

LAKE ELSINORE UNIFIED SCHOOL DISTRICT

Audit Report

STANDARDIZED TESTING AND REPORTING PROGRAM

Chapter 828, Statutes of 1997

July 1, 1997, through June 30, 2004



JOHN CHIANG
California State Controller

September 2010



JOHN CHIANG
California State Controller

September 10, 2010

Tom Thomas
President, Board of Education
Lake Elsinore Unified School District
545 Chaney Street
Lake Elsinore, CA 92530

Dear Mr. Thomas:

The State Controller's Office audited the costs claimed by the Lake Elsinore Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed \$1,615,942 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unsupported or ineligible costs. The State made no payment to the district.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Michael Taylor, Executive Director
Fiscal Support Services
Lake Elsinore Unified School District
Doug Wells, Administrator
Assessment and Accountability
Lake Elsinore Unified School District
Kenneth M. Young, County Superintendent of Schools
Riverside County Office of Education
Scott Hannan, Director
School Fiscal Services Division
California Department of Education
Carol Bingham, Director
Fiscal Policy Division
California Department of Education
Thomas Todd, Principal Program Budget Analyst
Education Systems Unit
Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

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Audit Report

Summary

The State Controller's Office audited the costs claimed by the Lake Elsinore Unified School District for the legislatively mandated Standardized Testing and Reporting Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 2004.

The district claimed \$1,615,942 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unsupported or ineligible costs. The State made no payment to the district.

Background

Chapter 828, Statutes 1997, amended Education Code sections 60607, 60609, 60615, and 60630 and added Education Code sections 60640 through 60641, and 60643. Chapter 828, Statutes 1997, and the implementing regulations in the Title 5, *California Code of Regulations*, section 850 through 904, established the Standardized Testing and Reporting (STAR) Program related to the achievement testing school districts must administer to pupils in the State.

The STAR Program requires school districts, between March 15 and May 15 each year, to test all students in grades 2 through 11 with a nationally-normed achievement test designated by the State Board of Education. School districts administer Stanford Achievement Test, Ninth Edition (SAT9) test in English to all pupils enrolled in grades 2 through 11 from fiscal year (FY) 1997-98 through FY 2001-02. The California Achievement Test, Sixth Edition Survey (CAT/6) replaced the SAT-9 test effective for FY 2002-03. School districts administered the CAT/6 test in English to all pupils enrolled in grades 2 through 11 for 2002-03 and FY 2003-04. In addition, school districts administered an additional test, the Spanish Assessments of Basic Education Second Edition (SABE/2), to every Spanish-speaking pupil of limited English proficiency who is enrolled in grades 2 through 11 if the pupil was initially enrolled in any public school in the state fewer than 12 months prior to the date the English language SAT-9 test was given.

School districts are also required to engage in numerous activities related to test administration and reporting.

On August 24, 2000, the Commission on State Mandates (CSM) determined that the legislation imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

**Objective, Scope,
and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Standardized Testing and Reporting Program for the period of July 1, 1997, through June 30, 2004.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the district's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by generally accepted government auditing standards. However, the district did not submit a representation letter.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the Lake Elsinore Unified School District claimed \$1,615,942 for costs of the Standardized Testing and Reporting Program. Our audit disclosed that the entire amount is unallowable.

**Views of
Responsible
Officials**

We issued a draft audit report on July 8, 2010. Michael Taylor, Executive Director, Fiscal Support Services, responded by letter dated August 20, 2010 (Attachment), agreeing with the audit results. This final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of the Lake Elsinore Unified School District, the Riverside County Office of Education, The California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

September 10, 2010

**Schedule 1—
Summary of Program Costs
July 1, 1997, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1997, through June 30, 1998</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 15,155	\$ —	\$ (15,155)	Finding 1
Pretest and post-test coordination	117,902	—	(117,902)	Finding 1
Reporting and recordkeeping	80,173	—	(80,173)	Finding 1
Total salaries and benefits	213,230	—	(213,230)	
Materials and supplies:				
Reporting and recordkeeping	—	3,615	3,615	Finding 2
Total direct costs	213,230	3,615	(209,615)	
Total indirect costs	7,954	192	(7,762)	
Total direct and indirect costs	221,184	3,807	(217,378)	
Less offsetting revenues and other reimbursements	—	(77,040)	(77,040)	Finding 3
Adjustment to eliminate negative balance	—	73,233	73,233	
Total program costs	<u>\$ 221,184</u>	—	<u>\$ (221,185)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 1998, through June 30, 1999</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 16,498	\$ —	\$ (16,498)	Finding 1
Pretest and post-test coordination	124,160	—	(124,160)	Finding 1
Reporting and recordkeeping	84,429	—	(84,429)	Finding 1
Total salaries and benefits	225,086	—	(225,086)	
Materials and supplies:				
Reporting and recordkeeping	—	2,717	2,717	Finding 2
Total direct costs	225,086	2,717	(222,369)	
Total indirect costs	8,396	139	(8,257)	
Total direct and indirect costs	233,482	2,856	(230,626)	
Less offsetting revenues and other reimbursements	—	(66,271)	(66,271)	Finding 3
Adjustment to eliminate negative balance	—	63,415	63,415	
Total program costs	<u>\$ 233,482</u>	—	<u>\$ (233,482)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 17,516	\$ —	\$ (17,516)	Finding 1
Pretest and post-test coordination	133,133	—	(133,133)	Finding 1
Reporting and recordkeeping	53,253	—	(53,253)	Finding 1
Total salaries and benefits	<u>203,902</u>	<u>—</u>	<u>(203,902)</u>	
Materials and supplies:				
Reporting and recordkeeping	—	2,824	2,824	Finding 2
Total direct costs	203,902	2,824	(201,078)	
Total indirect costs	<u>7,606</u>	<u>105</u>	<u>(7,501)</u>	
Total direct and indirect costs	211,507	2,929	(208,578)	
Less offsetting revenues and other reimbursements	—	(19,385)	(19,285)	Finding 3
Adjustment to eliminate negative balance	—	16,456	—	
Total program costs	<u>\$ 211,507</u>	<u>—</u>	<u>\$ (211,507)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 19,613	\$ —	\$ (19,613)	Finding 1
Pretest and post-test coordination	145,063	—	(145,063)	Finding 1
Reporting and recordkeeping	58,025	—	(58,025)	Finding 1
Total salaries and benefits	<u>222,701</u>	<u>—</u>	<u>(222,701)</u>	
Materials and supplies:				
Reporting and recordkeeping	—	2,809	2,809	Finding 2
Total direct costs	222,701	2,809	(219,892)	
Total indirect costs	<u>8,307</u>	<u>115</u>	<u>(8,192)</u>	
Total direct and indirect costs	231,008	2,924	(228,084)	
Less offsetting revenues and other reimbursements	—	(20,626)	(20,626)	Finding 3
Adjustment to eliminate negative balance	—	17,702	—	
Total program costs	<u>\$ 231,008</u>	<u>—</u>	<u>\$ (231,008)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 19,613	\$ —	\$ (19,613)	Finding 1
Pretest and post-test coordination	155,419	—	(155,419)	Finding 1
Reporting and recordkeeping	105,685	—	(105,685)	Finding 1
Total salaries and benefits	<u>280,717</u>	<u>—</u>	<u>(280,717)</u>	
Materials and supplies:				
Reporting and recordkeeping	—	3,303	3,303	Finding 2
Total direct costs	280,717	3,303	(277,414)	
Total indirect costs	<u>14,148</u>	<u>166</u>	<u>(13,982)</u>	
Total direct and indirect costs	294,865	3,469	(291,396)	
Less offsetting revenues and other reimbursements	—	(21,383)	(21,383)	Finding 3
Adjustment to eliminate negative balance	—	17,914	—	
Total program costs	<u>\$ 294,865</u>	<u>—</u>	<u>\$ (294,865)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 84,931	\$ —	\$ (84,931)	Finding 1
Test materials, supplies, and equipment	81	—	(81)	
Pretest and post-test coordination	118,519	—	(118,519)	Finding 1
Test administration	30,889	—	(30,889)	
Reporting and recordkeeping	68,813	—	(68,813)	Finding 1
Total salaries and benefits	<u>303,234</u>	<u>—</u>	<u>(303,234)</u>	
Materials and supplies:				
Test materials, supplies, and equipment	50	—	(50)	
Reporting and recordkeeping	—	3,440	3,440	Finding 2
Total materials and supplies	<u>50</u>	<u>3,440</u>	<u>3,390</u>	
Total direct costs	303,284	3,440	(299,844)	
Total indirect costs	<u>14,497</u>	<u>164</u>	<u>(14,333)</u>	
Total direct and indirect costs	317,781	3,604	(314,177)	
Less offsetting revenues and other reimbursements	—	(23,413)	(23,413)	Finding 3
Adjustment to eliminate negative balance	—	19,809	—	
Total program costs	<u>\$ 317,781</u>	<u>—</u>	<u>\$ (317,781)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 6,456	\$ —	\$ (6,456)	Finding 1
Test materials, supplies, and equipment	1,664	—	(1,664)	
Pretest and post-test coordination	53,215	—	(53,215)	Finding 1
Test administration	21,370	—	(21,370)	
Reporting and recordkeeping	17,849	—	(17,849)	Finding 1
Total salaries and benefits	100,554	—	(100,554)	
Materials and supplies:				
Reporting and recordkeeping	—	3,497	3,497	Finding 2
Total direct costs	100,554	193	(97,057)	
Total indirect costs	5,561	3,690	(5,368)	
Total direct and indirect costs	106,115	(23,852)	(102,425)	
Less offsetting revenues and other reimbursements	—	—	(23,852)	Finding 3
Adjustment to eliminate negative balance	—	20,162	—	
Total program costs	\$ 106,115	—	\$ (106,115)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ —		
<u>Summary: July 1, 1997, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Training, policies, and procedures	\$ 179,782	\$ —	\$ (179,782)	
Test materials, supplies, and equipment	1,745	—	(1,745)	
Pretest and post-test coordination	847,411	—	(847,411)	
Test administration	52,259	—	(52,259)	
Reporting and record keeping	468,227	—	(468,227)	
Total salaries and benefits	1,549,424	—	(1,549,424)	
Materials and supplies				
Test materials, supplies, and equipment	50	—	(50)	
Reporting and record keeping	—	22,205	22,205	
Total materials and supplies	50	22,205	22,155	
Total direct costs	1,549,474	22,205	(1,527,269)	
Total indirect costs	66,469	1,074	(65,395)	
Total direct and indirect costs	1,615,942	23,279	(1,592,663)	
Less offsetting revenues and other reimbursements	—	(251,970)	(251,970)	
Adjustment to eliminate negative balance	—	228,691	228,691	
Total program costs	\$ 1,615,942	—	\$ (1,615,942)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ —		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unsupported salaries, benefits, and related indirect costs

The district claimed 1,549,424 in salaries and benefits and \$66,466 in related indirect costs for the audit period. Our audit determined that the entire amount is unallowable. The district did not provide any documentation to support staff hours spent performing reimbursable activities or hourly productive rates.

The district agreed to participate in an alternative methodology to determine allowable salaries, benefits, and indirect costs at both the entrance and exit conferences. To date, SCO has not received time study results or additional documentation to support the claimed costs.

We randomly selected school sites to conduct interviews of site coordinators. The district submitted test schedules, security affidavits, and test calendars. However, the district did not provide time calendars, sign-in sheets, or other time records that would enable us to verify the verbal assertions we obtained.

We observed the reporting and recordkeeping activities performed by clerical staff. We attempted to work with the district to identify reimbursable costs for reporting and recordkeeping activities by observing activities performed by clerical staff at sample schools (elementary, middle, high, and alternative schools). We were unable to observe the reporting and recordkeeping activities during two separate fieldwork visits, except at Rice Elementary School, because the district had not distributed the STAR test results. As we were unable to complete our observations, the costs remain unsupported.

The district claimed salary and benefit costs for administering the following STAR tests: (1) California Standards Tests (CST); (2) California Alternate Performance Assessment (CAPA); (3) California Achievement Test, Sixth Edition Survey (CAT/6 Survey); and (4) Spanish Assessment of Basic Education, Second Edition (SABE/2). The CST and CAPA tests are not reimbursable because they were not pled in the test claim that created this mandate. The district accounted for the costs of the STAR tests collectively, without separately identifying costs by tests. Consequently, the district claimed costs in excess of the mandated portion of the STAR program.

The following table summarizes the overstatement for salaries, benefits, and related indirect costs:

	Fiscal Year						Total	
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03		2003-04
Salaries and benefits:								
Training, policies, and procedures	\$ (15,155)	\$ (16,498)	\$ (17,516)	\$ (19,613)	\$ (19,613)	\$ (84,931)	\$ (6,456)	\$ (179,782)
Test materials, supplies, and equipment	—	—	—	—	—	(81)	(1,664)	(1,745)
Pretest and post-test coordination	(117,902)	(124,160)	(133,133)	(145,063)	(155,419)	(118,519)	(53,215)	(847,411)
Test administration	—	—	—	—	—	(30,889)	(21,370)	(52,259)
Reporting and recordkeeping	(80,173)	(84,429)	(53,253)	(58,025)	(105,685)	(68,813)	(17,849)	(468,227)
Total direct costs	213,230	(225,087)	(203,902)	(222,701)	(280,717)	(303,233)	(100,554)	(1,549,424)
Indirect costs	(7,954)	(8,396)	(7,606)	(8,307)	(14,148)	(14,494)	(5,561)	(66,466)
Audit adjustment	<u>\$ (221,184)</u>	<u>\$ (233,483)</u>	<u>\$ (211,507)</u>	<u>\$ (231,008)</u>	<u>\$ (294,865)</u>	<u>\$ (317,727)</u>	<u>\$ (106,115)</u>	<u>\$ (1,615,890)</u>

The program's parameters and guidelines (section IV.B.) state:

For each eligible claimant, the following activities to administer the designated achievement and primary language tests are eligible for reimbursement: (A) Training, Policies, and Procedures, (B) Test Materials, Supplies, and Equipment (reimbursement period January 2, 1998 – December 15, 1999), (C) Pretest and Posttest Coordination, (D) Test Administration, and (E) Reporting and Record Keeping.

The parameters and guidelines (section VI.A.) state:

. . . all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities. . . .

The parameters and guidelines (section V.A1.) state:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

We recommend the district strengthen internal controls over the claim process with policies and procedures that properly support reimbursable costs with traceable source documents.

District's Response

The district agreed with the audit finding.

**FINDING 2—
Misstated test
materials, supplies,
equipment and
related indirect costs**

For fiscal year 2002-03, the district claimed \$50 for test materials, supplies, and equipment after the reimbursable period of December 15, 1999. For the audit period, the district did not claim \$22,205 in eligible postage expense to mail student test results. The related indirect costs total \$1,027.

The following table summarizes the understated claimed costs for test materials, supplies, equipment, and related indirect costs:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Materials and supplies:								
Test materials	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (50)	\$ —	\$ (50)
Reporting and recordkeeping	3,615	2,717	2,824	2,809	3,303	3,440	3,497	22,205
Total materials, supplies, and equipment	3,615	2,717	2,824	2,809	3,303	3,390	3,497	22,155
Indirect costs	192	139	105	115	166	162	193	1,072
Audit adjustment	<u>\$ 3,806</u>	<u>\$ 2,856</u>	<u>\$ 2,929</u>	<u>\$ 2,924</u>	<u>\$ 3,469</u>	<u>\$ 3,552</u>	<u>\$ 3,690</u>	<u>\$ 23,227</u>

The parameters and guidelines (section IV.B.1.) state that test materials, supplies, and equipment are reimbursable from January 2, 1998, through December 15, 1999.

The parameters and guidelines (section IV.E.) state:

The cost of materials and supplies used for reporting (including paper and envelopes), the cost of postage for mailing reports to parents, and the cost of computer programming used for reporting purposes is reimbursable under this activity.

The parameters and guidelines section (V.A.2.) state:

... Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. . . .

The parameters and guidelines (section VI.A.) state:

... all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities. . . .

Recommendation

We recommend that costs related to the program be properly reported, supported with traceable source documents, and reimbursable under the mandate.

District’s Response

The district agreed with the audit finding.

**FINDING 3—
Understated
offsetting revenues/
reimbursements**

The district did not deduct the California Department of Education (CDE) STAR apportionments from the reimbursement claims, which overstated costs in the amount of \$251,970.

The district did not identify the portion of annual STAR apportionments related to the mandate. Therefore, we developed the reimbursable percentages based on test results published on the California Department of Education’s STAR Web site. We calculated the annual mandate-related percentages by dividing mandated tests by all STAR tests. We applied the ratio to the annual STAR apportionments.

The following table summarizes the understatement of offsetting revenues and other reimbursements not deducted from claims:

	Fiscal Year							Total
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	
Apportionments	\$ 77,040	\$ 93,537	\$ 27,551	\$ 32,278	\$ 33,178	\$ 37,473	\$ 38,941	\$ 339,998
Mandate-related percentage	× (100)%	×(70.85)%	×(70.36)%	×(63.90)%	×(64.45)%	×(62.48)%	×(61.25)%	
Audited apportionment	(77,040)	(66,271)	(19,385)	(20,626)	(21,383)	(23,413)	(23,852)	(251,970)
Claimed CDE apportionment	—	—	—	—	—	—	—	—
Audit adjustment	\$ (77,040)	\$ (66,271)	\$ (19,385)	\$ (20,626)	\$ (21,383)	\$ (23,413)	\$ (23,852)	\$ (251,970)

The parameters and guidelines (section VII.) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Recommendation

We recommend that any funds or savings received, including, but not limited to, service fees collected, federal funds and other state funds, be deducted from claims submitted to the SCO for reimbursement.

District’s Response

The district agreed with the audit finding.

**FINDING 4—
Board minutes not
provided**

The district did not provide board minutes for the audit period to support that school-by-school and district-wide STAR test results were reported to the governing board.

The parameters and guidelines (section IV.E.) state that the following activity established by the Education Code, section 60641, subdivision (d), and Title 5, *California Code of Regulations*, sections 864 and 893, is eligible for reimbursement:

Reporting the results of the STAR Program test to the school district governing board or county office of education on a district-wide and school-by-school basis.

Recommendation

We recommend that the district develop policies and procedures to ensure that STAR test results are reported to the governing board and recorded in the board minutes.

District's Response

The district agreed with the audit finding.

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



Lake Elsinore Unified School District

Governing Board

Tom Thomas
President

Susan E. Scott
Clerk

Jeanie Corral
Member

Kim J. Cousins
Member

Stan Crippen
Member

August 20, 2010

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

RE: Standardized Testing and Reporting Program (July 1, 1997 - June 30, 2004)

Dear Mr. Spano,

Administration

Dr. Frank W. Passarella
Superintendent

Gregory J. Bowers
Assistant Superintendent
Facilities & Operations

Dr. Alain Guevara
Assistant Superintendent
Instructional Support
Services

George Landon
Assistant Superintendent
Fiscal Support Services

Kip Meyer
Assistant Superintendent
Personnel Support Services

Dr. Kathleen Roberts
Assistant Superintendent
Student Support Services

Michael Taylor
Executive Director
Fiscal Support Services

Sam Wensele
Executive Director
Personnel Support Services

We received a letter from your office on July 8, 2010 outlining the results of an audit conducted by your office in October 2009. The subject of the audit was the Lake Elsinore Unified School District (LEUSD) Standardized Testing and Reporting Program from 1997-2004. LEUSD had submitted claims in the amount of \$1,615,942 for the reporting period. Even though we were able to find copies of the claims, we were not able to locate the supporting documentation to support the claims.

We did contact the consulting firm that helped draft the claims during the reporting period, but they also did not have the supporting documentation for the claims. After reviewing the audit data, we concur with the findings of the audit.

For future consideration, we are currently using a different consulting firm in developing and reconciling our mandated cost reimbursement claims.

Thank you for your cooperation.

Sincerely,

Michael Taylor
Executive Director, Fiscal Support Services

cc: George Landon, Assistant Superintendent, Fiscal Support Services

(951) 253-7000

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Lake Elsinore, CA 92530

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**State Controller's Office
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