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December 01, 2014
*Commission on
State Mandates*

JOHN CHIANG
California State Controller

December 1, 2014

Heather Halsey
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: **Draft Proposed Decision**
Incorrect Reduction Claim (IRC)
Emergency Procedures, Earthquake, and Disasters 05-4241-I-06
Education Code Sections 35295, 35296, 35297, 40041.5, and 40042
Statutes 1984, Chapter 1659
Fiscal Years 2000-2001, 2001-2002, and 2002-2003
Poway Unified School District, Claimant

Dear Ms. Halsey:

The State Controller's Office is transmitting our response to the Commission's November 10, 2014 Draft Proposed Decision on the above-entitled IRC.

If you have any questions, please contact me by telephone at (916) 323-5849.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Spano".

JIM L. SPANO, Chief
Mandated Cost Audits Bureau
Division of Audits

JLS/sk

14810

**STATE CONTROLLER'S OFFICE RESPONSE TO
TO THE COMMISSION ON STATE MANDATES
DRAFT STAFF ANALYSIS
DATED NOVEMBER 10, 2014**

Incorrect Reduction Claim (IRC)
Emergency Procedures, Earthquake, and Disasters 05-4241-I-06
Education Code Sections 35295, 35296, 35297, 40041.5, and 40042
Statutes 1984, Chapter 1659
Fiscal Years 2000-2001, 2001-2002, and 2002-2003
Poway Unified School District, Claimant

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Tab 1

1 **OFFICE OF THE STATE CONTROLLER**

3301 C Street, Suite 725

2 Sacramento, CA 95816

3 Telephone No.: (916) 323-5849

4 BEFORE THE

5 COMMISSION ON STATE MANDATES

6 STATE OF CALIFORNIA

8
9 INCORRECT REDUCTION CLAIM ON:

No.: CSM 05-4241-I-06

10 *Emergency Procedures, Earthquakes, and*
11 *Disasters Program*

AFFIDAVIT OF BUREAU CHIEF

12 Education Code sections 35295, 35296, 35297,
13 40041.5, and 40042
Statutes 1984, Chapter 1659

14 Poway Unified School District, Claimant

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17 I, Jim L. Spano, make the following declarations:

- 18 1) I am an employee of the State Controller's Office (SCO) and am over the age of 18
19 years.
- 20 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.
Before that, I was employed as an audit manager for two years and three months.
- 21 3) I am a California Certified Public Accountant.
- 22 4) I reviewed the work performed by the SCO auditor.
- 23 5) Any attached copies of records are true copies of records, as provided by Poway Unified
24 School District or retained at our place of business.

- 1 6) The records include claims for reimbursement, and attached supporting documentation,
2 explanatory letters, or other documents relating to the above-entitled Incorrect Reduction
3 Claim.
4 7) A field audit was performed of claims filed by Poway Community College District for fiscal
5 year (FY) 2000-01, FY 2001-02, and FY 2002-03.

6 I do declare that the above declarations are made under penalty of perjury and are true and
7 correct to the best of my knowledge, and that such knowledge is based on personal
8 observation, information, or belief.

9 Date: December 1, 2014

10 OFFICE OF THE STATE CONTROLLER

11
12 By: 

13 Jim L. Spano, Chief
14 Mandated Cost Audits Bureau
15 Division of Audits
16 State Controller's Office
17
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23
24
25

Tab 2

**STATE CONTROLLER'S OFFICE RESPONSE TO
TO THE COMMISSION ON STATE MANDATES
REQUEST FOR ADDITIONAL INFORMATION
DATED OCTOBER 3, 2014**

Incorrect Reduction Claim (IRC)
Emergency Procedures, Earthquake, and Disasters 05-4241-I-06
Education Code Sections 35295, 35296, 35297, 40041.5, and 40042
Statutes 1984, Chapter 1659
Fiscal Years 2000-2001, 2001-2002, and 2002-2003
Poway Unified School District, Claimant

SUMMARY

The following is the State Controller's Office (SCO) response to the Commission on State Mandates' (Commission) draft staff analysis for the above-titled IRC.

- The draft staff analysis determined that the reduction of \$11,434 to update the earthquake emergency procedures system and \$646,757 for training that is not attributable to "in-classroom teacher time spent on the instruction of students on the earthquake emergency procedure system" should be reinstated.

We support the Commission staff's analysis and agree to reinstate the reduction of \$11,434 to update the earthquake emergency procedures system and the portion of the \$646,757 reduction for training costs not attributable to "in-classroom teacher time spent on the instruction of students on the earthquake emergency procedures system."

We issued our final audit report on August 31, 2005. During the audit, we relied on the amended parameters and guidelines adopted by the Commission on May 29, 2005, in reference to reimbursable activities and the contemporaneous source documentation requirements. However, in 2010, an appellate court (*Clovis Unified School District. V. Chiang (2010) 188 Cal.App.4th 794*) found that the contemporaneous source documentation requirements were not effective until the adoption of the parameters and guidelines. Therefore, the 1991 parameters and guidelines governed this audit through May 29, 2005, which required only minimal support for employee costs claimed.

In response to the draft staff analysis, the district's representative stated in a letter dated November 21, 2014, that, "The District can stipulate that essentially all teachers claimed are in-classroom teachers who should be excluded, that is not claimed, according to the parameters and guidelines. The teachers are already identified on the EPED-2 annual claim form for each fiscal year. The Controller's staff can subtract these costs when they prepare the revised audit report pursuant to the statement of decision." For the audit period, the EPED-2 annual claim form identified approximately 12,000 employees claimed for training; approximately 45% of these employees are teachers.

- The draft staff analysis determined that the administrative records lacked documentation supporting adjustments related to the earthquake emergency procedures system totaling \$2,189 for FY 2000-01 and \$163 for FY 2001-02. The staff analysis states:

The final audit report states that the Controller had working papers to support the reductions for which the claimant provided not supporting documentation, but those working papers have not been filed as evidence in the records. Section 1185.2(c) of the Commission's regulations requires that all representations of fact made in comments to an IRC shall be supported by documentation evidence and submitted with the comments. Thus, the Commission finds that there is no evidence in the record to support the Controller's factual assertions that documentation was not provided by the

claimant during the audit and, thus the reductions of \$2,189 in fiscal year 2000-2001 and \$163 in fiscal year 2002-2002 are entirely lacking in evidentiary support and should be reinstated to the claimant.

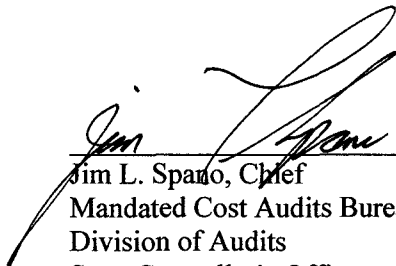
We believe the adjustments are valid. The documentation supporting the SCO's position was provided on April 1, 2005, (Tab 3) by Steve Van Zee, SCO Audit Manager, to Malliga Tholandi, Director of Accounting, Poway Unified School District. In the e-mail, Mr. Van Zee provided a detailed spreadsheet that identified employees for which the district provided no supporting documentation (Tab 3). The district did not provide any additional documentation to support the adjustments, either during the audit or during the IRC process. Therefore, we believe the adjustments of \$2,189 for FY 2000-01 and \$163 for FY 2001-02 are supported by the record and should remain in place.

- The draft staff analysis supported the remaining audit adjustments.

C. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on December 1, 2014, at Sacramento, California, by:



Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office

Tab 3

JD/16

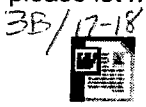
Van Zee, Steve

From: Van Zee, Steve
Sent: Friday, April 01, 2005 10:45 AM
To: Malliga Tholandi (E-mail)
Subject: Audit Status - Emergency Procedures, Earthquake Procedures, and Disasters

Malliga,

I have completed review of Jay Kapoor's work on our audit of Poway Unified School District's Emergency Procedures, Earthquake Procedures, and Disasters mandated program. Attached are the draft audit report finding, a detailed schedule supporting the audit finding, and a schedule showing the summary of program costs. There are only minor changes from the audit status Mr. Kapoor provided to you on November 30, 2004.

I will contact you soon to schedule an audit exit conference. If you have any questions on the attached documents, please let me know.



draft report
finding.doc



Schedule 1.xls



detail supporting
audit findin...

Steve W. Van Zee
Audit Manager
State Controller's Office
Division of Audits
(916) 323-2368
FAX (916) 324-7223

U.S. Postal Service address:
PO Box 942850
Sacramento, CA 94250-5874

FedEx and UPS delivery:
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Sacramento, CA 95814

Poway Unified School District
Emergency Procedures, Earthquake Procedures, and Disasters
Analysis of Time Charges -- Updating Plan/Procedures
Audit Period: July 1, 2000, through June 30, 2003
S05-MCC-0011

3D/3

FY 2000-01 COMPONENT 1: UPDATE PLAN/PREPARE TO TRAIN STAFF

Employee	Title	PHR	Salaries & Benefits		Analysis of Supporting Records/Documentation	Audit Adjustment
			Hours Claimed	Claimed		
Camozzi, Romeo	Area Supt/Retired	65.00	83.00	5,395.00	Time sheets indicate all hours claimed include non-mandated activities (SEMS); documentation supports only 59 hours	(5,395.00)
King, Jeffrey	Principal	60.75	32.00	1,944.01	Insufficient documentation (declarations - no specific dates).	(1,944.01)
Atkins, Mark	Assistant Principal	57.22	38.25	2,188.51	No supporting documentation provided ✓	(2,188.51) ✓
Curran, Barbara	School Secretary III	25.66	14.00	359.30	Insufficient documentation (declarations - no specific dates).	(359.30)
Scull, Jr. Earl	Principal	60.75	6.00	364.50	Insufficient documentation (declarations - no specific dates).	(364.50)
Mangarelli, Lois	Volunteer Coordinator	21.81	5.00	109.06	Insufficient documentation (declarations - no specific dates).	(109.06)
Robertson, Melavel	Principal	60.75	10.00	607.50	Insufficient documentation (declarations - no specific dates).	(607.50)
McDowell, Tina	Attendance Assistant III	24.13	3.00	72.40	Insufficient documentation (declarations - no specific dates).	(72.40)
Brister, Mary	Health Technician I	21.38	14.75	315.40	Insufficient documentation (declarations - no specific dates).	(315.40)
Carroll, Eileen	Principal	60.75	7.00	425.25	Insufficient documentation (declarations - no specific dates).	(425.25)

FY 2000-01 Total Adjustment: \$ (11,780.93)

5B/19

Poway Unified School District
Emergency Procedures, Earthquake Procedures, and Disasters
Analysis of Time Charges -- Updating Plan/Procedures
Audit Period: July 1, 2000, through June 30, 2003
S05-MCC-0011

3D/4-5

FY 2001-02 COMPONENT 1: UPDATE PLAN/PREPARE TO TRAIN STAFF

Employee	Title	PHR	Salaries & Benefits		Analysis of Supporting Records/Documentation	Audit Adjustment
			Hours Claimed	Claimed		
Stroyer, Marlene	Health Technician I	26.33	4.00	105.30	Insufficient documentation (declaration - no specific dates); activity detail includes non-mandated activities	(105.30)
Carroll, Eileen	Principal	67.36	12.00	808.36	Insufficient documentation (declaration - no specific dates).	(808.36)
Farwell, Terry	Assistant Principal	59.51	6.00	357.09	Insufficient documentation (declaration - no specific dates).	(357.09)
Mangarelli, Lois	School Site Data Assistant	27.44	6.00	164.63	Insufficient documentation (declaration - no specific dates).	(164.63)
Brister, Mary	Health Technician I	26.33	4.00	105.30	Insufficient documentation (declaration - no specific dates).	(105.30)
Robertson, Melavel	Principal	70.10	8.00	560.83	Insufficient documentation (declaration - no specific dates).	(560.83)
McDowell, Tina	School Administrative Assistant	29.22	3.00	87.65	Insufficient documentation (declaration - no specific dates).	(87.65)
Camozzi, Romeo	Retiree/Consultant	70.01	230.50	16,137.31	Time sheets indicate all hours claimed include non-mandated activities (SEMS)	(16,137.31)
Portugal, Marsha	School Administrative Assistant	29.22	10.00	292.15	Insufficient documentation (declaration - no specific dates).	(292.15)
Smith, Susan	Principal	70.10	10.00	701.04	Insufficient documentation (declaration - no specific dates).	(701.04)
Danzer, Lisa	Principal	66.16	29.00	1,918.65	Insufficient documentation (declaration - missing specific dates on 23 hours claimed).	(1,521.68)
Jahn, Marci	School Secretary	24.76	1.83	45.39	Insufficient documentation (declaration - no specific dates); activity detail includes non-mandated activities	(45.39)
Smith, Jeanne	Principal	70.10	27.00	1,892.81	8 hours claimed on Sunday, 5 hours claimed with no specific date	(911.30)
Gist, Tina	Teacher	36.83	15.00	552.50	Insufficient documentation (declaration - no specific dates).	(552.50)
Hogarth, Tracy	Principal	70.10	6.00	420.62	Insufficient documentation (declaration - no specific dates).	(420.62)
Hockman, Barbara	Nurse	49.70	16.00	795.25	Insufficient documentation (declaration - no specific dates for 7 hours claimed).	(347.90)
Anderson, Debra	Administrative Assistant	30.47	14.00	426.58	Insufficient documentation (declaration - no specific dates for 8 hours claimed).	(243.76)
Blake, Kathleen	Instructional Asst/Sp Ed	23.30	7.00	163.09	No supporting documentation. ✓	(163.09) ✓

FY 2001-02 Total Adjustment: \$ (23,525.90)

48/20

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On December 2, 2014, I served the:

SCO Comments on Draft Proposed Decision

Emergency Procedures, Earthquakes, and Disasters 05-4241-I-06

Education Code Sections 35295, 35296, 35297, 40041.5 and 40042

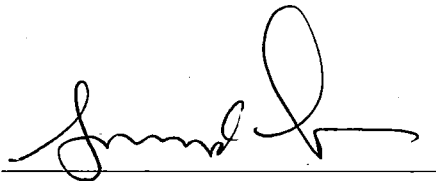
Statutes 1984, Chapter 1659

Fiscal Years 2000-2001, 2001-2002 and 2002-2003

Poway Unified School District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on December 2, 2014 at Sacramento, California.



Lorenzo Duran

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 11/19/14

Claim Number: 05-4241-I-06

Matter: Emergency Procedures, Earthquakes, and Disasters

Claimant: Poway Unified School Districts

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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