the superintendent of the school
11 district.

12 “(b) Notwithstanding subdivision (a), it is the intent of the Legislature
13 that school districts shall not change the method of attendance accounting
14 provided for in existing law and shall not be required to employ period-by-period
15 attendance accounting.”

16 The parameters and guidelines were never amended to incorporate the change in the
17 Education Code definition of a truant. The parameters and guidelines require at least
18 four unexcused absences for the pupil to be classified as a reimbursable truant, while
19 Education Code Section 48260 requires only three unexcused absences. Also, note
20 that the amendment to Education Code Section 48260 makes clear that the legislature
21 did not intend school districts to change their method of attendance accounting just to
22 comply with this change in the code.

23 Education Code Section 48260.5, as added by Chapter 498, Statutes of 1983,
24 states:

25 “(a) Upon a pupil's initial classification as a truant, the school district
26 shall notify the pupil's parent or guardian, by first-class mail or other reasonable
27 means, of the following:

28 (1) That the pupil is truant.

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1 (2) That the parent or guardian is obligated to compel the
2 attendance of the pupil at school.

3 (3) That parents or guardians who fail to meet this obligation may
4 be guilty of an infraction and subject to prosecution pursuant to Article 6
5 (commencing with Section 48290) of Chapter 2 of Part 27.

6 (b) The district also shall inform the parents or guardians of the
7 following:

8 (1) Alternative educational programs are available in the district.

9 (2) The right to meet with appropriate school personnel to discuss
10 solutions to the pupil's truancy."

11 This is the source of the scope of the notice upon which the parameters and guidelines
12 are based.

13 Education Code Section 48260.5, as amended by Chapter 1023, Statutes of
14 1994, states:

15 "**** Upon a pupil's initial classification as a truant, the school district shall
16 notify the pupil's parent or guardian, by first-class mail or other reasonable
17 means, of the following:

18 (a) That the pupil is truant.

19 (b) That the parent or guardian is obligated to compel the attendance
20 of the pupil at school.

21 (c) That parents or guardians who fail to meet this obligation may be
22 guilty of an infraction and subject to prosecution pursuant to Article 6
23 (commencing with Section 48290) of Chapter 2 of Part 27.

24 ***

25 ***(d) That alternative educational programs are available in the district.

26 ***(e) That the parent or guardian has the right to meet with appropriate
27 school personnel to discuss solutions to the pupil's truancy.

28 (f) That the pupil may be subject to prosecution under Section 48264.

29 (g) That the pupil may be subject to suspension, restriction, or delay of
30 the pupil's driving privilege pursuant to Section 13202.7 of the Vehicle
31 Code.

32 (h) That it is recommended that the parent or guardian accompany the
33 pupil to school and attend classes with the pupil for one day."

34 The parameters and guidelines were never amended to incorporate the increase in the
35 scope of the content of the notice letter which resulted from this amendment of the

Incorrect Reduction Claim of San Juan Unified School District
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1 Education Code.

2 Number of Truancies Required

3 The audit report states "Although *Education Code* Section 48260(a) (as
4 amended in 1994), defines a truant student as one who is absent from school without a
5 valid excuse three full days in one school year or tardy or absent for more than any 30-
6 minute period during the school day without a valid excuse on three occasions in one
7 school year, or any combination thereof, *Parameters and Guidelines* requires at least
8 four unexcused absences to be classified as a reimbursable truant."

9 As for the number of truancies required for the notice, the parameters and
10 guidelines do not specify attendance accounting procedures. Attendance accounting is
11 controlled by the Education Code. The District complied with the Education Code as
12 amended after the parameters and guidelines, and the parameters and guidelines,
13 which as quasi-regulations, are inferior to the Code. The attendance and truancy
14 information was recorded on a contemporaneous basis as required by the Education
15 Code. The truancies were recorded and the notices were distributed, therefore actual
16 costs were incurred, and the audit report does not state that the work was not
17 performed.

18 Reimbursement Based on Statistical Sampling

19 The audit report states that its finding is based upon a statistical sample of 883
20 truancy notifications actually examined from a universe of 45,785 notices for the three

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1 fiscal years.¹ The findings from the review of less than two percent of the total number
2 of notices are extrapolated to the total number of notices claimed and the annual
3 reimbursement claims adjusted based on the extrapolation. The propriety of a mandate
4 audit adjustment based on the statistical sampling technique is a threshold issue in that
5 if the methodology used is rejected, as it should be, the extrapolation is void and the
6 audit findings can only pertain to documentation actually reviewed, that is, the 883
7 notifications used in the audit report.

8 LEGAL AUTHORITY: The Controller has cited no statutory or regulatory authority to
9 allow the Controller to reduce claimed reimbursement based on extrapolation of a
10 statistical sample. The Controller does not assert that the claimed costs were
11 excessive or unreasonable, which is the only mandated cost audit standard in statute
12 (Government Code Section 17561(d) (2)). It would, therefore, appear that the entire
13 findings are based upon the wrong standard for review. There is no provision to allow
14 claimants to claim costs based on sampling and extrapolation, or for the Controller to
15 audit or make findings in the same manner. There is no published audit manual for
16 mandate reimbursement or the audit of mandate claims in general, or any published
17 audit program for this mandate program which allows this method of audit or allows
18 adjustment of amounts claimed in this manner. Adjustment of the claimed costs based
19 on an extrapolation from a statistical sample is utilizing a standard of general

¹ The Controller in Finding 2 recalculated the notices for fiscal year 1999-00 from 14,591 notices as claimed by the District to 14,580 notices for reasons stated in Finding 1. The District does not dispute this adjustment.

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1 application without the benefit of compliance with the Administrative Procedure Act,
2 thus, the application of the method is prohibited by the Government Code.

3 UTILITY OF THE SAMPLING METHODOLOGY: A statistically valid sample
4 methodology is a recognized audit tool for some purposes. See Exhibit "F" ("Statistical
5 Sampling Revisited"). The purpose of sampling is to determine the results of
6 transactions or whether procedures were properly applied to the reported transactions.
7 In the case of reimbursement for this mandate, the state reimburses a specific dollar
8 amount for each transaction, the notice sent to parents, so that outcome is not being
9 tested. What the Controller purports to be testing is whether the notices are
10 reimbursable based on the number of prerequisite absences, which is testing for
11 procedural compliance. Testing to detect the rate of error within tolerances is the
12 purpose of sampling, but it is not a tool to assign an exact dollar amount to the amount
13 of the error, which the Controller has inappropriately done so here. This is a failure of
14 auditor judgment both in the purpose of the sampling and the use of the findings.

15 SAMPLING RESULTS: Based on statements in the audit report and exit conference
16 materials, the sampling process yielded the following "findings":

17	<u>Sample Size</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>Total</u>
18	Total claimed notifications	14,591	14,413	16,792	45,796
19	Less Finding 1	<11>			
20	Audited notifications claimed	14,580	14,413	16,792	45,785
21	Number of schools in the district	70	70	70	
22	Average number notices/school	208	206	240	

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1	Total notices in entire sample	294	294	295	883
2	Notice group 1 (elementary &				
3	special education students)	146	146	147	439
4	Notice group 2 (middle & high				
5	school students)	148	148	148	444
6	Percentage of the sample to total	2.02%	2.04%	1.76%	1.93%
7	<u>Audit Results</u>				
8	Alleged "unallowable" notices	57	64	46	167
9	Percentage "noncompliant"	19.4%	21.8%	15.6%	18.9%
10	<u>Reason for Noncompliance</u>				
11	Less than 4 unexcused absences	51	55	40	146
12	3 unexcused absences	6	9	6	21

13 **SAMPLE RISK:** The ultimate risk for extrapolating findings from a sample is that the
 14 conclusions obtained from the sample may not be representative of the universe. That
 15 is, the errors perceived from the sample do not occur at the same rate in the universe.
 16 That is what has occurred in this audit. There are several qualitative reasons that a
 17 random selection of notices will not be representative of the universe. The auditor was
 18 allegedly sampling for compliance here, and the sample indicated that there were
 19 several methods of compliance. There is no showing that the sample accurately
 20 reflects the relative occurrence of truancies at different grade levels. Half the sample
 21 was taken for middle and high schools, but extrapolated to the total notices claimed,
 22 eliminating any perceived "stratification." This does not take into account that the
 23 incidence of truancy in secondary schools is generally greater than elementary schools.

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1 Since there is no indication that the sample was randomly selected from school types or
2 grade levels, the extrapolation is non-representative in this aspect.

3 **SAMPLE ERROR:** In addition to the qualitative concerns discussed, quantitative
4 extrapolation of the sample to the universe depends on a statistically valid sample
5 methodology. Extrapolation does not ascertain actual cost. It ascertains probable
6 costs within an interval. The sampling technique used by the Controller is quantitatively
7 non-representative. For the three fiscal years, the Controller determined that there
8 were 45,785 notices distributed by the District. The total sample size for the three years
9 was 883 notices, 294 notices per year for fiscal years 1999-00 and 2000-01, and 295
10 notices per year for fiscal year 2001-02. Less than two percent of the total number of
11 notices were audited (1.93%). The number of notices sent by one school would be
12 about 1.43% of the total notices. The stated precision rate was plus or minus 8%, even
13 though the sample size was nearly identical for all three fiscal years, and even though
14 the audited number of notices claimed in FY 2000-01 (14,413) is 14% smaller than the
15 size of FY 2001-02 (16,792). The expected error rate is stated to be 50%, which
16 means the total amount adjusted of \$108,307 is really just a number exactly between
17 \$54,154 (50%) and \$162,461 (150%). An "interval" cannot be used as a finding of
18 actual cost. Nor can be the midrange amount.

19 Scope of Audit Findings

20 Since the statistical sampling performed by the auditor fails for legal, qualitative,
21 and quantitative reasons, the remaining revised audit findings are limited to the 883

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1 notices in the audit report that were actually investigated. The Controller cannot
2 disallow costs for noncompliant notices for notices which were never audited.

3 No Basis for Adjustments

4 There is no factual foundation for the disallowances. They are extrapolations of
5 incongruous samples selected from a non-uniform statistical universe. Therefore, there
6 is no basis in fact or law to support the Controller's specific and extrapolated findings.
7 The Controller does not assert that the claimed costs were excessive or unreasonable,
8 which is the only mandated cost audit standard in statute (Government Code Section
9 17561(d) (2)). It would therefore appear that the entire findings are based upon the
10 wrong standard for review. If the Controller wishes to enforce other audit standards for
11 mandated cost reimbursement, the Controller should comply with the Administrative
12 Procedure Act.

13 **Finding 3 Improper attendance accounting procedures of student truancies**

14 This finding contains no fiscal impact. The audit report recommends "that the
15 district develop adequate truancy accounting policies and procedures consistent with
16 Education Code Section 48260 (a) and Section I of Parameters and Guidelines." The
17 audit report asserts that the District "did not use proper attendance accounting
18 procedures for student truancies." It appears the audit report confuses attendance
19 accounting procedures, required by the Education Code, with mandate claiming
20 procedures. The Controller was not auditing the District's attendance accounting
21 procedures, but the number of "initial truancies" claimed for reimbursement. The

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1 scope of the audit report findings is limited to mandate claim reimbursement and
2 unfounded comments regarding the attendance accounting procedures required by the
3 Education Code are without merit.

4 **Amount Paid by The State**

5 This issue was not an audit finding. The payments received from the state is an
6 integral part of the reimbursement calculation. The Controller changed the claimed
7 payment amounts received without a finding in the audit report.

	Fiscal Year of Annual Claim		
<u>Amount Paid by the State</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
10 As Claimed	\$ 0	\$ 0	\$ 0
11 Audit Report	\$178,448	\$142,855	\$134,117

12 The propriety of these adjustments cannot be determined until the Controller states the
13 reason for each change.

14 **Statute of Limitations for Audit**

15 This issue is not an audit finding of the Controller. The District asserts that the
16 FY 1999-00 annual reimbursement claim and perhaps the FY 2000-01 claim was
17 beyond the statute of limitations for an audit when the Controller issued its audit report
18 on December 30, 2004.

19 /

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1 Chronology of Claim Action Dates

2 January 11, 2001 FY 1999-00 claim filed by the District

3 Unknown FY 2000-01 claim filed by the District

4 December 31, 2003 FY 1999-00 statute of limitations for audit expires and
5 perhaps for FY 2000-01 if that claim was filed before
6 January 1, 2002.

7 December 30, 2004 Controller's final audit report issued

8 The District's FY 1999-00 claim was mailed to the Controller on or about January
9 11, 2001. According to Government Code Section 17558.5, the FY 1999-00 annual
10 reimbursement claim was subject to audit no later than December 31, 2003. The audit
11 was completed after this date. Therefore, the audit adjustment for this fiscal year is
12 barred by the statute of limitations.

13 The District's FY 2000-01 claim was timely filed to the Controller by January 15,
14 2002, since the audit report indicates no late filing penalty. The District's mandate
15 claim preparation consultant, due to the passage of time, is unable to provide the
16 District a copy of the signed FAM-27. However, the State Controller has possession of
17 the claim and knowledge of the filing date. If the FY 2000-01 claim was filed before
18 January 1, 2002, it was subject to audit no later than December 31, 2003.

19 Statutory History

20 Prior to January 1, 1994, no statute specifically governed the statute of
21 limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906,
22 Section 2, operative January 1, 1994, added Government Code Section 17558.5 to

Incorrect Reduction Claim of San Juan Unified School District
498/83 Notification of Truancy

1 establish for the first time a specific statute of limitations for audit of mandate

2 reimbursement claims:

3 “(a) A reimbursement claim for actual costs filed by a local agency or school
4 district pursuant to this chapter is subject to audit by the Controller no later than
5 four years after the end of the calendar year in which the reimbursement claim is
6 filed or last amended. However, if no funds are appropriated for the program for
7 the fiscal year for which the claim is made, the time for the Controller to initiate
8 an audit shall commence to run from the date of initial payment of the claim.”

9 Thus, there are two standards. A funded claim is “subject to audit” for four years after
10 the end of the calendar year in which the claim was filed. An “unfunded” claim must
11 have its audit “initiated” within four years of first payment.

12 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and
replaced Section 17558.5, changing only the period of limitations:

13 “(a) A reimbursement claim for actual costs filed by a local agency or school
14 district pursuant to this chapter is subject to audit by the Controller no later than
15 two years after the end of the calendar year in which the reimbursement claim is
16 filed or last amended. However, if no funds are appropriated for the program for
17 the fiscal year for which the claim is made, the time for the Controller to initiate
18 an audit shall commence to run from the date of initial payment of the claim.”
19

20 The FY 1999-00 annual reimbursement claim and the FY 2000-01 claim are subject to
21 the two-year statute of limitations established by Chapter 945, Statutes of 1995. FY
22 1999-00 and perhaps FY 2000-01 were no longer subject to audit when the audit report
23 was issued. Since funds were appropriated for the program for all the fiscal years
24 which are the subject of the audit, the alternative measurement date is not applicable,
25 and any potential factual issue of when the audit is initiated is not relevant.

26 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003

Incorrect Reduction Claim of San Juan Unified School District
498/83 Notification of Truancy

1 amended Section 17558.5 to state:

2 “(a) A reimbursement claim for actual costs filed by a local agency or school
3 district pursuant to this chapter is subject to the initiation of an audit by the
4 Controller no later than three years after the ~~end of the calendar year in which~~
5 the date that the actual reimbursement claim is filed or last amended, whichever
6 is later. However, if no funds are appropriated or no payment is made to a
7 claimant for the program for the fiscal year for which the claim is made filed, the
8 time for the Controller to initiate an audit shall commence to run from the date of
9 initial payment of the claim.”

10
11 The amended FY 2001-02 annual reimbursement claim is subject to this statute and
12 was still subject to audit when the audit report was released. The code section
13 amendment is pertinent since it indicates this is the first time that the factual issue of
14 the date the audit is “initiated” is introduced for mandate programs for which funds are
15 appropriated. This also means that, at the time the claim is filed, it is impossible for the
16 claimant to know when the statute of limitations will expire, which is contrary to the
17 purpose of a statute of limitations. This amendment also allows the Controller’s own
18 unilateral delay or failure to make payments from funds appropriated for the purpose of
19 paying the claims to control the tolling of the statute of limitations, which is contrary to
20 the purpose of a statute of limitations.

21 Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended
22 Section 17558.5 to state:

23 “(a) A reimbursement claim for actual costs filed by a local agency or school
24 district pursuant to this chapter is subject to the initiation of an audit by the
25 Controller no later than three years after the date that the actual reimbursement
26 claim is filed or last amended, whichever is later. However, if no funds are
27 appropriated or no payment is made to a claimant for the program for the fiscal
28 year for which the claim is filed, the time for the Controller to initiate an audit
29 shall commence to run from the date of initial payment of the claim. In any case,

Incorrect Reduction Claim of San Juan Unified School District
498/83 Notification of Truancy

1 an audit shall be completed not later than two years after the date that the audit
2 is commenced.”

3 None of the fiscal period claims which are the subject of the audit are subject to
4 this amended version of Section 17558.5. The amendment is pertinent since it
5 indicates this is the first time that the Controller audits may be completed at a time other
6 than the stated period of limitations.

7 Clearly, the Controller did not complete the audit within the statutory period
8 allowed for FY 1999-00, and perhaps FY 2000-01. The audit findings are therefore void
9 for FY 1999-00 and perhaps FY 2000-01.

10 PART VIII. RELIEF REQUESTED

11 The District filed its annual reimbursement claims within the time limits
12 prescribed by the Government Code. The amounts claimed by the District for
13 reimbursement of the costs of implementing the program imposed by Chapter 498,
14 Statutes of 1983, Notification of Truancy, and relevant Education Code Sections,
15 represent the actual costs incurred by the District to carry out this program. These
16 costs were properly claimed pursuant to the Commission's parameters and guidelines.
17 Reimbursement of these costs is required under Article XIII B, Section 6 of the California
18 Constitution. The Controller denied reimbursement without any basis in law or fact.
19 The District has met its burden of going forward on this claim by complying with the
20 requirements of Section 1185, Title 2, California Code of Regulations. Because the
21 Controller has enforced and is seeking to enforce these adjustments without benefit of
statute or regulation, the burden of proof is now upon the Controller to establish a legal

Incorrect Reduction Claim of San Juan Unified School District
498/83 Notification of Truancy

1 basis for its actions.

2 The District requests that the Commission make findings of fact and law on each
3 and every adjustment made by the Controller and each and every procedural and
4 jurisdictional issue raised in this claim, and order the Controller to correct its audit report
5 findings therefrom.

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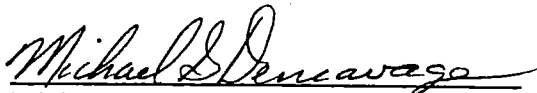
21 /

Incorrect Reduction Claim of San Juan Unified School District
498/83 Notification of Truancy

PART IX. CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

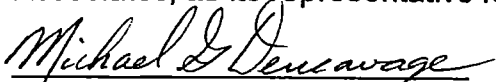
Executed on December 12, 2007, at Carmichael, California, by



Michael G. Dencavage, Chief Financial Officer
San Juan Unified School District
3738 Walnut Avenue
P.O. Box 477
Carmichael, CA 95609-0477
Voice: 916-971-7293
Fax: 916-971-7788
E-Mail: MDencavage@sanjuan.edu

APPOINTMENT OF REPRESENTATIVE

San Juan Unified School District appoints Keith B. Petersen, SixTen and Associates, as its representative for this incorrect reduction claim.



Michael G. Dencavage, Chief Financial Officer
San Juan Unified School District

12-12-2007

Date

Attachments:

Exhibit "A"	Controller's Letters dated June 16, 2005
Exhibit "B"	Parameters and Guidelines as amended July 22, 1993
Exhibit "C"	Controller's Claiming Instructions revised October 1996
Exhibit "D"	Controller's Audit Report dated December 30, 2004
Exhibit "E"	Exit Conference Notes
Exhibit "F"	"Statistical Sampling Revisited" by Neal B. Hitzig
Exhibit "G"	Annual reimbursement claims



STEVE WELLY
 California State Controller
 Division of Accounting and Reporting
 JUNE 16, 2005

S34085
 00048
 2005/06/16

BOARD OF TRUSTEES
 SAN JUAN UNIFIED SCHOOL DIST
 SACRAMENTO COUNTY
 3738 WALNUT AVENUE
 CARMICHAEL CA 95608

DEAR CLAIMANT:

RE: NOTICE OF TRUANCY CH 498/83

WE HAVE REVIEWED YOUR 1999/2000 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED		178,448.00
TOTAL ADJUSTMENTS (DETAILS BELOW)	-	34,709.00
TOTAL PRIOR PAYMENTS (DETAILS BELOW)		-178,448.00
AMOUNT DUE STATE		<u>\$ 34,709.00</u>

PLEASE REMIT A WARRANT IN THE AMOUNT OF \$ 34,709.00 WITHIN 30 DAYS FROM THE DATE OF THIS LETTER, PAYABLE TO THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875 WITH A COPY OF THIS LETTER. FAILURE TO REMIT THE AMOUNT DUE WILL RESULT IN OUR OFFICE PROCEEDING TO OFFSET THE AMOUNT FROM THE NEXT PAYMENTS DUE TO YOUR AGENCY FOR STATE MANDATED COST PROGRAMS.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT MOHAMMED AZIZ AT (916) 323-2892 OR IN WRITING AT THE ABOVE ADDRESS.

ADJUSTMENT TO CLAIM:		
FIELD AUDIT FINDINGS	-	34,709.00
TOTAL ADJUSTMENTS		- 34,709.00
PRIOR PAYMENTS:		
SCHEDULE NO. MA12135A		
PAID 12-27-2001	-82,827.00	
SCHEDULE NO. MA92327E		
PAID 03-13-2000	-95,621.00	
TOTAL PRIOR PAYMENTS		-178,448.00

Offset

MRP 01/05 2111 - 19,802.00
MRP 02/03 Claim - 2 14,907.00
9,895.00

SINCERELY,

Genny Brummels
 GENNY BRUMMELS, MANAGER



STEVE WESTLY
 California State Controller
 Division of Accounting and Reporting
 JUNE 16, 2005

S34085
 00048
 2005/06/16

BOARD OF TRUSTEES
 SAN JUAN UNIFIED SCHOOL DIST
 SACRAMENTO COUNTY
 3738 WALNUT AVENUE
 CARMICHAEL CA 95608

DEAR CLAIMANT:

RE: NOTICE OF TRUANCY CH 498/83

WE HAVE REVIEWED YOUR 2000/2001 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 183,477.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 39,934.00

TOTAL ADJUSTMENTS - 39,934.00

LESS PRIOR PAYMENT: SCHEDULE NO. MA02316E 142,855.00
 PAID 03-08-2001

AMOUNT DUE CLAIMANT \$ 688.00

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT MOHAMMED AZIZ AT (916) 323-2892 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

Devin Brumback



STEVE WESTLY
 California State Controller
 Division of Accounting and Reporting
 JUNE 16, 2005

S34085
 00048
 2005/06/16

BOARD OF TRUSTEES
 SAN JUAN UNIFIED SCHOOL DIST
 SACRAMENTO COUNTY
 3738 WALNUT AVENUE
 CARMICHAEL CA 95608

DEAR CLAIMANT:

RE: NOTICE OF TRUANCY CH 498/83

WE HAVE REVIEWED YOUR 2001/2002 FISCAL YEAR REIMBURSEMENT CLAIM FOR THE MANDATED COST PROGRAM REFERENCED ABOVE. THE RESULTS OF OUR REVIEW ARE AS FOLLOWS:

AMOUNT CLAIMED 216,785.00

ADJUSTMENT TO CLAIM:

FIELD AUDIT FINDINGS - 33,799.00

TOTAL ADJUSTMENTS - 33,799.00

LESS PRIOR PAYMENT: SCHEDULE NO. MA12141E
 PAID 03-15-2002

134,117.00

AMOUNT DUE CLAIMANT

\$ 48,869.00

Pd
06/07

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT MOHAMMED AZIZ AT (916) 323-2892 OR IN WRITING AT THE STATE CONTROLLER'S OFFICE, DIVISION OF ACCOUNTING AND REPORTING, P.O. BOX 942850, SACRAMENTO, CA 94250-5875. DUE TO INSUFFICIENT APPROPRIATION, THE BALANCE DUE WILL BE FORTHCOMING WHEN ADDITIONAL FUNDS ARE MADE AVAILABLE.

SINCERELY,

Benjamin Brummett

COMMISSION ON STATE MANDATES

14 K Street, Suite 315
SACRAMENTO, CA 95814
916-223-3562



July 22, 1993

Mr. Keith B. Petersen
Legislative Financial Specialist
San Diego Unified School District
4100 Normal Street
San Diego, California 92103-2682

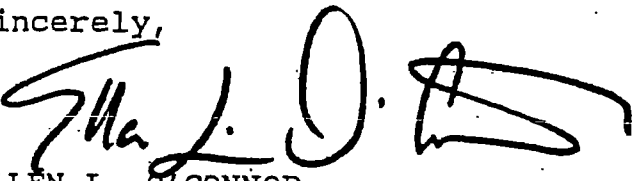
Re: Chapter 498, Statutes of 1983,
Education Code section 48915(a)
Expulsion Reports
and
Chapter 498, Statutes of 1983,
Education Code section 48260.5.
Notification of Truancy

Dear Mr. Petersen:

Parameters and guidelines for the above-entitled mandated programs were adopted by the Commission on State Mandates at its July 22, 1993, hearing.

If you have any questions, please contact me. Thank you for your assistance in this process.

Sincerely,


ELLEN L. O'CONNOR
Program Analyst

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Encl: Adopted Parameters and Guidelines

cc w/enc :Mr. Jim Apps, Department of Finance
Mr. John Korach, State Controller's Office
Ms. Gaye Welch-Brown, State Controller's Office
Mr. Floyd Shimomura, Attorney General's Office
Ms. Carol Miller, Education Mandated Cost Network

G:\PG\NOT1.PG

Adopted: 8/27/87

Amended: 7/28/88

Amended: 7/22/93

PARAMETERS AND GUIDELINES
Chapter 498, Statutes of 1983
Education Code Section 48260.5
Notification of Truancy

I. SUMMARY OF MANDATE

Chapter 498, Statutes of 1983, added Education Code Section 48260.5 which 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 of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with section 48290) of Chapter 2 of Part 27.

Additionally, the district must 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.

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. (Definition from Education Code Section 48260.)

A student shall be initially classified as truant upon the fourth unexcused absence, and the school must at that time perform the requirements mandated in Education Code Section 48260.5 as enacted by Chapter 498, Statutes of 1983.

II. BOARD OF CONTROL DECISION

On November 29, 1984, the State Board of Control determined that Education Code Section 48260.5, as added by Chapter 498, Statutes of 1983, constitutes a state mandated program because it requires an increased level of service by requiring specified notifications be sent to the parents or guardians of pupils upon initial classification of truancy.

III. ELIGIBLE CLAIMANTS

The claimants are all school districts and county offices of education of the state of California, except a community college district, as defined by Government Code Section 17519 (formerly Revenue and Taxation Code 2208.5), that incur increased costs as a result of implementing the program activities of Education Code Section 48260.5, Chapter 498, Statutes of 1983.

IV. PERIOD OF REIMBURSEMENT

Chapter 498, Statutes of 1983, became effective July 28, 1983. Section 17557 of the Government Code provides that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that fiscal year. The test claim for Education Code Section 48260.5, Chapter 498, Statutes of 1983, was initially filed on August 25, 1984, therefore the reimbursable costs to the school districts are all such permitted costs incurred on or after July 28, 1983.

V. REIMBURSABLE COSTS

A. Scope of Mandate

The eligible claimant shall be reimbursed for only those costs incurred for planning the notification process, revising district procedures, the printing and distribution of notification forms, and associated record keeping.

B. Reimbursable Activities

For each eligible school district the direct and indirect costs of labor, supplies, and services incurred for the following mandated program activities are reimbursable:

1. Planning and Preparation -- One-time

Planning the method of implementation, revising school district policies, and designing and printing the forms.

2. Notification process -- On-going

Identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians, and associated recordkeeping.

C. Uniform Cost Allowance

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is based on the number of initial notifications of truancy distributed pursuant to Education Code Section 48260.5, Chapter 498, Statutes of 1983.

For fiscal year 1992-93, the uniform cost allowance is \$10.21 per initial notification of truancy distributed. The cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator.

D. Unique Costs

School districts incurring unique costs within the scope of the reimbursable mandated activities may submit a request to amend the parameters and guidelines to the Commission for the unique costs to be approved for reimbursement. Pursuant to Section 1185.3, Title 2, California Code of Regulations, such requests must be made by November 30 immediately following the fiscal year of the reimbursement claim in which reimbursement for the costs is requested.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to Education Code Section 48260.5, Chapter 498, Statutes of 1983, must be timely filed and provide documentation in support of the reimbursement claimed for this mandated program.

A. Uniform Cost Allowance Reimbursement

Report the number of initial notifications of truancy distributed during the year. Do not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.

B. Recognized Unique Costs

As of fiscal year 1992-93, the Commission has not identified any circumstances which would cause a school district to incur additional costs to implement this mandate which have not already been incorporated in the uniform cost allowance.

If and when the Commission recognizes any unique circumstances which can cause the school district to incur additional reasonable costs to implement this mandated

program, these unique implementation costs will be reimbursed for specified fiscal years in addition to the uniform cost allowance.

School districts which incur these recognized unique costs will be required to support those actual costs in the following manner:

1. Narrative Statement of Unique Costs Incurred

Provide a detailed written explanation of the costs associated with the unique circumstances recognized by the Commission.

2. Employee Salaries and Benefits

Identify the employee(s) and their job classification, describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The staff time claimed must be supported by source documentation, such as time reports, however, the average number of hours devoted to each function may be claimed if supported by a documented time study.

3. Services and Supplies

Only expenditures which can be identified as a direct cost as a result of the mandated program can be claimed. List cost of materials which have been consumed or expended specifically for the purposes of this mandated program.

4. Allowable Overhead Costs

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education. County offices of education must use the J-73A (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

VII. SUPPORTING DATA

For auditing purposes, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller, unless otherwise specified by statute and be made available at the request of the State Controller or his agent.

A. Uniform Allowance Reimbursement

Documentation which indicates the total number of initial notifications of truancy distributed.

B. Reimbursement of Unique Costs

In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the claimants experience as a direct result of this statute must be deducted from the uniform cost allowance and actual cost reimbursement for unique circumstances claimed. In addition, reimbursement for this mandated program received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.

VIII. REQUIRED CERTIFICATION

An authorized representative of the claimant will be required to provide a certification of claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

NOTIFICATION OF TRUANCY

1. Summary of Chapter 498/83

Education Code § 48260.5, as added by Chapter 498, Statutes of 1983, requires that school districts, upon a pupil's initial classification as a truant, notify the pupil's parent or guardian by first-class mail or other reasonable means, of the pupil's truancy, that the parent or guardian is obligated to compel the attendance of the pupil at school and that the parent or guardian who fails to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with § 48290) of Chapter 2 of Part 27.

Additionally, the district must inform parents and guardians of alternative educational programs available in the district, and the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

- (1) 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. (Definition from Education Code § 48260).
- (2) A student shall be classified as truant upon the fourth unexcused absence, and the school must at that time perform the requirements mandated in Education Code 48260.5 as enacted by Chapter 498, Statutes of 1983.

On November 29, 1984, the Commission on State Mandates determined that Chapter 498, Statutes of 1983, resulted in state mandated costs which are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

2. Eligible Claimants

Any school district (K-12) or county office of education that incurs increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

Claims may only be filed with the State Controller's Office for programs that have been funded in the state budget, the State Mandates Claims Fund, or in special legislation. To determine if this program is funded in subsequent fiscal years, refer to the schedule "Appropriation for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Government Code § 17564(a), provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district.

Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim.

5. Filing Deadline

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the annual cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19__/_ Reimbursement Claim", and/or "19__/_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim must be filed with the State Controller's Office and postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed on a unit cost basis for an initial notice to the parents or guardian regarding the pupil's truancy. For the 1995/96 fiscal year the unit rate is \$10.97 per initial notice. The unit rate is adjusted annually by the changes in the implicit price deflator and covers all direct and indirect costs of the following on-going activities:

- A. Identifying the Truant Pupil
- B. Notification to Parent or Guardian
- C. Printing Additional Forms
- D. Recordkeeping

7. Reimbursement Limitations

- A. This program does not provide reimbursement for activities related to resolving truancy problems (i.e., referrals to attendance review board, meetings with parent or guardian to discuss the pupil's truancy problems and/or discuss alternative educational programs, etc.).
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. service fees collected, federal funds, other state funds, etc.) as a result of this mandate shall be identified and deducted so only net local costs are claimed.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

8. Form NOT-1, Claim Summary

This form is used to compute the amount of claimable costs based on the number of reports forwarded to the governing board with the recommendation not to expel the student. The claimant must give the number of truant notifications. The cost data on this form is carried forward to form FAM-27.

9. Form FAM-27, Claim for Payment

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form NOT-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
NOTIFICATION OF TRUANCY

For State Controller Use Only

Program

(19) Program Number 00048

(20) Date Filed ___/___/___

(21) LRS Input ___/___/___

048

L
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E
L

H
E
R
E

(01) Claimant Identification Number _____
 (02) Claimant Name _____
 County of Location _____
 Street Address or P.O. Box _____ Suite _____
 City _____ State _____ Zip Code _____

Reimbursement Claim Data	
(22) NOT-1, (03)	
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>
Fiscal Year of Cost	(06) 20___/20___	(12) 20___/20___
Total Claimed Amount	(07)	(13)
Less: 10% Late Penalty, not to exceed \$1,000		(14)
Less: Prior Claim Payment Received		(15)
Net Claimed Amount		(16)
Due to Claimant	(08)	(17)
Due to State		(18)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.

Signature of Authorized Officer _____ Date _____

 Type or Print Name _____ Title _____

(38) Name of Contact Person for Claim _____ Telephone Number () - Ext. _____

 E-Mail Address _____

Program 048	NOTIFICATION OF TRUANCY Certification Claim Form Instructions	FORM FAM-27
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form NOT-1 and enter the amount from line (08).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form NOT-1, line (08).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., NOT-1, (03), means the information is located on form NOT-1, line (3). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 P.O. Box 942850
 Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 3301 C Street, Suite 500
 Sacramento, CA 95816

Program 048	MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1
(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/>	
	Estimated <input type="checkbox"/>	20__/20__
Claim Statistics		
(03) Number of truant notifications		
Cost		
(04) Unit Cost per an initial truancy notification	[\$13.20 for the 2002-03 fiscal year]	
(05) Total Costs	[Line (03) x line (04)]	
Cost Reduction		
(06) Less: Offsetting Savings		
(07) Less: Other Reimbursements		
(08) Total Claimed Amount	[Line (05) – {line (06) + line (07)}]	

Program 048	NOTIFICATION OF TRUANCY CLAIM SUMMARY Instructions	FORM NOT-1
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- (01) Enter the name of the claimant.

- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.

 Form NOT-1 must filed for a reimbursement claim. Do not complete form NOT-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form NOT-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

- (03) Number of truant notifications. Enter the number of initial notifications sent upon the student's third unexcused absence to inform the parent or guardian of their child's absence from school without a valid excuse or is tardy in excess of thirty (30) minutes for more than three days in one school year.

- (04) Unit cost rate for the 2002-03 fiscal year is \$13.20

 per initial notification. This cost rate will be updated yearly and listed in the annual updates to claiming instructions mailed to school districts in September.

- (05) Total Costs. Multiply line (03) by the unit cost rate, line (04).

- (06) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

- (07) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source (i.e., service fees collected, federal funds, other state funds etc.,) which reimbursed any portion of the mandated program. Submit a detailed schedule of the reimbursement sources and amounts.

- (08) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (06), and Other Reimbursements, line (07), from Total Costs, line (05). Enter the remainder of this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

SAN JUAN UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

December 2004



STEVE WESTLY
California State Controller

December 30, 2004

General Davie Jr., Ed.D.
Superintendent of Schools
San Juan Unified School District
3738 Walnut Avenue
P.O. Box 477
Carmichael, CA 95609-0477

Dear Dr. Davie:

The State Controller's Office audited the claims filed by San Juan Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$578,710 for the mandated program. Our audit disclosed that \$470,268 is allowable and \$108,442 is unallowable. The unallowable costs occurred primarily because the district claimed costs of notifications issued to pupils with less than four truanancies. The district was paid \$455,420. Allowable costs claimed exceed the amount paid by \$14,848.

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 (Guidebook link), and 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:

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

cc: Dina Geiss, CPA
Director of Business Support Services
San Juan Unified School District
Sharon Ferrante
Compliance Auditor
School Innovations and Advocacy
David W. Gordon, County Superintendent of Schools
Sacramento County Office of Education
Scott Hannan, Director
School Fiscal Services Division
California Department of Education
Arlene Matsuura, Educational Consultant
School Fiscal Services Division
California Department of Education
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Juan Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was October 20, 2003.

The district claimed \$578,710 for the mandated program. The audit disclosed that \$470,268 is allowable and \$108,442 is unallowable. The unallowable costs occurred primarily because the district claimed costs of notifications issued to pupils with less than four truanancies. The district was paid \$455,420. Allowable costs claimed exceed the amount paid by \$14,848.

Background

Education Code Section 48260.5 (added by Chapter 498, Statutes of 1983) requires school district's, 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 of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and be subject to prosecution.

Additionally, the district must 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. 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 shall 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 mandated and defines reimbursement criteria. COSM adopted the *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

Our audit objective was to determine whether costs claimed are increased costs incurred as a result of the Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2002.

We 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.

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

Review of the district'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 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, San Juan Unified School District claimed \$578,710 for costs of the Notification of Truancy Program. Our audit disclosed that \$470,268 is allowable and \$108,442 is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$178,448 by the State. Our audit disclosed that \$143,739 is allowable. The amount paid in excess of allowable costs claimed, totaling \$34,709, should be returned to the State.

For FY 2000-01, the district was paid \$142,855 by the State. Our audit disclosed that \$143,543 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$688, will be paid by the State based upon available appropriations.

For FY 2001-02, the district was paid \$134,117 by the State. Our audit disclosed that \$182,986 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$48,869, will be paid by the State based upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on October 28, 2004. Dina Geiss, CPA, Director of Business Support Services for the district, responded by e-mail on November 29, 2004. Ms. Geiss stated that the district will not respond to the draft report.

Restricted Use

This report is solely for the information and use of the San Juan Unified School District, the Sacramento 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, 1999, through June 30, 2002**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>	<u>Reference ¹</u>
<u>July 1, 1999, through June 30, 2000</u>				
Number of truancy notifications	14,591	11,753	(2,838)	
Uniform cost allowance	× \$12.23	× \$12.23	× \$12.23	Findings 1, 2
Total costs	<u>\$ 178,448</u>	<u>\$ 143,739</u>	<u>\$ (34,709)</u>	
Less amount paid by the State		<u>(178,448)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (34,709)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Number of truancy notifications	14,413	11,276	(3,137)	
Uniform cost allowance	× \$12.73	× \$12.73	× \$12.73	Finding 2
Total costs	<u>\$ 183,477</u>	<u>\$ 143,543</u>	<u>\$ (39,934)</u>	
Less amount paid by the State		<u>(142,855)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 688</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Number of truancy notifications	16,792	14,174	(2,618)	
Uniform cost allowance	× \$12.91	× \$12.91	× \$12.91	Finding 2
Total costs	<u>\$ 216,785</u>	<u>\$ 182,986</u>	<u>\$ (33,799)</u>	
Less amount paid by the State		<u>(134,117)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 48,869</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Number of truancy notifications	<u>45,796</u>	<u>37,203</u>	<u>(8,593)</u>	
Total costs	<u>\$ 578,710</u>	<u>\$ 470,268</u>	<u>\$(108,442)</u>	
Less amount paid by the State		<u>(455,420)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 14,848</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

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

The district claimed 11 initial truanancies, totaling \$135, that were not supported by its attendance records for FY 1999-2000 claimed costs. It appears that the district made a claim preparation error when transferring data from the Attendance Letter Tracking Report to the Notification of Truancy claim forms.

Recommendation

We recommend the district establish policies and procedures to ensure that all claimed costs are fully supported.

**FINDING 2—
Unallowable costs
relating to initial
truanancies**

The district claimed \$108,307 during the audit period for initial truancy notification forms distributed to a pupil's parent or guardian that were not reimbursable. The pupils did not accumulate the required number of unexcused absences to be classified as truant under the mandate program. The audit adjustment is summarized as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Allowable per audit	\$ 143,874	\$ 143,543	\$ 182,986	\$ 470,403
Less actual costs claimed	<u>(178,448)</u>	<u>(183,477)</u>	<u>(216,785)</u>	<u>(578,710)</u>
Audit adjustment	<u>\$ (34,574)</u>	<u>\$ (39,934)</u>	<u>\$ (33,799)</u>	<u>\$(108,307)</u>

We selected a statistical sample from the total population of pupils claimed as truant 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 the sample results could be projected to the population. For each fiscal year, we stratified the total population into two groups: elementary and special education students, and middle and high school students. For elementary and special education students, we selected a sample of 146 pupils during the first two fiscal years audited and 147 during the third fiscal year audited. For middle and high school students, we selected a sample of 148 pupils for all three fiscal years. The number of unallowable truancy notifications identified in the sample, percentage unallowable, and projected audit adjustment are summarized below:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Number of unallowable truancy notifications	57	64	46	
Truant pupils sampled	÷ 294	÷ 294	÷ 295	
Unallowable percentage	(19.39)%	(21.77)%	(15.59)%	
Truancy notifications claimed	<u>14,580</u>	<u>14,413</u>	<u>16,792</u>	
Projected unallowable truancy notifications	(2,827)	(3,137)	(2,618)	
Uniform cost allowance	× \$12.23	× \$12.73	× \$12.91	
Audit adjustment	<u>\$ (34,574)</u>	<u>\$ (39,934)</u>	<u>\$ (33,799)</u>	<u>\$(108,307)</u>

For FY 1999-2000, we sampled 294 of the notifications claimed. Fifty-seven notifications are unallowable because they were issued to pupils who did not have four or more unexcused absences during the entire school year. Of the 57 notifications, 6 were issued to pupils who had fewer than three unexcused absences during the entire school year.

For FY 2000-01, we sampled 294 of the notifications claimed. Sixty-four notifications are unallowable because they were issued to pupils who did not have four or more unexcused absences during the entire school year. Of the 64 notifications, 9 were issued to pupils who had fewer than three unexcused absences during the entire school year.

For FY 2001-02, we sampled 295 of the notifications claimed. Forty-six notifications are unallowable because they were issued to pupils who did not have four or more unexcused absences during the entire school year. Of the 46 notifications, 6 were issued to pupils who had fewer than three unexcused absences during the entire school year.

Parameters and Guidelines, as amended by the Commission on State Mandates on July 22, 1993, specifies that school districts shall be reimbursed for identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians, and associated recordkeeping. *Parameters and Guidelines* states that truancy occurs when a student is absent from school without a valid excuse more than three days or is tardy in excess of 30 minutes on each of more than three days in one school year. *Parameters and Guidelines* also states that the uniform cost allowance, which was \$10.21 per initial notification of truancy in FY 1992-93, is to be adjusted each subsequent year by the Implicit Price Deflator.

Recommendation

We recommend the district claim reimbursement under the Notification of Truancy Program only for truancy notifications applicable to pupils who are absent from school without a valid excuse for more than three days or tardy in excess of 30 minutes on each of more than three occasions in one school year. Although *Education Code* Section 48260(a) (as amended in 1994), defines a truant student as one who is absent from school without a valid excuse three full days in one school year or 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, *Parameters and Guidelines* requires at least four unexcused absences to be classified as a reimbursable truant.

**FINDING 3—
Improper attendance
accounting
procedures of student
truancies**

The district did not use proper attendance accounting procedures for student truancies in middle and high schools for the period of July 1, 1999, through June 30, 2002. Our review of attendance records indicated that the district classified the middle and high school students as truants only if the student had accumulated three days worth of “period” absences. In some cases, students with a sufficient number of unexcused absences to be classified as truants were not being classified as truants by the district. The district’s attendance accounting procedures for student truancies did not meet the criteria specified in Section I of *Parameters and Guidelines* or language contained in *Education Code* Section 48260(a).

We randomly sampled 444 of 28,024 middle and high school truancy notifications claimed. All of the notifications in the sample were documented using improper attendance accounting procedures for student truancies. Because initial notification letters were distributed later than would have been the case had proper attendance accounting procedures been followed, no dollar amount will be assigned to this non-compliance issue based solely on the timing of letter distributions. Unallowable costs related to notifications issued to pupils that did not have four or more unexcused absences are discussed in Finding 2.

Section I of *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” (emphasis added). Currently, *Education Code* Section 48260(a) more explicitly defines truancy as:

Any pupil subject to compulsory full-time education or to compulsory continuation education who is absent from school without valid excuse three full days in one school year or 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 [emphasis added]. . . .

Recommendation

We recommend that the district develop adequate truancy accounting policies and procedures consistent with *Education Code* Section 48260(a) and Section I of *Parameters and Guidelines*, to ensure that all claimed costs are eligible and properly supported.

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

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

EXIT

SAN JUAN UNIFIED SCHOOL DISTRICT
LEGISLATIVELY MANDATED NOTICE OF TRUANCY PROGRAM
EXIT CONFERENCE
FISCAL YEARS 1999/00 THROUGH 2001/02

TYPE OF AUDIT: Compliance audit of the Mandated Notification of Truancy Program claims submitted by the district

FISCAL YEARS (FY's) OF AUDIT: 1999/00, 2000/01, and 2001/02

DATE OF EXIT: October 20, 2003 ✓

PERSONS ATTENDING	TITLE
Tom Tafoya	Internal Auditor – SJUSD
Joe Tucker	Attendance Improvement Support Services Coordinator – SJUSD
Steve Smith	Manager, Governmental and Client Relations – MCS
John Conshafter	Compliance Auditor – MCS
Kris Kelley	Consultant – MCS
Jim Venneman	Audit Manager - SCO
Stephanie Lo	Audit Staff - SCO

BACKGROUND:

The State enacted Chapter 498, Statutes of 1983, requiring special notifications be sent to the parents or guardians of pupil's upon initial classification of truancy.

The legislation 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 of: (1) the pupil's truancy; (2) the parent or guardian's obligation to compel the attendance of the pupil at school; and (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution.

In addition, the legislation requires the district to 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 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.

On November 29, 1984, the State Board of Control (non the Commission on State Mandates) ruled that Chapter 498, Statutes of 1984, imposed a state mandate upon school districts and county offices of education reimbursable under *Government Code* Section 17561.

Maria Kelly
Sweetwater S.D.

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 school districts and local agencies in claiming reimbursable costs.

AUDIT OBJECTIVES:

- The objective of the audit is to determine whether costs claimed represent increased costs resulting from the legislatively mandated *Notification of Truancy* program, Chapter 498, Statutes of 1983, codified as *Education Code* Section 48260.5, for the period of July 1, 1999 through June 30, 2002.

The auditor performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandate 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* for performance audits, issued by the Comptroller General of the United States. The SCO did not audit the district'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 district's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

The SCO used statistical sampling to test the claimed costs. For FY 99/00 through FY 01/02, the SCO auditor stratified the total population into two groups, namely (1) Elementary and Special Education School students, and (2) Middle and High School students. The stratification is due to non-homogeneity of the total population in accounting for student absences.

FINDING 1 – Non-reimbursable truanancies claimed

During the fiscal years (FYs) 1999/00, 2000/01, and 2001/02, the district claimed reimbursements in the amount of \$79,180 for 6,260 initial notifications of truancy that did not meet the definition of a "reimbursable" truancy per the *Parameters and Guidelines*.

The *Parameters and Guidelines* for the Notification of Truancy program, Section I, defines that "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 one school year. (Definition from Education Code Section 48260.)"

The *Parameters and Guidelines*, Section I also requires "a student shall be initially classified as truant upon the fourth unexcused absence, and the school must at that time perform the requirements mandated in *Education Code* Section 48260.5 as enacted by Chapter 498, Statutes of 1983."

For FY 99/00, the auditor found that 1,882 notifications were non-compliant. The random sample testing results indicated that in the first group, 47 out of 146 student records were non-compliant, and in the second group, 4 out of 148 student records were non-compliant. Thus, projecting the sample testing results to each population, non-complaint notifications totaled 1,882, resulting in an unallowable cost of \$23,017.

For FY 00/01, the auditor found that 1,986 notifications were non-compliant. The random sample testing results indicated that in the first group, 54 out of 146 student records were non-compliant, and in the second group, 1 out of 148 student records was non-compliant. Thus, projecting the sample testing results to each population, non-complaint notifications totaled 1,986, resulting in an unallowable cost of \$25,282.

For FY 01/02, the auditor found that 2,392 notifications were non-compliant. The random sample testing results indicated that in the first group, 37 out of 147 student records were non-compliant, and in the second group, 8 out of 148 student records were non-compliant. Thus, projecting the sample testing results to each population, non-complaint notifications totaled 2,392, resulting in an unallowable cost of \$30,881.

A summary of the unallowable costs is as follows:

	FY 1999/00	FY 2000/01	FY 2001/02	Total
Number of Unallowable Notifications Claimed	1,882	1,986	2,392	6,260
Uniform Costs Allowance	\$ 12.23	\$ 12.73	\$ 12.91	
Audit Adjustment	\$ 23,017	\$ 25,282	\$ 30,881	\$ 79,180

Recommendation:

Costs claimed by the district in the amount of \$79,180 are unallowable under the Notification of Truancy Program for FY 99/00 through FY 01/02, and must be reimbursed back to the State.

In addition, the district should develop adequate truancy accounting policies and procedures that are consistent with *Parameters and Guidelines* to ensure that all claimed costs are eligible and properly supported.

FINDING 2— Students improperly classified as truants

For the fiscal years (FYs) 1999/00, 2000/01, and 2001/02, the district claimed reimbursement of \$7,082 for 565 notification of truancy letters that did not meet the absence criteria specified in *Education Code Section 48260(a)* or Section I of the *Parameters and Guidelines*. Specifically, the district had classified students with less than three absences in their attendance records as truants.

For FY 99/00, the auditor found that 238 notifications were non-compliant. The random sample testing results indicated that in the first group, 5 out of 146 student records were non-compliant, and in the second group, 1 out of 148 student records was non-compliant. Thus, projecting the sample testing results to each population, non-complaint notifications totaled 238, resulting in an unallowable cost of \$2,911.

For FY 00/01, the auditor found that 276 notifications were non-compliant. The random sample testing results indicated that in the first group, 6 out of 146 student records were non-compliant, and in the second group, 1 out of 148 student records was non-compliant. Thus, projecting the sample testing results to each population, non-complaint notifications totaled 276, resulting in an unallowable cost of \$3,513.

For FY 01/02, the auditor found that 51 notifications were non-compliant. The random sample testing results indicated that in the first group, 1 out of 147 student records was non-compliant, and in the second group, 0 out of 148 student records were non-compliant. Thus, projecting the sample testing results to each population, non-complaint notifications totaled 51, resulting in an unallowable cost of \$658.

A summary of the unallowable costs is as follows:

	FY 1999/00	FY 2000/01	FY 2001/02	Total
Number of Unallowable Notifications Claimed	238	276	51	565
Uniform Costs Allowance	\$ 12.23	\$ 12.73	\$ 12.91	
Audit Adjustment	\$ 2,911	\$ 3,513	\$ 658	\$ 7,082

Recommendation

The district should reimburse the State \$7,082 for FY 1999/00 through FY 2001/02 for the reimbursements claimed for initial truancy notifications that were sent to students who were improperly classified as truants.

The district should develop adequate truancy accounting policies and procedures that are consistent with *Education Code Section 48260(a)* and Section I of the *Parameters and Guidelines* to ensure that all claimed costs are eligible and properly supported.

FINDING 3 – Overclaimed number of initial truancies – FY 1999-00

The district claimed 11 initial truancies, totaling \$135 that were not supported by its attendance records for the period of July 1, 1999, through June 30, 2000.

The auditor was not able to reconcile the total number of initial truancy notification forms claimed for fiscal year 1999/00 to students who were truant based on attendance records. Specifically, the district claimed 68 truancy notifications for Bella Vista Evening Adult School, which was not on the FY 99/00 Attendance Letter Tracking Report, instead of claiming 57 truancy notifications for Cowan James Fund Elementary, which was supported by the Attendance Letter Tracking Report. The district was unable to explain the differences between the notifications claimed and the totals of initial truancies identified in the Attendance Letter Tracking Report. Consequently, the following initial truancy notifications claimed, at the uniform cost allowance rate described in the *Parameters and Guidelines*, are unallowable:

Audit Adjustment

Claimed truancies	14,591
Supported truancies	<u>(14,580)</u>
Number of unsupported truancies	11
Uniform cost allowance	<u>\$ 12.91</u>
Audit Adjustment	<u>\$ 135</u>

Parameters and Guidelines, Section V.A., states, “The eligible claimant shall be reimbursed for only those costs incurred for...the printing and distribution of notification forms....”

Parameters and Guidelines, Section V.C., states, “The uniform cost allowance is based on the number of initial notifications of truancy distributed pursuant to Education Code Section 48260.5, Chapter 498, Statutes of 1983. For FY 1992-93, the uniform cost allowance is \$10.21 per initial notification of truancy distributed. The cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator.”

Recommendation

The district should reimburse the State \$135 for FY 1999/00 for truancy claims that were not supported by its attendance records. In addition, the district should establish policies and procedures to ensure that all costs claimed are supported.

FINDING 4 – Improper attendance accounting procedures of student truancies

During the fiscal years (FYs) 1999/00, 2000/01 and 2001/02, the district claimed reimbursements for truancy notifications that did not meet the criteria specified in Section I of the *Parameters and Guidelines*. In addition, the notifications also failed to comply with existing language contained in Section 48260(a) of the *Education Code*.

The district classified the middle and high school students as truants only if the students had accumulated three-days worth of "period absences". As a result, the district was late in classifying students with qualifying unexcused absences as truants. In some cases, students with a sufficient number of unexcused absences to be classified as truants are not being classified as truants at all by the district.

Section I of the *Parameters and Guidelines* states that "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 (emphasis added). Current language contained within Section 48260(a) of the *Education Code* more explicitly defines truancy as "Any pupil subject to compulsory full-time education or to compulsory continuation education who is absent from school without valid excuse three full days in one school year or 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 ...**"

Upon SCO's upper management review of the audit exception, it was determined that there exists no basis in the *Parameters and Guidelines* for the SCO to take a dollar finding based on timing. Thus, the SCO has decided to take a procedural finding for this non-compliance.

Recommendation

The district should develop adequate truancy accounting policies and procedures that are consistent with *Education Code Section 48260(a)* and Section I of the *Parameters and Guidelines* to ensure that all claimed costs are eligible and properly supported.

OTHER DISCUSSIONS:

OTHER COMMENTS:

APPROXIMATE RELEASE DATE OF DRAFT REPORT:

~~November 30, 2003~~
January 04

San Juan Unified School District
 Legislatively Mandated Notification of Truancy Program
 Analysis of Claimed Costs
 July 1, 1999 through June 30, 2002
 S03 - MCC - 0024

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments
<u>July 1, 1999 through June 30, 2000</u>			
Number of Truant Notifications	14,591	12,460	(2,131)
Unit Cost per Initial Notification	\$ 12.23	\$ 12.23	\$ 12.23
Less Offsetting Savings/Reimbursements	0	0	0
Total Costs	<u>\$ 178,448</u>	\$ 152,385	<u>\$ (26,063)</u>
Less amount paid by the state		<u>\$ (178,448)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (26,063)</u>	
<u>July 1, 2000 through June 30, 2001</u>			
Number of Truant Notifications	14,413	12,151	(2,262)
Unit Cost per Initial Notification	\$ 12.73	\$ 12.73	\$ 12.73
Less Offsetting Savings/Reimbursements	0	0	0
Total Costs	<u>\$ 183,477</u>	\$ 154,682	<u>\$ (28,795)</u>
Less amount paid by the state		<u>\$ (142,855)</u>	
Allowable costs claimed to be paid upon available appropriations		<u>11,827</u>	
<u>July 1, 2001 through June 30, 2002</u>			
Number of Truant Notifications	16,792	14,349	(2,443)
Unit Cost per Initial Notification	\$ 12.91	\$ 12.91	\$ 12.91
Less Offsetting Savings/Reimbursements	0	0	0
Total Costs	<u>\$ 216,785</u>	\$ 185,246	<u>\$ (31,539)</u>
Less amount paid by the state		<u>\$ (134,117)</u>	
Allowable costs claimed to be paid upon available appropriations		<u>51,129</u>	
<u>Summary: July 1, 1999 through June 30, 2002</u>			
Number of Truant Notifications	45,796	38,960	(6,836)
Unit Cost per Initial Notification	\$ -	\$ -	\$ -
Less Offsetting Savings/Reimbursements	0	0	0
Total Costs	<u>\$ 578,710</u>	\$ 492,313	<u>\$ (86,397)</u>
Less amount paid by the state		<u>\$ (455,420)</u>	
Allowable costs claimed to be paid upon available appropriations		<u>36,893</u>	

Tickmarks:
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San Juan Unified School District
 Legislatively Mandated Notification of Truancy Program
 Summary of Test Results
 July 1, 1999 through June 30, 2002
 S03 - MCC - 0024

Fiscal Year	Test Results					
	(A) Total Claimed Costs	(B) Total Notifications Claimed	(C) Total Unallowable Notifications	(D) Total Allowable Notifications	(E) Total Unallowable Costs	(F) Total Allowable Costs
FY 99/00	\$ 178,448	14,591	2,131	12,460	\$ 26,063	\$ 152,385
FY 00/01	\$ 183,477	14,413	2,262	12,151	\$ 28,795	\$ 154,682
FY 01/02	\$ 216,785	16,792	2,443	14,349	\$ 31,539	\$ 185,246
Total	\$ 578,710	45,796	6,836	38,960	\$ 86,397	\$ 492,313

Fiscal Year	Unallowable Notifications Breakdown			Total Unallowable Notifications
	Unallowable Notifications due to Criteria (1) [$<$ three unexcused absences and/or tardies]	Unallowable Notifications due to Criteria (3) [Only has three unexcused absences and/or tardies]	Unallowable Notifications due to Overclaimed Number of Initial Truancy Notifications	
FY 99/00	238	1,882	11	2,131
FY 00/01	276	1,986		2,262
FY 01/02	51	2,392		2,443
Total	565	6,260	11	6,836

Total FY 99/00 through FY 01/02 Claimed Costs \$ 578,710
 Less Total Unallowable Claimed Costs \$ (86,397)
Total Allowable Claimed Costs for FY 99/00 - FY 01/02 \$ 492,313

San Juan Unified School District
 Legislatively Mandated Notification of Truancy Program
 Summary of Unallowable Costs
 July 1, 1999 through June 30, 2002
 S03 - MCC - 0024

FY 1999/00 NOT Claim	
Number of NOT Letters Sent	14,591
Claim Amount	\$178,448
Less Unallowable Claim Summary Error * (11 letters x \$12.23/letter)	(\$135)
Adjusted Claim Amount per Analysis of Filed Claim	\$178,313
<u>Unallowable Amount As A Result of Sample Testing</u>	
Criteria (1)	\$2,911
Criteria (3)	\$23,017
Total Allowable Amount	\$152,385
Total Unallowable Amount (\$135 + \$2,899 + \$23,029)	\$26,063

FY 2000/01 NOT Claim	
Number of NOT Letters Sent	14,413
Claim Amount	\$183,477
<u>Unallowable Amount As A Result of Sample Testing</u>	
Criteria (1)	\$3,513
Criteria (3)	\$25,282
Total Allowable Amount	\$154,682
Total Unallowable Amount (\$3,513 + \$25,282)	\$28,795

FY 2001/02 NOT Claim	
Number of NOT Letters Sent	16,792
Claim Amount**	\$216,785
<u>Unallowable Amount As A Result of Sample Testing</u>	
Criteria (1)	\$658
Criteria (3)	\$30,881
Total Allowable Amount	\$185,246
Total Unallowable Amount (\$658 + \$30,881)	\$31,539

Summary of Sample Testing Results (FY 1999/00 through FY 2001/02)	
Total Number of NOT Letters Claimed	45,796
Total Claim Amount	\$578,710
Total Claim Adjustment (for FY 99/00 only)	\$135
Total Criteria 1 (<three unexcused absences and/or tardies)	\$7,082
Total Criteria 3 (Only has three unexcused absences and/or tardies)	\$79,180
Total Allowable Amount	\$492,313
Total Unallowable Amount	\$86,397

** The FY 01/02 Claim Amount of \$216,785 is the final claim amount after SJUSD amended its original claim amount of \$239,351 and reduced it down to the current amount on March 7, 2003 (Also see WP# _____).

San Juan Unified School District
 Legislatively Mandated Notification of Truancy Program
 Sample Testing Results of Unallowable Costs
 July 1, 1999 through June 30, 2000
 S03 - MCC - 0024

District Summary

Total Notifications Claimed	14,591	Adjusted Amount*	14,580
Total Claimed Costs (Notifications Claimed X \$12.23)	\$ 178,448		178,313
Total Unallowable Percentage	15%		15%

	(A) Unallowable Sample Notifications	(B) Projected Unallowable Notifications	(C) Unallowable Cost [(B) x \$12.23]
Test Results			
a. Criteria (1) - ED	6	238	\$ 2,911
b. Criteria (3) - PG	51	1882	\$ 23,017
Total	57	2120	\$ 25,928

1. Special Education & Elementary School Students

Total Notifications Claimed	5060	Adjusted Amount*	5049
Sample Size	146		146

	(A) Unallowable Notifications	(B) Unallowable Rate [(A)/Sample Size]	(C) Projected Unallowable Notifications [(B) x Total Notifications Claimed (adjusted amount)]	(D) Unallowable Cost [(C) x \$12.23]
Test Results				
a. Criteria (1)	5	3.42%	173	\$ 2,116
b. Criteria (3)	47	32.19%	1625	\$ 19,874
Total	52	35.62%	1798	\$ 21,990

2. Middle and High School Students

Total Notifications Claimed	9531
Sample Size	148

	(A) Unallowable Notifications	(B) Unallowable Rate [(A)/Sample Size]	(C) Projected Unallowable Notifications [(B) x Total Notifications Claimed]	(D) Unallowable Cost [(C) x \$12.23]
Test Results				
a. Criteria (1)	1	0.68%	65	\$ 795
b. Criteria (3)	4	2.70%	257	\$ 3,143
Total	5	3.38%	322	\$ 3,938

* The FY 99/00 total number of notifications claimed has been adjusted down by 11 notifications to reflect the correction of an overstatement error on the claim (WP# _____).

San Juan Unified School District
 Legislatively Mandated Notification of Truancy Program
 Sample Testing Results of Unallowable Costs
 July 1, 2000 through June 30, 2001
 S03 - MCC - 0024

District Summary

Total Notifications Claimed 14,413
 Total Claimed Costs (Notifications Claimed X \$12.73) \$ 183,477
 Total Unallowable Percentage 16%

	(A) Unallowable Sample Notifications	(B) Projected Unallowable Notifications	(C) Unallowable Cost [(B) x \$12.73]
Test Results			
a. Criteria (1)	7	276	\$ 3,513
b. Criteria (3)	55	1986	\$ 25,282
Total	62	2262	\$ 28,795

1. Special Education & Elementary School Students

Total Notifications Claimed 5203
 Sample Size 146

	(A) Unallowable Notifications	(B) Unallowable Rate [(A)/Sample Size]	(C) Projected Unallowable Notifications [(B) x Total Notifications Claimed]	(D) Unallowable Cost [(C) x \$12.73]
Test Results				
a. Criteria (1)	6	4.11%	214	\$ 2,724
b. Criteria (3)	54	36.99%	1924	\$ 24,493
Total	60	41.10%	2138	\$ 27,217

2. Middle and High School Students

Total Notifications Claimed 9210
 Sample Size 148

	(A) Unallowable Notifications	(B) Unallowable Rate [(A)/Sample Size]	(C) Projected Unallowable Notifications [(B) x Total Notifications Claimed]	(D) Unallowable Cost [(C) x \$12.73]
Test Results				
a. Criteria (1)	1	0.68%	62	\$ 789
b. Criteria (3)	1	0.68%	62	\$ 789
Total	2	1.35%	124	\$ 1,578

San Juan Unified School District
 Legislatively Mandated Notification of Truancy Program
 Sample Testing Results of Unallowable Costs
 July 1, 2001 through June 30, 2002
 S03 - MCC - 0024

District Summary

Total Notifications Claimed 16,792
 Total Claimed Costs (Notifications Claimed X \$12.91) \$ 216,785
 Total Unallowable Percentage 15%

	(A) Unallowable Sample Notifications	(B) Projected Unallowable Notifications	(D) Unallowable Cost [(B) x \$12.91]
Test Results			
a. Criteria (1)	1	51	\$ 658
b. Criteria (3)	45	2392	\$ 30,881
Total	46	2443	\$ 31,539

1. Special Education & Elementary School Students

Total Notifications Claimed 7509
 Sample Size 147

	(A) Unallowable Notifications	(B) Unallowable Rate [(A)/Sample Size]	(C) Projected Unallowable Notifications [(B) x Total Notifications Claimed]	(D) Unallowable Cost [(C) x \$12.91]
Test Results				
a. Criteria (1)	1	0.68%	51	\$ 658
b. Criteria (3)	37	25.17%	1890	\$ 24,400
Total	38	25.85%	1941	\$ 25,058

2. Middle and High School Students

Total Notifications Claimed 9283
 Sample Size 148

	(A) Unallowable Notifications	(B) Unallowable Rate [(A)/Sample Size]	(C) Projected Unallowable Notifications [(B) x Total Notifications Claimed]	(D) Unallowable Cost [(C) x \$12.91]
Test Results				
a. Criteria (1)	0	0.00%	0	\$ -
b. Criteria (3)	8	5.41%	502	\$ 6,481
Total	8	5.41%	502	\$ 6,481

Example for Finding # 4

District: 98
Year: 00

Bella Vista High School
Attendance Resolution

Location: 0206
Date: 6/08/00
Phone: (916)

Student: Mother
Counselor: KAREN A MURPHEY

Guardian 1 of 1
Grade Level: 11

25 School days 3 Tardy+B 4 Full day absences 40 Periods missed
Resolution: 0 Excused 40 Unexcused 0 Unresolved 40 year-to-date "S"
August September

1111111111222222222233
1234567890123456789012345678901
1>
2>
3> .. T.
4>
5>
6>
7>
8>
9>

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123456789012345678901234567890
.SS (C) .. T SS ...S
.SS (C) A. (C) (C) SS ...S
TSS SS ...S
.SS ASS ...S
..S SS ...S
..S (C) (C) .. SS (C)

Resolution Code: Date(s):

Periods:

District: 98
Year: 00

Bella Vista High School
Attendance Resolution

Location: 0206
Date: 6/08/00
Phone: (916)

Student: Mother
Counselor: KAREN A MURPHEY

Guardian 1 of 1
Grade Level: 11

39 School days 2 Tardy+B 2 Full day absences 20 Periods missed
Resolution: 0 Excused 20 Unexcused 0 Unresolved 40 year-to-date "S"
October November

1111111111222222222233
1234567890123456789012345678901
1> S S.. ..
2> S S.. ..
3> S S.. T..
4> S S.. ..
5> S .. T .. S ..
6> S (C) .. (C) (C) ..
7>
8>
9>

1111111111222222222233
123456789012345678901234567890
(C)
(E)
(C)

Resolution Code: Date(s):

Periods:

Traditional - 6-period day
Letter Date: 11/2/99
Date of truancy = 7/13/99

The CPA Journal



Statistical Sampling Revisited

By Neal B. Hitzig

Auditing standards are undergoing revision in the wake of recent, massive audit failures. Legislative and regulatory bodies are focusing more critically on auditors than ever before. Yet, contemplated revisions to auditing standards leave untouched ambiguities and unresolved issues that have reduced the effectiveness of the authoritative literature for decades. One of the longest-standing issues concerns the role and appropriateness of statistical sampling as a substantive audit testing procedure.

Background

Throughout the 1960s and '70s, the largest accounting firms devoted extensive resources to the development and implementation of statistical sampling procedures. The firms wrote new policies and guidance, developed time-sharing and batch computer programs, and trained specialized staff. Monetary unit sampling was developed and became a widespread audit tool. The AICPA issued Statement on Auditing Procedure (SAP) 54 and published *Statistical Auditing*, by Donald M. Roberts.

Then, in 1980, the Auditing Standards Board (ASB) issued SAS 39, *Audit Sampling* (AU 350). Members of the Statistical Sampling Subcommittee that wrote SAS 39, which included this author, expected that the imposition of risk, materiality, and selection requirements would further establish statistical sampling as a principal audit testing procedure. In fact, the opposite has occurred, largely because the ASB gave nonstatistical sampling equal evidentiary weight.

Substantive Tests

Substantive tests are intended to detect and estimate misstatement in accounts and classes of transactions. The authoritative literature recognizes two types of substantive tests: tests of details, and analytical procedures. Except in those cases where complete enumeration of an accounting population is feasible (as in certain computer-assisted auditing techniques), the audit sample is a principal approach to performing the test of details.

Many auditors apply sampling to test controls, despite concerns that such applications may not reveal the information that an auditor seeks. For example, the initialing of documents does not mean that the documents are correct (if that is what initialing purports to signify); it means only that the documents were initialed. Similarly, the fact that an invoice is correctly priced does not mean that a price-checking control functioned properly, because the invoice may have been properly priced in the first place. These examples demonstrate why testing preventive controls with tests of details may not inform the auditor that the subject controls are functioning as intended.

On the other hand, evidence of monetary misstatement in a transaction or account is clear-cut evidence of the absence or malfunction of a control. This is why many auditors view tests of details as being most useful when performed as substantive tests.

Nonstatistical Sampling

AU 350 does not provide a definition of nonstatistical sampling. It states only that “[t]here are two approaches to audit sampling: nonstatistical and statistical” (AU 350.03). The AICPA’s Audit Guide, *Audit Sampling*, provides the following definition:

Any sampling procedure that does not measure the risk is a nonstatistical sampling procedure. Even though the auditor rigorously selects a random sample, the sampling procedure is a nonstatistical sampling application if the auditor does not make a statistical evaluation of the sample results. (AAG-SAM 2.18)

This statement establishes that an auditor may label a sampling technique “nonstatistical” without regard to the manner of sample selection. Thus, even though the Audit Guide acknowledges the well-known ability of statistical sampling to measure sampling risk, it nevertheless sanctions an auditor’s decision to ignore available statistical theory and rely instead on judgment or intuition in interpreting the results of a sampling procedure. In short, the guide gives guesswork equal status with measurability. Such a view is potentially hazardous, because the auditor is permitted to ignore facts that are readily discernable to any practitioner, or legal adversary, who is knowledgeable in the application of statistical methodology.

Why would an auditor prefer nonstatistical sampling, knowing of the availability of objective statistical procedures? Various reasons, restated in the 2001 edition of the Audit Guide, have been cited as the impediments: the cost of training, the cost of sample selection, the cost of sample evaluation. With the passage of time, these reasons have become progressively weaker. Mandatory continuing professional education is now a reality, so there should be little reason for auditors not to advance their skills in sampling techniques. As to the implementation costs associated with the selection and evaluation of random samples, the ready availability of computers and off-the-shelf software has greatly mitigated, if not eliminated, these factors as relevant considerations.

In short, a nonstatistical sample is selected by the exercise of judgment, and not by chance. Haphazard, judgmental, and purposive sampling are some of the terms that describe a nonstatistical sample.

Statistical Sampling

AU 350 and the Audit Guide approach statistical sampling in a roundabout way. The Audit Guide states:

Statistical sampling helps the auditor (1) design an efficient sample, (2) measure the sufficiency of the evidential matter obtained, and (3) quantitatively evaluate the sample results.

Statistical sampling uses the laws of probability to measure sampling risk. (AAG-SAM 2.17)

Although the foregoing statements are correct, they do not define statistical sampling per se.

Statistical sampling is probability sampling. In probability sampling, every item in the population under audit has a known chance of selection. The decision as to which items in the population are to be selected is left to the laws of chance, not to judgment. The most common probability sampling methods in auditing are equal probability (such as simple random and systematic sampling) and sampling with probability proportional to size (such as monetary unit sampling).

The prominent feature of statistical sampling is its ability to measure risk. The measurement instrument is the confidence interval, which gives a calculated range of values for the estimated amount of misstatement in a population. The measurability of statistical sampling distinguishes it from so-called judgment sampling, where the decision as to the items selected for examination is left to the judgment of the auditor. Statistical sampling is a measurement tool. When applied in a substantive test of details, it measures misstatement in an account or class of transactions. Its ability to measure arises from the selection method used, which is probability sampling. Lawyers, judges, and statisticians have explicitly recognized these features of statistical sampling. The Special Committee on Empirical Data in Decision Making, Recommendation on Pretrial Proceeding in Cases with Voluminous Data, made the following statement (see Appendix F, in Fienberg, S.E., ed., *The Evolving Role of Statistical Assessments as Evidence in the Courts*, 1989):

[W]hen a survey is based on probability sampling, the probabilities or risks of sampling misstatements of various sizes can be calculated. This requires the application of *appropriate* statistical formulas. Assessments of sampling misstatement are very often expressed in terms of a standard misstatement. This is a *universally* accepted measure of the margin of error in a survey result that is attributable to sampling.

This illuminating report should serve to alert auditors to the growing use of statistically based evidence in litigation and, by implication, to the risks they face should they ignore the information contained in samples.

The implication is clear: Ignore the formulas applicable to the results of a probability sample and rely instead on intuition at your own risk.

Some auditors believe that they must calculate a sample size beforehand for an audit sample to be statistical. This is incorrect. Any probability sample can be subjected to evaluation by application of the laws of probability, however arbitrary the choice of sample size. Failure to calculate beforehand usually results in samples that are either too large or too small for the auditor's objectives. They are, nevertheless, statistical.

Statistical and nonstatistical sampling methods are defined in terms of the method by which a sample is selected, not in terms of a decision by the auditor not to apply statistical methods, even to a random sample.

When Is Statistical Sampling Appropriate?

Statistical sampling is appropriate whenever an auditor wishes to draw a conclusion about a population without performing an examination of all the items composing that population. Moreover, statistical sampling is appropriate when the auditor has no prior knowledge as to which specific items in a population are misstated.

An important concern that affects the sampling decision is the practicability of selecting a probability sample. If files are computerized and 100% verification cannot be performed by computer-assisted audit techniques, then probability sampling is most likely to be the practical approach. If files are not computerized and the population is large (as a rough rule of thumb, a large population has more than 500 items), then probability sampling may still be practicable. If a population of manual records is maintained in numerical order, a computer application may be used to select random numbers that identify the items to be selected, even items at multiple locations. The items are then located by hand. If

the population is not maintained in numerical order, then systematic selection (select every kth item after a random start) may be performed. Systematic selection is one of the easiest procedures to apply, although proper application requires counting through the population. Although many caution that systematic selection is subject to bias because a key characteristic of the population under examination may coincide with the selection interval, in more than 30 years of practice, the author has never observed this to be even a remote practical concern.

Statistical sampling is appropriate for both routine and nonroutine accounting processes. In a test of purchase transactions, for example, the auditor may employ statistical sampling to test for misstatement in account distribution. An auditor may also apply statistical sampling to a population of securities positions for a large broker-dealer with thousands of positions, to test valuation and existence assertions.

Sampling Risk

AU 350 states “[s]ampling risk arises from the possibility that, when a test ... is restricted to a sample, the auditor’s conclusions may be different from the conclusions he would reach if the test were applied in the same way to all items in the [population].” (AU 350.10) AU 350 also identified two aspects of sampling risk:

The risk of incorrect acceptance is the risk that the sample supports the conclusion that the recorded account balance is not materially misstated when it is materially misstated.

The risk of incorrect rejection is the risk that the sample supports the conclusion that the recorded balance is materially misstated when it is not materially misstated. (AU 350.12)

In practice, it is convenient to think of the foregoing in terms of detection risk and estimation risk, respectively.

Detection risk is the chance that a sample will fail to detect misstatement that actually exceeds the auditor’s specified maximum tolerable amount. “Detection” refers to the decision rule that an auditor applies to decide whether a misstatement is tolerable under the circumstances. A commonly employed rule is the comparison of the calculated upper confidence limit of misstatement with the specified maximum tolerable amount. In SAS 39 terms, the upper confidence limit is the projected misstatement plus the allowance for sampling risk. If the calculated limit is greater than the maximum tolerable amount, the auditor decides that misstatement may exceed the tolerable amount. Otherwise, the auditor decides that misstatement, if it exists, is tolerable. If a properly designed sample discloses no misstatements, the auditor may then decide that misstatement in the population under audit does not exceed the maximum tolerable amount.

Detection risk is principally a planning concept. The auditor specifies it beforehand and uses it as one of the factors that determines the appropriate extent of testing reflected in the sample size.

If misstatements are detected, on the other hand, the estimation risk becomes the key risk under consideration. Estimation risk is the chance that the actual amount of misstatement will not be within the calculated confidence interval. SAS 39 is dismissive of this risk, which it labels the risk of incorrect rejection, as being merely an efficiency issue. AU 350.12 states:

[I]f the auditor’s evaluation leads him to the initial erroneous conclusion that a balance is materially misstated when it is not, the application of additional audit procedures and

consideration of other audit evidence would ordinarily lead the auditor to the correct conclusion.

This is misleading. An auditor does not know that his conclusion is incorrect; only that the evidence suggests that the population may be materially misstated. Frequently, this is sufficient for action, and no further audit evidence is needed, even if it were practicable to extend testing or to apply alternate procedures. More seriously, AU 350.12 invites the auditor to disregard the results of an unfavorable sample outcome and subordinate it to other, contradictory evidence whose reliability may be less than that of the sample.

Moreover, if the results of an audit sample are sufficiently precise, they may provide the basis for the proposal of an adjusting journal entry by the auditor. In such a case, the appropriate risk consideration is that the adjustment is materially correct. The calculated confidence interval provides the basis for that assessment. Estimation risk is the complement of the confidence level.

Statistical Sampling and Audit Decisions

The auditor uses a sample to decide whether misstatement exists and whether it may exceed the tolerable misstatement. This is the essence of the detection objective of a substantive test of details. While it is possible to design a sample to control for both the detection and estimation risk, audit samples often are designed only with the detection objective in mind. Nonetheless, if a properly selected random sample has disclosed misstatement, that sample can always be used to obtain a confidence interval on the amount of misstatement, regardless of the planning decisions and the consequent sample size.

For convenience, interval estimates may be classified into six basic categories, each of which is informative in its own way as to the extent of misstatement in the population. The possibilities are discussed below in terms of tolerable misstatement (TM), which is \$600,000 in the examples, the lower confidence limit (LCL) on the estimated misstatement, and the upper confidence limit (UCL) on the estimated misstatement. The projected misstatement (that is, point estimate) is not needed, as the following examples will show. More importantly, the projected misstatement could be misleading. A projection (or point estimate) is merely one outcome in a sample space. Its principal function is to be locator for the confidence interval. It provides no information as to its margin of error. For example, 10 misstatements of \$100 each will yield the same point estimate as one \$1,000 misstatement, but the latter's margin of error is greater.

Example 1. If neither confidence limit exceeds the tolerable misstatement and \$0 is included within the confidence interval, then the auditor would decide that misstatement, if present, is no greater than tolerable misstatement. This case suggests that the amount of misstatement might also be trivial. (See the Exhibit, Figure 1.)

This is the most favorable outcome. This outcome can arise even if misstatements are detected. For example, many misstatements of very small magnitude might yield such a confidence interval. The auditor would conclude that net misstatement, if it exists, does not exceed \$200,000 of understatement or \$400,000 of overstatement. Because neither amount exceeds \$600,000, the auditor may conclude that misstatement is tolerable. Because \$0 is within the confidence interval, it is possible that net misstatement may be \$0.

Except for situations where the sample discloses no misstatement, this case does not apply when the

auditor is performing tests of overstatement, such as for the existence or the lower of cost or market.

Example 2. If neither confidence limit exceeds the tolerable misstatement and \$0 is outside the confidence interval, then the auditor would decide that the population is misstated, but the amount of misstatement is no greater than the tolerable misstatement. (See the Exhibit, Figure 2.)

This is similar to Example 1, except that the sample evidence indicates some misstatement. That is, the auditor may be confident that the population is overstated by at least \$150,000, but not by more than \$400,000.

Example 3. This case is the same as above, except that one of the confidence limits exceeds the tolerable misstatement. The auditor would conclude that the population is misstated and that the total misstatement may be greater than the tolerable misstatement, but it also may be less. The auditor cannot accept the population as being fairly stated on the sample evidence provided. (See the Exhibit, Figure 3.)

This situation arises when the disclosed misstatements exceed the auditor's expectation. This can occur in a sample even though the actual population misstatement is as expected. In fact, if the actual population misstatement is equal to the amount expected by the auditor and used to determine sample size, then there is roughly a 50% chance that the sample's projected misstatement will be greater than the expected misstatement. In the context of AU 350's approach to interpretation of results, this outcome would imply that the risk of intolerable misstatement is greater than the level specified by the auditor as the risk of incorrect acceptance.

This is a common outcome of audit samples. It is the outcome to be expected if the difference between the actual (but unknown) misstatement and tolerable misstatement is less than the precision of the sample estimate.

Extending the audit sample in such a circumstance often only confirms the initial finding, albeit more precisely, because the range of the confidence interval decreases as the sample size increases. In this case, an adjusting journal entry might be proposed. Whether a possible adjustment would be passed over is a question that would await the completion of the audit.

Example 4. In this case, just one of the confidence limits exceeds the tolerable misstatement, but the lower limit is negative and the upper limit is positive. The results indicate that the population may be overstated by as much as \$800,000 (greater than the tolerable misstatement) or it may be understated by as much as \$300,000 (less than the tolerable misstatement). The net misstatement could also be \$0. Nevertheless, because one of the limits exceeds tolerable misstatement, the auditor may not conclude that the population is fairly stated. (See the Exhibit, Figure 4.)

This outcome can be the result of either the projected misstatement exceeding expectation or the variability of the misstatements in the sample being larger than planned. This situation is common to inventory valuation tests, such as price tests, where large, offsetting misstatements are disclosed. The result strongly suggests significant weakness in controls.

Example 5. In this case, the confidence limits are positive and negative and both exceed the tolerable misstatement. The interval ranges from \$800,000 of understatement to \$800,000 of overstatement. The misstatement may exceed the tolerable amount or it may be trivial. In this case, the sample results are too imprecise for an audit decision at the specified confidence level. (See the Exhibit, Figure 5.)

As in Example 4, of which Example 5 is a more extreme example, this result is not uncommon to tests of inventory valuation, where misstatements are more numerous than anticipated and vary greatly as to magnitude and can be both under- and overstated. While the results are not sufficiently precise for an audit adjustment (in fact, no adjustment may be needed), results such as these demonstrate that accounting controls, if they exist, are ineffective. In addition, the result questions whether sufficient evidence has been obtained.

Example 6. If both confidence limits are positive (or both negative) and both exceed the tolerable misstatement, then the auditor would decide that misstatement indeed exceeds the tolerable amount. In this case, where the overstatement may range from \$800,000 to \$1,600,000, an adjusting journal entry would be likely. (See the Exhibit, Figure 6.)

Statistical Sampling and Audit Actions

The auditor has three courses of action when a misstatement is discovered:

- Waive the misstatement
- Do more work
- Propose an adjusting journal entry.

The question of whether the sample evidence is sufficient for an audit conclusion about the population depends upon the size of the confidence interval and the amount of tolerable misstatement. If the length of the interval (from LCL to UCL) is less than twice the tolerable misstatement, then there is some materially correct value within the interval. The auditor's objective is not to estimate the amount of misstatement with pinpoint precision. If an adjustment is to be made, the auditor should be able to propose an amount that will reduce any remaining misstatement to an amount that is no greater than the tolerable misstatement.

Given the risk level specified by the auditor when evaluating the sample, an adjusting journal entry (AJE) can be proposed that reduces the misstatement in the population to an amount that is no greater than the tolerable misstatement. Suppose that a 90% confidence interval yields a lower limit of \$800,000 and an upper limit of \$1,600,000, and that the tolerable misstatement is \$600,000. The range of the interval (\$800,000) is less than two times the tolerable misstatement. Exhibit Figure 7 shows that a materially correct AJE can be booked within a range of values from \$1 million to \$1,400,000. In other words, any value within the confidence interval would be a tolerably correct AJE if both confidence limits are within the tolerable misstatement of the proposed adjustment. The risk would be no greater than the specified estimation risk.

Examination of Figure 7 should make it evident why two-sided interval estimation is important in cases where adjusting journal entries are being considered. Auditing literature has, in recent years, focused exclusively on the upper confidence limit of misstatement (that is, the confidence limit further from zero). Such a focus does not provide adequate basis for proposing sufficiently correct adjustments. By looking at only the upper limit, the auditor could inadvertently propose too large an adjustment, turning a case that was intolerably overstated into one that is intolerably understated. Only by reference to the lower confidence limit can the auditor avoid such an outcome. The Audit Guide is not clear regarding the foregoing, providing only a one-sentence approach to audit adjustments (AAG-SAM 7.36).

Does Statistical Sampling Undermine Auditor Judgment?

Many auditors continue to resist applying statistical sampling. In addition to objections to the cost of

training, the cost of sample selection, and the cost of sample evaluation, some auditors have expressed concern that statistical sampling impedes auditor judgment. This assertion is no truer than the assertion that laboratory biopsy is an impediment to a physician's exercise of judgment. Auditor judgment is essential in several key respects: in deciding tolerable misstatement, in choosing the method for selecting the sample, in analyzing and assessing the population's characteristics (such as the expected misstatement and variability of misstatement amounts), in deciding the appropriate risk level, and in deciding the method of estimation. If the auditor suspects that some population categories are more likely to contain misstatement, a sampling plan to accommodate such judgments can be devised.

Judgment is not applied in the random selection process, which is left to the operation of the laws of chance, and in the construction of the confidence interval after the sample results are available.

The ASB and the Public Company Accounting Oversight Board should provide explicit recognition of the superiority of statistical sampling in situations where the auditor has no specific knowledge as to the location and amounts of individual misstatements in an accounting population. The recently published Audit Guide, which "includes increased coverage of nonstatistical audit sampling," is a step in the wrong direction. It is time for the profession to acknowledge that audit sampling is a decision tool that calls for the application of objective, defensible techniques, not guesswork.

Neal B. Hitzig, PhD, CPA, is professor of accounting and information systems at Queens College (CUNY). He is a member of the Auditing Standards and Procedures Committee of the NYSSCPA and a retired partner of Ernst & Young.

Close

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 NOTIFICATION OF TRUANCY	For State Controller Use Only (19) Program Number 00048 (20) Date Filed _____ / ____ / ____ (21) Signature Present <input type="checkbox"/>
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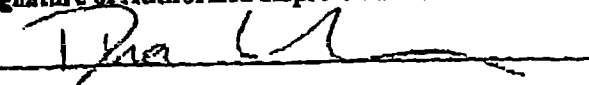
L A B E L H E R E	(01) Claimant Identification Number: S34085		Reimbursement Claim Data		
	(02) Mailing Address:		(22) NOT-1,(03)	14,591	
	Claimant Name SAN JUAN UNIFIED SD		(23)		
	County Of Location SACRAMENTO		(24)		
	Street Address or P.O. Box 3738 WALNUT AVENUE		(25)		
	City State Zip Code CARMICHAEL CA 95609-0477		(26)		
Type of Claim		Estimated Claim	Reimbursement Claim		
		(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)	
		(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
		(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)	
				(30)	
Fiscal Year of Cost	(06) 2000 / 2001	(12) 1999 / 2000		(31)	
Total Claimed Amount	(07) \$ 178,448	(13) \$ 178,448		(32)	
Less: 10% Late Penalty, but not to exceed \$1000 (if applicable)		(14)		(33)	
Less: Estimate Payment Received		(15)		(34)	
Net Claimed Amount		(16) \$ 178,448		(35)	
Due From State	(08) \$ 178,448	(17) \$ 178,448		(36)	
Due to State		(18)		(37)	

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there were no applications for nor any grant or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.

Signature of Authorized Representative  DINA UNDERLY Type or Print Name	Date 4/11/01 INTERNAL AUDITOR Title
(39) Name of Contact Person For Claim Steve Smith, Mandated Cost Systems	
Telephone Number 916-487-4435 Ext. _____	

**NOTIFICATION OF TRUANCY
CLAIM SUMMARY
INSTRUCTIONS**

**FORM
NOT-1**

(01) Claimant:
S34085
SAN JUAN UNIFIED SD

(02) Type of Claim: Fiscal Year:
Reimbursement 1999 / 2000
Estimated

Claim Statistics

(03) Number of truant notifications 14,591

Cost		
(04) Unit Cost per an Initial truancy notification	[\$12.23 for the 1999/00 fiscal year]	12.23
(05) Total Costs:	{Line (03) x line(04)}	178,448
Cost Reduction		
(06) Less: Offsetting Savings, if applicable		
(07) Less: Other Reimbursements, if applicable		
(08) Total Claimed Amount:	{Line(05) - [Line(06) + line(07)]}	178,448

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S34085
SAN JUAN UNIFIED SD

(02) Type of Claim:
Reimbursement
Estimated

Fiscal Year:
1999 / 2000

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
ARCADE FUNDAMENTAL	79
ARDEN MIDDLE	113
ARLINGTON HEIGHTS ELEM (YR)	116
BARRETT (JOHN) MIDDLE	190
BELLA VISTA EVENING ADULT	68
BELLA VISTA HIGH	685
CAMBRIDGE HEIGHTS ELEMENTARY	55
CAMERON RANCH ELEMENTARY	97
CARMICHAEL ELEMENTARY	262
CARNEGIE (ANDREW) MIDDLE	88
CARRIAGE DRIVE ELEMENTARY	110
CASA ROBLE FUNDAMENTAL HIGH	1,047
CHURCHILL MIDDLE	254
CITRUS HEIGHTS ELEMENTARY	95
COLEMAN (THOMAS) ELEMENTARY	33
COTTAGE ELEMENTARY	57
COYLE AVENUE ELEMENTARY	93
CREEKSIDE ELEMENTARY	131
DEL CAMPO HIGH	910
DEL DAYO ELEMENTARY	87
DEL PASO MANOR ELEMENTARY	86
DETERDING (MARY) ELEMENTARY	144
DEWEY (HARRY) FUNDAMENTAL	67
DYER-KELLY ELEMENTARY	120
EDISON (THOMAS) ELEMENTARY	128
EL CAMINO FUNDAMENTAL HIGH	603
ENCINA HIGH	768
FAIR OAKS ELEMENTARY	107
GARFIELD ELEMENTARY	87
GOLD RIVER DISC. CENTER (YR)	135
GRAND OAKS ELEMENTARY	124

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:

S34085
SAN JUAN UNIFIED SD

(02) Type of Claim:

Reimbursement
Estimated

Fiscal Year:

1999 / 2000

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
GREEN OAKS FUNDAMENTAL	26
GREER ELEMENTARY	102
HOLST (JOHN) ELEMENTARY	77
HOWE AVENUE ELEMENTARY	137
KELLY (THOMAS) ELEMENTARY	52
KENNETH AVE	252
KINGSWOOD ELEMENTARY (YR)	108
LEGETTE (EARL) ELEMENTARY	64
LICHEN ELEMENTARY (YR)	83
LITTLEJOHN (LEIGHTON) ELEM	144
MARIEMONT ELEMENTARY	42
MARIPOSA AVENUE ELEMENTARY	108
MESA VERDE HIGH	871
MIRA LOMA HIGH	994
MISSION AVENUE ELEMENTARY	37
MITCHELL (BILLY) ELEMENTARY	106
NORTHRIDGE ELEMENTARY	108
OAKVIEW COMMUNITY ELEMENTARY	61
ORANGEVALE OPEN (K-8)	62
OTTOMON WAY ELEMENTARY	83
PALISADES ELEMENTARY	50
PASADENA AVENUE ELEMENTARY	82
PASTEUR (LOUIS) MIDDLE	157
PECK (CHARLES) ELEMENTARY	103
PERSHING ELEMENTARY	59
RIO AMERICANO HIGH	930
ROBERTS ELEMENTARY	59
ROGERS (WILL) MIDDLE	198
RUFF (LAUREL) CENTER	31
SALK ALTERNATIVE MIDDLE	605
SAN JUAN HIGH	690

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:

934085

SAN JUAN UNIFIED SD

(02) Type of Claim:

Reimbursement

Estimated

Fiscal Year:

1999 / 2000

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
SCHWEITZER (ALBERT) ELEM	114
SIERRA OAKS ELEMENTARY	72
SKYCREST ELEMENTARY	191
STARR KING ELEMENTARY	63
STARR KING MIDDLE	123
SUNRISE ELEMENTARY (YR)	78
SYLVAN MIDDLE	224
TRAJAN ELEMENTARY	33
TWIN LAKES ELEMENTARY	92
WHITNEY AVENUE ELEMENTARY	127
WINTERSTEIN ADULT CENTER	54

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 NOTIFICATION OF TRUANCY	For State Controller Use Only (19) Program Number 00048 (20) Date Filed ___ / ___ / ___ (21) LRS Input ___ / ___ / ___	Program 048
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L A B E L H E R E	(01) Claimant Identification Number S34085	Reimbursement Claim Data	
	(02) Claimant Name SAN JUAN UNIFIED SD	(22) LEAN-1, (03)	14,413
	County of Location SACRAMENTO	(23)	
	Street Address or P.O. Box PO BOX 477 PO BOX 477	(24)	
	City CARMICHAEL	State CA	Zip Code 95609-0477

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) <u>2001</u> / <u>2002</u>	(12) <u>2000</u> / <u>2001</u>	(30)
Total Claimed Amount	(07) \$ 183,477	(13) \$ 183,477	(31)
Less: 10% Late Penalty, not to exceed \$1000			(32)
Less: Prior Claim Payment Received			(33)
Net Claimed Amount		(16) \$ 183,477	(34)
Due From State	(08) \$ 183,477	(17) \$ 183,477	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.

Signature of Authorized Officer _____ Date _____

TOM TAFOYA _____ **INTERNAL AUDITOR** _____

Type or Print Name _____ Title _____

(38) Name of Contact Person For Claim Mandated Cost Systems, Inc.	Telephone Number (916) 669-0888	Ext.
	E-mail Address scohelp@mandated.com	

Program
048

**NOTIFICATION OF TRUANCY
CLAIM SUMMARY
INSTRUCTIONS**

**FORM
NOT-1**

(01) Claimant:

S34085

SAN JUAN UNIFIED SD

(02) Type of Claim:

Reimbursement

Estimated

Fiscal Year:

2000 / 2001

Claim Statistics

(03) Number of truant notifications

14,413

Cost

(04) Unit Cost per an initial truancy notification [\$12.73 for the 2000/01 fiscal year]

12.73

(05) Total Costs: [Line (03) x line(04)]

183,477

Cost Reduction

(06) Less: Offsetting Savings, if applicable

(07) Less: Other Reimbursements, if applicable

(08) Total Claimed Amount: {Line(05) - [Line(06) + line(07)]}

183,477

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:

S34085

SAN JUAN UNIFIED SD

(02) Type of Claim:

Reimbursement Estimated

Fiscal Year:

2000 / 2001

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
ARCADE MS	87
ARDEN MS	126
ARLINGTON HEIGHTS	92
BARRETT MS	146
BELLA VISTA	719
BELLA VISTA ADULT EDUCATION	78
CAMBRIDGE HEIGHTS	47
CAMERON RANCH	84
CARMICHAEL	277
CARNEGIE MS	268
CARRIAGE	126
CASA ROBLE HS	709
CHURCHILL MS	279
CITRUS HEIGHTS	89
COLEMAN	35
COTTAGE	51
COWAN	49
COYLE	118
CREEKSIDE	129
DEL CAMPO	1,123
DEL DAYO	66
DEL PASO MANOR	72
DETERDING	185
DEWEY	62
DYER KELLY	153
EDISON	119
EL CAMINO	550
ENCINA	763
FAIR OAKS	100
GARFIELD	97
GOLD RIVER	82
	6,881

MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1A
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(01) Claimant: S34085 SAN JUAN UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/> Fiscal Year: <u>2000</u> / <u>2001</u>
---	--

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
GRAND OAKS	134
GREEN OAKS	29
GREER	139
HOLST	82
HOWE AVENUE	157
KELLY	66
KENNETH ES	203
KINGSWOOD	141
LEGETTE	59
LICHEN	86
LITTLEJOHN	124
MARIEMONT	49
MARIPOSA	167
MESA VERDE HS	556
MIRA LOMA	1,008
MISSION	44
MITCHELL	114
NORTHRIDGE	103
OAKVIEW	64
ORANGEVALE	73
OTTOMON	125
PASADENA	83
PASTEUR MS	139
PECK	87
PERSHING	36
RIO AMERICANO	992
ROBERTS	63
ROGERS MS	183
RUFF	14
SALK ALTERNATIVE MS	526
SAN JUAN	711
	13,238

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S34085
SAN JUAN UNIFIED SD

(02) Type of Claim: Fiscal Year:
Reimbursement 2000 / 2001
Estimated

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
SCHWEITZER	81
SIERRA OAKS	53
SKYCREST	203
STARR KING ES	86
STARR KING MS	111
SUNRISE	91
SYLVAN MS	214
TRAJAN	72
TWIN LAKES	92
WHITNEY	118
WOODSIDE	54
14,413	

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 NOTIFICATION OF TRUANCY	For State Controller Use Only (19) Program Number 00048 (20) Date Filed ___ / ___ / ___ (21) LRS Input ___ / ___ / ___	Program 048
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LABEL HERE	(01) Claimant Identification Number S34085		Reimbursement Claim Data	
	(02) Claimant Name SAN JUAN UNIFIED SD		(22) LEAN-1, (03)	16,792
	County of Location SACRAMENTO		(23)	
	Street Address or P.O. Box PO BOX 477 PO BOX 477		(24)	
	City CARMICHAEL	State CA	Zip Code 95609-0477	(25)

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input checked="" type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(08) <u>2002</u> / <u>2003</u>	(12) <u>2001</u> / <u>2002</u>	(30)
Total Claimed Amount	(07) \$ 173,428	(13) \$ 216,785	(31)
Less: 10% Late Penalty, not to exceed \$1000			(32)
Less: Prior Claim Payment Received			(33)
Net Claimed Amount		(18) \$ 216,785	(34)
Due From State	(08) \$ 173,428	(17) \$ 216,785	(35)
Due to State		(18)	(36)

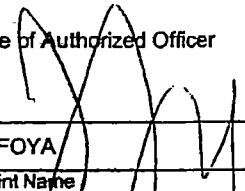
(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.

Signature of Authorized Officer



 TOM TAFOYA
 Type or Print Name

Date 3/2/03

 INTERNAL AUDITOR
 Title

(38) Name of Contact Person For Claim: Mandated Cost Systems, Inc. Telephone Number: (916) 669-0888 Ext. _____

E-mail Address: scohelp@mandated.com

AMENDMENT EXPLANATION

SAN JUAN UNIFIED SCHOOL DISTRICT

S#34085

AMENDED CLAIM AMOUNT	\$216,785
ORIGINAL CLAIM AMOUNT	\$239,351
DIFFERENCE	(\$22,566)
10%	0.10
LATE PENALTY, UP TO \$1,000 MAXIMUM	\$0

THE DISTRICT'S 2001-2002 NOTIFICATION OF TRUANCY CLAIM (PROGRAM 048) IS BEING AMENDED DUE TO THE FOLLOWING:

1. Costs for school site "Initial Truant Notifications" were overstated on the original claim.

Program 048	NOTIFICATION OF TRUANCY CLAIM SUMMARY INSTRUCTIONS	FORM NOT-1
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(01) Claimant: S34085 SAN JUAN UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 2001 / 2002
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Claim Statistics

(03) Number of truant notifications	16,792
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Cost	
(04) Unit Cost per an initial truancy notification [\$12.91 for the 2001/02 fiscal year]	12.91
(05) Total Costs: [Line (03) x line(04)]	216,785

Cost Reduction	
(06) Less: Offsetting Savings, if applicable	
(07) Less: Other Reimbursements, if applicable	
(08) Total Claimed Amount: {Line(05) - [Line(06) + line(07)]}	216,785

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S34085
SAN JUAN UNIFIED SD

(02) Type of Claim: Fiscal Year:
Reimbursement 2001 / 2002
Estimated

Claim Statistics

(03) For each school in the district, enter the number of Notifications

(a) Name of School	(d) Notifications
ARCADE MS	104
ARDEN MS	138
ARLINGTON HEIGHTS	113
BARRETT MS	266
BELLA VISTA	565
CAMBRIDGE HEIGHTS	60
CAMERON RANCH	117
CARMICHAEL	261
CARNEGIE MS	411
CARRIAGE	163
CASA ROBLE HS	593
CHURCHILL MS	270
CITRUS HEIGHTS	131
COLEMAN	84
COTTAGE	153
COWAN	73
COYLE	115
CREEKSIDE	154
DEL CAMPO	866
DEL DAYO	63
DEL PASO MANOR	92
DELTA ES ACADEMY CDS	29
DELTA SECONDARY ACADEMY - CDS	68
DETERDING	191
DEWEY	67
EDISON	165
EL CAMINO	454
ENCINA	667
FAIR OAKS	97
GARFIELD	114
GOLD RIVER	110

**MANDATED COSTS
NOTIFICATION OF TRUANCY
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(a) Name of School	(d) Notifications
GRAND OAKS	189
GREEN OAKS	24
GREER	335
HOLST	106
HOWE AVENUE	394
KELLY	291
KENNETH ES	251
KINGSWOOD	224
LA ENTRADA	265
LA VISTA CENTER	73
LEGETTE	75
LICHEN	100
LITTLEJOHN	158
MARIEMONT	67
MARIPOSA	298
MESA VERDE HS	504
MIRA LOMA	784
MISSION	50
MITCHELL	98
NORTHRIDGE	80
OAKVIEW	87
ORANGEVALE	96
OTTOMON	154
PALOS VERDE	51
PASADENA	257
PASTEUR MS	217
PECK	169
PERSHING	175
RIO AMERICANO	882
ROBERTS	61
ROGERS MS	372
	13,641

**MANDATED COSTS
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(a) Name of School	(d) Notifications
RUFF	20
SALK MS	556
SAN JUAN HS	675
SCHWEITZER	101
SIERRA NUEVA/ENCINA	107
SIERRA OAKS	68
SKYCREST	262
STARR KING ES	78
STARR KING MS	187
SUNRISE	83
SYLVAN MS	302
THOMAS KELLY	122
TRAJAN	86
TWIN LAKES	168
VIA DEL CAMPO	47
WHITNEY	212
WOODSIDE	77