

ITEM 16 B
FINAL STAFF ANALYSIS
PROPOSED AMENDMENT TO PARAMETERS AND GUIDELINES

Welfare and Institutions Code Section 827

Statutes 1984, Chapter 1423
Statutes 1994, Chapter 1019
Statutes 1995, Chapter 71

Juvenile Court Notices II
05-PGA-54 (CSM-4475)

State Controller's Office, Requestor

EXECUTIVE SUMMARY

This is a request filed by the State Controller's Office (SCO) to amend the parameters and guidelines for the *Juvenile Court Notices II* program (CSM-4475) to add language regarding source documentation, and record retention requirements during the period a claim is subject to an audit. If the Commission on State Mandates (Commission) approves the SCO's request, the amendments would be effective for costs incurred beginning on July 1, 2005.

In 2003, upon recommendation from the Bureau of State Audits, direction from the Legislature, and an SCO request, the Commission adopted amendments to parameters and guidelines that clarified what source documentation claimants are required to retain to support the claims they file to obtain reimbursement for mandated programs, and records retention language that identifies the records that must be retained to support an audit initiated by the SCO. The adopted language, commonly referred to as "boilerplate language," has been included in all parameters and guidelines adopted since 2003. In addition, section 1183 of the Commission's regulations require parameters and guidelines to include instruction on claim preparation, notice of the SCO's authority to audit claims, and the amount of time documentation must be retained during the audit period.

The SCO is now requesting that parameters and guidelines adopted prior to 2003 be amended to also include the source documentation and records retention language.

This analysis pertains only to the request to amend the *Juvenile Court Notices II* program. The staff analyses for the other 48 programs will be presented separately.

There is one issue for the Commission's consideration:

- **Should the parameters and guidelines be amended to add the current "boilerplate language"?**

Staff finds that it is appropriate to approve the SCO's request to insert the source documentation and records retention language because it would conform the parameters and guidelines for the *Juvenile Court Notices II* program with the parameters and guidelines adopted for other programs, and is consistent with section 1183.1 of the Commission's regulations. Therefore, staff included the language requested by the SCO.

Staff Recommendation

Staff recommends that the Commission:

- Adopt the SCO's proposed amendments to the parameters and guidelines for the *Juvenile Court Notices II* program, beginning on page 9.
- Authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

STAFF ANALYSIS

Requestor

State Controller's Office

Chronology

02/29/1996	Commission on State Mandates (Commission) adopts Statement of Decision
05/30/1996	Commission adopts parameters and guidelines
09/30/1999	Commission amends parameters and guidelines
11/19/1999	Commission corrects amended parameters and guidelines
01/19/1995	Commission adopts statewide cost estimate
01/23/2003	The Commission, upon the recommendation of the Bureau of State Audits, direction from the Legislature, and upon request from the State Controller's Office (SCO), adopts amendments to the <i>School Bus Safety II</i> parameters and guidelines to include "boilerplate language" that details the documentation necessary to support reimbursement claims. After this date, all adopted parameters and guidelines contain this language
04/07/2006	SCO requests the parameters and guidelines for 49 mandated programs adopted prior to 2003 also be amended to include boilerplate language, including the <i>Juvenile Court Notices II</i> program analyzed here
04/27/2006	Commission deems SCO's request for amendment of parameters and guidelines complete and issues for comment
07/23/2009	Commission reissues SCO's request for amendment of parameters and guidelines for comment
08/18/2009	Department of Finance files comments
10/13/2009	Commission staff issued the draft staff analysis

Background

This is a request filed by the State Controller's Office (SCO) to amend the parameters and guidelines for the *Juvenile Court Notices II* program (CSM-4475) to add language regarding source documentation, and record retention requirements during the period a claim is subject to an audit. If the Commission on State Mandates (Commission) approves the SCO's request, the amendments would be effective for costs incurred beginning on July 1, 2005.

Test Claim Decision and Parameters and Guidelines

These test claim statutes require school district superintendents to distribute to relevant schoolsite personnel juvenile court notices regarding pupils enrolled in their district who have been convicted of certain felonies.

The San Diego Unified School District filed a test claim on March 24, 1995, on the test claim statutes. The Commission approved this test claim on February 29, 1996, concluding that Welfare and Institutions Code Section 827, as amended by Statutes 1984, Chapter 1423, Statutes 1994, Chapter 1019, and Statutes 1995, Chapter 71 constituted a reimbursable state mandated program upon school districts pursuant to section 6, article XIII B of the California Constitution.¹

On May 30, 1996, the Commission adopted the parameters and guidelines for this program. On September 30, 1999, the Commission amended the parameters and guidelines, and on November 18, 1999, the Commission corrected the amended parameters and guidelines.²

Boilerplate Language

On March 28, 2002, the Bureau of State Audits (BSA) issued an audit report on the *School Bus Safety II* program, stating that the parameters and guidelines do not impose sufficient requirements regarding the documentation required to support reimbursement claims, and thus, insufficient documentation was being submitted to support claims.³ The report recommended, among other things, that the Commission work with the SCO, other affected state agencies, and interested parties to make sure the language in the parameters and guidelines and the claiming instructions for the *School Bus Safety II* program reflects the Commission's intentions as well as the SCO's expectations regarding supporting documentation. On June 10, 2002, the SCO proposed that parameters and guidelines be amended to clarify what documentation is necessary to support reimbursement claims and what records must be retained to support audits initiated by the SCO.

Based on BSA's audit findings and recommendations, the Legislature enacted Statutes 2002, chapter 1167 (AB 2781) to direct the Commission to amend the parameters and guidelines in *School Bus Safety II*, to detail the documentation necessary to support reimbursement claims.

On January 23, 2003, upon recommendation from BSA, direction from the Legislature, and the SCO's request, the Commission adopted the following language regarding source documentation and records retention to the *School Bus Safety II* parameters and guidelines:⁴

IV. Reimbursable Activities

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of

¹ Exhibit A.

² Exhibit B.

³ Exhibit C.

⁴ The Commission also adopted other boilerplate language that is not relevant to this request.

California that the foregoing is true and correct based upon personal knowledge.” Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

VI. Record Retention

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.*

The Commission has included this language, commonly referred to as “boilerplate language,” in all parameters and guidelines adopted on or after January 23, 2003.

SCO Request to Amend Parameters and Guidelines

On April 7, 2006, the SCO requested that the parameters and guidelines for 49 mandated programs that were adopted prior to 2003 be amended to also include the boilerplate language regarding source documentation and records retention that was adopted by the Commission in 2003.⁵

The parameters and guidelines for the *Juvenile Court Notices II* program is one of the 49 programs the SCO is requesting be amended.

Comments on the Proposal

On April 27, 2006, the Commission issued the SCO’s request to amend the parameters and guidelines for comment. No comments were filed. On July 23, 2009, the Commission reissued the proposal for comment. On August 18, 2009, Department of Finance submitted comments.⁶

In its comments, Finance stated it was neutral on the proposal, because the request to include boilerplate language in the parameters and guidelines for the 49 programs would allow the Controller to complete audit related tasks more efficiently, and provide the claimant with more information and record retention requirements, as well as the statute of limitations for audits.

Commission staff issued the draft staff analysis on October 13, 2009.⁷ No comments were filed.

* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

⁵ Exhibit D.

⁶ Exhibit E.

⁷ Exhibit F.

Related Litigation (Clovis Unified School Dist., et al. v. State Controller)

This case involves a challenge by school districts and community college districts on reductions made by the State Controller's Office to reimbursement claims for several mandated programs.⁸ The school districts argue that reductions made on the ground that school districts do not have contemporaneous source documents are invalid.

Trial Court Ruling. On January 2, 2009, the Sacramento County Superior Court (Case No. 06CS00748) issued a clarification of ruling and on February 19, 2009, issued a Judgment and Writ, finding that reductions made by the Controller on the ground that claimants did not have contemporaneous source documents supporting their reimbursement claims were invalid as an underground regulation *if* the contemporaneous source document requirement was not in the Commission's parameters and guidelines. The court held that the Controller has no authority to reduce a claim on the ground that a claimant did not maintain contemporaneous source documents to support their claim, absent statutory or regulatory authority to require contemporaneous source documents, or language in the parameters and guidelines requiring it. Pursuant to Government Code section 17558, the Controller's claiming instructions shall be derived from the test claim decision and the adopted parameters and guidelines. Thus, the court granted declaratory relief and a writ of mandate requiring the Controller to set aside the reduction and pay the school district plaintiffs the amounts reduced on two mandated programs that did not have parameters and guidelines language requiring claimants to maintain contemporaneous source documents.

Court of Appeal Filings (Third District Court of Appeal, Case No. C061696). Notices of appeal and cross-appeal have been filed by the SCO, the community college districts, and the school districts, and opening briefs have been filed. The appeal on the issue of the validity of the contemporaneous source documentation requirement remains pending.

Discussion

The proposed amendments to the parameters and guidelines raise the following issue for determination by the Commission:

Issue: Should the parameters and guidelines be amended to add the Commission's current "boilerplate language"?

In 2003, following recommendation from the BSA and direction from the Legislature, the SCO requested, and the Commission adopted amendments to parameters and guidelines that clarify what source documentation claimants are required to retain to support the claims they file to obtain reimbursement for mandated programs, and records retention language that identifies the records that must be retained to support an audit initiated by the SCO.

The adopted language, as detailed on pages 4 and 5 of this analysis, has been included in all parameters and guidelines adopted since 2003.

In addition, section 1183.1, subdivision (a) (5) and (6) require that the parameters and guidelines contain, among other things, the following:

- Claim preparation. Instruction on claim preparation, including instruction for direct and indirect cost reporting, or application of a reasonable reimbursement methodology.

⁸ The Commission is not a party to this action.

- Record retention. Notice of the Office of the State Controller's authority to audit claims and the amount of time supporting documents must be retained during period subject to audit.

The SCO is now requesting that parameters and guidelines adopted prior to 2003 be amended to also include the source documentation and records retention language. This analysis pertains to the parameters and guidelines for the *Juvenile Court Notices II* program.⁹

Inserting the source documentation and records retention boilerplate language would conform the parameters and guidelines for the *Juvenile Court Notices II* program with the parameters and guidelines adopted for other programs, and is consistent with section 1183.1 of the Commission's regulations.

Therefore, staff finds that it is appropriate to approve the SCO's request, and made the following modifications to the parameters and guidelines:

III. Period of Reimbursement

Government Code section 17557, subdivision (d) states that a parameters and guidelines amendment filed on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. This amendment was filed on April 7, 2006, (after the claiming deadline) establishing reimbursement for fiscal year 2005-2006. Therefore, reimbursement for this amendment shall begin on July 1, 2005.

Staff clarified that the proposed amendments would be effective on July 1, 2005.

IV. Reimbursable Activities

Staff inserted the following boilerplate language regarding source documentation, as requested by the SCO:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government

⁹ The SCO only requested that the portions of the boilerplate language regarding source documentation and records retention be added to the parameters and guidelines for the 49 programs. There are other sections of the boilerplate language regarding the remedies available before the Commission, and the legal and factual basis for the parameters and guidelines. Staff did not include these sections because the SCO did not request that they be included.

requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate

VI. *Records Retention*

At the request of the SCO, staff removed the existing language regarding supporting data, and replaced it with the following boilerplate language regarding records retention.

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.*

Staff Recommendation

Staff recommends that the Commission:

- Adopt the proposed amendments to parameters and guidelines for the *Juvenile Court Notices II* program, beginning on page 9.
- Authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

Adopted: May 30, 1996
Amended: September 30, 1999
Corrected: November 18, 1999
[Proposed Amendment](#): January 29, 2001

Proposed Amendment to Parameters and Guidelines

Welfare and Institutions Code Section 827

[Statutes 1984](#), Chapter 1423, ~~Statutes of 1984~~

[Statutes 1994](#), Chapter 1019, ~~Statutes of 1994~~

[Statutes 1995](#), Chapter 71, ~~Statutes of 1995~~

Juvenile Court Notices II

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

I. Summary of the Source of the Mandate

Section 827 of the Welfare and Institutions Code, as amended by [Statutes 1984](#), cChapter 1423, ~~Statutes of 1984~~, requires that school district superintendents distribute to the relevant schoolsite personnel the written notices provided to them by the juvenile court system regarding pupils enrolled in their district who had been convicted of certain felonies and then to destroy the notices after 12 months. [Statutes 1984](#), cChapter 1011, ~~Statutes of 1984~~, declared this amendment of Section 827 to be a state mandate and made an appropriation to school districts for the costs mandated by the state. The State Controller prepared initial claiming instructions in 1985 ("Chapter 1011, Statutes of 1984-Juvenile Court Notices") and has since then been reimbursing school districts pursuant to annual claiming instructions.

[Statutes 1994](#), cChapter 1019, ~~Statutes of 1994~~ (operative January 1, 1995), amended Welfare and Institutions Code section 827 to require, in addition to the activities mandated by Chapter 1423/84, additional record retention and information dissemination procedures.

[Statutes 1995](#), cChapter 71, ~~Statutes of 1995~~ (operative July 6, 1995), amended Welfare and Institutions Code section 827 to eliminate the requirement that the court records in the confidential student file be removed after 12 months.

II. Commission on State Mandates Decision

The Commission on State Mandates, in the Statement of Decision adopted at ~~the~~ [the](#) February 29, 1996 hearing found that Welfare and Institutions Code section 827, as amended by [Statutes 1984](#), cChapter 1423, ~~Statutes of 1984~~ and [Statutes 1994](#), cChapter 1019, ~~Statutes of 1994~~, imposes a new program or higher level of service within the meaning of Section 6, Article XIII B of the California Constitution, for school districts and county offices of education to distribute and maintain a record of notices received from the juvenile court system. The Commission also found that [Statutes 1995](#), cChapter 71, ~~Statutes of 1995~~, reduced one records maintenance component of the increased costs imposed by [Statutes 1994](#), cChapter 1019, ~~Statutes of 1994~~.

The Commission determined that the following provisions of Welfare and Institutions Code section 827 established costs mandated by the state pursuant to Government Code section 17514, by requiring:

- (1) The superintendent to expeditiously transmit, upon return of the minor to school, the juvenile court notice to the counselor with direct supervisory or disciplinary responsibility for the minor.
- (2) The information received from the court to be kept in a separate confidential file at the school of attendance and transferred to subsequent schools of attendance until the minor graduates from high school, is released from juvenile court jurisdiction, or reaches the age of 18, whichever occurs first, after which time the record is to be destroyed.
- (3) School district personnel to destroy any juvenile court information contained in the confidential file 12 months after the particular information is received or 12 months after the pupil returns to school, whichever occurs last. Beginning July 6, 1995, this removal and destruction is no longer required.
- (4) The school principal or the principal's designee to respond in writing within 30 days to a written request of a minor or his or her parent or guardian that the minor's school records be reviewed to ensure that the record has been destroyed.
- (5) The county superintendent to provide the court with a listing of all of the schools within each school district, within the county, along with the name and mailing address of each district superintendent.

The Commission also determined that to the extent that appropriations to reimburse costs mandated by the state by Chapter 1423, Statutes of 1984, continue after December 31, 1994, reimbursement amounts received by school districts and county offices of education according to claiming instructions issued pursuant to Chapter 1011, Statutes of 1984, shall be an offset to the costs mandated by the state pursuant to Chapter 1019, Statutes of 1994, as described by these parameters and guidelines.

III. Eligible Claimants

Any "school district", as defined in Government Code section 17519, except for community colleges, which incurs increased costs as a result of this mandate is eligible to claim reimbursement.

IV. Period of Reimbursement

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Section 17557 of the Government Code states 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 this mandate was submitted on March 22, 1994, therefore all mandated costs incurred on or after January 1, 1995, the operative date of ~~Statutes 1994, cChapter 1019, Statutes of 1994,~~ for implementation of Welfare and Institutions Code section 827 are reimbursable pursuant to these parameters and guidelines. Note that costs incurred prior to January 1, 1995, as mandated by ~~Statutes 1984, cChapter 1423, Statutes of 1984,~~ are reimbursable according to annual claiming instructions issued pursuant to ~~Statutes 1984, cChapter 1011, Statutes of 1984-~~Juvenile Court Notices.

Reimbursable costs are to be claimed by fiscal year. Estimated costs for the subsequent fiscal year may be included on the same claim, if applicable. Pursuant to Section 17561 (d) (3) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days from the date on which the State Controller issues initial claiming instructions on funded mandates enacted by a claims bill.

Claimants shall use the uniform cost allowance specified in Section V. C. for costs incurred beginning in fiscal year 1997-98.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

V. Reimbursable Costs

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

A. Scope of the Mandate

School districts and county offices of education shall be reimbursed for the cost incurred: to transmit the juvenile court notice to the counselor with direct supervisory or disciplinary responsibility for the minor; to maintain the information in a separate confidential file at the school of attendance for a specified period after which the record is to be destroyed; to destroy any juvenile court information contained in the confidential file 12 months after the receipt (Fiscal Year 1994-95 only); to respond in writing within 30 days to written requests that the minor's school records be reviewed to ensure that the record has been destroyed.

The county superintendent to provide the court with a listing of all of the schools within each school district, within the county, along with the name and mailing address of each district superintendent.

B. Reimbursable Activities

For each eligible school district and county office of education, as applicable, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

1. Superintendent's Distribution of the Notice

For the superintendent to receive and expeditiously transmit, upon return of the minor to school, the juvenile court notice to the counselor having direct supervisory or disciplinary responsibility over the minor at the school of attendance or to the new school district of attendance.

2. Record Retention and Destruction

For school personnel to maintain any information received from the court in a separate confidential file at the school of attendance until the minor graduates from high school, is released from juvenile court jurisdiction, or reaches the age of 18, or to transfer the confidential file to the minor's subsequent school of attendance for that school's retention, whichever occurs first, and for fiscal year 1994-95, to destroy any juvenile court information contained in the confidential file 12 months after the particular information is received or the pupil returns to school, whichever occurs last.

3. Responding to Destruction Inquiry

For the principal of the school of attendance, or the principal's designee, to respond in writing within 30 days to written requests of the minor or his or her parent or guardian that the minor's school records be reviewed to ensure that the record has been destroyed.

4. Directory of Schools

For the county superintendent to provide the court with a listing of all of the schools within each school district, within the county, along with the name and mailing address of each district superintendent.

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 actual costs incurred for Reimbursable Activities 1 through 3.

1. The uniform cost allowance for Reimbursable Activities 1 and 2 shall be thirty-two dollars per notice beginning with fiscal year 1997-98. Claims shall be reimbursed based upon the number of court notices received from the juvenile court system and distributed to school district personnel, multiplied by the uniform cost allowance.

The uniform cost allowance shall be adjusted upward or downward as appropriate each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

2. The uniform cost allowance for Reimbursable Activity 3 shall be twenty-two dollars and seventy-five cents per request beginning with fiscal year 1997-98. Claims shall be reimbursed based upon the number of written requests received from parents or guardians to review the record to ensure the record has been destroyed, multiplied by the uniform cost allowance.

The uniform cost allowance shall be adjusted upward or downward as appropriate each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

VI. Claim Preparation

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

A. Reporting by Component

Claimed costs must be allocated according to the four components of reimbursable activity described in Section V. B.

B. Supporting Documentation

Determination of the adequacy of claimants' supporting documentation is within the purview of the State Controller, as permitted by law.

1. Employee Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate and the related fringe benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Materials and Supplies

Only the expenditures that can be identified as a direct cost of the mandate may be claimed. List the cost of materials that have been consumed or expended specifically for the purpose of this mandate.

3. Contracted Services

Give the name(s) of the contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on the mandate, inclusive dates when services were performed and itemize all costs for services performed.

4. Allowable Overhead Cost

a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

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

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the following statistics for the purpose of establishing a database for potential future reimbursement based on prospective rates:

a. Average daily attendance each fiscal year beginning 1994-95.

- b. Number of juvenile court notices received each fiscal year beginning 1994-95.

VII. Supporting Data Record Retention

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

~~For auditing purposes, all cost claimed must be traceable to source documents and or worksheets that show evidence of, and the validity of such claimed costs. Pursuant to Government Code section 17558.5 documentation in support of claimed costs must be kept on file by the agency submitting the claim for a period of no less than two years after the end of the calendar year in which the reimbursement claim is filed (for claims filed after July 1, 1996), and made available on the request of the State Controller or his or her agent.~~

VIII. Offsetting Savings and Other Reimbursements

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., service fees collected, federal funds, other state funds, etc., shall be identified and deducted from this claim. The Commission has identified as a specific offset any payments received under Statutes, cChapter 1011, -Statutes of 1984.

IX. 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.

X. Parameters and Guidelines Amendments

Pursuant to Title 2, California Code of Regulations, section 1183.2, parameters and guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.