

ITEM 7
INCORRECT REDUCTION CLAIM
PROPOSED DECISION

Education Code Section 48260.5
Statutes 1983, Chapter 498

Notification of Truancy

Fiscal Years 1998-1999, 1999-2000, and 2000-2001

05-904133-I-02

Los Angeles Unified School District, Claimant

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Board of Control, Brief Written Statement for Adopted Mandate on the
Notification of Truancy test claim (SB 90-4133)

State Controller’s Office, Letter to School Districts re AB 1698, July 17, 2007.

State of California
COMMISSION ON STATE MANDATES
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916)323-3562

For Official Use Only
RECEIVED DEC 12 2005 COMMISSION ON STATE MANDATES
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

<u>Fiscal Year*</u>	<u>Amount of the Incorrect Reduction</u>
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

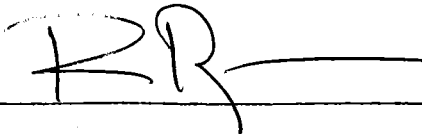
Telephone No.

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.

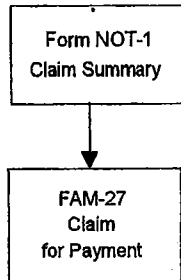
B. Form NOT-1, Claim Summary

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				
In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.				
I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.				
The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.				
Signature of Authorized Officer			Date	
_____			_____	
Type or Print Name			Title	
_____			_____	
(38) Name of Contact Person for Claim		Telephone Number	() -	Ext.
_____		E-Mail Address	_____	

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

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

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

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

Address, if delivered by other delivery service:

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

Program <b style="font-size: 1.5em;">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___
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Claim Statistics

(03) Number of truant notifications	
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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).

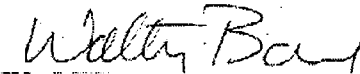
For fiscal year 1998-99, the district was paid \$712,167 by the State. The audit disclosed that none of the claimed costs are allowable. The total amount paid should be returned to the State.

**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 record 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

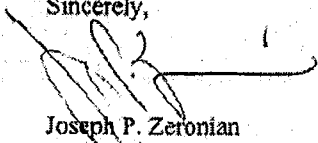
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

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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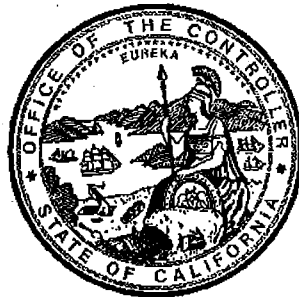
LOS ANGELES UNIFIED SCHOOL DISTRICT

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.

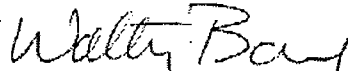
For FY 2000-01, the district was paid \$737,497 by the State. The audit disclosed that \$13,061 is allowable. The amount paid in excess of allowable costs claimed, totaling \$724,436, should be returned to the State.

**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

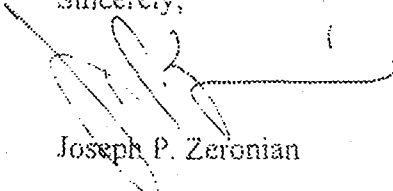
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

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)	

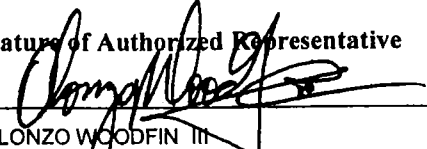
Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input 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)			(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

 OLONZO WOODFIN III
 Type or Print Name

Date
 1/14/2000
 CONTROLLER
 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
---	-----------------------

(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: <u>1998</u> / <u>1999</u>
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
--	---------

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) 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
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) Clamant:
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 <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) 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
<div style="display: flex; justify-content: flex-end; margin-right: 20px;">60,869</div>	

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 State Zip Code LOS ANGELES CA 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
56	
	18,118

MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1A
---	------------------------

(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
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
---	------------------------

(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
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	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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LABEL HERE	(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

PU 12/19/01 REC 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
--	--	-----------------------------

Claim Statistics	
(03) Number of truant notifications	76,531

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: 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
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

G:\PG\NOT1.PG
Adopted: 8/27/87
Amended: 7/28/88
Amended: 7/22/93

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

I. SUMMARY OF MANDATE

Chapter 498, Statutes of 1983, added Education Code Section 48260.5 which requires school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means of (1) the pupil's truancy; (2) that the parent or guardian is obligated to compel the attendance of the pupil at school; and (3) that parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with section 48290) of Chapter 2 of Part 27.

Additionally, the district must inform parents and guardians of (1) alternative educational programs available in the district, and (2) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

A truancy occurs when a student is absent from school without valid excuse more than three (3) days or is tardy in excess of thirty (30) minutes on each of more than three (3) days in one school year. (Definition from Education Code Section 48260.)

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

II. BOARD OF CONTROL DECISION

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

III. ELIGIBLE CLAIMANTS

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

IV. PERIOD OF REIMBURSEMENT

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

V. REIMBURSABLE COSTS

A. Scope of Mandate

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

B. Reimbursable Activities

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

1. Planning and Preparation -- One-time

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

2. Notification process -- On-going

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

C. Uniform Cost Allowance

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

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

D. Unique Costs

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

VI. CLAIM PREPARATION

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

A. Uniform Cost Allowance Reimbursement

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

B. Recognized Unique Costs

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

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

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

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

1. Narrative Statement of Unique Costs Incurred

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

2. Employee Salaries and Benefits

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

3. Services and Supplies

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

4. Allowable Overhead Costs

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

VII. SUPPORTING DATA

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

A. Uniform Allowance Reimbursement

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

B. Reimbursement of Unique Costs

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

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

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

VIII. REQUIRED CERTIFICATION

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Roy Romer
Superintendent of Schools

Charles A. Burbridge
Chief Financial Officer

Betty Ng
Controller

Ruben J. Rojas
Director, Revenue Enhancement

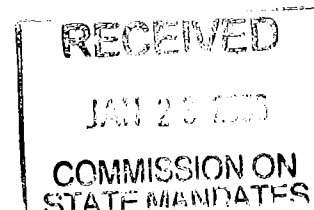


Office of the Controller

Revenue Enhancement Unit
333 S. Beaudry Ave. 27th Floor
Los Angeles, CA 90017
Telephone: (213) 241-3992 Fax: (213) 241-8911

January 20, 2006

Commission on State Mandates
Attention: Nancy Patton, Assistant Executive Director
980 Ninth Street, Suite 300
Sacramento, CA 95814



Re: Detailed Narrative of Claim
Claimant: Los Angeles Unified School District
Claim: Notification of Truancy, Statutes 1983, Chapter 498
Claim Years: Fiscal Years 1998-1999, 1999-2000 and 2000-2001

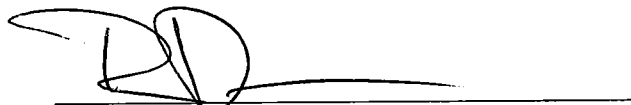
Dear Ms. Patton:

Enclosed, pursuant to your December 22, 2005 letter to Trevin E. Sims, is the District's supplement to the Incorrect Reduction Claim filed on December 12, 2005. The enclosed claim includes the following documents:

- 1) Incorrect Reduction Claim form;
- 2) State Controller's Claiming Instructions;
- 3) A written detailed narrative signed under penalty of perjury;
- 4) State Controllers December 2002 Final Audit Report for the 1998-1999 fiscal year;
- 5) The State Controllers December 2002 Final Audit Report for the 1999-2000 and 2000-2001 fiscal years;
- 6) The District's November 25, 2002 letter to the State Controller regarding the 1998-1999 draft audit report;
- 7) The District's November 14, 2002 letter to the State Controller regarding the 1999-2000 and 2000-2001 draft audit reports;
- 8) The District's Claim for Payment for the 1998-1999 fiscal year;
- 9) The District's Claim for Payment for the 1999-2000 fiscal year;
- 10) The District's Claim for Payment for the 2000-2001 fiscal year; and
- 11) The Notice of Truancy Parameters and Guidelines, as amended June 22, 1993.

One (1) original and two (2) copies of the entire claim are enclosed.

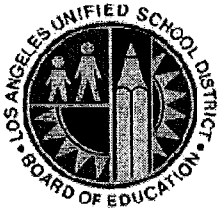
If you should have any questions, please do not hesitate to contact me.



 Ruben Rojas
 Director of Revenue Enhancement
 Los Angeles Unified School District

LOS ANGELES UNIFIED SCHOOL DISTRICT

Roy Romer
Superintendent of Schools



Office of the Controller

Revenue Enhancement Unit
333 S. Beaudry Ave. 27th Floor
Los Angeles, CA 90017
Telephone: (213) 241-3992 Fax: (213) 241-8911

Charles A. Burbridge
Chief Financial Officer

Betty Ng
Controller

Ruben J. Rojas
Director, Revenue Enhancemen

January 20, 2006

Commission on State Mandates

Attention: Nancy Patton, Assistant Executive Director
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Detailed Narrative of Claim
Claimant: Los Angeles Unified School District
Claim: Notification of Truancy, Statutes 1983, Chapter 498
Claim Years: Fiscal Years 1998-1999, 1999-2000 and 2000-2001

Dear Ms. Patton:

The letter constitutes the Los Angeles Unified School District's ("District") detailed narrative pursuant to Title 2, Section 1185, subdivision (e)(2) of the California Code of Regulations in support of the above-referenced claims.

The State Controller's Office ("SCO") incorrectly reduced the District's 1998-1999, 1999-2000, and 2000-2001 claims totaling \$2,602,311 by \$2,352,507 thus allowing only \$249,804. As set forth below, the District complied with law and presented sufficient evidence to support the claimed amounts. The District requests the Commission on State Mandates to reverse the audit findings and award the District the correct claim amount of \$2,602,311.

BACKGROUND

In 1983, the Legislature enacted Chapter 498, Statutes of 1983, codified in Education Code section 48260.5, requiring notification to parents or guardians of pupils upon initial classification of truancy. Specifically, the statute (as amended in 1994) provides:

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

- (a) That the pupil is truant.

- (b) That the parent or guardian is obligated to compel the attendance of the pupil at school.
- (c) 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.
- (d) That alternative educational programs are available in the district.
- (e) That the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.
- (f) That the pupil may be subject to prosecution under Section 48264.
- (g) That the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege pursuant to Section 13202.7 of the Vehicle Code.
- (h) That it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.¹

The State Board of Control ruled that this legislation constituted a reimbursable mandate under Government Code section 17561. Accordingly, the Commission on State Mandates adopted Parameters and Guidelines establishing the criteria for reimbursement. The Parameters and Guidelines provide that a 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." Further, the Parameters and Guidelines provides "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. . . ."

Pursuant to the Parameters and Guidelines, the District filed its claim for the 1998-1999 fiscal year on January 4, 2000, for the 1999-2000 fiscal year on January 12, 2001, and for the 2000-2001 fiscal year on December 20, 2001. The SCO issued its final audit report for the 1998-1999 claim on December 13, 2002. The SCO also issued its final audit report for the 1999-2000 and 2000-2001 claims on December 13, 2002.

The District timely submitted its Incorrect Reduction Claim for each of the three fiscal years on December 12, 2005.

¹ The statute as originally enacted in 1983 only required that the notification to parents include five (5) elements. The 1994 amended added three (3) more required elements. However, for purposes of the claims at issue, as conceded by the SCO in its final audit reports, the District was only required to notify parents or guardians of the original five (5) elements.

SUMMARY OF CLAIMS AND SCO FINDINGS

1998-1999 CLAIM PERIOD

District Claim

The District submitted a claim for reimbursement in the amount of \$712,167 based on 60,869 truancy notifications.

SCO Findings

The SCO, in the December 2002 final audit report, concluded that none of the District's \$712,167 claim was allowable and stated that the entire amount should be returned to the State. The SCO found that the District did not provide any documentation to substantiate any of the claim amounts. Specifically, the SCO explained:

“The SCO auditors randomly sampled 79 of the 165 school sites that claimed initial truancy notifications, 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 the permits to return to classroom (PRC). **The district did not notify pupil's parents or guardians in initial truancy via a letter or any other official documents as required by Parameters and Guidelines.**
(Emphasis added.)

1999-2000 AND 2000-2001 CLAIM PERIODS

District Claim

The District submitted a claim for reimbursement for the 1999-2000 fiscal year in the amount of \$921,249, based on 75,327 truancy notifications; it submitted a claim for reimbursement for the 2000-2001 fiscal year in the amount of \$974,240, based on 76,531 truancy notifications. The combined total claim for the two fiscal years was \$1,895,489.

SCO Findings

In its December 2002 final audit report, the SCO concluded \$1,877,083 of the claim was unallowable. The SCO stated that the District had been paid \$1,658,746 and should return \$1,640,340 to the State.

With regard to the 1999-2000 fiscal year, the SCO stated that it randomly sampled 67 of the 120 school sites that claimed initial truancy notifications, constituting 49,480 distributed notifications. The SCO found that:

“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 pupil’s parent or guardian by the district was 0.58% (286 divided by 49,480).”

With regard to the 2000-2001 fiscal year, the SCO stated that he randomly sampled 67 of the 120 school sites that claimed initial truancy notifications, constituting 44,676 distributed notifications. The SCO found that:

“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 that contained the required elements identified in Parameters and Guidelines. Consequently, the percentage of supported notification distributed to the pupil’s parent or guardian by the district was 1.34% (598 divided by 44,676).”

With regard to both claim years, the SCO further explained:

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. . . .

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 require 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.”

DISTRICT POSITION RE INCORRECT REDUCTION

In short, the SCO reduced the District's claims because the District did not produce a copy of a letter or other written document provided to the parent or guardian on each instance a parent or guardian was notified of the pupil's truancy pursuant to Section 48260.5. The District contends that the reduction for each of the three claims was incorrect because the SCO failed to appropriately consider evidence of the District's compliance with the requirements of Section 48260.5 either a letter or other written document to the parent or guardian.

The statute does not explicitly require that the notification be by letter or other written document. Section 48260.5 provides: "Upon a pupil's initial classification as a truant, **the school district shall** notify the pupil's parent or guardian, **by first-class mail or other reasonable means**, of the following: . . ." (Emphasis added.) The Parameters and Guidelines arguably presume that the notification will be effected through a written form. For example, the Parameters and Guidelines provide:

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. (Emphasis added.)

However, the Parameters and Guidelines also do not explicitly state that the notification must be by letter or other written document. Nevertheless, the SCO, relying on the foregoing language in the Parameters and Guidelines, takes the position that the notification can only be effected and supported by a letter or other written form.

The District contends the SCO's interpretation is inconsistent with the language of the statute. If the Legislature had intended to limit the means of notification to a letter or other "writing" it could have done so. The District believes that the SCO's limited interpretation is inconsistent with the intent of

the statute and would in fact frustrate the Legislature's goal in enacting the statute, i.e., to ensure parents or guardians receive effective notice of the pupil's attendance issues.

As a result of its limited and incorrect interpretation of the statute, the SCO effectively disregarded all evidence the District presented to demonstrate it had satisfied the requirements of the statute by means other than a letter or other writing to the parent or guardian. Specifically, the District submitted phone logs, attendance records and other documentation in support of the claims. While the SCO indicates it "reviewed" this evidence, the audit reports suggest that the SCO wholly disregarded and rejected this evidence.

For these reasons, the District requests the Commission on State Mandates to reverse the audit findings and award the District the correct claim amount of \$2,602,311.

The District does not waive its right to assert any other fact, argument or position in support of the claims made in this incorrect reduction claim.

The foregoing facts are known to me personally and if so required, I could and would testify to the statements made herein. I declare under penalty of perjury under the laws of the State of California that the statements made in this document are true and complete to the best of my personal knowledge and as to all matters, I believe them to be true.

Executed this 20th day of January, 2006, at Los Angeles, California, by:



Ruben Rojas
Director of Revenue Enhancement
Los Angeles Unified School District

State of California
 COMMISSION ON STATE MANDATES
 980 Ninth Street, Suite 300
 Sacramento, CA 95814
 (916)323-3562

For Official Use Only
<div style="border: 2px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>RECEIVED</p> <p>DEC 12 2005</p> <p>COMMISSION ON STATE MANDATES</p> </div>
Claim No. <u>05-989133-T-02</u>

INCORRECT REDUCTION CLAIM FORM

Local Agency or School District Submitting Claim

Los Angeles Unified School District

Contact Person

Telephone No.

Ruben Rojas

9

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, At
 Attn: Trevin E.

ORIGINAL

ta 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

<u>Fiscal Year*</u>	<u>Amount of the Incorrect Reduction</u>
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.

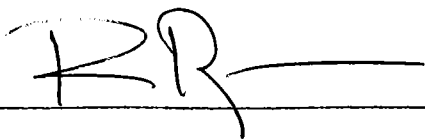
Ruben Rojas

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.

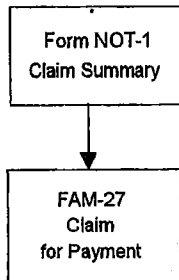
B. Form NOT-1, Claim Summary

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 NOTIFICATION OF TRUANCY		For State Controller Use Only (19) Program Number 00048 (20) Date Filed ____/____/____ (21) LRS Input ____/____/____	Program 048
(01) Claimant Identification Number (02) Claimant Name County of Location Street Address or P.O. Box Suite City State Zip Code		Reimbursement Claim Data	
Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input type="checkbox"/>	(04) Combined <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
(05) Amended <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(27)
			(28)
			(29)
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			
In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.			
I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.			
The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.			
Signature of Authorized Officer		Date	
_____ Type or Print Name		_____ Title	
(38) Name of Contact Person for Claim		Telephone Number () -	Ext.
		E-Mail Address	

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

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

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

Address, if delivered by other delivery service:

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

Program 048	MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1
(01) Claimant	(02) Type of Claim 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	<u>\$ 11.70</u>	<u>\$ 11.70</u>	<u>\$ 11.70</u>
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

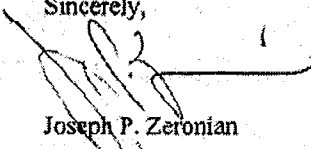
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

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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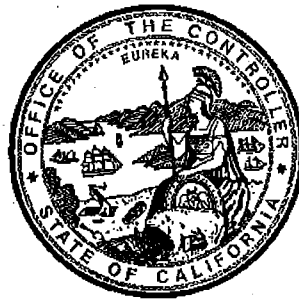
LOS ANGELES UNIFIED SCHOOL DISTRICT

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,

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.

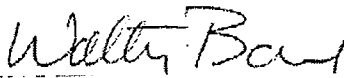
For FY 2000-01, the district was paid \$737,497 by the State. The audit disclosed that \$13,061 is allowable. The amount paid in excess of allowable costs claimed, totaling \$724,436, should be returned to the State.

**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	99.42%	98.66%	
Unsupported number of notifications	(74,890)	(75,505)	
Uniform costs allowance	\$ 12.23	\$ 12.73	
Audit adjustment	\$ (915,904)	\$ (961,179)	\$ (1,877,083)

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 truanancies. 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.

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. Stéphanie 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

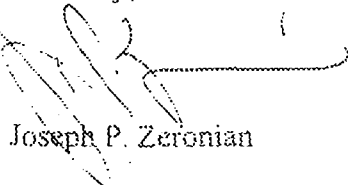
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

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 PAYMENT
Pursuant to Government Code Section 17561
NOTIFICATION OF TRUANCY

(19) Program Number 00048

(20) Date Filed _____ / _____ / _____

(21) Signature Present

L
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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

(09) Reimbursement

(04) Combined

(10) Combined

(05) Amended

(11) Amended

Fiscal Year of Cost (06) 1999 / 2000

(12) 1998 / 1999

Total Claimed Amount (07) \$ 783,384

(13) \$ 712,167

Less: 10% Late Penalty, but not to exceed \$1000 (if applicable) (14)

Less: Estimate Payment Received (15)

\$ 744,629

Net Claimed Amount (16)

\$ -32,462

Due From State (08) \$ 783,384

Due to State (18)

\$ 32,462

(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

Olonzo Woodfin III
OLONZO WOODFIN III
Type or Print Name

1/14/2000
CONTROLLER
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**

(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 1998 / 1999
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Claim Statistics

(03) Number of truant notifications	60,869
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Cost	
(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

Cost Reduction	
(06) Less: Offsetting Savings, if applicable	
(07) Less: Other Reimbursements, if applicable	
(08) Total Claimed Amount: {Line(05) - [Line(06) + line(07)]}	712,167

**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
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
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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: 1998 / 1999
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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
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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: 1998 / 1999
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Claim Statistics

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

(a) Name of School	(d) 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
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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: 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:
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
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 State Zip Code LOS ANGELES CA 90071	(26)	

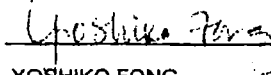
Type of Claim	Estimated Claim	Reimbursement Claim		
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(27)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
	(05) Amended <input type="checkbox"/>	(11) Amended <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  YOSHIKO FONG Type or Print Name	Date 1/12/2001 ACTING CONTROLLER Title
---	---

(39) Name of Contact Person For Claim Steve Smith, Mandated Cost Systems	Telephone Number 916-487-4435 Ext. _____
---	---

NOTIFICATION OF TRUANCY CLAIM SUMMARY INSTRUCTIONS		FORM NOT-1
(01) Claimant: 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) 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) Clamant:
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
134	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
135	39,836

**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
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
136	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)	

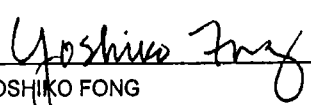
Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input 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
	12/20/01
YOSHIKO FONG	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	

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:
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
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

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: <u>2000</u> / <u>2001</u>
--	--	---

Claim Statistics

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

(a) Name of School	(d) Notifications
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: 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
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

G:\PG\NOT1.PG
Adopted: 8/27/87
Amended: 7/28/88
Amended: 7/22/91

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.

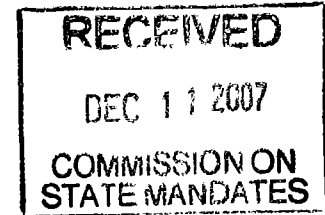
2. Notification process -- On-going

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



Exhibit C

JOHN CHIANG
California State Controller



December 3, 2007

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

Marush Atienza, Director of Revenues
Los Angeles Unified School District
333 South Beaudry Avenue, 26th Floor
Los Angeles, CA 90017

Re: **Incorrect Reduction Claim**
Notification of Truancy Program
CSM 05-904133-I-02
Los Angeles Unified School District, Claimant
Statutes 1983, Chapter 498
Fiscal Years 1998-1999, 1999-2000 and 2000-2001

Dear Ms. Higashi and Ms. Atienza:

This letter constitutes the response of the Controller's Office to the Incorrect Reduction Claim of Los Angeles Unified School District. Enclosed are the required copies of supporting documentation along with the Division of Audits' response to the IRC (See Tab 2). A proof of service is also included as required by regulation.

An audit performed by the State Controller's Office disclosed that none of the District's claimed costs of the legislatively mandated Notification of Truancy Program for fiscal year 1998-1999 were allowable. The District failed to provide any documentation to support the number of notification of truancy forms it claims to have distributed to the pupil's parents or guardians. The District apparently admits that it has no records, only stating that they were destroyed pursuant to its record retention policy. That policy is in violation of the requirements of the Parameters and Guidelines (amended July 22, 1993) for reimbursement under this program and the auditing requirements under Government Code section 17558.5.

Paula Higashi
Marush Atienza
December 3, 2007
Page 2

An additional audit also disclosed that the District failed to provide documentation to support 99.42% of the notification of truancy forms, with the required elements identified in the Parameters and Guidelines, it claims to have distributed to the pupil's parents or guardians in fiscal year 1999-2000, and 98.66% of the forms it claims to have distributed in fiscal year 2000-2001. Despite the District's assertions to the contrary, Section V.A. of the Parameters and Guidelines specifically states that "eligible claimants shall be reimbursed for only those costs incurred for ... the printing and distribution of notification forms ..." (Emphasis added.) There is no provision or requirement for any other type of reimbursable notification.

Since nearly all of the claims were not supported by required and/or proper source documentation, the adjustments made by the Division of Audits were appropriate, and the IRC should be rejected. For a more complete discussion, see Tab 2 of the Controller's Office's response.

Finally, it should be noted the small number of claims that were found allowable in these audits totaled \$18,406, not the \$249,804 referenced in the District's January 20, 2006 letter to the Commission on State Mandates.

Sincerely,



RONALD V. PLACET
Senior Staff Counsel

RVP/ac

Enclosures

cc: Jim Spano, Division of Audits, State Controller's Office (w/o encl.)
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)

1 **PROOF OF SERVICE**

2 I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18
3 years of age, a United States citizen employed in the county where the mailing occurred, and not a party to the
4 within action. My business address is 300 Capitol Mall, Suite 1850, Sacramento, CA 95814.

4 On December 4, 2007, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**
6 **LOS ANGELES UNIFIED SCHOOL DISTRICT, CSM 05-904133-I-02**

7 on all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope,
8 addressed as follows:

8 Paula Higashi (*original*)
9 Executive Director
10 Commission on State Mandates
11 980 Ninth Street, Suite 300
12 Sacramento, CA 95814

11 Marush Atienza
12 Director of Revenues
13 Los Angeles Unified School District
14 333 South Beaudry Avenue, 26th Floor
15 Los Angeles, CA 90017

13 **BY MAIL**

14 I placed the envelope for collection and processing for mailing following this business's ordinary practice with
15 which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited
16 in the ordinary course of business with the United States Postal Service.

16 **BY PERSONAL SERVICE**

17 I caused to be delivered by hand to the above-listed addressees.

17 **BY OVERNIGHT MAIL/COURIER**

18 To expedite the delivery of the above-named document, said document was sent via overnight courier for next day
19 delivery to the above-listed party.

19 **BY FACSIMILE TRANSMISSION**

20 In addition to the manner of service indicated above, a copy was sent by facsimile transmission to the above-listed
21 party.

22 I declare that I am employed in the office of a member of the bar of this court at whose direction the
23 service was made. I declare under penalty of perjury under the laws of California that the foregoing is true and
24 correct.

24 Executed on December 4, 2007, at Sacramento, California.

25 
Amber A. Camarena

**RESPONSE BY THE STATE CONTROLLER’S OFFICE
TO THE INCORRECT REDUCTION CLAIM (IRC) BY
LOS ANGELES UNIFIED SCHOOL DISTRICT
Notification of Truancy Program**

Table of Contents

<u>Description</u>	<u>Page</u>
State Controller’s Office’s Response to District Comments	
Declaration	Tab 1
State Controller’s Office (SCO) Analysis and Response.....	Tab 2
Parameters and Guidelines (amended July 22, 1993).....	Tab 3
Chapter 1023, Statutes of 1994 (Senate Bill 1728)	Tab 4
Attachment – District’s Comments	
Incorrect Reduction Claim (December 12, 2005)	
SCO Claiming Instructions (last updated October 1996)	Exhibit A
SCO Audit Report—FY 1998-99 (December 13, 2002)	Exhibit B
SCO Audit Report—FY 1999-2000 and FY 2000-01 (December 13, 2002).....	Exhibit C
District’s Response to SCO Draft Audit Report—FY 1998-99 (November 14, 2002).....	Exhibit D
District’s Response to SCO Draft Audit Report—FY 1999-2000 and FY 2000-01 (November 25, 2002).....	Exhibit E
District’s Reimbursement Claim—FY 1998-99.....	Exhibit F
District’s Reimbursement Claim—FY 1999-2000	Exhibit G
District’s Reimbursement Claim—FY 2000-01.....	Exhibit H

TAB 1

1 **OFFICE OF THE STATE CONTROLLER**

300 Capitol Mall, Suite 1850

2 Sacramento, CA 94250

3 Telephone No.: (916) 445-6854

4 **BEFORE THE**
5 **COMMISSION ON STATE MANDATES**
6 **STATE OF CALIFORNIA**

10 **INCORRECT REDUCTION CLAIM ON:**

11 *Notification of Truancy Program*

12 Chapter 498, Statutes of 1983

13 LOS ANGELES UNIFIED SCHOOL
14 DISTRICT, Claimant

No.: CSM 05-904133-I-02

AFFIDAVIT OF BUREAU CHIEF

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

- 17 1) I am an employee of the State Controller's Office (SCO) and am over the age of 18
18 years.
- 19 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.
- 20 3) I am a California Certified Public Accountant.
- 21 4) I reviewed the work performed by the SCO auditor.
- 22 5) Any attached copies of records are true copies of records, as provided by the Los
23 Angeles Unified School District or retained at our place of business.
- 24 6) The records include claims for reimbursement, with attached supporting documentation,
25 explanatory letters, or other documents relating to the above-entitled Incorrect
Reduction Claim.

1 7) A field audit for fiscal year (FY) 1998-99 claim commenced on August 13, 2002, and
2 ended on September 30, 2002.

3 8) A field audit for the FY 1999-2000 and FY 2000-01 claims commenced on January 10,
4 2002, and ended on July 25, 2002.

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

8 Date: October 9, 2007

9 OFFICE OF THE STATE CONTROLLER

10 By:  _____

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

TAB 2

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE INCORRECT REDUCTION CLAIM BY
LOS ANGELES UNIFIED SCHOOL DISTRICT
For Fiscal Year (FY) 1998-1999, FY 1999-2000, and FY 2000-01**

**Notification of Truancy Program
Chapter 498, Statutes of 1983**

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim (IRC) that the Los Angeles Unified School District filed with the Commission on State Mandates (CSM) on December 12, 2005. The SCO audited the district's claims for costs of the legislatively mandated Notification of Truancy Program for the period of July 1, 1999, through June 30, 2001. During the audit, the SCO expanded the audit scope to include the district's claim for the period of July 1, 1998, through June 30, 1999. The SCO issued its final report for the FY 1998-99 claim on December 13, 2002 (**Exhibit B**). The SCO also issued its final report for the FY 1999-2000 and FY 2000-01 claims on December 13, 2002 (**Exhibit C**).

The district submitted reimbursement claims totaling \$2,607,656 for FY 1998-99, FY 1999-2000, and FY 2000-01 as follows:

- FY 1998-99—\$712,167 (**Exhibit F**)
- FY 1999-2000—\$921,249 (**Exhibit G**)
- FY 2000-01—\$974,240 (**Exhibit H**)

For the audit period, the SCO determined that \$18,406 is allowable and \$2,589,250 is unallowable. The unallowable costs occurred because the district overclaimed the number of initial truancy notification forms distributed to the pupils' parents or guardians. The State paid the district \$2,370,913. The amount paid exceeded allowable costs claimed by \$2,352,507. The following table summarizes the audit results.

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 1998, through June 30, 1999</u>			
Number of truancy notifications	60,869	—	(60,869)
Uniform cost allowance	× \$11.70	× \$11.70	× \$11.70
Total program costs	<u>\$ 712,167</u>	\$ —	<u>\$ (712,167)</u>
Less amount paid by the State		(712,167) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (712,167)</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Number of truancy notifications	75,327	437	(74,890)
Uniform cost allowance	× \$12.23	× \$12.23	× \$12.23
Total program costs	<u>\$ 921,249</u>	\$ 5,345	<u>\$ (915,904)</u>
Less amount paid by the State		(921,249) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (915,904)</u>	

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2000, through June 30, 2001</u>			
Number of truancy notifications	76,531	1,026	(75,505)
Uniform cost allowance	× \$12.73	× \$12.73	× \$12.73
Total program costs	<u>\$ 974,240</u>	\$ 13,061	<u>\$ (961,179)</u>
Less amount paid by the State		<u>(737,497)</u> ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (724,436)</u>	
<u>Summary: July 1, 1998, through June 30, 2001</u>			
Total program costs	<u>\$2,607,656</u>	\$ 18,406	<u>\$(2,589,250)</u>
Less amount paid by the State		<u>(2,370,913)</u> ¹	
Total allowable costs claimed in excess of (less than) amount paid		<u>\$(2,352,507)</u>	

¹ Payment information is based on amount paid when the final report was issued.

The district's IRC contests all audit adjustments. The district believes that it provided sufficient documentation to show compliance with the requirements of Education Code section 48260.5; therefore, the district believes the costs claimed are allowable.

**I. SCO REBUTTAL TO STATEMENT OF DISPUTE—
CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA,
AND DOCUMENTATION REQUIREMENTS**

Parameters and Guidelines

On November 29, 1984, the State Board of Control (now the Commission on State Mandates [CSM]) determined that Chapter 498, Statutes of 1983, imposed a state mandate upon school districts reimbursable under Government Code section 17561. CSM adopted the parameters and guidelines on August 27, 1987. The CSM amended the parameters and guidelines for Chapter 498, Statutes of 1983, on July 28, 1988, and again on July 22, 1993 (**Tab 3**). The following represents an excerpt of the July 22, 1993, amendment to the parameters and guidelines that is applicable for FY 1998-99, FY 1999-2000, and FY 2000-01.

Section 1, Summary of the Mandate, states:

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 a 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.

Section III (amended July 22, 1993) identifies eligible claimants as follows.

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.

Section V identifies reimbursable activities as follows.

A. Scope of the Mandate

The eligible claimant shall be reimbursed for only those costs incurred for planning the notification process, revising district procedures, and printing and distributing 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 – Ongoing

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, 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.

The district claimed only costs relating to the Notification process. It did not claim any costs for Planning and Preparation.

Section VI describes the claim preparation process as follows.

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.

Section VII describes the supporting data that must be maintained as follows.

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**.

SCO Claiming Instructions

In compliance with Government Code section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs. The SCO issued revised claiming instructions for Chapter 498, Statutes of 1983, in October of 1995 (**Exhibit A**). The portion of the claiming instructions that describes the mandate summary paraphrases the requirements of Education Code sections 48260 and 48260.5 in effect when the parameters and guidelines were adopted.

The actual claim form filed by the district (SCO Form FAM-27) was modified in September 2000 and subsequently in September 2001. The district used the October 1995 version for filing its FY 1998-99 and FY 1999-2000 claims (**Exhibit F and G**). The September 2000 version, for the purposes and scope of the audit period, are believed to be significantly similar to the version filed by the district for its FY 1998-99 and FY 1999-2000 claims. The district properly used the September 2001 version for filing its FY 2000-01 reimbursement claim (**Exhibit H**).

Education Code Section 48260.5

Chapter 498, Statutes of 1983, added Education Code section 48260.5, effective July 28, 1983. The original text of the law is similar to what appears in the parameters and guidelines, Section I, Summary of the Mandates (**Tab 3**). When first enacted, the statute required initial notification of truancy upon the fourth absence or tardy in excess of 30 minutes on more than three occasions, pursuant to Education Code section 48260. The statute required school districts to notify parents or guardians and include five specific pieces of information in the notification. The version of the parameters and guidelines in effect for FY 1998-99, FY 1999-2000, and FY 2000-01 was adopted on July 22, 1993, as noted above.

However, in 1994, Chapter 1023, Statutes of 1994 (Senate Bill 1728) amended Education Code section 48260 and changed the classification of a truant student to a student who is absent without excuse on three days or who is tardy on each of three days in one school year. Chapter 1023, Statutes of 1994 (Senate Bill 1728), also amended Education Code section 48260.5 and required that three additional items be added to the notification: (1) that the pupil may be subject to prosecution under section 48264; (2) that the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege pursuant to section 13202.7 of the Vehicle Code; and (3) that it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

However, no school district filed a test claim based on the changes in the law. Consequently, the parameters and guidelines were not updated for this change. While the legal requirements governing school districts originate in the Education Code, the right to reimbursement is set forth in the Statement of Decision, and the method by which to claim reimbursement is set forth in the parameters and guidelines. Both of these documents are subject to adoption by the CSM. Consequently, only costs identified in the applicable parameters and guidelines are reimbursable.

II. THE DISTRICT OVERCLAIMED THE NUMBER OF INITIAL NOTIFICATION OF TRUANCY FORMS DISTRIBUTED FOR THE MANDATE PROGRAM

Issue

The district did not provide documentation to substantiate claimed costs of initial truancy notifications, totaling \$2,589,250 (\$712,167 for FY 1998-99, and \$915,904 for FY 1999-2000, and \$961,179 for FY 2000-01.) However, the district believes that the records provided support the costs claimed; therefore, the costs claimed are allowable.

SCO Analysis

For FY 1998-99, 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 pupils' parents or guardians. The district did not provide any documentation to support the claimed number of initial truancy notification distributed for all the 79 schools sampled. Consequently, the entire claimed number of initial truancy notifications is unsupported and, therefore, unallowable.

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 49,489 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 the parameters and guidelines. Consequently, the percentage of supported notifications distributed to pupils' parents or guardians by the district was 0.58% (286 divided by 49,489). The percentage of initial truancy notifications distributed to the pupil's parent or guardian that was not supported by the district was 99.42%. The district claimed that 75,327 initial truancy notifications at the 120 schools were distributed to pupils' parents or guardians. We projected the results of the sample to the population of claimed trancies, resulting in 437 allowable notifications. We applied the allowable notifications to FY 1999-2000 uniform cost allowance of \$12.23 (per the parameters and guidelines), resulting in \$915,904 of allowable costs.

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 pupils' parents or guardians. The district did not provide any documentation to support the claimed number of initial truancy 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 the parameters and guidelines. Consequently, the percentage of supported notifications distributed to the pupils' parents or guardians by the district was 1.34% (598 divided by 44,676). The percentage of initial truancy notifications distributed to pupils' parents or guardians that was not supported by the district was 98.66%. The district claimed that 76,531 initial truancy notifications at the 120 schools were distributed to pupils' parents or guardians. We projected the results of the sample to the population of claimed trancies, resulting in 1,026 allowable notifications. We applied the allowable notifications to FY 2000-01 uniform cost allowance of \$12.73 (per the parameters and guidelines), resulting in \$961,179 of allowable costs.

The following table summarizes the audit results.

	Fiscal Years			Total
	1998-99	1999-2000	2000-01	
Sampled number of notifications	27,702	49,480	44,676	
Supported number of notifications from the sample	0	286	598	
Unsupported number of notifications from the sample	<u>(27,702)</u>	<u>(49,194)</u>	<u>(44,078)</u>	
Percentage of unsupported number of notifications	(100%)	(99.42%)	(98.66%)	
Number of notifications claimed	60,869	75,327	76,531	
Projected unsupported number of notifications	(60,869)	(74,890)	(75,505)	
Uniform costs allowance	\$11.70	\$12.23	\$12.73	
Audit adjustment	<u>\$ (712,167)</u> ²	<u>\$ (915,904)</u> ²	<u>\$ (961,179)</u> ²	<u>\$ (2,589,250)</u>

² Claimed costs total \$712,167 for FY 1998-99, \$921,249 for FY 1999-2000, and \$974,240 for FY 2000-01.

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 PSA coordinator advised us that prior to that month, the PSA counselor tracked parent or guardian contacts through other means such as telephone logs, attendance records, and permits to return to classroom. Therefore, the district did not notify pupils' parents or guardians of initial truancy via a letter or any other official documents, as required by the parameters and guidelines.

The PSA counselors and administrators of the school sites sampled also identified various reasons for not distributing initial truancy notification forms containing the five required elements identified in the 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 advised 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 tracked parent or guardian contacts through other reasonable means such as logged telephone calls, attendance records, and permits to return to classrooms rather than notification letters sent to the pupil's parent or guardian.

Though not reimbursable, the SCO reviewed telephone logs, attendance records, and permits to return to classrooms 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 pupils' parents or guardians. Further, the parameters and guidelines requires the district to document the five specified elements on a form that is distributed to a pupil's parent or guardian. Other reasonable means identified in the parameters and guidelines related to the means of distributing the form (letter) other than by first-class mail, such as certified mail, overnight mail, etc.

The parameters and guidelines, adopted by the State Board of Control on November 29, 1984, allow 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. Chapter 1023, Statutes of 1984, amended Education Code section 48260.5, (effective January 1, 1995) to require eight specified elements. However, since the parameters and guidelines have not been amended, the claimant continues to be reimbursed if it complies with the five specified elements in the guidelines.

The parameters and guidelines, section I, require “. . . 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'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.” 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.”

The parameters and guidelines, section V.A., state, “The eligible claimant shall be reimbursed for only those costs incurred for . . . the printing and distribution of notification forms”

The parameters and guidelines, section V.B.1., state that the claimant shall be reimbursed for “Planning the method of implementation, revising school district policies, and designing and printing the forms.”

The parameters and guidelines, section V.B.2., state 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”

The parameters and guidelines, section V.C., state, “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.”

The parameters and guidelines, section VII., state, “for audit purpose, document must be kept on file for a period of 3 years from the date of final payment by the State Controller”

District’s Response

. . . the SCO reduced the District’s claims because the District did not produce a copy of a letter or other written document provided to the parent or guardian on each instance a parent or guardian was notified of the pupil’s truancy pursuant to Section 48260.5. The District contends that the reduction for each of the three claims was incorrect because the SCO failed to appropriately consider evidence of the District’s compliance with the requirements of Section 48260.5 either a letter or other written document to the parent or guardian.

The statute does not explicitly require that the notification be by letter or other written document. Section 48260.5 provides: “Upon a pupil’s initial classification as a truant, the school district shall notify the pupil’s parent or guardian, by first-class mail or other reasonable means, of the following:...” (Emphasis added.) The Parameters and Guidelines arguably presume that the notification will be effected through a written form. For example, the Parameters and Guidelines provide:

V. REIMBURSABLE COSTS

A. Scope of the Mandate

The eligible claimant shall be reimbursed for only those costs incurred for planning the notification process, revising district procedures, and 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. (Emphasis added.)

However, the Parameters and Guidelines also do not explicitly state that the notification must be by letter or other written document. Nevertheless, the SCO, relying on the foregoing language in the Parameters and Guidelines, takes the position that the notification can only be effected and supported by a letter or other written form.

The District contends the SCO's interpretation is inconsistent with the language of the statute. If the Legislature had intended to limit the means of notification to a letter or other "writing" it could have done so. The District believes that the SCO's limited interpretation is inconsistent with the intent of the statute and would in fact frustrate the Legislature's goal in enacting the statute, i.e., to ensure parents or guardians receive effective notice of the pupil's attendance issues.

SCO's Comment

The scope of the mandate permits school districts to claim reimbursement of costs incurred for ". . . planning the notification process, revising district procedures, and printing and distribution of notification forms . . ." Within this context, the parameters and guidelines identify one-time reimbursable activities as "planning the method of implementation, revising school district policies, and designing and printing the forms." The parameters and guidelines also identify ongoing reimbursable activities as "identifying the truant pupils to receive the notification, preparing and distributing by mail or other method the forms to parents/guardians . . ." (Emphasis added).

The parameters and guidelines require the initial notification to contain the following five specific elements:

- The pupil's truancy;
- The parent or guardian is obligated to compel the attendance of the pupil at school;
- The parent or guardian who fails to meet this obligation may be guilty of an infraction and subject to prosecution pursuant to Article 6 (commencing with section 48290) of Chapter 2 of Part 27;
- Alternative educational programs available in the district; and
- The right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Both the parameters and guidelines and the statutes are consistent in the language that describes the foregoing activities. These activities essentially require school districts to design and prepare written "forms" to be distributed by mail or other method the "forms" to notify the parents or guardians of truant pupils, provided that the "forms" contain the five specific elements. A form is defined as "a printed or typed document with blank spaces for insertion of required or requested information."³

For the unsupported number of initial truancy notifications claimed, the district did not support that it distributed the notification forms containing the five elements by first-class mail or other reasonable means as required by the parameters and guidelines. In fact, the Pupil Service Attendance coordinator for the school sites sampled stated that the district did not implement the notification forms for truancy until February 2001. In support of the claims, however, the district submitted telephone logs, attendance records, and return to classroom permits. Though not reimbursable, the SCO did review these other records; these records did not support that the five specified elements were communicated to pupils' parents or guardians.

³ Merriam-Webster's Collegiate Dictionary, Tenth Edition © 2001.

III. CONCLUSION

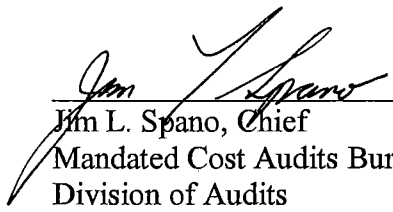
The SCO audited the claims filed by the Los Angeles Unified School District for costs of the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983) for the period of July 1, 1998, through June 30, 2001. The district claimed \$2,589,250 for initial truancy notification forms distributed to pupil parents or guardians that were not reimbursable. The district did not provide sufficient documentation to substantiate costs claimed for the mandate.

In conclusion, the CSM should find that (1) the SCO correctly reduced the district's FY 1998-99 by \$712,167; (2) the SCO correctly reduced the district's FY 1999-2000 claim by \$915,904; and (3) the SCO correctly reduced the district's FY 2000-01 claim by \$961,179.

IV. CERTIFICATION

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

Executed on October 9, 2007, at Sacramento, California, by:



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

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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.

TAB 4

BILL NUMBER: SB 1728 CHAPTERED 09/29/94
BILL TEXT

CHAPTER 1023
FILED WITH SECRETARY OF STATE SEPTEMBER 29, 1994
APPROVED BY GOVERNOR SEPTEMBER 28, 1994
PASSED THE SENATE AUGUST 30, 1994
PASSED THE ASSEMBLY AUGUST 29, 1994
AMENDED IN ASSEMBLY AUGUST 26, 1994
AMENDED IN ASSEMBLY AUGUST 19, 1994
AMENDED IN ASSEMBLY JUNE 30, 1994
AMENDED IN ASSEMBLY JUNE 1, 1994
AMENDED IN SENATE MAY 3, 1994
AMENDED IN SENATE APRIL 12, 1994

INTRODUCED BY Senators Hughes, Presley, Rosenthal, Watson, and
Wyman
(Coauthors: Assembly Members Alpert, Caldera, Eastin, and
Solis)

FEBRUARY 24, 1994

An act to amend Sections 48260, 48260.5, and 48264 of, and to
add Section 48264.5 to, the Education Code, to amend Section
13202.7 of the Vehicle Code, and to amend Sections 601 and 601.2
of, and to repeal Section 601.1 of, the Welfare and
Institutions Code, relating to truancy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1728, Hughes. Truancy.

(1) Existing law defines a truant as any pupil subject to compulsory full-time education or to compulsory continuation education who is absent from school without valid excuse more than 3 days or tardy in excess of 30 minutes on each of more than 3 days in one school year, and provides for the punishment therefor.

This bill would instead provide that pupils are truant if they are absent without valid excuse 3 days in one school year or tardy without valid excuse in excess of 30 minutes on each of more than 3 days in one school year.

(2) Existing law requires a school district, upon a pupil's classification as a truant, to notify the pupil's parent or guardian of certain information, including that the parent or guardian is obligated to compel the attendance of the pupil at school.

This bill would require that the notice include additional information, including informing the parent or guardian that alternative education programs may be available in the district, that the pupil may be subject to prosecution, and that the pupil is subject to suspension or revocation of the pupil's driving privilege.

(3) Under existing law, any minor who is subject to compulsory full-time or continuation education and is absent from school without a valid excuse may be taken into custody by

an attendance supervisor, peace officer, or school administrator or his or her designee.

This bill would instead provide that the attendance supervisor or his or her designee, a peace officer, a school administrator or his or her designee, or any probation officer may arrest or assume temporary custody of the minor under these provisions.

(4) Under existing law, a juvenile who is an habitual truant is required to be referred to a school attendance review board or truancy mediation program, before referral to the juvenile court. Under existing law, a juvenile may be adjudged a ward of the juvenile court for habitual truancy. If a minor initially has been referred to the board or program and has been adjudged a ward of the court, the court may order the juvenile to participate in a specified community service education program under certain conditions. Existing law specifies further procedures for resolving continuing truancy.

This bill would repeal the section on referral to the school attendance review board or truancy mediation program and would instead provide that, upon the first truancy, the pupil may be personally given a written warning by a specified peace officer.

The bill would provide that a record of the written warning may be kept at the school for 2 years or until the pupil graduates or transfers from the school. The law enforcement agency may also maintain a record of the written warning.

This bill would provide that, upon the 2nd truancy within the same school year, the pupil may be assigned by the school to an afterschool or a weekend study program, as specified. Upon the 3rd truancy within the same school year, the bill would provide that the pupil be referred to and required to attend an attendance review board, truancy mediation program, or a comparable program.

This bill would provide that if a pupil who has attended certain programs including a school attendance review board program, has a 4th truancy in the same school year, the pupil shall be classified as an habitual truant, within the jurisdiction of the court, and may be adjudged a ward of the court. If the pupil is adjudged a ward of the court, he or she shall be subject to one or more of the following: community service, a \$100 fine, attendance in a court-approved truancy prevention program, or suspension, delay, or restriction of driving privileges, as specified. The bill would also make the pupil's parent or guardian jointly liable for the \$100 fine. The bill would make conforming changes to related provisions of law.

(5) This bill would impose a state-mandated local program by placing new duties on local education entities, juvenile laws, and probation officers.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates which do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that this bill contains costs mandated by

the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 48260 of the Education Code is amended to read:

48260. Any pupil subject to compulsory full-time education or to compulsory continuation education who is absent from school without valid excuse three days in one school year or tardy without valid excuse in excess of 30 minutes on each of more than three days in one school year is a truant and shall be reported to the attendance supervisor or to the superintendent of the school district.

SEC. 2. Section 48260.5 of the Education Code is amended to read:

48260.5. Upon a pupil's initial classification as a truant, the school district shall notify the pupil's parent or guardian, by first-class mail or other reasonable means, of the following:

(a) That the pupil is truant.

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

(c) 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.

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

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

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

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

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

SEC. 3. Section 48264 of the Education Code is amended to read:

48264. The attendance supervisor or his or her designee, a peace officer, a school administrator or his or her designee, or a probation officer may arrest or assume temporary custody, during school hours, of any minor subject to compulsory full-time education or to compulsory continuation education found away from his or her home and who is absent from school without valid excuse within the county, city, or city and county, or school district.

SEC. 4. Section 48264.5 is added to the Education Code, to read:

48264.5. Any minor who is a truant pursuant to Section 48260

is subject to the following:

(a) Upon the first truancy, the pupil may be personally given a written warning by any peace officer specified in Section 830.1 of the Penal Code. A record of the written warning may be kept at the school for a period of not less than two years, or until the pupil graduates, or transfers, from that school. If the pupil transfers, the record may be forwarded to any school receiving the pupil's school records. A record of the written warning may be maintained by the law enforcement agency in accordance with that law enforcement agency's policies and procedures.

(b) Upon the second truancy within the same school year, the pupil may be assigned by the school to an afterschool or weekend study program located within the same county as the pupil's school. If the pupil fails to successfully complete the assigned study program, the pupil shall be subject to subdivision (c).

(c) Upon the third truancy within the same school year, the pupil may be referred to, and required to attend, an attendance review board or a truancy mediation program pursuant to Section 48263 or pursuant to Section 601.3 of the Welfare and Institutions Code. If the district does not have a truancy mediation program, the pupil may be required to attend a comparable program deemed acceptable by the school district's attendance supervisor. If the pupil does not successfully complete the truancy mediation program or other similar program, the pupil shall be subject to subdivision (d).

(d) Upon the fourth truancy within the same school year, the pupil shall be classified a habitual truant, as defined in Section 48262, and shall be within the jurisdiction of the juvenile court which may adjudge such pupil to be a ward of the court pursuant to Section 601 of the Welfare and Institutions Code. If the pupil is adjudged a ward of the court, the pupil shall be required to do one or more of the following:

(1) Performance at court-approved community services sponsored by either a public or private nonprofit agency for not less than 20 hours but not more than 40 hours over a period not to exceed 90 days, during a time other than the pupil's hours of school attendance or employment. The probation officer shall report to the court the failure of the pupil to comply with this paragraph.

(2) Payment of a fine by the pupil of not more than one hundred dollars (\$100) for which a parent or guardian of the pupil may be jointly liable.

(3) Attendance of a court-approved truancy prevention program.

(4) Suspension or revocation of driving privileges pursuant to Section 13202.7 of the Vehicle Code. This subdivision shall apply only to a pupil who has attended a school attendance review board program, a program operated by a probation department acting as a school attendance review board, or a truancy mediation program pursuant to subdivision (c).

SEC. 5. Section 13202.7 of the Vehicle Code is amended to read:

13202.7. (a) Any minor under the age of 18 years, but 13 years of age or older, who is an habitual truant within the meaning of Section 48262 of the Education Code, or who is

adjudged by the juvenile court to be a ward of the court under subdivision (b) of Section 601 of the Welfare and Institutions Code, may have his or her driving privilege suspended for one year by the court. If the minor does not yet have the privilege to drive, the court may order the department to delay issuing the privilege to drive for one year subsequent to the time the person becomes legally eligible to drive. However, if there is no further truancy in the 12-month period, the court, upon petition of the person affected, may modify the order imposing the delay of the driving privilege. For each successive time the minor is found to be an habitual truant, the court may suspend the minor's driving privilege for a minor possessing a driver's license, or delay the eligibility for the driving privilege for those not in possession of a driver's license, for one additional year.

(b) Whenever the juvenile court suspends a minor's driving privilege pursuant to subdivision (a), the court may require all driver's licenses held by the minor to be surrendered to the court. The court shall, within 10 days following the surrender of the license, transmit a certified abstract of the findings, together with any driver's licenses surrendered, to the department.

(c) When the juvenile court is considering suspending or delaying a minor's driving privilege pursuant to subdivision (a), the court shall consider whether a personal or family hardship exists that requires the minor to have a driver's license for his or her own, or a member of his or her family's, employment or for medically related purposes.

(d) The suspension, restriction, or delay of a minor's driving privilege pursuant to this section shall be in addition to any other penalty imposed by law on the minor.

SEC. 6. Section 601 of the Welfare and Institutions Code is amended to read:

601. (a) Any person under the age of 18 years who persistently or habitually refuses to obey the reasonable and proper orders or directions of his or her parents, guardian, or custodian, or who is beyond the control of that person, or who is under the age of 18 years when he or she violated any ordinance of any city or county of this state establishing a curfew based solely on age is within the jurisdiction of the juvenile court which may adjudge the minor to be a ward of the court.

(b) If a minor has four or more truanancies within one school year as defined in Section 48260 of the Education Code or a school attendance review board determines that the available public and private services are insufficient or inappropriate to correct the habitual truancy of the minor, or to correct the minor's persistent or habitual refusal to obey the reasonable and proper orders or directions of school authorities, or if the minor fails to respond to directives of a school attendance review board or to services provided, the minor is then within the jurisdiction of the juvenile court which may adjudge the minor to be a ward of the court. However, it is the intent of the Legislature that no minor who is adjudged a ward of the court pursuant solely to this subdivision shall be removed from the custody of the parent or guardian except during school hours.

(c) To the extent practically feasible, a minor who is adjudged a ward of the court pursuant to this section shall not be permitted to come into or remain in contact with any minor ordered to participate in a truancy program, or the equivalent thereof, pursuant to Section 602.

(d) Any peace officer or school administrator may issue a notice to appear to a minor who is within the jurisdiction of the juvenile court pursuant to this section.

SEC. 7. Section 601.1 of the Welfare and Institutions Code is repealed.

SEC. 8. Section 601.2 of the Welfare and Institutions Code is amended to read:

601.2. In the event that a parent or guardian or person in charge of a minor described in Section 48264.5 of the Education Code fails to respond to directives of the school attendance review board or to services offered on behalf of the minor, the school attendance review board shall direct that the minor be referred to the probation department or to the county welfare department under Section 300, and the school attendance review board may require the school district to file a complaint against the parent, guardian, or other person in charge of such minor as provided in Section 48291 or Section 48454 of the Education Code.

SEC. 9. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund. Notwithstanding Section 17580 of the Government Code, unless otherwise specified in this act, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

DISTRICT'S
INCORRECT REDUCTION CLAIM
FILED WITH THE
COMMISSION ON STATE MANDATES
ON DECEMBER 12, 2005

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300

SACRAMENTO, CA 95814

PHONE: (916) 323-3562

FAX: (916) 445-0278

E-mail: csminfo@csm.ca.gov



January 30, 2006

Mr. Ruben Rojas
Los Angeles Unified School District
Office of the Controller
Revenue Enhancement Unit
333 S. Beaudry Avenue, 27th Floor, Suite 114
Los Angeles, CA 90017

Ms. Ginny Brummels
Division of Accounting and Reporting
State Controller's Office
3301 C Street, Suite 501
Sacramento, CA 95816

Re: **Incorrect Reduction Claim**
Notification of Truancy, 05-904133-I-02
Los Angeles Unified School District, Claimant
Statutes 1983, Chapter 498
Fiscal Years 1998-1999, 1999-2000, and 2000-2001

Dear Mr. Rojas and Ms. Brummels:

Government Code section 17551, subdivision (b), requires the Commission to hear and decide upon claims filed by local agencies and school districts that the State Controller's Office (SCO) has incorrectly reduced payments to the local agencies or school districts.

On December 12, 2005, an incomplete incorrect reduction claim (IRC) was filed on the above-named program by Los Angeles Unified School District. The claimant submitted information to complete the filing on January 23, 2006. Following initial review, the Commission staff found the incorrect reduction claim to now be complete.

SCO Review and Response. Please file the SCO response and supporting documentation regarding this claim within 90 days of the date of this letter. Please include an explanation of the reason(s) for the reductions and the computation of reimbursements. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based on the declarant's personal knowledge, information or belief. The Commission's regulations also require that the responses (opposition or recommendation) filed with the Commission be simultaneously served on the claimants and their designated representatives, and accompanied by a proof of service. (Cal. Code Regs., tit. 2, § 1185.01.)

The failure of the SCO to respond within this 90-day timeline shall not cause the Commission to delay consideration of this IRC.

Claimant's Rebuttal. Upon receipt of the SCO response, the claimant and interested parties may file rebuttals. The rebuttals are due 30 days from the service date of the response.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Roy Romer
Superintendent of Schools

Charles A. Burbridge
Chief Financial Officer

Betty Ng
Controller

Ruben J. Rojas
Director, Revenue Enhancement

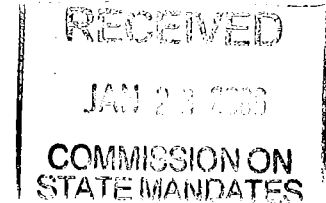


Office of the Controller

Revenue Enhancement Unit
333 S. Beaudry Ave. 27th Floor
Los Angeles, CA 90017
Telephone: (213) 241-3992 Fax: (213) 241-8911

January 20, 2006

Commission on State Mandates
Attention: Nancy Patton, Assistant Executive Director
980 Ninth Street, Suite 300
Sacramento, CA 95814



Re: Detailed Narrative of Claim
Claimant: Los Angeles Unified School District
Claim: Notification of Truancy, Statutes 1983, Chapter 498
Claim Years: Fiscal Years 1998-1999, 1999-2000 and 2000-2001


Dear Ms. Patton:

Enclosed, pursuant to your December 22, 2005 letter to Trevin E. Sims, is the District's supplement to the Incorrect Reduction Claim filed on December 12, 2005. The enclosed claim includes the following documents:

- 1) Incorrect Reduction Claim form;
- 2) State Controller's Claiming Instructions;
- 3) A written detailed narrative signed under penalty of perjury;
- 4) State Controllers December 2002 Final Audit Report for the 1998-1999 fiscal year;
- 5) The State Controllers December 2002 Final Audit Report for the 1999-2000 and 2000-2001 fiscal years;
- 6) The District's November 25, 2002 letter to the State Controller regarding the 1998-1999 draft audit report;
- 7) The District's November 14, 2002 letter to the State Controller regarding the 1999-2000 and 2000-2001 draft audit reports;
- 8) The District's Claim for Payment for the 1998-1999 fiscal year;
- 9) The District's Claim for Payment for the 1999-2000 fiscal year;
- 10) The District's Claim for Payment for the 2000-2001 fiscal year; and
- 11) The Notice of Truancy Parameters and Guidelines, as amended June 22, 1993.

One (1) original and two (2) copies of the entire claim are enclosed.

If you should have any questions, please do not hesitate to contact me.



Ruben Rojas
Director of Revenue Enhancement
Los Angeles Unified School District

COPY

LOS ANGELES UNIFIED SCHOOL DISTRICT



Office of the Controller

Revenue Enhancement Unit
333 S. Beaudry Ave. 27th Floor
Los Angeles, CA 90017
Telephone: (213) 241-3992 Fax: (213) 241-8911

Roy Romer
Superintendent of Schools

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Chief Financial Officer

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Controller

Ruben J. Rojas
Director, Revenue Enhancement

January 20, 2006

Commission on State Mandates
Attention: Nancy Patton, Assistant Executive Director
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Detailed Narrative of Claim
Claimant: Los Angeles Unified School District
Claim: Notification of Truancy, Statutes 1983, Chapter 498
Claim Years: Fiscal Years 1998-1999, 1999-2000 and 2000-2001

Dear Ms. Patton:

The letter constitutes the Los Angeles Unified School District's ("District") detailed narrative pursuant to Title 2, Section 1185, subdivision (e)(2) of the California Code of Regulations in support of the above-referenced claims.

The State Controller's Office ("SCO") incorrectly reduced the District's 1998-1999, 1999-2000, and 2000-2001 claims totaling \$2,602,311 by \$2,352,507 thus allowing only \$249,804. As set forth below, the District complied with law and presented sufficient evidence to support the claimed amounts. The District requests the Commission on State Mandates to reverse the audit findings and award the District the correct claim amount of \$2,602,311.

BACKGROUND

In 1983, the Legislature enacted Chapter 498, Statutes of 1983, codified in Education Code section 48260.5, requiring notification to parents or guardians of pupils upon initial classification of truancy. Specifically, the statute (as amended in 1994) provides:

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

- (a) That the pupil is truant.

COPY

- (b) That the parent or guardian is obligated to compel the attendance of the pupil at school.
- (c) 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.
- (d) That alternative educational programs are available in the district.
- (e) That the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.
- (f) That the pupil may be subject to prosecution under Section 48264.
- (g) That the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege pursuant to Section 13202.7 of the Vehicle Code.
- (h) That it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.¹

The State Board of Control ruled that this legislation constituted a reimbursable mandate under Government Code section 17561. Accordingly, the Commission on State Mandates adopted Parameters and Guidelines establishing the criteria for reimbursement. The Parameters and Guidelines provide that a 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." Further, the Parameters and Guidelines provides "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. . . ."

Pursuant to the Parameters and Guidelines, the District filed its claim for the 1998-1999 fiscal year on January 4, 2000, for the 1999-2000 fiscal year on January 12, 2001, and for the 2000-2001 fiscal year on December 20, 2001. The SCO issued its final audit report for the 1998-1999 claim on December 13, 2002. The SCO also issued its final audit report for the 1999-2000 and 2000-2001 claims on December 13, 2002.

The District timely submitted its Incorrect Reduction Claim for each of the three fiscal years on December 12, 2005.

¹ The statute as originally enacted in 1983 only required that the notification to parents include five (5) elements. The 1994 amended added three (3) more required elements. However, for purposes of the claims at issue, as conceded by the SCO in its final audit reports, the District was only required to notify parents or guardians of the original five (5) elements.

SUMMARY OF CLAIMS AND SCO FINDINGS

1998-1999 CLAIM PERIOD

District Claim

The District submitted a claim for reimbursement in the amount of \$712,167 based on 60,869 truancy notifications.

SCO Findings

The SCO, in the December 2002 final audit report, concluded that none of the District's \$712,167 claim was allowable and stated that the entire amount should be returned to the State. The SCO found that the District did not provide any documentation to substantiate any of the claim amounts. Specifically, the SCO explained:

"The SCO auditors randomly sampled 79 of the 165 school sites that claimed initial truancy notifications, 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 the permits to return to classroom (PRC). **The district did not notify pupil's parents or guardians in initial truancy via a letter or any other official documents as required by Parameters and Guidelines.** (Emphasis added.)

1999-2000 AND 2000-2001 CLAIM PERIODS

District Claim

The District submitted a claim for reimbursement for the 1999-2000 fiscal year in the amount of \$921,249, based on 75,327 truancy notifications; it submitted a claim for reimbursement for the 2000-2001 fiscal year in the amount of \$974,240, based on 76,531 truancy notifications. The combined total claim for the two fiscal years was \$1,895,489.

SCO Findings

In its December 2002 final audit report, the SCO concluded \$1,877,083 of the claim was unallowable. The SCO stated that the District had been paid \$1,658,746 and should return \$1,640,340 to the State.

With regard to the 1999-2000 fiscal year, the SCO stated that it randomly sampled 67 of the 120 school sites that claimed initial truancy notifications, constituting 49,480 distributed notifications. The SCO found that:

“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 pupil’s parent or guardian by the district was 0.58% (286 divided by 49,480).”

With regard to the 2000-2001 fiscal year, the SCO stated that he randomly sampled 67 of the 120 school sites that claimed initial truancy notifications, constituting 44,676 distributed notifications. The SCO found that:

“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 that contained the required elements identified in Parameters and Guidelines. Consequently, the percentage of supported notification distributed to the pupil’s parent or guardian by the district was 1.34% (598 divided by 44,676).”

With regard to both claim years, the SCO further explained:

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. . . .

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 require 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.”

DISTRICT POSITION RE INCORRECT REDUCTION

In short, the SCO reduced the District's claims because the District did not produce a copy of a letter or other written document provided to the parent or guardian on each instance a parent or guardian was notified of the pupil's truancy pursuant to Section 48260.5. The District contends that the reduction for each of the three claims was incorrect because the SCO failed to appropriately consider evidence of the District's compliance with the requirements of Section 48260.5 either a letter or other written document to the parent or guardian.

The statute does not explicitly require that the notification be by letter or other written document. Section 48260.5 provides: "Upon a pupil's initial classification as a truant, **the school district shall** notify the pupil's parent or guardian, **by first-class mail or other reasonable means**, of the following: . . ." (Emphasis added.) The Parameters and Guidelines arguably presume that the notification will be effected through a written form. For example, the Parameters and Guidelines provide:

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. (Emphasis added.)

However, the Parameters and Guidelines also do not explicitly state that the notification must be by letter or other written document. Nevertheless, the SCO, relying on the foregoing language in the Parameters and Guidelines, takes the position that the notification can only be effected and supported by a letter or other written form.

The District contends the SCO's interpretation is inconsistent with the language of the statute. If the Legislature had intended to limit the means of notification to a letter or other "writing" it could have done so. The District believes that the SCO's limited interpretation is inconsistent with the intent of

the statute and would in fact frustrate the Legislature's goal in enacting the statute, i.e., to ensure parents or guardians receive effective notice of the pupil's attendance issues.

As a result of its limited and incorrect interpretation of the statute, the SCO effectively disregarded all evidence the District presented to demonstrate it had satisfied the requirements of the statute by means other than a letter or other writing to the parent or guardian. Specifically, the District submitted phone logs, attendance records and other documentation in support of the claims. While the SCO indicates it "reviewed" this evidence, the audit reports suggest that the SCO wholly disregarded and rejected this evidence.

For these reasons, the District requests the Commission on State Mandates to reverse the audit findings and award the District the correct claim amount of \$2,602,311.

The District does not waive its right to assert any other fact, argument or position in support of the claims made in this incorrect reduction claim.

The foregoing facts are known to me personally and if so required, I could and would testify to the statements made herein. I declare under penalty of perjury under the laws of the State of California that the statements made in this document are true and complete to the best of my personal knowledge and as to all matters, I believe them to be true.

Executed this 20th day of January, 2006, at Los Angeles, California, by:



Ruben Rojas
Director of Revenue Enhancement
Los Angeles Unified School District

State of California
 COMMISSION ON STATE MANDATES
 980 Ninth Street, Suite 300
 Sacramento, CA 95814
 (6)323-3562

For Official Use Only
<div style="border: 2px solid black; padding: 5px; width: fit-content; margin: auto;"> <p>RECEIVED</p> <p>DEC 12 2005</p> <p>COMMISSION ON STATE MANDATES</p> </div>
Claim No. <u>05-904133-I-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

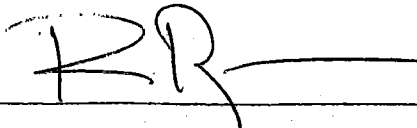
Telephone No.

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.

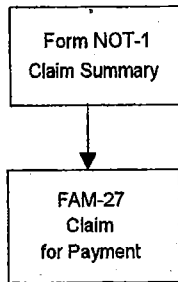
B. Form NOT-1, Claim Summary

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 NOTIFICATION OF TRUANCY			For State Controller Use Only (19) Program Number 00048 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program 048
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)	
	Suite		(26)	
Type of Claim	Estimated Claim	Reimbursement Claim	(27)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input 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)	
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				
In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 498, Statutes of 1983, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.				
I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 498, Statutes of 1983.				
The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 498, Statutes of 1983, set forth on the attached statements.				
Signature of Authorized Officer			Date	
_____			_____	
Type or Print Name			Title	
(38) Name of Contact Person for Claim			Telephone Number () - Ext.	
_____			_____	
E-Mail Address			_____	

Program 048	NOTIFICATION OF TRUANCY Certification Claim Form Instructions	FORM FAM-27
------------------------------	--	------------------------------

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

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

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

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

Address, if delivered by other delivery service:

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

Program 048	MANDATED COSTS NOTIFICATION OF TRUANCY CLAIM SUMMARY	FORM NOT-1
-----------------------	---	--

(01) Claimant	(02) Type of Claim 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
-----------------------	---	-----------------------

- (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, appearing to read "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).

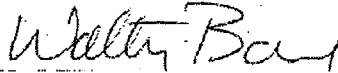
For fiscal year 1998-99, the district was paid \$712,167 by the State. The audit disclosed that none of the claimed costs are allowable. The total amount paid should be returned to the State.

**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	<u>\$ 11.70</u>	<u>\$ 11.70</u>	<u>\$ 11.70</u>
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

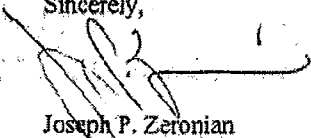
In addition to maintaining the same documentation as required for uniform cost allowance reimbursement, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

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>

S03-MCC-006

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

Dear Mr. Römer:

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,

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

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.

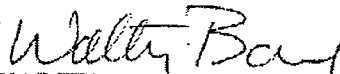
For FY 2000-01, the district was paid \$737,497 by the State. The audit disclosed that \$13,061 is allowable. The amount paid in excess of allowable costs claimed, totaling \$724,436, should be returned to the State.

**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		(921,249)	
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		(737,497)	
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		(1,658,746)	
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 KOMER
Superintendent of Schools

JOSEPH F. 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 F. Zeronian
Chief Financial Officer

cc: 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

EXHIBIT E

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 PA - MENT

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		Reimbursement Claim Data	
(02) Mailing Address		(22) NOT-1,(03)	60,869
Claimant Name LOS ANGELES UNIFIED SD		(23)	
County Of Location LOS ANGELES		(24)	
Street Address or P.O. Box 355 SOUTH GRAND AVENUE SUITE 807		(25)	
City LOS ANGELES	State CA	Zip Code 90071	(26)
Type of Claim	Estimated Claim	Reimbursement Claim	(27)
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(28)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(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

OLONZO WOODFIN III

Type or Print Name

Date

1/14/2000

CONTROLLER

Title

(39) Name of Contact Person For Claim

Steve Smith, Mandated Cost Systems

Telephone Number

916-487-4435

Ext.

**NOTIFICATION OF TRUANCY
CLAIM SUMMARY
INSTRUCTIONS**

**FORM
NOT-1**

(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: <table style="width: 100%; border: none;"> <tr> <td style="border: none;">Reimbursement</td> <td style="border: none;"><input checked="" type="checkbox"/></td> </tr> <tr> <td style="border: none;">Estimated</td> <td style="border: none;"><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	
(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
Cost Reduction	
(06) Less: Offsetting Savings, if applicable	
(07) Less: Other Reimbursements, if applicable	
(08) Total Claimed Amount: {Line(05) - [Line(06) + line(07)]}	712,167

**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
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: 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
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) Claimant: 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) Name of School	(d) 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 <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) 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:
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
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

<p>CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 NOTIFICATION OF TRUANCY</p>	<p>For State Controller Use Only</p> <p>(19) Program Number 00048</p> <p>(20) Date Filed _____ / _____ / _____</p> <p>(21) Signature Present <input type="checkbox"/></p>
--	--

L A B E L H E R E	(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 State Zip Code LOS ANGELES CA 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	Date
<u>Yoshiko Fong</u>	<u>1/12/2001</u>
YOSHIKO FONG	ACTING 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**

(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**

(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
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
251	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

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
---	---	-----------------------

L A B E L H E R E	(01) Claimant Identification Number \$19265		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	(25)
	LOS ANGELES	CA	90071	

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	<u>12/20/01</u> _____ CONTROLLER
Type or Print Name	Title
(38) Name of Contact Person For Claim	Telephone Number
Steve Smith, Mandated Cost Systems	(916) 487-4435
E-mail Address	Ext.
scohelp@mandated.com	

File 12/19/01 Rec 12-18-01 [Signature]

Program 048	NOTIFICATION OF TRUANCY CLAIM SUMMARY INSTRUCTIONS	FORM NOT-1
(01) Claimant: S19265 LOS ANGELES UNIFIED SD	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year: 2000 / 2001
Claim Statistics		
(03) Number of truant notifications	76,531	
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: 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
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) Clamant:
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
WILSON SH	647
WRIGHT M/SC AER MAG	38
WRIGHT MS	265
	76,531

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



Exhibit D

July 16, 2015

Ms. Maruch Atienza
Los Angeles Unified School District
333 S. Beadry Avenue, 26th Floor
Los Angeles, CA 90017

Ms. Jill Kanemasu
State Controller's Office
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

And Parties, Interested Parties, and Interested Persons (See Mailing List)

RE: Draft Proposed Decision, Schedule for Comments, and Notice of Hearing
Incorrect Reduction Claim
Notification of Truancy, 05-904133-I-02
Education Code Section 48260.5
Statutes 1983, Chapter 498
Los Angeles Unified School District, Claimant

Dear Ms. Atienza and Ms. Kanemasu:

The draft proposed decision for the above-named matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the draft proposed decision by **August 6, 2015**. You are advised that comments filed with the Commission on State Mandates (Commission) are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents. Please see <http://www.csm.ca.gov/dropbox.shtml> on the Commission's website for instructions on electronic filing. (Cal. Code Regs., tit. 2, § 1181.3)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

Hearing

This matter is set for hearing on **Friday, September 25, 2015**, at 10:00 a.m., State Capitol, Room 447, Sacramento, California. The proposed decision will be issued on or about September 11, 2015. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Halsey".

Heather Halsey
Executive Director

ITEM _
INCORRECT REDUCTION CLAIM
DRAFT PROPOSED DECISION

Education Code Section 48260.5

Statutes 1983, Chapter 498

Notification of Truancy

Fiscal Years 1998-1999, 1999-2000, and 2000-2001

05-904133-I-02

Los Angeles Unified School District, Claimant

EXECUTIVE SUMMARY

Overview

This incorrect reduction claim (IRC) challenges reductions made by the State Controller's Office (Controller) to reimbursement claims filed by the Los Angeles Unified School District (claimant) for fiscal years 1998-1999, 1999-2000, and 2000-2001 under the *Notification of Truancy* program. The Controller reduced the 1998-1999 costs claimed to zero (of \$712,167 claimed), reduced the 1999-2000 costs claimed by \$915,904 (\$5,345 was allowed of \$921,249 claimed) and reduced the 2000-2001 costs claimed by \$961,179 (\$13,061 was allowed of \$974,240 claimed.)

The Controller audited a sample of claimant's school sites that identified costs in the reimbursement claims and extrapolated the findings from the sample to all costs claimed by the claimant for all schools in the district. The Controller's reduction of costs claimed raise the following disputed issues:

1. Whether the mandate requires school districts to provide *written* notification to parents or guardians upon a pupil's initial classification as a truant.
2. Whether claimant provided documentation, in accordance with the requirements in the parameters and guidelines, sufficient to support the reductions by the Controller.
3. Whether the Controller's reduction of costs claimed for truancy notifications at the school sites not included in the audit sample is correct.

For the reasons below, staff finds that the Controller's reductions are partially correct.

Notification of Truancy Program

Under California's compulsory education laws, children between the ages of six and 18 are required to attend school full-time, with a limited number of specified exceptions.¹ The statutory scheme, as originally enacted, provided that any pupil subject to compulsory full-time education who, without a valid excuse, is absent from school or is tardy or absent for more than a 30-minute period during the school day for more than three days in one school year, is classified as a truant.² Upon a pupil's initial classification as a truant, the 1983 test claim statute, Education Code section 48260.5, required school districts 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, it required 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.³ On November 29, 1984, the Board of Control, the predecessor to the Commission on State Mandates (Commission), determined that this statute constitutes a reimbursable state-mandated program to develop notification forms and provide written notice to the parents or guardians of the truancy.⁴

The original parameters and guidelines were adopted on August 27, 1987, and authorized reimbursement for the one-time activities of planning implementation, revising school district policies and procedures, and designing and printing the forms. Reimbursement was also authorized for ongoing activities to identify pupils to receive the initial notification and prepare and distribute the notification by first class mail or other reasonable means.

The Commission amended the parameters and guidelines on July 22, 1993, effective beginning July 1, 1992, to add a unit cost of \$10.21, adjusted annually by the Implicit Price Deflator, for each initial notification of truancy distributed in lieu of requiring the claimant to provide documentation of actual costs to the Controller. The parameters and guidelines further provide that "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."⁵ These are the parameters and guidelines applicable to this claim.⁶

¹ Education Code section 48200.

² Education Code section 48260.

³ Education Code section 48260.5, Statutes 1983, chapter 498.

⁴ Exhibit X, Brief Written Statement for Adopted Mandate issued by the Board of Control on the *Notification of Truancy* test claim (SB 90-4133).

⁵Exhibit A, IRC, page 69.

⁶ The parameters and guidelines as amended in 2008 are not applicable to this IRC.

The Legislature enacted Statutes 2007, chapter 69, effective January 1, 2008, which was sponsored by the Controller to require the Commission to amend the parameters and guidelines, effective July 1, 2006, to modify the definition of a truant and the required elements to be included in the initial truancy notifications in accordance with Statutes 1994, chapter 1023, and Statutes 1995, chapter 19. These statutes required school districts to add the following information to the truancy notification: that the pupil may be subject to prosecution under Section 48264; that the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege pursuant to Section 13202.7 of the Vehicle Code; and that it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day. The definition of truant was also changed from a pupil absent for "more than three days" to a pupil absent for "three days." In 2008, the Commission amended the parameters and guidelines, for costs incurred beginning July 1, 2006, as directed by the Legislature.

Procedural History

Claimant signed its 1998-1999 reimbursement claim on January 14, 2000,⁷ its 1999-2000 reimbursement claim on January 12, 2001,⁸ and its 2000-2001 reimbursement claim on December 20, 2001.⁹

The Controller issued the draft audit report for the 1999-2001 audit on October 2, 2002,¹⁰ and the draft audit report for the 1998-1999 audit on November 1, 2002.¹¹ Claimant submitted comments on the 1999-2001 draft audit report on November 14, 2002¹² and the 1998-1999 draft audit report on November 25, 2002.¹³ The Controller issued final audit reports for the 1998-1999 and the 1999-2001 audits on December 13, 2002.¹⁴

Claimant filed this IRC on December 12, 2005,¹⁵ and submitted a supplemental filing on January 23, 2006.¹⁶ The Controller filed late comments on the IRC on December 11, 2007.¹⁷ On

⁷ Exhibit A, IRC, page 46.

⁸ Exhibit A, IRC, page 54.

⁹ Exhibit A, IRC, page 60.

¹⁰ Exhibit A, IRC, page 31.

¹¹ Exhibit A, IRC, page 14.

¹² Exhibit A, IRC, pages 39-40.

¹³ Exhibit A, IRC, pages 22-23.

¹⁴ Exhibit A, IRC, pages 9-24, 25-45.

¹⁵ Exhibit A, IRC.

¹⁶ Exhibit B, IRC Supplemental filing.

¹⁷ Exhibit C, Controller's Late Comments on the IRC. Note that pursuant to Government Code section 17553(d) "the Controller shall have no more than 90 days after the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by

July 16, 2015, Commission staff issued the draft proposed decision.

Commission Responsibilities

Government Code section 17561(b) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the incorrectly reduced costs be reinstated.

The Commission must review questions of law, including interpretation of parameters and guidelines, de novo, without consideration of conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.¹⁸ The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."¹⁹

With regard to the Controller's audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.²⁰

The Commission must also review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.²¹ In addition, sections 1185.1(f)(3) and 1185.2(c) of the Commission's regulations require that any assertions

the Commission." However, in this instance, due to the backlog of IRCs, these late comments have not delayed consideration of this item and so have been included in the analysis and proposed decision.

¹⁸ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

¹⁹ *County of Sonoma*, supra, 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

²⁰ *Johnston v. Sonoma County Agricultural* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

²¹ *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

of fact by the parties to an IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.²²

Claims

The following chart provides a brief summary of the claims and issues raised and staff's recommendation.

Issue	Description	Staff Recommendation
<p>The Controller's reduction of \$712,167 claimed for 1998-1999</p>	<p>The Controller audited a sample of school sites and found that claimant did not provide any documentation to support the claimed number of initial truancy notifications distributed for the 79 schools sampled. The Controller also found that the district's truancy notifications were not provided by letter or any other official written document to the parent or guardian during this fiscal year.</p> <p>Claimant argues that the test claim statute does not require the notification to be in writing, rather it requires notification "by first-class mail or other reasonable means." Claimant argues that it satisfied the requirements of the test claim statute by means other than a letter or other writing to the parent or guardian, thus providing effective notice of the pupil's attendance issues to the parents or guardians, and that it should be reimbursed for the number unwritten notifications to parents or guardians claimed based on telephone calls, attendance records, and other documentation.</p>	<p><i>Correct</i> - The mandate approved by the Board of Control is to provide <i>written</i> notification to the parent or guardian containing the required information upon the pupil's initial classification as a truant. Neither the test claim decision, nor the parameters and guidelines, authorize reimbursement for providing unwritten notifications of truancy. The Board of Control's test claim decision and the adopted parameters and guidelines are quasi-judicial decisions interpreting the reimbursement requirements of article XIII B, section 6 of the California Constitution and are, therefore, binding.</p> <p>Moreover, the claimant has provided no evidence to support a claim for reimbursement that it incurred any costs in fiscal year 1998-1999 to provide written notice to the parents or guardians of pupils identified as truants, which contain the information required by the test claim statute, in accordance with the test claim</p>

²² Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

		decision and parameters and guidelines.
<p>The Controller's reduction of \$1,877,083 claimed for fiscal years 1999-2000 and 2000-2001</p>	<p>The Controller randomly sampled the records of 56 percent of the claimant's school sites (67 of the 120 school sites) for fiscal years 1999-2000 and 2000-2001. Unlike fiscal year 1998-1999, the claimant provided the Controller with 286 truancy notification letters sent by the sampled school sites in fiscal year 1999-2000 and 598 written notifications sent by the sampled school sites in fiscal year 2000-2001. The Controller extrapolated the percentage of unsupported notices claimed by the sampled school sites for each fiscal year (99.42% and 98.66%) to reduce costs claimed by all school sites in the district, including the 53 school sites that were not sampled.</p> <p>Claimant argues that written truancy notifications are not required by the test claim statute and that the Controller disregarded all evidence that claimant had satisfied the requirements of the statute by means other than a written notification to the parent or guardian.</p>	<p><i>Partially Correct</i> – The reduction of \$1,173,865 claimed for truancy notices of the 67 sampled school sites that were not supported by documentation is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support. Claimant has not filed any supporting documentation in accordance with the parameters and guidelines, or evidence to support the costs claimed in this case. Pursuant to Government Code section 17559 and section 1187.5 of the Commission's regulations, all assertions of fact must be supported with substantial evidence in the record.</p> <p>However, the Controller's extrapolation of its findings from the 67 sampled school sites to the remaining 53 school sites that were not sampled is not supported by evidence in the record because there is no showing that the audit results from the sampled schools is representative of the schools not sampled. The record indicates that claimant's school sites did not comply with the mandate in the same way. Accordingly, staff finds that the Controller's reduction of \$721,623 for the 53 school sites that were not included in the sample, is arbitrary, capricious, or entirely lacking in evidentiary support</p>

		and should be reinstated to the claimant.
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Staff Analysis

A. The Reductions for Fiscal Year 1998-1999 are Correct as a Matter of Law and Not Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.

The Controller randomly sampled 79 of the 165 school sites that claimed initial truancy notification in fiscal year 1998-1999. The sampled school sites claimed that 27,702 initial truancy notifications were distributed to the pupils’ parents or guardians. The Controller found, however, that claimant did not provide any documentation to support the claimed number of initial truancy notifications distributed for the 79 schools sampled. The Controller also found that the district’s truancy notifications were not provided by letter or any other official written document to the parent or guardian during this fiscal year. Rather, the claimant provided notification by phone, based on attendance logs and permits to return to the classroom.

The claimant does not dispute these facts, but alleges that the test claim statute, with language that allows notification by “first-class mail or other reasonable means,” does not require that the notification be in writing. Claimant argues that it satisfied the requirements of the test claim statute by means other than a letter or other writing to the parent or guardian, thus providing effective notice of the pupil’s truancy to the parents or guardians, and that it should be reimbursed for the number of unwritten notifications to parents or guardians claimed based on telephone calls, attendance records, and other documentation.

The Commission finds that the Controller’s reduction of all costs claimed for fiscal year 1998-1999 is correct as a matter of law.

The test claim decision adopted by the Board of Control concluded that the Education Code section 48260.5 mandated school districts to provide written notification to the parent or guardian containing the required information upon the pupil’s initial classification as a truant.²³ In addition, the parameters and guidelines limit the use of the unit cost to only those districts that provide initial truancy notification forms in writing.

Thus, neither the test claim decision, nor the parameters and guidelines, authorize reimbursement for providing unwritten notifications of truancy. The Board of Control’s test claim decision and the adopted parameters and guidelines are quasi-judicial decisions interpreting the reimbursement requirements of article XIII B, section 6 of the California Constitution and are, therefore, binding in later actions including this IRC.²⁴

Moreover, the claimant has provided no evidence to support a claim for reimbursement that it incurred any costs in fiscal year 1998-1999 to provide written notice to the parents or guardians

²³ Exhibit X, Board of Control, Brief Written Statement for Adopted Mandate on the *Notification of Truancy* test claim (SB 90-4133), page 4.

²⁴ *California School Boards Assoc. v. State of California* (2009) 171 Cal.App.4th 1183, 1200; *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 799, where the court states that the Commission’s parameters and guidelines are “regulatory.”

of pupils identified as truants, which contain the information required by the test claim statute, in accordance with the test claim decision and parameters and guidelines.

Therefore, the Commission finds that the Controller's reduction of all costs claimed for fiscal year 1998-1999 totaling \$712,167 is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.

B. The Reductions for Fiscal Years 1999-2000 and 2000-2001 are Partially Correct and Supported by Evidence in the Record for the School Sites Included in the Audit Sample. However, the Reductions Applied to the School Sites Not Included in the Audit Sample are Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.

The Controller audited the fiscal year 1999-2000 and 2000-2001 claims by randomly sampling claimant's school sites (67 of the 120 school sites) representing 56 percent of the pupil population. Unlike fiscal year 1998-1999, however, the Controller found evidence that the claimant provided written truancy letters to the parents or guardians in these two subsequent fiscal years. Claimant provided the Controller with 286 truancy notification letters distributed by the sampled school sites in fiscal year 1999-2000 and 598 written notifications distributed by the sampled school sites in fiscal year 2000-2001. Based on this information, the Controller found that 0.58 percent of the sampled notices for 1999-2000 and 1.34 percent of the sampled notices for 2000-2001 were supported by documentation. The Controller then extrapolated the percentage of unsupported notices claimed by the sampled school sites for each fiscal year (99.42 percent and 98.66 percent) to reduce costs claimed by all school sites in the district, including the 53 school sites that were not sampled.

The claimant argues that written truancy notifications are not required by the test claim statute. The claimant further argues that the Controller disregarded all evidence it presented to demonstrate it had satisfied the requirements of the statute by means other than a written notification to the parent or guardian. Although the claimant did not provide truancy letters in all cases, the claimant alleges it tracked the number of truancy notices provided through phone logs, attendance records, and return to classroom permits, and provided this type of documentation in support of the number of notices claimed. The Controller, however, rejected this documentation.

The Controller's audit report states, in response, that it did review telephone logs, attendance records, and return to classroom permits. However, these records did not provide evidence that claimant complied with the test claim statute by sending written notifications to the parents or guardians that contained the information required by the 1983 test claim statute.

- 1) *The reduction of costs claimed for the 67 sampled school sites is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support.*

Staff finds that the Controller's reduction of costs claimed for truancy notices of the 67 sampled school sites that were not supported by documentation is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support.

The mandate approved by the Board of Control is to prepare and distribute written truancy notifications to the parent or guardian about the truancy and include the information specified by the original test claim statute. The parameters and guidelines authorize reimbursement to mail

the notification “forms” to parents/guardians with the information required by the test claim statute. The parameters and guidelines further require that each claim for reimbursement “provide documentation in support of the reimbursement claimed for this mandated program,” and that when using the uniform cost allowance, “Documentation [must be provided] which indicates the total number of initial notifications of truancy distributed.”

Claimant is correct that the parameters and guidelines do not require copies of the truancy forms or letters actually distributed to support the costs claimed. The parameters and guidelines do not limit the type of supporting documentation required and, instead, simply require “documentation in support of the reimbursement claimed for this mandated program,” and documentation that “indicates the total number of initial notifications of truancy distributed.” Thus, under the parameters and guidelines, telephone logs, attendance records, and return to classroom permits may be sufficient documentation to support the costs claimed *if* these records show that the claimant complied with the mandate to provide written notice to the parent or guardian of the information required by the test claim statute and the documentation verifies the number of notifications provided in a fiscal year.

However, no documentation or evidence has been filed with the Commission to support the costs claimed in this case. Thus, the Commission cannot determine if the documentation relied on by the claimant complies with the parameters and guidelines. Pursuant to Government Code section 17559 and section 1187.5 of the Commission’s regulations, all assertions of fact must be supported with substantial evidence in the record.

Therefore, the Commission finds that the Controller’s reduction of costs claimed for truancy notifications of the 67 sampled school sites that were not supported by documentation is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support.

- 2) *The reduction of costs resulting from the Controller’s extrapolation of findings to the school sites that were not included in the audit sample is not supported by evidence in the record.*

However, the Controller’s extrapolation of its findings from the 67 sampled school sites to the remaining 53 school sites that were not included in the Controller’s audit sample is not supported by any evidence in the record. There is no showing in the record that the audit results from the sampled schools accurately reflects and is representative of the schools not sampled. And there is evidence that school sites in the claimant’s district complied with the mandate in different ways. As indicated above, some school sites sampled provided truancy notification letters to support the costs claimed and some did not. Thus, the Controller’s assertion that the costs claimed by the 53 school sites not included in the sample were not supported by documentation is not supported by any evidence in the record as required by Government Code section 17559 and section 1187.5 of the Commission’s regulations.

Accordingly, staff finds that the Controller’s reduction of \$721,623 claimed for the 53 school sites that were not included in the sample, is arbitrary, capricious, and entirely lacking in evidentiary support.

Conclusion

Based on the foregoing, staff concludes that the following reductions are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support:

- All costs claimed for fiscal year 1998-1999 totaling \$712,167. Claimant's argument that it satisfied the requirements of the test claim statute by means other than a letter or other writing to the parent or guardian is not correct as a matter of law. Reimbursement is only required for written notifications of truancy. In addition, claimant has provided no evidence to support a claim for reimbursement that it incurred costs in fiscal year 1998-1999 to provide written notice to the parents or guardians of pupils identified as truants, which contain the information required by the test claim statute, in accordance with the test claim decision and parameters and guidelines.
- Costs claimed for fiscal years 1999-2000 and 2000-2001, totaling \$1,173,865, for notifications at the 67 school sites sampled, are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support because claimant did not provide source documentation to support all of the costs claimed.

However, the following reduction of costs claimed is incorrect because the reduction is not based on evidence in the record and is therefore, arbitrary, capricious or entirely lacking in evidentiary support:

- Costs claimed totaling \$721,623 for fiscal years 1999-2000 and 2000-2001 for truancy notifications at the school sites not included in the audit sample.

Therefore, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission's regulations, staff recommends that the Commission request the Controller to reinstate \$721,623 to the claimant, consistent with these findings.

Staff Recommendation

Staff recommends that the Commission adopt this analysis to partially approve the IRC, and authorize staff to make any technical, non-substantive changes following the hearing.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIM
ON:

Education Code Section 48260.5

Statutes 1983, Chapter 498

Fiscal Years 1998-1999, 1999-2000, and
2000-2001

Los Angeles Unified School District, Claimant

Case No.: 05-904133-I-02

Notification of Truancy

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500 ET
SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5. ARTICLE 7

(Adopted September 25, 2015)

DECISION

The Commission on State Mandates (Commission) heard and decided this incorrect reduction claim (IRC) during a regularly scheduled hearing on September 25, 2015. [Witness list will be included in the adopted decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code section 17500 et seq., and related case law.

The Commission [adopted/modified] the proposed decision to [approve/partially approve/deny] the IRC at the hearing by a vote of [vote count will be included in the adopted decision].

Summary of the Findings

This IRC challenges reductions made by the State Controller's Office (Controller) to reimbursement claims filed by the Los Angeles Unified School District (claimant) for fiscal years 1998-1999, 1999-2000, and 2000-2001 under the *Notification of Truancy* program. For each of the fiscal years at issue, the Controller randomly sampled schools that contained roughly half of the district's pupil population and extrapolated the findings to the schools not sampled.

The Commission concludes that the following reductions are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support:

- All costs claimed for fiscal year 1998-1999 totaling \$712,167. Claimant's argument that it satisfied the requirements of the test claim statute by means other than a letter or other writing to the parent or guardian is not correct as a matter of law. Reimbursement is only required for written notifications of truancy. In addition, claimant has provided no evidence to support a claim for reimbursement that it incurred costs in fiscal year 1998-1999 to provide written notice to the parents or guardians of pupils identified as truants in accordance with the test claim decision and parameters and guidelines.

- Costs claimed for fiscal years 1999-2000 and 2000-2001, totaling \$1,173,865, for notifications at the 67 school sites sampled, are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support. The claimant did not provide source documentation to support all of the costs claimed.

However, the following reduction of costs claimed is incorrect because the reduction is not based on evidence in the record and is therefore, arbitrary, capricious or entirely lacking in evidentiary support:

- Costs totaling \$721,623 for fiscal years 1999-2000 and 2000-2001 for truancy notifications at the school sites not included in the audit sample.

Therefore, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission’s regulations, the Controller is requested to reinstate \$721,623 to the claimant, consistent with these findings.

COMMISSION FINDINGS

I. Chronology

- 01/14/00 Claimant signed the reimbursement claim for fiscal year 1998-1999.²⁵
- 01/12/01 Claimant signed the reimbursement claim for fiscal year 1999-2000.²⁶
- 12/20/01 Claimant signed the reimbursement claim for fiscal year 2000-2001.²⁷
- 10/03/02 Controller issued the draft audit report for the 1999-2001 claims.²⁸
- 11/01/02 Controller issued the draft audit report for the 1998-1999 claim.²⁹
- 11/14/02 Claimant submitted comments on the 1999-2001 draft audit report.³⁰
- 11/25/02 Claimant submitted comments on the 1998-1999 draft audit report.³¹
- 12/13/02 Controller issued the final audit report for the 1998-1999 audit.³²
- 12/13/02 Controller issued the final audit report for the 1999-2001 audits.³³

²⁵ Exhibit A, IRC, page 46.

²⁶ Exhibit A, IRC, page 54.

²⁷ Exhibit A, IRC, page 60.

²⁸ Exhibit A, IRC, page 31.

²⁹ Exhibit A, IRC, page 14.

³⁰ Exhibit A, IRC, pages 39-40.

³¹ Exhibit A, IRC, pages 22-23.

³² Exhibit A, IRC, pages 9-24.

³³ Exhibit A, IRC, pages 25-45.

12/12/05 Claimant filed this IRC.³⁴
01/23/06 Claimant filed supplemental filing to the IRC.³⁵
12/11/07 Controller filed late comments on the IRC.³⁶
07/16/15 Commission staff issued the draft proposed decision.

II. Background

Under California’s compulsory education laws, children between the ages of six and 18 are required to attend school full-time, with a limited number of specified exceptions.³⁷ The statutory scheme, as originally enacted in 1983, provided that any pupil subject to compulsory full-time education who, without a valid excuse, is absent from school or is tardy or absent for more than a 30-minute period during the school day for more than three days in one school year, is classified as a truant.³⁸ Once a pupil is designated a truant, state law requires schools, districts, counties, and the courts to take progressive intervention measures to ensure that parents and pupils receive services to assist them in complying with the compulsory attendance laws.

The first intervention is required by the test claim statute, Education Code section 48260.5.³⁹ As originally enacted, the test claim statute required 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.

On August 25, 1984, San Diego Unified School District filed a test claim with the Board of Control, the predecessor to the Commission, seeking reimbursement to comply with section 48260.5 as enacted in 1983, to “develop a new notification form, duplicating of the notification forms, clerical costs for typing, mailing, recording, and filing of the notifications, first class

³⁴ Exhibit A, IRC.

³⁵ Exhibit B, IRC supplemental filing.

³⁶ Exhibit C, Controller’s Late Comments on the IRC. Note that pursuant to Government Code section 17553(d) “the Controller shall have no more than 90 days after the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the Commission.” However, in this instance, due to the backlog of IRCs, these late comments have not delayed consideration of this item and so have been included in the analysis and proposed decision.

³⁷ Education Code section 48200.

³⁸ Education Code section 48260.

³⁹ Education Code section 48260.5, Statutes 1983, chapter 498.

postage for mailing the notifications, and district counselor time impacted as a result of increased responsibilities and counseling loads.”⁴⁰ On November 29, 1984, the Board of Control determined that Statutes 1983, chapter 498 imposed a reimbursable state-mandated program to develop notification forms and provide written notice to the parents or guardians of the truancy. The decision was summarized as follows:

The Board determined that the statute imposes costs by requiring school districts to develop a notification form, and provide written notice to the parents or guardians of students identified as truants of this fact. It requires that notification contain other specified information and, also, to advise the parent or guardian of their right to meet with school personnel regarding the truant pupil. The Board found these requirements to be new and not previously required of the claimant.⁴¹

The original parameters and guidelines were adopted on August 27, 1987, and authorized reimbursement for the one-time activities of planning implementation, revising school district policies and procedures, and designing and printing the forms. Reimbursement was also authorized for ongoing activities to identify pupils to receive the initial notification and prepare and distribute the notification by first class mail or other reasonable means.

The Commission amended the parameters and guidelines on July 22, 1993, effective for reimbursement claims filed beginning in fiscal year 1992-1993, to add a unit cost of \$10.21, adjusted annually by the Implicit Price Deflator, for each initial notification of truancy distributed in lieu of requiring the claimant to provide documentation of actual costs to the Controller. The parameters and guidelines further provide that “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.”⁴² These are the parameters and guidelines applicable to this claim.⁴³

The Legislature enacted Statutes 2007, chapter 69, effective January 1, 2008, which was sponsored by the Controller to require the Commission to amend the parameters and guidelines, effective July 1, 2006, to modify the definition of a truant and the required elements to be included in the initial truancy notifications in accordance with Statutes 1994, chapter 1023, and Statutes 1995, chapter 19.⁴⁴ These statutes required school districts to add the following information to the truancy notification: that the pupil may be subject to prosecution under Section 48264; that the pupil may be subject to suspension, restriction, or delay of the pupil’s driving privilege pursuant to Section 13202.7 of the Vehicle Code; and that it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for

⁴⁰ Exhibit X, Attachment A to Test Claim filed by San Diego Unified School District (SB 90-4133).

⁴¹ Exhibit X, Brief Written Statement for Adopted Mandate issued by the Board of Control on the *Notification of Truancy* test claim (SB 90-4133).

⁴²Exhibit A, IRC, page 69.

⁴³ The parameters and guidelines as amended in 2008 are not applicable to this IRC.

⁴⁴ Exhibit X, Controller’s Letter dated July 17, 2007 on AB 1698.

one day. The definition of truant was also changed from a pupil absent for “more than three days” to a pupil absent for “three days.” In 2008, the Commission amended the parameters and guidelines, for costs incurred beginning July 1, 2006, as directed by the Legislature.

Controller’s Audit and Summary of the Issues

For fiscal year 1998-1999, the claimant claimed costs of \$712,167 based on 60,869 truancy notifications.⁴⁵ On December 13, 2002, the Controller issued its final audit report for the 1998-1999 reimbursement claim, reducing all costs claimed to zero.⁴⁶ The Controller sampled 79 of the claimant’s 165 school sites that had claimed costs and found that the claimant did not provide any documentation, as required by the parameters and guidelines, to support the number of notifications distributed for the 79 schools sampled. The audit report further states that the Pupil Service Attendance Coordinator for the schools sampled said that the district did not issue any initial truancy letters or forms to parents until February 2001, but contacted parents by phone based on a review of attendance records and return to classroom permits. The audit report states:

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 letter or any other official documents as required by Parameters and Guidelines.⁴⁷

The claimant submitted a reimbursement claim for \$921,249 for 1999-2000 based on 75,327 truancy notifications. For 2000-2001 claimant submitted a claim for costs of \$974,240 based on 76,531 truancy notifications.⁴⁸ The Controller issued a separate final audit report for the fiscal year 1999-2000 and 2000-2001 reimbursement claims on December 13, 2002.⁴⁹ Of the combined amount requested for these fiscal years (\$1,895,498), the Controller found that \$18,406 is allowable and supported by written letters notifying the parent or guardian of the initial truancy, and that \$1,877,083 is unallowable because the costs were not supported by

⁴⁵ Exhibit B, IRC Supplemental Filing, page 4.

⁴⁶ Exhibit B, IRC Supplemental Filing, beginning on page 16.

⁴⁷ Exhibit A, IRC, page 16.

⁴⁸ Exhibit B, IRC Supplemental Filing, page 4.

⁴⁹ Exhibit B, IRC Supplemental Filing, beginning at page 32.

documentation. The audit report explains that the Controller sampled a percentage of the claimant's school sites to see if the costs claimed for the sample were supported by documentation, and then extrapolated those findings to all costs claimed by the district. The audit report states the following for the 1999-2000 reimbursement claim:

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 the *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).⁵⁰

Similarly, for the fiscal year 2000-2001 reimbursement claim, the audit report states:

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 2000-02, 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

⁵⁰ Exhibit A, IRC, page 32.

distributed. Consequently, unallowable costs total \$961,179 (75,505 multiplied by \$12.73).⁵¹

According to the audit, district staff gave various reasons for not distributing initial notification of truancy forms, such as not being aware of the mandate or guidelines for reporting initial truancy notification; not working for the district during the audit period and thus unable to locate records; records had been destroyed (they were not informed to retain records); at some school sites, Pupil Service Attendance coordinators were on duty only once per week, so administrative staff notified parents or guardians but did not retain records; or district staff contacted parents or guardians by telephone logs, attendance records, or permits to return to the classroom rather than notifications sent.⁵²

The 1999-2001 audit report also contains a chart to explain how the findings from the audited sample were extrapolated to the total number of truancy notifications claimed by the district, resulting in a reduction of \$1,877,083 for fiscal years 1999-2000 and 2000-2001 as follows:⁵³

	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>	<u>Total</u>
Number of notifications claimed	75,327	76,531	
Multiplied by the percentage of unsupported number of notifications (from the sample)	99.42%	98.66%	
Unsupported number of notifications	(74,890)	(75,505)	
Multiplied by Unit Cost	\$12.23	\$12.73	
Audit Adjustment	\$(915,904)	\$(961,179)	\$(1,877,083)

III. Positions of the Parties

A. Claimant's Position

It is claimant's position that the audit is incorrect and all reduced amounts should be reinstated. Claimant argues that the test claim statute does not require the initial notification of truancy to be by letter or in writing. Rather, it requires the method of notification to be "by first-class mail or other reasonable means." Claimant also asserts that the parameters and guidelines do not explicitly require the notifications to be in writing, and that the Controller ignored the evidence provided (such as phone logs, attendance records, and other documentation) to support the district's claims. Claimant states:

⁵¹ *Id.* at pages 32-33.

⁵² Exhibit A, IRC, page 33.

⁵³ *Ibid.*

The [test claim] statute does not explicitly require that the notification be by letter or other written document. Section 48260.5 provides: “Upon a pupil’s initial classification as a truant, the school district shall notify the pupil’s parent or guardian, by first-class mail or other reasonable means, of the following ...” (Emphasis added.) The Parameters and Guidelines arguably presume that the notification will be effected through a written form. ...

[¶]

However, the Parameters and Guidelines also do not explicitly state that the notification must be by letter or other written document. Nevertheless, the SCO, relying on the foregoing language in the Parameters and Guidelines, takes the position that the notification can only be effected and supported by a letter or other written form.

The District contends the SCO’s interpretation is inconsistent with the language of the statute. If the Legislature had intended to limit the means of notification to a letter or other “writing” it could have done so. The District believes that the SCO’s limited interpretation is inconsistent with the intent of the statute and would in fact frustrate the Legislature’s goals in enacting the statute, i.e., to ensure parents and guardians receive effective notice of the pupil’s attendance issues.

As a result of its limited and incorrect interpretation of the statute, the SCO effectively disregarded all evidence the District presented to demonstrate it had satisfied the requirements of the statute by means other than a letter or other writing to the parent or guardian. Specifically, the District submitted phone logs, attendance records, and other documentation in support of the claims. While the SCO indicates it “reviewed” this evidence, the audit report suggests that the SCO wholly disregarded and rejected this evidence.⁵⁴

B. Controller’s Position

The Controller argues that the audit is correct and that the IRC should be denied. The Controller maintains that the parameters and guidelines and the statutes require that the notification be in writing, and that the parameters and guidelines requires that supporting documents must be kept on file for a period of three years from the date of final payment by the Controller. Although the Controller reviewed documentation such as telephone logs, attendance records and return to classroom permits, these records did not support that the five specified elements in the parameters and guidelines were communicated to pupil’s parents or guardians.⁵⁵

⁵⁴ Exhibit B, IRC Supplemental Filing, pages 6-7.

⁵⁵ Exhibit C, Controller’s comments on the IRC, page 17-19.

IV. Discussion

Government Code section 17561(b) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the statement of decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of the parameters and guidelines, de novo, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.⁵⁶ The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."⁵⁷

With regard to the Controller's audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.⁵⁸ Under this standard, the courts have found that:

When reviewing the exercise of discretion, "[t]he scope of review is limited, out of deference to the agency's authority and presumed expertise: 'The court may not reweigh the evidence or substitute its judgment for that of the agency. [Citation.]'" ... "In general ... the inquiry is limited to whether the decision was arbitrary, capricious, or entirely lacking in evidentiary support. . . ." [Citations.] When making that inquiry, the " "court must ensure that an agency has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute." [Citation.]' "⁵⁹

⁵⁶ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

⁵⁷ *County of Sonoma, supra*, 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

⁵⁸ *Johnston v. Sonoma County Agricultural* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

⁵⁹ *American Bd. of Cosmetic Surgery, Inc., supra*, 162 Cal.App.4th at pgs. 547-548.

The Commission must review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.⁶⁰ In addition, sections 1185.1(f)(3) and 1185.2(c) of the Commission's regulations require that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.⁶¹

A. The Reductions for Fiscal Year 1998-1999 are Correct as a Matter of Law and Not Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.

As indicated above, the Controller randomly sampled 79 of the 165 school sites that claimed costs for initial truancy notification for fiscal year 1998-1999. The sampled school sites claimed that 27,702 initial truancy notifications were distributed to the pupils' parents or guardians. The Controller found, however, that claimant did not provide any documentation to support the number of claimed initial truancy notifications distributed for the 79 schools sampled. And based on statements made by the claimant during the audit, the audit report states that the district's truancy notifications were not provided by letter or any other official written document to the parent or guardian during this fiscal year. Rather, the claimant provided notification by phone, based on attendance logs and permits to return to the classroom.⁶²

The claimant's IRC filings do not dispute these facts, but allege that the test claim statute, with language that allows notification by "first-class mail or other reasonable means," does not require that the notification be in writing. The claimant states:

Nevertheless, the SCO, relying on the foregoing language in the Parameters and Guidelines, takes the position that the notification can only be effected and supported by a letter or other written form.

The District contends the SCO's interpretation is inconsistent with the language of the statute. If the Legislature had intended to limit the means of notification to a letter or other "writing" it could have done so. The District believes that the SCO's limited interpretation is inconsistent with the intent of the statute and would in fact frustrate the Legislature's goal in enacting the statute, i.e., to ensure parents and guardians receive effective notice of the pupil's attendance issues.

As a result of its limited and incorrect interpretation of the statute, the SCO effectively disregarded all evidence the District presented to demonstrate it had satisfied the requirements of the statute by means other than a letter or other writing to the parent or guardian. Specifically, the District submitted phone logs, attendance records and other documentation in support of the claims. While the

⁶⁰ *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

⁶¹ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

⁶² Exhibit A, IRC, page 16.

SCO indicates it “reviewed” this evidence, the audit reports suggest that the SCO wholly disregarded and rejected this evidence.⁶³

The Commission finds that the Controller’s reduction of all costs claimed for fiscal year 1998-1999 is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support.

The test claim decision adopted by the Board of Control concluded that the Education Code section 48260.5 mandated school districts to provide written notification to the parent or guardian containing the required information upon the pupil’s initial classification as a truant as follows:

The Board determined that the statute imposes costs by requiring school districts to develop a notification form, and provide *written* notice to the parents or guardians of students identified as truants of this fact. It requires that notification contain other specified information and, also, to advise the parent or guardian of their right to meet with school personnel regarding the truant pupil. The Board found these requirements to be new and not previously required of the claimant.⁶⁴

The parameters and guidelines, under section V. Reimbursable Costs, also require written notification. The parameters and guidelines state that an “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.” The notification process is described as “preparing and distributing by mail or other method *the forms* to parents/guardians.” In addition, the uniform cost allowance is “based on the number of initial notifications of truancy distributed.” Section VI. of the parameters and guidelines expressly requires claimants to provide documentation in support of the initial notifications of truancy distributed during the year. Section VI.(A) directs eligible claimants to “[r]eport the number of initial notifications of truancy distributed during the year,” and further directs school districts to “not include in that count the number of notifications or other contacts which may result from the initial notification to the parent or guardian.”⁶⁵

Here, the claimant argues that it satisfied the requirements of the test claim statute by means other than a letter or other writing to the parent or guardian, thus providing effective notice of the pupil’s truancy to the parents or guardians, and that it should be reimbursed for the number unwritten notifications to parents or guardians claimed based on telephone calls, attendance records, and other documentation.⁶⁶

However, neither the test claim decision, nor the parameters and guidelines, authorize reimbursement for providing unwritten notifications of truancy. The Board of Control’s test

⁶³ Exhibit B, IRC Supplemental Filing, pages 6-7.

⁶⁴ Exhibit X, Board of Control, Brief Written Statement for Adopted Mandate on the *Notification of Truancy* test claim (SB 90-4133), page 4. Emphasis added.

⁶⁵ Exhibit A, IRC, page 69. Emphases added.

⁶⁶ Exhibit B, IRC Supplemental Filing, pages 6-7.

claim decision and the adopted parameters and guidelines, which provide that the mandate requires written notification, are quasi-judicial decisions interpreting the reimbursement requirements of article XIII B, section 6 of the California Constitution and are, therefore, binding in later actions including this IRC.⁶⁷

Moreover, the claimant has provided no evidence to support a claim for reimbursement that it incurred any costs in fiscal year 1998-1999 to provide written notice to the parents or guardians of pupils identified as truants, which contain the information required by the test claim statute, in accordance with the test claim decision and parameters and guidelines.

Therefore, the Commission finds that the Controller's reduction of all costs claimed for fiscal year 1998-1999, totaling \$712,167, is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.

B. The Reductions for Fiscal Years 1999-2000 and 2000-2001 are Partially Correct and Supported by Evidence in the Record for the School Sites Included in the Audit Sample. However, the Reductions Applied to the School Sites Not Included in the Audit Sample are Arbitrary, Capricious, or Entirely Lacking in Evidentiary Support.

The Controller also audited the fiscal year 1999-2000 and 2000-2001 claims by randomly sampling the claimant's school sites (67 of the 120 school sites) representing 56 percent of the pupil population. But unlike the findings for fiscal year 1998-1999, the claimant provided the Controller with 286 truancy notification letters distributed by the sampled school sites in fiscal year 1999-2000 and 598 written notifications distributed by the sampled school sites in fiscal year 2000-2001. Based on this information, the Controller found that 0.58 percent of the sampled notices for 1999-2000, and 1.34 percent of the sampled notices for 2000-2001, were supported by documentation. The Controller then extrapolated the percentage of unsupported notices claimed by the sampled school sites for each fiscal year (99.42 percent and 98.66 percent, respectively) to reduce costs claimed by all school sites in the district, including the 53 school sites that were not sampled. The audit report explains the methodology as follows:

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

⁶⁷ *California School Boards Assoc. v. State of California* (2009) 171 Cal.App.4th 1183, 1200, which stated: "[U]nless a party to a quasi-judicial proceeding challenges the agency's adverse findings made in that proceeding, by means of a mandate action in superior court, those findings are binding in later civil actions." [Citation omitted.] Therefore, like a judicial decision, a quasi-judicial decision of the Commission is not subject to the whim of the Legislature. Only the courts can set aside a specific Commission decision and command the Commission to reconsider, and, even then, this can be done only within the bounds of statutory procedure." See also, *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 799, where the court states that the Commission's parameters and guidelines are "regulatory."

distributed at 55 of the 67 school sampled. For the remaining 12 schools sampled, the district provided 286 letters that contained the required elements identified in the 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).⁶⁸

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).⁶⁹

The claimant argues that written truancy notifications are not required by the test claim statute. The claimant further argues that the Controller disregarded all evidence it presented to demonstrate it had satisfied the requirements of the statute by means other than a written notification to the parent or guardian. Although claimant did not provide truancy letters in all cases, the claimant alleges it tracked the number of truancy notices provided through phone logs, attendance records, and return to classroom permits, and provided this type of documentation in

⁶⁸ Exhibit A, IRC, page 32.

⁶⁹ Exhibit A, IRC, pages 32-33. Emphasis in original.

support of the number of notices claimed. The Controller, however, rejected this documentation.⁷⁰

The Controller's audit report states, in response, that it did review telephone logs, attendance records, and return to classroom permits. However, these records did not provide evidence that claimant complied with the test claim statute by sending written notifications to the parents or guardians that contained the information required by the 1983 test claim statute. Under the statute, as originally enacted in 1983, truancy notifications must include (1) the pupil's truancy, (2) that the parent or guardian is obligated to compel the attendance of the pupil at school, (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, (4) alternative educational programs available in the district, and (5) the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy. The Controller maintains that there was no documentation provided, except for the very small percentage discussed above, to verify that the claimant performed the mandate.

1) The reduction of costs claimed for the 67 sampled school sites is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support.

The Commission finds that the Controller's reduction of costs claimed for truancy notices of the 67 sampled school sites that were not supported by documentation is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support. The mandate approved by the Board of Control is to prepare and distribute written truancy notifications to the parent or guardian about the truancy and include the information for the parent or guardian specified by the original test claim statute. The parameters and guidelines authorize reimbursement to mail the notification "forms" to parents/guardians with the information required by the test claim statute. The parameters and guidelines, in Sections VI., and VII., further require that each claim for reimbursement "provide documentation in support of the reimbursement claimed for this mandated program," and that when using the uniform cost allowance, "Documentation [must be provided] which indicates the total number of initial notifications of truancy distributed." Section VII. of the parameters and guidelines states that "documents must be kept on file for a period of 3 years from the date of final payment by the State Controller."⁷¹

Claimant does not dispute that it did not provide to the Controller truancy notification forms or letters to support the claimed costs, but alleges that it complied with the parameters and guidelines by providing other documentation in the form of telephone logs, attendance records, and return to classroom permits, to support the number of truancy notices distributed.

Claimant is correct that the parameters and guidelines do not require copies of the truancy forms or letters actually distributed to support the costs claimed. The parameters and guidelines do not limit the type of supporting documentation required and, instead, simply require "documentation in support of the reimbursement claimed for this mandated program," and documentation that

⁷⁰ Exhibit B, IRC Supplemental Filing, pages 6-7.

⁷¹ Exhibit A, IRC, pages 68-70.

“indicates the total number of initial notifications of truancy distributed.”⁷² Thus, under the parameters and guidelines, telephone logs, attendance records, and return to classroom permits may be sufficient documentation to support the costs claimed *if* these records show that the claimant complied with the mandate to provide written notice to the parent or guardian of the information required by the test claim statute and the documentation verifies the number of notifications provided in a fiscal year. However, no documentation or evidence has been filed with the Commission to support the costs claimed. Thus, the Commission cannot determine if the documentation relied on by the claimant complies with the parameters and guidelines. Pursuant to Government Code section 17559 and section 1187.5 of the Commission’s regulations, all assertions of fact must be supported with substantial evidence in the record.

Therefore, the Commission finds that the Controller’s reduction of costs claimed for truancy notifications of the 67 sampled school sites that were not supported by documentation is correct as a matter of law, and not arbitrary, capricious, or entirely lacking in evidentiary support.

- 2) *The reduction of costs resulting from the Controller’s extrapolation of findings to the school sites that were not included in the audit sample is not supported by evidence in the record.*

However, the Controller’s extrapolation of its findings from the 67 sampled school sites to the remaining 53 school sites that were not included in the Controller’s audit sample, is not supported by any evidence in the record. There is no showing in the record that the audit results from the sampled schools accurately reflects and is representative of the schools not sampled. There is evidence that school sites in the claimant’s district complied with the mandate in different ways. As indicated above, some school sites sampled provided truancy notification letters to support the costs claimed and some did not. The audit report further states the attendance counselors at some school sites were not aware of the mandate or the proper guidelines for reporting initial truancy notifications, some records could not be located, some records were destroyed, and some counselors at school sites were not on duty daily requiring other administrative staff to provide the truancy notifications.⁷³ Because the record indicates variation in school compliance, the Controller’s use of data from the sampled schools in the district to calculate the percentage of compliance for all schools does not provide any evidence of the validity of the costs claimed by the schools that were not sampled. Thus, the Controller’s assertion that the costs claimed by the 53 school sites that were not included in the sample were not supported by documentation, is not supported by any evidence in the record.

Accordingly, the Commission finds that the Controller’s reduction of costs claimed for the 53 school sites that were not included in the sample, is arbitrary, capricious, and entirely lacking in evidentiary support. The claimed costs incorrectly reduced are as follows:

⁷² Exhibit A, IRC, pages 69 and 71.

⁷³ Exhibit B, IRC Supplemental Filing, page 40.

1999-2000	\$316,109	\$12.23 per notification times 25,847 notifications claimed at schools not sampled ⁷⁴
2000-2001	\$405,514	\$12.73 per notification times 31,855 notifications claimed at schools not sampled ⁷⁵
Total	\$721,623	

V. Conclusion

Based on the foregoing, the Commission concludes that the following reductions are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support:

- All costs claimed for fiscal year 1998-1999 totaling \$712,167. Claimant’s argument that it satisfied the requirements of the test claim statute by means other than a letter or other writing to the parent or guardian is not correct as a matter of law. Reimbursement is only required for written notifications of truancy. In addition, claimant has provided no evidence to support a claim for reimbursement that it incurred costs in fiscal year 1998-1999 to provide written notice to the parents or guardians of pupils identified as truants, which contain the information required by the test claim statute, in accordance with the test claim decision and parameters and guidelines.
- Costs claimed for fiscal years 1999-2000 and 2000-2001, totaling \$1,173,865,⁷⁶ for notifications at the 67 school sites sampled, are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support. The claimant did not provide source documentation to support all of the costs claimed.

⁷⁴ According to the audit report (Exhibit A, IRC, p. 32), 75,327 total notifications were claimed and 49,480 claimed at sampled schools, so 25,847 were claimed at schools not sampled ($75,327 - 49,480 = 25,847$), at a \$12.23 reimbursement rate: $25,847 \times 12.23 = 316,109$ (rounded up).

⁷⁵ According to the audit report (Exhibit A, IRC, p. 32) 76,531 total notifications were claimed and 44,676 claimed at sampled schools, so 31,855 were claimed at schools not sampled ($76,531 - 44,676 = 31,855$), at a \$12.73 reimbursement rate: $31,855 \times 12.73 = 405,514$.

⁷⁶ The figures were derived from the 1999-2001 audit report (Exhibit A, IRC, p 32).

1999-2000	\$605,140	\$12.23 per notification times 49,480 notifications at schools sampled
2000-2001	\$568,725	\$12.73 per notification times 44,676 notifications at schools sampled
Total	\$1,173,865	Total reduced at schools sampled

However, the following reduction of costs claimed is incorrect because it is not based on evidence in the record and is therefore, arbitrary, capricious or entirely lacking in evidentiary support:

- Costs claimed totaling \$721,623 for fiscal years 1999-2000 and 2000-2001 for truancy notifications at the school sites not included in the audit sample.

Therefore, pursuant to Government Code section 17551(d) and section 1185.9 of the Commission's regulations the Commission requests that the Controller reinstate \$721,623 to the claimant, consistent with these findings.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

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

On July 16, 2015, I served the:

Draft Proposed Decision, Schedule for Comments, and Notice of Hearing

Incorrect Reduction Claim

Notification of Truancy, 05-904133-I-02

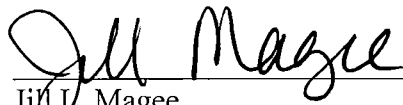
Education Code Section 48260.5

Statutes 1983, Chapter 498

Los Angeles Unified School District, Claimant

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on July 16, 2015 at Sacramento, California.



Jill L. Magee

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 7/15/15

Claim Number: 05-904133-I-02

Matter: Notification of Truancy

Claimant: Los Angeles Unified School District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

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BETTY T. YEE
California State Controller

RECEIVED
August 05, 2015
*Commission on
State Mandates*

August 5, 2015

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

Re: Draft Proposed Decision
Incorrect Reduction Claim
Notification of Truancy, 05-904133-I-02
Education Code Section 48260.5
Statutes 1983, Chapter 498
Fiscal Years 1998-1999, 1999-2000, 2000-2001
Los Angeles Unified School District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) has reviewed the Commission on State Mandates' (Commission) draft staff analysis dated July 16, 2015, for the above incorrect reduction claim filed by Los Angeles Unified School District. We support the Commission's conclusion and recommendation.

The Commission supported the SCO adjustments related to the following:

- Reduction of all costs claimed for fiscal year (FY) 1997-98 totaling \$712,167, is correct as a matter of law.
- Reduction of costs claimed for FY 1999-2000 and FY 2000-01, totaling \$1,173,865 for notifications sampled at 67 school sites, is correct as a matter of law.

The Commission did not support the SCO adjustments related to the following:

- Reduction of costs claimed totaling \$721,623 for FY 1999-2000 and 2000-01 for truancy notifications at school sites not included in the statistical audit sample.

We agree that the statistical sampling results for FY 1999-2000 and FY 2000-01 from the sampled schools may not be representative of the schools not sampled. Therefore, applying the sampling results to the non-sampled schools was incorrect. Subsequent to this audit, we revised our statistical sampling methodologies for this program to stratify the sample between daily and

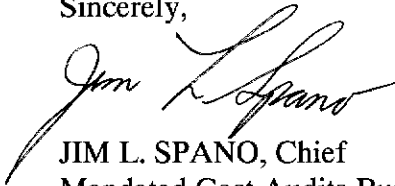
P.O. Box 942850, Sacramento, CA 94250 ♦ (916) 445-2636
3301 C Street, Suite 700, Sacramento, CA 95816 ♦ (916) 324-8907
901 Corporate Center Drive, Suite 200, Monterey Park, CA 91754 ♦ (323) 981-6802

Heather Halsey
August 5, 2015
Page 2

period attendance accounting methods and to sample from the entire initial truancy notification population, rather than schools.

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

Sincerely,

A handwritten signature in cursive script that reads "Jim L. Spano". The signature is written in black ink and is positioned to the left of the typed name.

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

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

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

On August 5, 2015, I served the:

SCO Comments

Incorrect Reduction Claim

Notification of Truancy, 05-904133-I-02

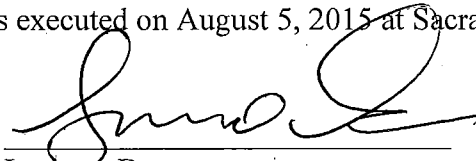
Education Code Section 48260.5

Statutes 1983, Chapter 498

Los Angeles Unified School District, Claimant

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 5, 2015 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 8/5/15

Claim Number: 05-904133-I-02

Matter: Notification of Truancy

Claimant: Los Angeles Unified School District

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Claimant Representative
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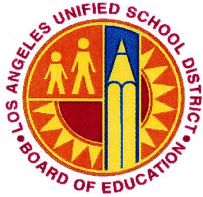
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Los Angeles Unified School District

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BUSINESS AND GOVERNMENT LEGAL SERVICES
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TELEPHONE (213) 241-7600; FACSIMILE (213) 241-3316

RAMON C. CORTINES
Superintendent of Schools

DAVID HOLMQUIST
General Counsel

GREGORY L. McNAIR
Chief Business & Compliance Counsel



August 14, 2015

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

Exhibit F

Re: Public Comments
Matter: Notification of Truancy, Hearing Set for September 25, 2015
Claim No. 05-904133-I-02

Dear Ms. Halsey:

Thank you kindly for granting claimant Los Angeles Unified School District ("District" or "LAUSD") the extension to August 14, 2015 to submit its public comment to the Commission on State Mandates' (Commission) draft staff analysis dated July 16, 2015, for the above incorrect reduction claim filed by the District.

The District supports the Commission's conclusion and recommendation to reinstate \$721,623 to the District insofar as the statistical sampling results for FY 1999-2000 and FY 2000-01 from the sampled schools may not be representative of those school sites not included in the audit sample.

The District also submits on the Commission's finding and conclusion to reduce all costs claimed for fiscal year FY 1998-99 totaling \$712,167.

Please call (213) 241-7600 or email me at sungyon.lee@lausd.net if you have any questions.

Sincerely,

Sung Yon Lee
Assistant General Counsel

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

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

On August 17, 2015, I served the:

Claimant Comments

Incorrect Reduction Claim

Notification of Truancy, 05-904133-I-02

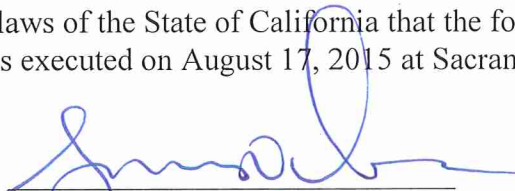
Education Code Section 48260.5

Statutes 1983, Chapter 498

Los Angeles Unified School District, Claimant

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

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 17, 2015 at Sacramento, California.



Lorenzo Duran
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 8/11/15

Claim Number: 05-904133-I-02

Matter: Notification of Truancy

Claimant: Los Angeles Unified School District

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Exhibit GBrief Written Statement
for Adopted Mandate

Mandate: Chapter 498, Statutes of 1983
Notification of Truancy

Claimant: San Diego Unified School District

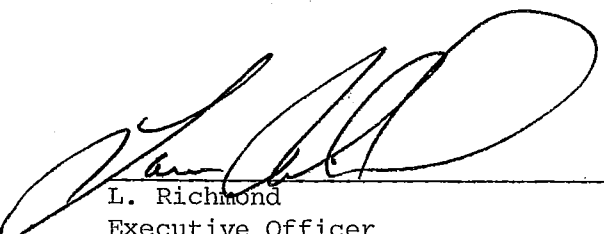
At its hearing of November 29, 1984, the State Board of Control, after receiving evidence submitted by the claimant and the Department of Finance determined that Chapter 498, Statutes of 1983 imposed reimbursable state mandated costs as defined by the Revenue and Taxation Code (RTC).

The claimant alleged that Chapter 498/83 created costs resulting from developing, preparing, and mailing truancy notification forms, and in providing newly required additional teacher/counselor time.

The claimant requested reimbursement under authority of RTC Section 2253(c). The claimant alleged a mandate as defined in RTC Section 2207(a).

The Board of Control determined that Chapter 498/83 constitutes a state mandate because it requires an increased level of service. The Board determined that the statute imposes costs by requiring school districts to develop a notification form, and provide written notice to the parents or guardians of students identified as truants of this fact. It requires that notification contain other specified information and, also, to advise the parent or guardian of their right to meet with school personnel regarding the truant pupil. The Board found these requirements to be new and not previously required of the claimant.

Adopted: 11/29/84



L. Richmond
Executive Officer



JOHN CHIANG
California State Controller

July 17, 2007

RE: Passage of AB 1698 (ENG) Fixing the Truancy Mandate

Dear School District:

I am writing to share the very good news that AB 1698 (Eng) has been chaptered and a decade-long discrepancy affecting administration of the Notification of Truancy mandate has been rectified.

The Notification of Truancy mandate established a higher level of service for school districts to apprise parents of truant pupils. In the mid-1990's, this mandate statute was amended to broaden the notification requirements and definition of truant. When the three-year statute of limitations for the Commission on State Mandates (COSM) to change the Parameters and Guidelines ("Ps and Gs") elapsed without an update, the discrepancy could only be fixed through statute.

As the sponsor of this bill, I sought to direct the COSM to align the Ps and Gs with statute. Without this clarification, my auditors have been forced to disregard the statute declaring that parental notifications should occur at three absences and include eight specific pieces of information, as opposed to the four absences and five pieces of information specified in the Ps and Gs.

AB 1698 will ensure that all schools who notify parents when three unexcused absences accrue are appropriately reimbursed for their efforts.

It is unfortunate that a misalignment of Ps and Gs and statute took more than a decade to correct. As your State Controller, you have my assurance that I will continue to pursue the removal of bureaucratic obstacles to appropriate and on-time payment.

School District
July 18, 2007
Page 2

I hope we can work together again on common sense solutions to outdated or unworkable mandate processes.

Sincerely,

Original Signed By

JOHN CHIANG
California State Controller

cc: The Honorable Mike Eng