

State of California
 COMMISSION ON STATE MANDATES
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 Sacramento, CA 95814
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Claim No. <u>05-904133-J-02</u>

INCORRECT REDUCTION CLAIM FORM

Local Agency or School District Submitting Claim

Los Angeles Unified School District

Contact Person

Telephone No.

Ruben Rojas

(213) 241-3859

Address

333 So. Beaudry Avenue
 27th Floor, Suite 114
 Los Angeles, CA 90017

Representative Organization to be Notified

Same as above

Additional Notification: Lozano Smith, Attorneys at Law
 Attn: Trevin E. Sims, 2800 28th St., Suite 240, Santa Monica, CA 90405

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17551(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

Notification of Truancy - Chapter 498, Statutes of 1983

Fiscal Year*	Amount of the Incorrect Reduction
98-99	\$712,167.
99-00	\$915,904.
00-01	\$724,436.

*More than one fiscal year may be claimed.

IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

Name and Title of Authorized Representative

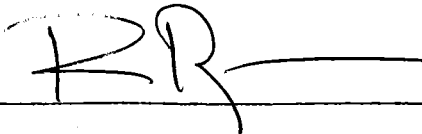
Telephone No.

Ruben Rojas
 Director, Revenue Enhancement

(213) 241-3859

Signature of Authorized Representative

Date



12-12-05

NOTIFICATION OF TRUANCY

1. Summary of Chapter 498/83

On November 29, 1984, the State Board of Control (successor agency is the Commission On State Mandates) determined that Education Code Section 48260.5, as added by Chapter 498, statutes of 1983, constitutes a State mandate because it requires school districts to perform an increased level of service. Education Code 48260.5 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 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 third 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.

2. Eligible Claimants

Any school district or county office of education which incurs increased costs as a result of this mandate is eligible to claim reimbursement of those costs.

3. Appropriations

Claims may only be filed with the State Controller's Office for programs that have been funded in the state budget or in special legislation. To determine funding availability for the current fiscal year, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to superintendents of schools.

4. Types of Claims

A. Reimbursement and Estimate Claims

An eligible claimant may file a reimbursement claim or an estimated claim as specified below. A reimbursement claim details the costs actually incurred for the previous fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

- A claim for reimbursement or an estimate must exceed \$200 per fiscal year. However, a county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of school districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual claim costs for each school district. Once a combined claim is filed, all subsequent claims for the same mandate must be filed in the combined form. A school district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and to the Controller, at least 180 days prior to the deadline for filing the claim, of its intent to file a separate claim.

B. Filing Deadline

Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim may be filed as follows:

- 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 must be returned to the State. If no estimate claim was filed, the district 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. See item 3 above.

- A reimbursement claim 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 will be reduced by 10% but not to exceed \$1,000. If the claim is filed more than one year after the deadline, the claim cannot be accepted.

5. 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 1994/95 fiscal year the unit rate is \$10.83 per an 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. Prepare and mail the truancy notice to the parents or guardian,
- C. Print additional forms,
- D. Recording and
- E. Filing.

6. 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 parents or guardian to discuss the pupil's truancy problems and/or discuss alternative educational programs, etc.).
- B. Reimbursements the claimant received from any source (i.e., federal, other State programs, foundations, etc.) as a result of this mandate, must be deducted from the amount claimed.

7. Claiming Forms and Instructions**A. Illustration of Claim Forms**

The diagram entitled, "Illustration of Claim Forms", provides a graphical presentation of forms required to be filed with a claim. A claimant may submit computer generated reports in substitution of form FAM-27 and form NOT-1, provided the format of the report and data fields contained within the report are identical to the claim forms included in this chapter. The claim forms provided in this chapter should be duplicated and used by the claimant to file an estimated or reimbursement claim. The State

Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

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.

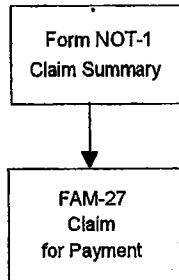
B. Form NOT-1, Claim Summary

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.

C. 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.

Illustration of Claim Forms



CLAIM FOR PAYMENT Pursuant to Government Code Section 17561		For State Controller Use Only		Program
NOTIFICATION OF TRUANCY		(19) Program Number 00048		048
		(20) Date Filed ____/____/____		
		(21) LRS Input ____/____/____		
L A B E L H E R E	(01) Claimant Identification Number		Reimbursement Claim Data	
	(02) Claimant Name		(22) NOT-1, (03)	
	County of Location		(23)	
	Street Address or P.O. Box		(24)	
	City State Zip Code		(25)	
			(26)	
Type of Claim	Estimated Claim	Reimbursement Claim	(27)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(28)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>		
Fiscal Year of Cost	(06) 20__/20__	(12) 20__/20__	(30)	
Total Claimed Amount	(07)	(13)	(31)	
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)	
Less: Prior Claim Payment Received		(15)	(33)	
Net Claimed Amount		(16)	(34)	
Due to Claimant	(08)	(17)	(35)	
Due to State		(18)	(36)	
(37) CERTIFICATION OF CLAIM				
<p>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.</p> <p>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.</p> <p>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.</p>				
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
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20___/20___
---------------	--	----------------------------

Claim Statistics

(03) Number of truant notifications	
-------------------------------------	--

Cost

(04) Unit Cost per an initial truancy notification	[\$12.73 for the 2000-01 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 be 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 high 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 fourth 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 2000-01 fiscal year is \$12.73 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1998, through June 30, 1999



KATHLEEN CONNELL
California State Controller

December 2002



KATHLEEN CONNELL
Controller of the State of California

December 13, 2002

Roy Romer, Superintendent
Los Angeles Unified School District
333 South Beaudry Avenue, 24th Floor
Los Angeles, CA 90017

Dear Mr. Romer:

The State Controller's Office (SCO) has completed an audit of the claim filed by the Los Angeles Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1998, through June 30, 1999.

The district claimed and was paid \$712,167 for the mandated program. The SCO audit disclosed that none of the claimed costs are allowable because the district did not provide any documentation to support the claimed number of notification of truancy forms distributed to the pupil's parent or guardian. Consequently, the total amount should be returned to the State.

The SCO has established an informal audit review process to resolve a dispute of facts. The auditee should submit, in writing, a request for a review and all information pertinent to the disputed issues within 60 days after receiving the final report. The request and supporting documentation should be submitted to: Richard J. Chivaro, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, CA 94250-0001.

If you have any questions, please contact Walter Barnes, Chief Deputy State Controller, Finance, at (916) 445-3028.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Connell".

KATHLEEN CONNELL
State Controller

- SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814 (916) 445-2636
- Mailing Address: P.O. Box 942850, Sacramento, CA 94250
- LOS ANGELES 600 Corporate Pointe, Suite 1150, Culver City, CA 90230 (310) 342-5678

Roy Romer, Superintendent

-2-

December 13, 2002

KC:jj/ams

cc: Joseph Zeronian, Ed.D.
Chief Financial Officer
Los Angeles Unified School District
Yoshiko Fong, Controller
Los Angeles Unified School District
Darlene P. Robles, Ph.D.
County Superintendent of Schools
Los Angeles County Office of Education

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Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claim filed by the Los Angeles Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983), for the period of July 1, 1998, through June 30, 1999. The last day of fieldwork was September 30, 2002.

The district claimed and was paid \$712,167 for the mandated program. The SCO audit disclosed that none of the claimed costs are allowable because the district did not provide any supporting documentation to support the claimed number of notification of truancy forms distributed to the pupil's parent or guardian. Consequently, the total amount should be returned to the State.

Background

In 1983, the State enacted Chapter 498, Statutes of 1983, requiring that special notifications be sent to the parents or guardians of pupils 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's or guardian's obligation to compel the attendance of the pupil at school; and (3) a warning that 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 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.

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

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.

**Objective,
Scope, and
Methodology**

The objective of the audit was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983), for the period of July 1, 1998, through June 30, 1999.

The auditors 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.

The SCO conducted the 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. 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.

Conclusion

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


For fiscal year 1998-99, the district was paid \$712,167 by the State. The audit disclosed that none of the claimed costs are allowable. The total amount paid should be returned to the State.

**Views of
Responsible
Official**

The SCO issued a draft report on November 1, 2002. Joseph Zeronian, Chief Financial Officer, responded by attached letter dated November 25, 2002, disagreeing with the audit results. The district's response is included as an attachment to this final audit report.

Restricted Use

This report is solely for the information and use of the Los Angeles Unified School District, the Los Angeles County Office of Education, 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.



WALTER BARNES
Chief Deputy State Controller, Finance

Finding and Recommendation

**FINDING —
Overclaimed
number of initial
truancy notification
forms distributed**

The district did not provide documentation to substantiate any of the claimed costs for initial truancy notifications, totaling \$712,167, for the period of July 1, 1998, through June 30, 1999.

The SCO auditors randomly sampled 79 of the 165 school sites that claimed initial truancy notification, representing 48% of the population. The sampled school sites claimed that 27,702 initial truancy notifications were distributed to the pupil's parent or guardian. The district did not provide any documentation to support the claimed number of initial truancy notifications distributed for all the 79 schools sampled. Consequently, the entire claimed number of initial truancy notification is unsupported and, therefore, unallowable.

The Pupil Service Attendance (PSA) coordinator of the school sites sampled indicated that the district implemented the notification forms for truancy in February 2001. The coordinator advised that prior to that month, PSA counselors contacted parents or guardians through other means such as telephone logs, attendance records, and permits to return to classroom (PRC). The district did not notify pupils' parents or guardians of initial truancy via a letter or any other official documents as required by *Parameters and Guidelines*.

Though not reimbursable, the SCO reviewed telephone logs, attendance records, and PRCs to gain an understanding of the district's process of notifying a pupil's parent or guardian of the required five specific elements. These records did not support that the required elements were discussed with the pupil's parent or guardian. Furthermore, *Parameters and Guidelines* requires the district to document the five specific elements on a form that is distributed to the pupil's parent or guardian. Other reasonable means identified in *Parameters and Guidelines* relate to the means of distributing the form (letter) other than by first-class mail, such as certified mail, overnight mail, etc.

Parameters and Guidelines, adopted by the State Board of Control (now the Commission on State Mandates) on November 29, 1984, allows the district to be reimbursed for claimed costs by a uniform cost allowance if the initial truancy notification forms distributed to the pupil's parent or guardian contain five specific elements. *Education Code* Section 48260.5 was amended by Chapter 1023, Status of 1984, (effective January 1, 1995) to require eight specific elements. However, since *Parameters and Guidelines* has not been amended, the claimant continues to be reimbursed if it complies with the five specific elements in the guidelines.

Parameters and Guidelines, Section I, requires, "... school districts, upon the 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 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." Furthermore, the guidelines state, "... 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."

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.B.1., states that the claimant shall be reimbursed for "Planning the method of implementation, revising school district policies, and designing and printing the forms."

Parameters and Guidelines, Section V.B.2., states that the claimant 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. ..."

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 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.

Parameters and Guidelines, Section VII., states, "For audit purpose, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller. ..."

A summary of the unallowable costs is as follows:

	FY 1998- 99
Number of notifications claimed	60,869
Uniform costs allowance	<u>\$ 11.70</u>
Total costs	<u>\$712,167</u>

Recommendation

The district should develop and implement an adequate accounting and reporting system to ensure that it claims only initial notification of truancy letters distributed to pupils' parents or guardians that contain all required elements. Although *Parameters and Guidelines* requires only five specific elements to be subject to reimbursement, *Education Code* Section 48260.5 requires eight specific elements for the district to comply with statutory requirements.

In addition, the district should establish policies and procedures to ensure that all costs claimed are supported.

Auditee's Response

The letter confirming the 1998-99 audit for NOT was dated August 13, 2002, 3 years and 2 months after the end of the 1998-99 fiscal year. The audits for NOT for the two later fiscal years 1999-2000 and 2000-2001 were requested on January 10, 2002, seven months earlier. The school district has a retention policy of 3 years; therefore, the documentation requested for the 1998-99 fiscal year was beyond the record retention policy for the District and had been destroyed. If the request for the documentation had been received earlier, the documentation may have been made available.

We questioned why the 1998-99 NOT documentation was not originally requested along with the other two years. Stephanie Woo, auditor for the SCO, responded during the entrance conference on August 13, 2002, that she had forgotten to include the 1998-99 year.

During the course of this audit there have been discussions between the SCO and District staff regarding the parameters and guidelines of the Notification of Truancy (NOT) mandate. There are major differences between the SCO and the LAUSD with regard to the appropriate method of notifying the pupils' guardians and the elements required in this notification.

The auditors only wanted to see letters for NOT. No other documentation was acceptable to them. However, the following sections of the Parameters and Guidelines relate to acceptable documentation:

VII A. Uniform Allowance Reimbursement

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

VII 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.

Worksheets were not considered an acceptable source of documentation by the auditors, only letters with the five elements.

The District does not agree with any portion of this draft audit report and plans to appeal the SCO's decision to disallow the entire claim.

SCO Comments

The finding and recommendation remain unchanged.

The SCO comments are presented in the order presented by the district. The district did not provide any additional documentation to support the unallowable costs.

The FY 1998-99 claim was filed January 14, 2000. *Parameters and Guidelines* states that documents must be maintained in accordance with statutory provisions. The SCO commenced the audit within two years after the end of the calendar year in which the reimbursement claim was filed as required by *Government Code* Section 17558.5. The district is responsible to ensure documentation is maintained to support claimed costs. Per discussion with one of the district's PSA coordinators, letters were not distributed to pupils' parents or guardians until January 2001.

The SCO initiated an audit of the reimbursement claim for FY 1998-99 because of the results of the SCO audit for FY 1999-2000 and FY 2000-01. In that audit, most of the claimed costs were not supported.

The SCO followed the *Parameters and Guidelines* in determining allowable costs. Section 1, Summary of Mandate, allows notification of an initial truancy by first-class mail or other reasonable means (such as certified mail, overnight mail, etc.). Sections V.A., V.B.1., and V.B.2. allow a district to be reimbursed a specified amount for every initial truancy notification form (letter) distributed to a pupil's parent or guardian that contains five specified elements identified in the *Parameters and Guidelines*.

The only support provided by the district for FY 1998-99 claimed costs was the filed claim. The district did not provide the SCO with any other information supporting the number of notifications claimed by schools or that those notifications were distributed to the schools. Though not reimbursable, the SCO auditors reviewed telephone logs, attendance records, and other records during the course of the audit for FY 1999-2000 and FY 2000-01 to determine if the five required elements were discussed. The review of these records did not support that the required elements were discussed. The finding has been updated to clarify this point.

The district's reference to worksheets relates to reimbursement of any unique costs the claimant incurred in excess of the uniform cost allowance it receives for every initial truancy notification form distributed to a pupil's parent or guardian. The district did not request reimbursement of unique costs. Even if worksheets are provided, the district would still need to validate the information.

**Schedule 1—
Summary of Program Costs
July 1, 1998, through June 30, 1999**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u> ¹
<u>July 1, 1998, through June 30, 1999</u>			
Number of notifications	60,869	—	(60,869)
Uniform cost allowance	\$ 11.70	\$ 11.70	\$ 11.70
Total costs	<u>\$ 712,167</u>	—	<u>\$(712,167)</u>
Less amount paid by the State		<u>(712,167)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ 712,167</u>	

¹ See the Finding and Recommendation section.

**Attachment—
Auditee's Response to
Draft Audit Report**

Los Angeles Unified School District

Office of the Chief Financial Officer

ROY ROMER
Superintendent of Schools

JOSEPH P. ZERONIAN
Chief Financial Officer

November 25, 2002

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

RE: AUDIT OF LOS ANGELES UNIFIED SCHOOL DISTRICT
CLAIM FOR COSTS OF THE NOTICE OF TRUANCY PROGRAM
FOR THE PERIOD OF JULY 1, 1998, THROUGH JUNE 30, 1999.

Dear Mr. Spano:

This letter is in response to the draft audit report, dated November 1, 2002, for the Notification of Truancy Program (NOT) mandated cost claim for 1998-99 filed by the Los Angeles Unified School District (LAUSD).

The district claimed \$712,167 for this mandated program. The State Controller's Office (SCO) draft audit report disclosed that none of this amount is allowable because the district did not provide any documentation to support the claimed number of truancy notification forms distributed to the pupils' parents or guardians. Consequently the SCO believes the total amount should be returned to the State.

The letter confirming the 1998-99 audit for NOT was dated August 13, 2002, 3 years and 2 months after the end of the 1998-99 fiscal year. The audits for NOT for the two later fiscal years 1999-2000 and 2000-2001 were requested on January 10, 2002, seven months earlier. The school district has a retention policy of 3 years; therefore, the documentation requested for the 1998-99 fiscal year was beyond the record retention policy for the District and had been destroyed. If the request for the documentation had been received earlier, the documentation may have been made available.

Mr. Jim Spano
Page 2
November 25, 2002

We questioned why the 1998-99 NOT documentation was not originally requested along with the other two years. Stephanie Woo, auditor for the SCO, responded during the entrance conference on August 13, 2002, that she had forgotten to include the 1998-99 year.

During the course of this audit there have been discussions between the SCO and District staff regarding the parameters and guidelines of the Notification of Truancy (NOT) mandate. There are major differences between the SCO and the LAUSD with regard to the appropriate method of notifying the pupils' parents or guardians and the elements required in this notification.

The auditors only wanted to see letters for NOT. No other documentation was acceptable to them. However, the following sections of the Parameters and Guidelines relate to acceptable documentation:

VII A. Uniform Allowance Reimbursement

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

VII B. Reimbursement of Unique Costs

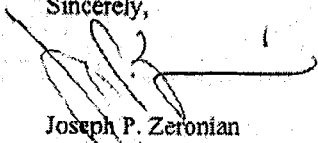
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

Worksheets were not considered an acceptable source of documentation by the auditors, only letters with the five elements.

The District does not agree with any portion of this draft audit report and plans to appeal the SCO's decision to disallow the entire claim.

We appreciate your giving us the opportunity to respond to this draft audit report. If you have any questions, please call Yoshi Fong at (213) 633-7801.

Sincerely,



Joseph P. Zeronian

c: Yoshiko Fong
Eileen Okazaki
Aurora Costales

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

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

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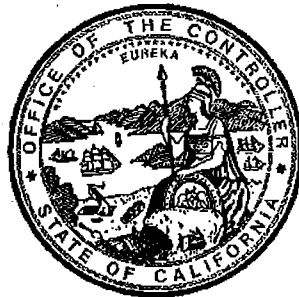
LOS ANGELES UNIFIED SCHOOL DISTRICT

Audit Report

NOTIFICATION OF TRUANCY PROGRAM

Chapter 498, Statutes of 1983

July 1, 1999, through June 30, 2001



KATHLEEN CONNELL
California State Controller

December 2002



KATHLEEN CONNELL
Controller of the State of California
December 13, 2002

Roy Romer, Superintendent
Los Angeles Unified School District
333 South Beaudry Avenue, 24th Floor
Los Angeles, CA 90017

Dear Mr. Romer:

The State Controller's Office (SCO) has completed an audit of the claims filed by the Los Angeles 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, 2001.

The district claimed \$1,895,489 for the mandated program. The SCO audit disclosed that \$18,406 is allowable and \$1,877,083 is unallowable. The unallowable costs occurred because the district significantly overstated the number of notification of truancy forms distributed to the pupil's parent or guardian. The district was paid \$1,658,746. Consequently, the amount paid in excess of allowable costs claimed, totaling \$1,640,340, should be returned to the State.

The SCO has established an informal audit review process to resolve a dispute of facts. The auditee should submit, in writing, a request for a review and all information pertinent to the disputed issues within 60 days after receiving the final report. The request and supporting documentation should be submitted to: Richard J. Chivaro, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, CA 94250-0001.

If you have any questions, please contact Walter Barnes, Chief Deputy State Controller, Finance, at (916) 445-3028.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Connell".

KATHLEEN CONNELL
State Controller

- SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814 (916) 445-2636
- Mailing Address: P.O. Box 942850, Sacramento, CA 94250
- LOS ANGELES 600 Corporate Pointe, Suite 1150, Culver City, CA 90230 (310) 342-5678

Roy Romer, Superintendent

-2-

December 13, 2002

KC:jj/ams

cc: Joseph Zeronian, Ed.D
Chief Financial Officer
Los Angeles Unified School District
Yoshiko Fong, Controller
Los Angeles Unified School District
Darline P. Robles, Ph.D.
County Superintendent of Schools
Los Angeles County Office of Education

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Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by the Los Angeles 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, 2001. The last day of fieldwork was July 25, 2002.

The district claimed \$1,895,489 for the mandated program. The SCO audit disclosed that \$18,406 is allowable and \$1,877,083 is unallowable. The unallowable costs occurred primarily because the district significantly overstated the number of notification of truancy forms distributed to the pupil's parent or guardian. The district was paid \$1,658,746. Consequently, the amount paid in excess of allowable costs claimed, totaling \$1,640,340, should be returned to the State.

Background

In 1983, the State enacted Chapter 498, Statutes of 1983, requiring that special notifications be sent to the parents or guardians of pupils 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's or guardian's obligation to compel the attendance of the pupil at school; and (3) a warning that parents or guardians who fail to meet this obligation may be guilty of an infraction and be 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 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.

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

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.

**Objective,
Scope, and
Methodology**

The objective of the audit was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1999, through June 30, 2001.

The auditors 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.

The SCO conducted the 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. 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.

Conclusion

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

For the audit period, the Los Angeles Unified School District claimed \$1,895,489 for costs of the legislatively mandated Notification of Truancy Program. The SCO audit disclosed that \$18,406 is allowable and \$1,877,083 is unallowable.

For fiscal year (FY) 1999-2000, the district was paid \$921,249 by the State. The audit disclosed that \$5,345 is allowable. The amount paid in excess of allowable costs claimed, totaling \$915,904, should be returned to the State.

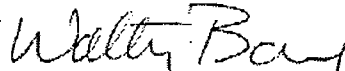
For FY 2000-01, the district was paid \$737,497 by the State. The audit disclosed that \$13,061 is allowable. The amount paid in excess of allowable costs claimed, totaling \$724,436, should be returned to the State.

**Views of
Responsible
Official**

The SCO issued a draft report on October 3, 2002. Joseph Zeronian, Chief Financial Officer, responded by letter dated November 14, 2002, disagreeing with the audit results. The district's response is included as an attachment to this final audit report.

Restricted Use

This report is solely for the information and use of the Los Angeles Unified School District, the Los Angeles County Office of Education, 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.



WALTER BARNES
Chief Deputy State Controller, Finance

Finding and Recommendation

**FINDING —
Overclaimed
number of initial
truancy notification
forms distributed**

The district did not provide documentation to substantiate a significant portion of claimed costs for initial truancy notifications. A summary of the variance in claimed costs is as follows:

	<u>FY 1999-2000</u>	<u>FY 2000-01</u>	<u>Total</u>
Claimed costs	\$ 921,249	\$ 974,240	\$1,895,489
Supported costs	<u>(5,345)</u>	<u>(13,061)</u>	<u>(18,406)</u>
Unsupported costs	<u>\$ 915,904</u>	<u>\$ 961,179</u>	<u>\$1,877,083</u>

For FY 1999-2000, the SCO auditors randomly sampled 67 of the 120 school sites that claimed initial truancy notifications, representing 56% of the population. The sampled school sites claimed that 49,480 initial truancy notifications were distributed to the pupil’s parent or guardian. The district did not provide any documentation to support the claimed number of initial truancy notifications distributed at 55 of the 67 schools sampled. For the remaining 12 schools sampled, the district provided 286 letters that contained the required elements identified in *Parameters and Guidelines*. Consequently, the percentage of supported notifications distributed to the pupil’s parent or guardian by the district was 0.58% (286 divided by 49,480). The percentage of initial truancy notifications distributed to the pupil’s parent or guardian that was not supported by the district was 99.42%.

For FY 1999-2000, the district claimed that 75,327 initial truancy notifications at the 120 schools were distributed to the pupil’s parent or guardian. Based on the results of the SCO sample, the district supported that only 437 notifications were distributed, a difference of 74,890. For FY 1999-2000, *Parameters and Guidelines* allows the district to be reimbursed \$12.23 for every form distributed. Consequently, unallowable costs total \$915,904 (74,890 multiplied by \$12.23).

For FY 2000-01, the SCO auditors randomly sampled 67 of the 120 school sites that claimed initial truancy notifications, representing 56% of the population. The sampled school sites claimed that 44,676 initial truancy notifications were distributed to the pupil’s parent or guardian. The district did not provide any documentation to support the claimed notifications distributed at 41 of the 67 schools sampled. For the remaining 26 schools sampled, the district provided 598 letters that contained the required elements identified in *Parameters and Guidelines*. Consequently, the percentage of supported notifications distributed to the pupil’s parent or guardian by the district was 1.34% (598 divided by 44,676). The percentage of initial truancy notifications distributed to the pupil’s parent or guardian that was not supported by the district was 98.66%.

For FY 2000-01, the district claimed that 76,531 initial truancy notifications at the 120 schools were distributed to the pupil's parent or guardian. Based on the results of the SCO sample, the district supported that only 1,026 notifications were distributed, leaving a difference of 75,505. For FY 2000-01, *Parameters and Guidelines* allows the district to be reimbursed \$12.73 for every form distributed. Consequently, unallowable costs total \$961,179 (75,505 multiplied by \$12.73).

The SCO computed the unallowable costs by multiplying the total claimed initial truancy notifications by the unsupported percentage and by applying that number to the uniform cost allowance as follows:

	FY 1999-2000	FY 2000-01	Total
Number of notifications claimed	75,327	76,531	
Percentage of unsupported number of notifications	<u>99.42%</u>	<u>98.66%</u>	
Unsupported number of notifications	(74,890)	(75,505)	
Uniform costs allowance	<u>\$ 12.23</u>	<u>\$ 12.73</u>	
Audit adjustment	<u>\$ (915,904)</u>	<u>\$ (961,179)</u>	<u>\$ (1,877,083)</u>

Pupil Services and Attendance (PSA) counselors and administrators of the school sites sampled identified various reasons for not distributing initial truancy notification forms containing the five required elements identified in *Parameters and Guidelines*. PSA counselors stated that:

- They were not aware of the existence of the mandate or proper guidelines for reporting initial truancy notifications;
- They did not work for the district during the review periods and thus were not able to locate the records;
- The notification records had been destroyed (they were not informed to retain any records);
- At some school sites, the PSA counselors were not on duty daily and were available only one day a week. In these instances, the school administrative staff notified parents or guardians of the initial truancy and did not retain any records; administrative staff claimed they were not told to retain the records; and
- They contacted parents or guardians through other reasonable means such as telephone logs, attendance records, and permits to return to classroom (PRC) rather than notification letters sent to the pupil's parent or guardian.

Though not reimbursable, the SCO reviewed telephone logs, attendance records, and PRCs to gain an understanding of the district's process of notifying a pupil's parent or guardian of the required five elements. These records did not support that the required elements were discussed with the pupil's parent or guardian. Furthermore, *Parameters and Guidelines* requires the district to document the five specified elements on a form that is distributed to the pupil's parent or guardian. Other reasonable means

identified in *Parameters and Guidelines* relate to the means of distributing the form (letter) other than by first-class mail, such as certified mail, overnight mail, etc.

Parameters and Guidelines, adopted by the State Board of Control on November 29, 1984, allows the district to be reimbursed for claimed costs if the initial truancy notification forms distributed to the pupil's parent or guardian contain five specified elements. *Education Code* Section 48260.5 was amended by Chapter 1023, Statutes of 1984, (effective January 1, 1995) to require eight specified elements. However, since *Parameters and Guidelines* has not been amended, the claimant continues to be reimbursed if it complies with the five specified elements in the guidelines.

Parameters and Guidelines, Section I., requires "... school districts, upon the 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 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." Furthermore, the guidelines state, "... 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."

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.B.1., states that the claimant shall be reimbursed for "Planning the method of implementation, revising school district policies, and designing and printing the forms."

Parameters and Guidelines, Section V.B.2., states that the claimant 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. ..."

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 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."

Parameters and Guidelines, Section VII., states, "For audit purpose, documents must be kept on file for a period of 3 years from the date of final payment by the State Controller. ..."

Recommendation

The district should develop and implement an adequate accounting and reporting system to ensure that it claims only initial notification truancy letters distributed to the pupil's parent or guardian that contain all required elements. Although *Parameters and Guidelines* requires only five specified elements to be subject to reimbursements, *Education Code Section 48260.5* requires eight specified elements for the district to comply with statutory requirements.

In addition, the district should establish policies and procedures to ensure that all costs claimed are supported.

Auditee's Response

There are major differences between the SCO and LAUSD with regard to the method of notifying the pupil's parent or guardian and the required elements involved with this notification. SCO limits the notification method to first-class mail, only.

Since the parameters and guidelines state that notification is to be by first-class mail or other reasonable means, the district has mostly used other reasonable means, which includes the use of telephone or individual contact.

In review of the detail records of the auditors it was obvious that only letters were being accepted, even though it was explained to the auditors that phone calls and personal contact were also used and are believed to be an acceptable means per the parameter and guidelines. With the size of LAUSD, it is unreasonable to expect that only letters would be used for notification of trancies. The population and demographics of LAUSD, (e.g., homeless, transitory and migrant students, number of languages spoken) have made it necessary for staff to pursue other means to communicate with parents and guardians about compulsory school attendance.

There is also disagreement on the elements in the letters that were reviewed. There are several letters used by the district depending on the specific location or school site. Not all elements of the mandate may have been available, especially the element described as "alternative educations program available." If any element was not available to that school, it was not included in the letter.

At the school sites the auditors came into contact with PSA counselors. Many of these counselors would not have been able to assist the auditor during the review because either they are new employees of the district or that they were not assigned to the school site during the audit period under review. If the counselor was not able to assist the auditor it appeared the claim for that site was not allowed. In our opinion, the situation listed in the draft report on page 5 are not valid reasons for disallowing the claimed amounts.

SCO Comments

The finding and recommendation remain unchanged.

The SCO comments are presented in the order presented by the district. The district did not provide any additional documentation to support the unallowable costs.

The SCO did not limit the notification method to first-class mail. Instead, the SCO allowed notification forms (letters) distributed by other reasonable means, such as certified mail, overnight mail, etc.

Parameters and Guidelines, Sections V.A., V.B.1., and V.B.2., allows a district to be reimbursed a specified amount for every initial truancy notification form (letter) distributed to a pupil's parent or guardian that contains five specified elements identified in the *Parameters and Guidelines*. Telephone calls and individual contacts are not reimbursable activities.

Though not reimbursable, the SCO auditors reviewed telephone logs, attendance records, and other records to gain an understanding of the district's process of notifying a pupil's parent or guardian of the five required elements. The review of these records did not support that the required elements were discussed. The finding has been updated to clarify this point.

Parameters and Guidelines states that one of the five elements required to be included in the initial truancy notification form is the district's responsibility of informing parents and guardians of alternative education programs available in the district. Even though all school sites may not offer alternative education programs, the district does offer such programs at various locations. The district is responsible for ensuring that the parent or guardian know that the child can participate at those locations.

Claimed initial truancy notifications were not determined to be unallowable because PSA counselors were unable to assist the auditors. SCO auditors worked with individuals identified as the primary contact at each school site, typically a PSA counselor. Subsequent to visiting an individual school site, SCO auditors scheduled a meeting with district staff. On July 11, 2002, SCO auditors met with a district PSA coordinator, members of the district's Controller's staff, and the district's consulting firm, which assisted in preparing the filed claims, to discuss the results of the preliminary review and provide copies of schedules that identified the schools visited and the number of notifications claimed, allowed, and unallowed by school site. The SCO requested that the district review the accuracy of the information presented in the schedules. A formal exit conference was conducted on July 25, 2002, with Aurora Costales, Principal Accountant, and representatives from the district's consulting firm. The draft report was issued October 3, 2002.

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2001**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments ¹
<u>July 1, 1999, through June 30, 2000</u>			
Number of initial truancy notifications	75,327	437	(74,890)
Uniform cost allowance	\$ 12.23	\$ 12.23	\$ 12.23
Total costs	<u>\$ 921,249</u>	5,345	<u>\$ (915,904)</u>
Less amount paid by the State		<u>(921,249)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ 915,904</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Number of initial truancy notifications	76,531	1,026	(75,505)
Uniform cost allowance	\$ 12.73	\$ 12.73	\$ 12.73
Total costs	<u>\$ 974,240</u>	13,061	<u>\$ (961,179)</u>
Less amount paid by the State		<u>(737,497)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ 724,436</u>	
<u>Summary: July 1, 1999, through June 30, 2001</u>			
Total costs	<u>\$ 1,895,489</u>	\$ 18,406	<u>\$ (1,877,083)</u>
Less amount paid by the State		<u>(1,658,746)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ 1,640,340</u>	

¹ See Finding and Recommendation section.

**Attachment—
Auditee's Response to
Draft Audit Report**

Los Angeles Unified School District
Office of the Chief Financial Officer

ROY ROMER
Superintendent of Schools

JOSEPH P. ZERONIAN
Chief Financial Officer

November 14, 2002

Jim L. Spano, Chief
Compliance Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

**SUBJECT: NOTIFICATION OF TRUANCY - DRAFT AUDIT REPORT FOR THE
PERIOD OF JULY 1, 1999 THROUGH JUNE 30, 2001**

Dear Mr. Spano:

This is in response to your audit letter, dated October 3, 2002, of the Notification of Truancy program filed by the Los Angeles Unified School District (LAUSD).

The district claimed \$1,895,489 for this mandated program. The draft audit report issued by SCO disclosed that \$18,406 was allowable and \$1,877,083 was unallowable due to the district overstating the number of notification of truancy forms distributed to the pupil's parent or guardian. The district does not agree with the SCO regarding the unallowable costs due to the following:

There are major differences between the SCO and LAUSD with regard to the method of notifying the pupil's parent or guardian and the required elements involved with this notification. SCO limits the notification method to first-class mail, only.

Since the parameters and guidelines state that notification is to be by first-class mail or other reasonable means, the district has mostly used other reasonable means, which includes the use of telephone or individual contact.

In review of the detail records of the auditors it was obvious that only letters were being accepted, even though it was explained to the auditors that phone calls and personal contact were also used and are believed to be an acceptable means per the parameter and guidelines. With the size of LAUSD, it is unreasonable to expect that only letters would be used for

notification of truancies. The population and demographics of LAUSD, (e.g., homeless, transitory and migrant students, number of languages spoken) have made it necessary for staff to pursue other means to communicate with parents and guardians about compulsory school attendance.

There is also disagreement on the elements in the letters that were reviewed. There are several letters used by the district depending on the specific location or school site. Not all elements of the mandate may have been available, especially the element described as "alternative education program available." If any element was not available to that school, it was not included in the letter.

At the school sites the auditors came into contact with PSA counselors. Many of these counselors would not have been able to assist the auditor during the review because either they are new employees of the district or that they were not assigned to the school site during the audit period under review. If the counselor was not able to assist the auditor it appeared the claim for that site was not allowed. In our opinion, the situation listed in the draft report on page 5 are not valid reasons for disallowing the claimed amounts.

For the record, the exit conference held on July 25, 2002, was not only discussed with Aurora Costales, but others as well. We would appreciate having those individuals' names be included in the report.

We appreciate your giving us the opportunity to respond to this draft report.

Sincerely,


Joseph P. Zeronian
Chief Financial Officer

c: Yoshiko Fong
Eileen Okazaki
Ken Furuya
Aurora Costales
Chris Prasad
John Conshafter

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

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

S02-MCC-006

November 25, 2002

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

RE: AUDIT OF LOS ANGELES UNIFIED SCHOOL DISTRICT
 CLAIM FOR COSTS OF THE NOTICE OF TRUANCY PROGRAM
 FOR THE PERIOD OF JULY 1, 1998, THROUGH JUNE 30, 1999.

Dear Mr. Spano:

This letter is in response to the draft audit report, dated November 1, 2002, for the Notification of Truancy Program (NOT) mandated cost claim for 1998-99 filed by the Los Angeles Unified School District (LAUSD).

The district claimed \$712,167 for this mandated program. The State Controller's Office (SCO) draft audit report disclosed that none of this amount is allowable because the district did not provide any documentation to support the claimed number of truancy notification forms distributed to the pupils' parents or guardians. Consequently the SCO believes the total amount should be returned to the State.

The letter confirming the 1998-99 audit for NOT was dated August 13, 2002, 3 years and 2 months after the end of the 1998-99 fiscal year. The audits for NOT for the two later fiscal years 1999-2000 and 2000-2001 were requested on January 10, 2002, seven months earlier. The school district has a retention policy of 3 years; therefore, the documentation requested for the 1998-99 fiscal year was beyond the record retention policy for the District and had been destroyed. If the request for the documentation had been received earlier, the documentation may have been made available

We questioned why the 1998-99 NOT documentation was not originally requested along with the other two years. Stephanie Woo, auditor for the SCO, responded during the entrance conference on August 13, 2002, that she had forgotten to include the 1998-99 year.

During the course of this audit there have been discussions between the SCO and District staff regarding the parameters and guidelines of the Notification of Truancy (NOT) mandate. There are major differences between the SCO and the LAUSD with regard to the appropriate method of notifying the pupils' parents or guardians and the elements required in this notification.

The auditors only wanted to see letters for NOT. No other documentation was acceptable to them. However, the following sections of the Parameters and Guidelines relate to acceptable documentation:

VII.A. Uniform Allowance Reimbursement

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

VII.B. Reimbursement of Unique Costs

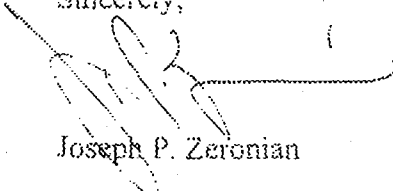
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

Worksheets were not considered an acceptable source of documentation by the auditors, only letters with the five elements.

The District does not agree with any portion of this draft audit report and plans to appeal the SCO's decision to disallow the entire claim.

We appreciate your giving us the opportunity to respond to this draft audit report. If you have any questions, please call Yoshi Fong at (213) 633-7801.

Sincerely,



Joseph P. Zeronian

c: Yoshiko Fong
Eileen Okazaki
Aurora Costales

November 14, 2002

Jim L. Spano, Chief
Compliance Audits Bureau
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

SUBJECT: NOTIFICATION OF TRUANCY - DRAFT AUDIT REPORT FOR THE
PERIOD OF JULY 1, 1999 THROUGH JUNE 30, 2001

Dear Mr. Spano:

This is in response to your audit letter, dated October 3, 2002, of the Notification of Truancy program filed by the Los Angeles Unified School District (LAUSD).

The district claimed \$1,895,489 for this mandated program. The draft audit report issued by SCO disclosed that \$18,406 was allowable and \$1,877,083 was unallowable due to the district overstating the number of notification of truancy forms distributed to the pupil's parent or guardian. The district does not agree with the SCO regarding the unallowable costs due to the following:

There are major differences between the SCO and LAUSD with regard to the method of notifying the pupil's parent or guardian and the required elements involved with this notification. SCO limits the notification method to first-class mail, only.

Since the parameters and guidelines state that notification is to be by first-class mail or other reasonable means, the district has mostly used other reasonable means, which includes the use of telephone or individual contact.

In review of the detail records of the auditors it was obvious that only letters were being accepted, even though it was explained to the auditors that phone calls and personal contact were also used and are believed to be an acceptable means per the parameter and guidelines. With the size of LAUSD, it is unreasonable to expect that only letters would be used for

There is also disagreement on the elements in the letters that were reviewed. There are several letters used by the district depending on the specific location or school site. Not all elements of the mandate may have been available, especially the element described as "alternative educations program available." If any element was not available to that school, it was not included in the letter.

At the school sites the auditors came into contact with PSA counselors. Many of these counselors would not have been able to assist the auditor during the review because either they are new employees of the district or that they were not assigned to the school site during the audit period under review. If the counselor was not able to assist the auditor it appeared the claim for that site was not allowed. In our opinion, the situation listed in the draft report on page 5 are not valid reasons for disallowing the claimed amounts.

For the record, the exit conference held on July 25, 2002, was not only discussed with Aurora Costales, but others as well. We would appreciate having those individuals' names be included in the report.

We appreciate your giving us the opportunity to respond to this draft report.

Sincerely,



Joseph P. Zeronian
Chief Financial Officer

c: Yoshiko Fong
Eileen Okazaki
Ken Furuya
Aurora Costales
Chris Prasad
John Conshafter

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

(19) Program Number 00048
 (20) Date Filed _____ / _____ / _____
 (21) Signature Present

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(01) Claimant Identification Number:
S19265

(02) Mailing Address

Claimant Name
LOS ANGELES UNIFIED SD

County Of Location
LOS ANGELES

Street Address or P.O. Box
355 SOUTH GRAND AVENUE SUITE 807

City State Zip Code
LOS ANGELES CA 90071

Reimbursement Claim Data	
(22) NOT-1,(03)	60,869
(23)	
(24)	
(25)	
(26)	

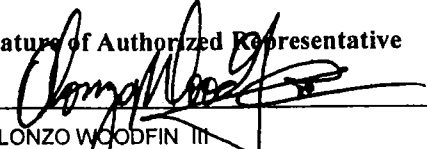
Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
			(30)
Fiscal Year of Cost	(06) 1999 / 2000	(12) 1998 / 1999	(31)
Total Claimed Amount	(07) \$ 783,384	(13) \$ 712,167	(32)
Less: 10% Late Penalty, but not to exceed \$1000 (if applicable)		(14)	(33)
Less: Estimate Payment Received		(15) \$ 744,629	(34)
Net Claimed Amount		(16) \$ -32,462	(35)
Due From State	(08) \$ 783,384	(17)	(36)
Due to State		(18) \$ 32,462	(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:  Date: 1/14/2000

OLONZO WOODFIN III CONTROLLER

Type or Print Name Title

(39) Name of Contact Person For Claim Telephone Number

Steve Smith, Mandated Cost Systems 916-487-4435 Ext. _____

NOTIFICATION OF TRUANCY CLAIM SUMMARY INSTRUCTIONS	FORM NOT-1
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(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="padding: 2px;">Reimbursement</td> <td style="text-align: right; padding: 2px;"><input checked="" type="checkbox"/></td> </tr> <tr> <td style="padding: 2px;">Estimated</td> <td style="text-align: right; padding: 2px;"><input type="checkbox"/></td> </tr> </table>	Reimbursement	<input checked="" type="checkbox"/>	Estimated	<input type="checkbox"/>	Fiscal Year:	1998 / 1999
Reimbursement	<input checked="" type="checkbox"/>						
Estimated	<input type="checkbox"/>						

Claim Statistics

(03) Number of truant notifications	60,869
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Cost	
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(04) Unit Cost per an initial truancy notification [\$11.70 for the 1998/99 fiscal year]	11.70
--	-------

(05) Total Costs: [Line (03) x line(04)]	712,167
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Cost Reduction

(06) Less: Offsetting Savings, if applicable	
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(07) Less: Other Reimbursements, if applicable	
--	--

(08) Total Claimed Amount: {Line(05) - [Line(06) + line(07)]}	712,167
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MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1A
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(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Fiscal Year: Reimbursement <input checked="" type="checkbox"/> 1998 / 1999 Estimated <input type="checkbox"/>
--	--

Claim Statistics

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

(a) Name of School	(d) Notifications
32ND/USC PER ART MAG	1
54TH ST EL	18
ADAMS MS	44
AGGELER HS	64
ALTA LOMA EL	59
ANGELES MESA EL	20
ARAGON EL	40
ARCO IRIS PRIMRY CTR	8
ARROYO SECO ALTERN	17
AUDUBON MS	1,342
BANCROFT MS	55
BANCROFT PER ART MAG	12
BANNING SH	1,442
BASSETT EL	24
BEETHOVEN EL	10
BELL SH	916
BELLAGIO NEWCOMR CTR	4
BELMONT NEWCOMR CTR	4
BELMONT SH	1,035
BELVEDERE MS	375
BERENDO MS	184
BETHUNE MS	589
BIRMINGHAM SH	709
BRAVO MEDICAL MAG	97
BURBANK MS	852
BURROUGHS MS	529
BYRD MS	21
CANOGA PARK SH	510
CARNEGIE MS	41
CAROLDALE LRNG CMTY	4
CARSON SH	2,839
	11,865

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES UNIFIED SD

(02) Type of Claim: Fiscal Year:
Reimbursement 1998 / 1999
Estimated

Claim Statistics

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

(a) Name of School	(d) Notifications
CARVER MS	98
CHATSWORTH SH	1,558
CLAY MS	443
CLEVELAND SH	323
COHASSET EL	45
COLUMBUS MS	58
COOPER HS	127
CRENSHAW SH	1,079
CURTISS MS	30
DANA MS	720
DARBY EL	10
DODSON MS	32
DORSEY LAW/GOV MAG	24
DORSEY SH	940
DOWNTOWN BUSINESS MG	63
DREW MS	271
EAGLE ROCK SH	497
EDISON MS	167
EL CAMINO REAL SH	1,061
EL DORADO EL	12
EL SERENO MS	159
ELIZABETH LC	45
EMERSON MS	386
FAIR EL	60
FAIRFAX SH	775
FLEMING MS	125
FORD BLVD EL	50
FOSHAY LC	264
FRANKLIN SH	627
FREMONT SH	644
FROST MS	10
	22,568

MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY		FORM NOT-1A
(01) Clamant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 1998 / 1999
Claim Statistics		
(03) For each school in the district, enter the number of Notifications		
(a)	(d)	
Name of School	Notifications	
FULTON MS	103	
GAGE MS	210	
GARDENA SH	1,568	
GARFIELD SH	901	
GOMPERS MS	89	
GRANADA HILLS SH	898	
GRANT SH	520	
GRIFFITH MS	192	
HALE MS	37	
HAMILTON MUS ACA MAG	434	
HAMILTON SH-COMPLEX	1,112	
HARRISON EL	16	
HARTE PREP MS	67	
HENRY MS	45	
HOLLENBECK MS	146	
HOLLYWOOD SH	631	
HOLMES MS	278	
HUNTINGTON PARK SH	793	
IRVING MS	56	
JEFFERSON NEW MS #1	518	
JEFFERSON SH	833	
JOHNSON HS	59	
JORDAN SH	335	
KENNEDY SH	1,571	
KING MS	116	
KING-DREW MED MAG	292	
LACES MAG	106	
LAUSD/USC MTH/SC MAG	13	
LAWRENCE MS	82	
LE CONTE MS	189	
LINCOLN SH	507	
		35,285

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES UNIFIED SD

(02) Type of Claim:
Reimbursement
Estimated

Fiscal Year:
1998 / 1999

Claim Statistics

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

(a) Name of School	(d) Notifications
LOCKE SH	2,445
LOS ANGELES SH	1,937
MACLAY MS	47
MADISON MS	71
MANN MS	166
MANUAL ARTS SH	738
MARINA DEL REY P/A	136
MARK TWAIN MS	131
MARKHAM MS	232
MARLTON SCHOOL	4
MARSHALL SH	735
MID-CITY MAGNET	14
MIDDLE COLLEGE HS	8
MILLER HS	1
MILLIKAN MS	639
MONROE SH	462
MOUNT GLEASON MS	86
MOUNT VERNON MS	648
MUIR MS	1,441
MULHOLLAND MS	346
NARBONNE MATH/SC MAG	1
NARBONNE SH	159
NIGHTINGALE MS	120
NIMITZ MS	188
NO HOLLYWOOD SH	1,450
NOBEL MS	28
NORTHRIDGE MS	161
OLIVE VISTA MS	97
PACOIMA MS	56
PALISADES CHARTR HS	235
PALMS MS	37
	48,104

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES UNIFIED SD

(02) Type of Claim: Fiscal Year:
Reimbursement 1998 / 1999
Estimated

Claim Statistics

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

(a) Name of School	(d) Notifications
PARKMAN MS	51
PEARY MS	91
PIO PICO EL	30
POLYTECHNIC SH	1,120
PORTER MS	21
PORTOLA MS	36
RAMONA HS	154
REED MS	127
RESEDA SH	1,169
REVERE MS	20
ROOSEVELT SH	337
SAN FERNANDO MS	225
SAN FERNANDO SH	208
SAN PEDRO SH	1,150
SEPULVEDA G/HA MAG	4
SEPULVEDA MS	254
SHERMAN OAKS EL	36
SOUTH GATE MS	689
SOUTH GATE SH	765
STEVENSON MS	219
SUN VALLEY MS	78
SUTTER MS	115
SYLMAR SH	253
TAFT SH	362
UNIVERSITY SH	117
VALLEY ALTERNATIVE	9
VAN NUYS MS	69
VAN NUYS SH	1,673
VENICE SH	273
VERDUGO HILLS SH	811
VIRGIL MS	134
	58,704

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES UNIFIED SD

(02) Type of Claim:
Reimbursement
Estimated

Fiscal Year:
1998 / 1999

Claim Statistics

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

(a) Name of School	(d) Notifications
WASHINGTON PREP SH	359
WEBSTER MS	69
WEST HOLLYWOOD EL	38
WESTCHESTER SH	124
WESTSIDE LDRSHIP MAG	15
WHITE MS	105
WILMINGTON MS	148
WILSON SH	1,182
WRIGHT MS	67
YOUTH OPPOR	58
	60,869

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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(01) Claimant Identification Number: S19265	Reimbursement Claim Data	
(02) Mailing Address	(22) NOT-1,(03)	75,327
Claimant Name LOS ANGELES UNIFIED SD	(23)	
County Of Location LOS ANGELES	(24)	
Street Address or P.O. Box 355 SOUTH GRAND AVENUE STE 1171	(25)	
City LOS ANGELES	State CA	Zip Code 90071
	(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) \$ 921,249	(13) \$ 921,249	(32)	
Less: 10% Late Penalty, but not to exceed \$1000 (if applicable)		(14)	(33)	
Less: Estimate Payment Received		(15)	(34)	
Net Claimed Amount		(16) \$ 921,249	(35)	
Due From State	(08) \$ 921,249	(17) \$ 921,249	(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 <u>Yoshiko Fong</u> YOSHIKO FONG Type or Print Name	Date <u>1/12/2001</u> ACTING CONTROLLER Title
(39) Name of Contact Person For Claim <u>Steve Smith, Mandated Cost Systems</u>	Telephone Number <u>916-487-4435</u> Ext. _____

**NOTIFICATION OF TRUANCY
CLAIM SUMMARY
INSTRUCTIONS**

**FORM
NOT-1**

(01) Claimant:

S19265

LOS ANGELES UNIFIED SD

(02) Type of Claim:

Reimbursement Estimated

Fiscal Year:

1999 / 2000

Claim Statistics

(03) Number of truant notifications

75,327

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)]

921,249

Cost Reduction

(06) Less: Offsetting Savings, if applicable

(07) Less: Other Reimbursements, if applicable

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

921,249

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES UNIFIED SD

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

Claim Statistics

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

(a) Name of School	(d) Notifications
ADAMS MS	298
AUDUBON M	718
BANCROFT	212
BANNING S	1,074
BELL SH	838
BELMONT S	1,433
BELVEDERE	344
BERENDO M	728
BETHUNE M	690
BIRMINGHA	900
BRAVO MED	213
BURBANK M	418
BURROUGHS	358
BYRD MS	59
CANOGA PA	550
CARNEGIE	408
CARSON SH	1,389
CARVER MS	389
CHATSWORT	1,113
CLAY MS	464
CLEVELAND	695
COLUMBUS	202
CRENSHAW	922
CURTISS M	254
DANA MS	454
DODSON MS	263
DORSEY SH	693
DOWNTOWN	202
DREW MS	603
EAGLE ROC	800
EDISON MS	434
	18,118

MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1A
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(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 1999 / 2000
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Claim Statistics

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

(a) Name of School	(d) Notifications
EL CAMINO	1,205
EL SERENO	299
EMERSON M	334
FAIRFAX S	606
FLEMING M	298
FRANKLIN	1,739
FREMONT S	2,067
FROST MS	225
FULTON MS	423
GAGE MS	446
GARDENA S	1,257
GARFIELD	1,480
GOMPERS M	503
GRANADA H	678
GRANT SH	1,344
GRIFFITH	345
HALE MS	352
HAMILTON	718
HARTE PRE	395
HENRY MS	194
HOLLENBEC	333
HOLLYWOOD	808
HOLMES MS	275
HUNTINGTO	1,112
IRVING MS	197
JEFFERSON	1,065
JORDAN SH	993
KENNEDY S	1,047
KING MS	305
KING-DREW	268
LAWRENCE	407
	39,836

MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1A
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(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 1999 / 2000
--	--	-----------------------------

Claim Statistics

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

(a) Name of School	(d) Notifications
LE CONTE	371
LINCOLN S	706
LOCKE SH	899
LOS ANGEL	1,676
MACLAY MS	282
MADISON M	390
MANN MS	509
MANUAL AR	1,296
MARINA DE	149
MARK TWAI	343
MARKHAM M	500
MARSHALL	1,489
MILLIKAN	364
MONROE SH	1,191
MOUNT GLE	444
MOUNT VER	614
MUIR MS	800
MULHOLLAN	321
NARBONNE	727
NIGHTINGA	252
NIMITZ MS	464
NO HOLLYW	1,161
NOBEL MS	139
NORTHRIDG	276
OLIVE VIS	390
PACOIMA M	289
PALISADES	664
PALMS MS	237
PARKMAN M	272
PEARY MS	517
POLYTECHN	1,264
	58,832

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES 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
PORTER MS	225
PORTOLA M	353
REED MS	293
RESEDA SH	726
REVERE MS	260
ROOSEVELT	1,295
SAN FERNA	753
SAN PEDRO	781
SEPULVEDA	466
SOUTH GAT	1,053
STEVENSON	300
SUN VALLE	476
SUTTER MS	218
SYLMAR SH	834
TAFT SH	922
UNIVERSIT	641
VAN NUYS	929
VENICE SH	681
VERDUGO H	597
VIRGIL MS	628
WASHINGTON	1,409
WEBSTER M	290
WESTCHEST	785
WHITE MS	318
WILMINGTO	423
WILSON SH	618
WRIGHT MS	221
	75,327

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 S19265	Reimbursement Claim Data	
	(02) Claimant Name LOS ANGELES UNIFIED SD	(22) LEAN-1. (03)	76,531
	County of Location LOS ANGELES	(23)	
	Street Address or P.O. Box 355 SOUTH GRAND AVENUE STE 1171	(24)	
	City State Zip Code LOS ANGELES CA 90071	(25)	

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) \$ 974,240	(13) \$ 974,240	(31)
Less: 10% Late Penalty, not to exceed \$1000		(14)	(32)
Less: Prior Claim Payment Received		(15) \$ 737,497	(33)
Net Claimed Amount		(16) \$ 236,743	(34)
Due From State	(08) \$ 974,240	(17) \$ 236,743	(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
_____ YOSHIKO FONG	12/20/01 _____ CONTROLLER
Type or Print Name	Title
(38) Name of Contact Person For Claim	Telephone Number (916) 487-4435 Ext.
Steve Smith, Mandated Cost Systems	E-mail Address scohelp@mandated.com

Handwritten: FU 12/19/01 OFF 12-18-01 [Signature]

Program 048	NOTIFICATION OF TRUANCY CLAIM SUMMARY INSTRUCTIONS	FORM NOT-1
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(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 2000 / 2001
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Claim Statistics	
(03) Number of truant notifications	76,531

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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)]	974,240
Cost Reduction	
(06) Less: Offsetting Savings, if applicable	
(07) Less: Other Reimbursements, if applicable	
(08) Total Claimed Amount: {Line(05) - [Line(06) + line(07)]}	974,240

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES 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
ADAMS MS	329
AUDUBON MS	738
BANCROFT MS	280
BANNING SH	1,144
BELL SH	829
BELVEDERE MS	387
BERENDO MS	408
BETHUNE MS	716
BIRMINGHAM SH	771
BRAVO MEDICAL MAG	226
BURBANK MS	409
BURROUGHS G/HA MAG	50
BURROUGHS MS	372
BYRD MS	92
CANOGA PARK SH	787
CARNEGIE MS	377
CARSON SH	1,329
CARVER MS	512
CHATSWORTH SH	754
CLAY MS	574
CLEVELAND SH	762
COLUMBUS MS	219
CRENSHAW SH	893
CURTISS MS	301
DANA MS	458
DODSON MS	192
DORSEY SH	761
DOWNTOWN BUSINESS M	224
DREW MS	699
EAGLE ROCK SH	562
EDISON MS	528
	16,683

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES 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
EL CAMINO REAL SH	1,080
EL SERENO MS	400
EMERSON MS	347
FAIRFAX SH	775
FLEMING MS	204
FRANKLIN SH	917
FREMONT SH	2,214
FROST MS	225
FULTON MS	470
GAGE MS	553
GARDENA SH	1,252
GARFIELD SH	1,480
GOMPERS MS	565
GRANADA HILLS SH	604
GRANT SH	1,265
GRIFFITH MS	309
HALE MS	356
HAMILTON SH-COMPLEX	609
HARTE PREP MS	432
HENRY MS	219
HOLLENBECK MS	307
HOLLYWOOD SH	825
HOLMES MS	253
HUNTINGTON PARK SH	1,038
IRVING MS	165
JEFFERSON SH	1,081
JORDAN SH	1,062
KENNEDY SH	813
KING MS	366
KING-DREW MED MAG	351
LAWRENCE MS	459
	37,679

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES 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
LE CONTE MS	399
LINCOLN SH	655
LOCKE SH	1,130
LOS ANGELES ACAD MS	694
LOS ANGELES SH	1,859
MACLAY MS	310
MADISON MS	454
MANN MS	576
MANUAL ARTS SH	1,424
MARINA DEL REY MS	183
MARK TWAIN MS	380
MARKHAM MS	560
MARSHALL SH	1,616
MILLIKAN MS	363
MONROE SH	1,154
MOUNT GLEASON MS	410
MOUNT VERNON MS	642
MUIR MS	720
MULHOLLAND MS	360
NARBONNE SH	908
NIGHTINGALE MS	267
NIMITZ MS	476
NO HOLLYWOOD SH	1,449
NOBEL MS	130
NORTHRIDGE MS	290
OLIVE VISTA MS	85
PACOIMA MS	271
PALISADES CHARTR HS	637
PALMS MS	244
PARKMAN MS	295
PEARY MS	548
	57,168

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES 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
POLYTECHNIC SH	1,361
PORTER MS	209
PORTOLA HG MAG	59
PORTOLA MS	377
REED MS	312
RESEDA SH	559
REVERE MS	263
ROOSEVELT MTH/SC MA	98
ROOSEVELT SH	1,396
SAN FERNANDO MS	287
SAN FERNANDO SH	810
SAN PEDRO SH	761
SEPULVEDA MS	578
SOUTH GATE MS	572
SOUTH GATE SH	1,281
STEVENSON MS	307
SUN VALLEY MS	464
SUTTER MS	246
SYLMAR SH	709
TAFT SH	1,007
UNIVERSITY SH	765
VAN NUYS MS	161
VAN NUYS SH	725
VENICE SH	719
VERDUGO HILLS SH	528
VIRGIL MS	582
WASHINGTON PREP SH	1,441
WEBSTER MS	302
WESTCHESTER SH	783
WHITE MS	294
WILMINGTON MS	457
	75,581

**MANDATED COSTS
NOTIFICATION OF TRUANCY
CLAIM SUMMARY**

**FORM
NOT-1A**

(01) Claimant:
S19265
LOS ANGELES 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
WILSON SH	647
WRIGHT M/SC AER MAG	38
WRIGHT MS	265
	76,531

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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.