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STATE OF CALIFORNIA
Office of the Auditor General

Kurt R. Sjoberg
Acting Auditor General

660 J STREET, SUITE 300
SACRAMENTO, CA 95814

May 16, 1990

C-941

Honorable Elihu M. Harris, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 2148
Sacramento, California 95814

Dear Mr. Chairman and Members:

We and our contractor reviewed the expenditure data reported by the county offices of education (counties) for their juvenile court and community school programs for fiscal year 1988-89, and we reviewed the classification of community school students as probation-referred. Our review disclosed that the counties did not always comply with requirements for reporting juvenile court and community school program expenditures. For example, one county overstated its total community school program expenditures because it misclassified expenditures and made errors when reporting its program expenditures. Also, our review identified instances when the counties did not always have adequate internal control over juvenile court and community school program expenditures. Finally, while no significant weaknesses in the classification of community school students as probation-referred were found, our review disclosed that the State does not provide specific guidelines and criteria for classifying students as probation-referred and enrolling them in community school programs.

BACKGROUND

Counties offer various instructional programs targeted for students who have not succeeded in the traditional school setting. Two of these instructional programs, juvenile court schools and community schools, serve students who have committed crimes, are habitually truant, or have other behavior problems. Forty-six counties within the State participate in juvenile court or community school programs.

Juvenile court schools serve students detained in juvenile halls and camps and living in certain group homes. Based on the California Welfare and Institutions Code, Sections 850, 856, and 889, the juvenile court system determines which students should be placed in

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juvenile court schools. Based on the California Education Code, Section 1981(a) and (b), the county board of education may enroll students in community schools if they have been expelled or have been referred by a school's attendance review board. Also, based on Section 1981(c), the county board of education may enroll students in community schools if they are probation-referred pursuant to Sections 300, 601, 602, and 654 of the Welfare and Institutions Code. Generally, a probation-referred student enrolled in a community school is classified as probation-referred through the juvenile court system or through another method. For students who go through the court system, probation officers determine whether the students should be classified as probation-referred and enrolled in community school programs. For students who are classified as probation-referred through other methods, a representative from various entities, such as a school district, county, or probation department, may participate in the classification and enrollment of students in community school programs.

Based on an average daily attendance (ADA) computation, the counties receive funding from the State Department of Education for students enrolled in juvenile court and community school programs. The counties generally receive more funding per ADA for juvenile court students than they receive per ADA for community school students, with one exception. The counties receive the same funding per ADA for community school students classified as probation-referred under the California Education Code, Section 1981(c), as for students in juvenile court schools.

The California Education Code, Section 56730.5, required the Superintendent of Public Instruction (superintendent) to adopt program cost accounting procedures and to disseminate these procedures to all local education agencies, such as counties, beginning with fiscal year 1985-86. Further, Section 56730.5 requires local education agencies to use the cost accounting procedures adopted by the superintendent to report their costs to the State Department of Education. These costs include instructional program costs for operating juvenile court and community school programs.

The procedures adopted by the superintendent, which are included in the California School Accounting Manual (manual), require counties to report their expenditures in four cost categories: direct costs of user programs or activities (user programs include instructional programs); documented direct support costs, which are support costs that can be specifically attributed to a user program or activity;

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allocated direct support costs, which are support costs that cannot be specifically attributed to a user program or activity and, thus, are distributed to user programs and activities based on various allocation methods; and other expenditures and indirect costs that support the various user programs and activities, provided that these costs do not exceed ten percent of the direct costs for instructional programs. In addition, the Budget Act of 1989, Chapter 93 of the Statutes of 1989, mandates that expenditures representing contract payments from the counties to other agencies for the operation of juvenile court and community school programs be distributed to the four cost categories.

The counties report their expenditures for the juvenile court and community school programs on the Annual Program Cost Data Report (J-580), which is due to the State Department of Education by September 20 of the following fiscal year unless an extension is granted. In addition to the guidelines in the manual, the superintendent provides counties with instructions for determining the expenditure distribution of these two programs to the four cost categories on the J-580. According to the manual and instructions, the J-580 provides the State and counties with a means for assessing the fiscal impact of operating the juvenile court and community school programs. The manual and J-580 instructions also state that this kind of cost identification is critical to the development of a meaningful cost reporting system for use by state and local decision makers.

SCOPE AND METHODOLOGY

To provide the Legislature with independently developed and verified information, the Statutes of 1989 mandated that we review the counties' management of juvenile court and community school programs. Specifically, the Budget Act of 1989 required that we review the costs that counties reported to the State Department of Education for juvenile court and community school programs to determine whether the costs were appropriately attributable to these programs. We limited our review to counties and did not perform audit work at the State Department of Education. Six of the 46 counties that participate in juvenile court or community school programs were reviewed.

To conduct this review promptly and to fulfill provisions of the Statutes of 1989, we conducted field work at Sacramento County, and we contracted with a joint venture to review the expenditures of the two programs at the other five counties selected for testing: Mendocino, Nevada, Orange, San Diego, and Santa Clara. The joint venture (contractor) was led by the accounting firm of Vargas, Cruz, and Patel

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and included the following accounting firms: Macias and Pierini; Calderon, Jaham and Osborn; and Miranda, Strabala and Associates. Our review was limited to the latest available cost information the counties reported to the State Department of Education on the J-580 for fiscal year 1988-89, and consisted of a review of the J-580s to determine whether the six counties reported expenditures for juvenile court and community school programs were appropriately attributable to these programs and were distributed to the four cost categories according to the manual.

Counties may choose to contract with public or private entities to provide juvenile court and community school programs. Of the six counties reviewed, two counties contracted with school districts for fiscal year 1988-89 to provide all or some of the juvenile court and community school programs located in those counties. Nevada County contracted with a school district for both its juvenile court and community school programs. Mendocino County contracted for some of its juvenile court and community school programs.

The Budget Act of 1989, which was enacted on July 7, 1989, mandates that expenditures representing contract payments to other agencies for the operation of juvenile court and community school programs be distributed to the four cost categories. Our contractor reviewed the method Nevada County and Mendocino County used to report their contract expenditures for fiscal year 1988-89 for the juvenile court and community school programs and then determined whether the reported expenditures were adequately supported. In addition, our contractor reviewed the distribution of other costs these counties reported on their J-580 for fiscal year 1988-89 for the juvenile court and community school programs.

Generally, counties receive more funding per ADA for a community school student classified as probation-referred under the California Education Code, Section 1981(c), than they receive per ADA for a student who is enrolled in a community school because the student was expelled from a school or was referred by a school's attendance review board according to Section 1981(a) and (b). Because counties receive more funding for probation-referred students, we and our contractor reviewed the latest available attendance reports and other support documentation to determine if probation-referred community school students were properly classified as probation-referred through the juvenile court system or through the review team process.

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The County Offices of Education
Did Not Always Comply With Requirements
for Reporting Juvenile Court and
Community School Program Expenditures

We and our contractor reviewed the expenditures for fiscal year 1988-89 reported by 6 of the 46 counties that participate in the juvenile court or community school programs. Generally, the expenditures the 6 counties reported for these programs were materially correct. However, the counties did not always comply with reporting requirements, according to the manual, for juvenile court and community school program expenditures.

For example, Mendocino County did not comply with the manual when it reported its expenditures for the community school program on the J-580 for fiscal year 1988-89. Mendocino County incorrectly reported costs of another program, which resulted in an overstatement of direct costs of \$8,427 for the community school program.

Further, when Mendocino County submitted its original J-580 to the State Department of Education in November 1989, it used estimated costs instead of actual costs, as required by the manual. As a result, on the original J-580, it understated its juvenile court expenditures by \$67,049 and overstated its community school expenditures by \$216,359. In February 1990, Mendocino County submitted a revised J-580 to the State Department of Education to reflect the actual expenditures incurred for these two programs. Failure to report expenditures promptly and accurately to the State Department of Education inhibits the State Department of Education's ability to assess the fiscal impact of operating juvenile court and community school programs. Mendocino County also incorrectly charged costs within another instructional program, which resulted in an overcharge of allocated direct support costs of \$2,104 to the juvenile court and \$11,696 to community school programs.

On the J-580 for fiscal year 1988-89, Santa Clara County did not report its documented direct support costs according to the manual for the juvenile court program. Santa Clara County incorrectly reported \$30,247 of documented direct support costs as direct costs for its juvenile court program. However, while this incorrect entry resulted in a misclassification of costs on the J-580, it had no effect on the total juvenile court program expenditures.

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Orange County did not follow the J-580 instructions and the guidelines in the manual when reporting the allocated direct support costs for juvenile court and community school expenditures on its J-580 for fiscal year 1988-89. The manual and the J-580 instructions specify the allocation methods counties should use when reporting support costs on the J-580. The J-580 instructions state that the full-time-equivalent (FTE) teachers method should be used to allocate costs for instructional administration, instructional media, school administration, and pupil services to the various user programs and activities. A full-time teacher assigned to a single program would be one FTE; a full-time teacher assigned to more than one program would count as partial FTEs for each of those programs. For example, a teacher who spent 60 percent of the time teaching in one program and 40 percent teaching in another program would be counted as .6 FTE in the first program and .4 FTE in the second program. The manual and the J-580 instructions state that the support costs should be allocated to the various user programs and activities based upon the total FTE count for each user program and activity.

In addition, the J-580 instructions state that the classroom units (CU) method should be used to allocate costs for plant maintenance, plant operations, and facilities to various user programs and activities. A CU is a space of approximately 960 square feet. The J-580 instructions state that the plant and facility support costs should be allocated to the various user programs and activities based upon the total CUs computed for each user program and activity.

When preparing its J-580, Orange County used the FTE teacher method to allocate the plant and facility support costs to the juvenile court and community school programs when it should have used the CU method to allocate these support costs. Orange County indicated to our contractors that it used FTEs in place of CUs because one FTE is basically equal to one CU; thus, the amount of allocated direct support costs did not vary much between either allocation method. However, Orange County did not comply with the allocation methods in the manual, and if partial FTEs existed for juvenile court and community school programs, it would have incorrectly reported the amount of allocated direct support costs for these programs.

We found that Sacramento County also did not follow the guidelines in the manual for reporting expenditures for the juvenile court and community school programs on the J-580 for fiscal year 1988-89. For example, Sacramento County incorrectly classified and reported amounts that resulted in an overstatement of direct costs for the community

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school program by approximately \$25,960 on the J-580; it also incorrectly reported \$151,908 of "other outgo" expenditures as "support services" expenditures. Because support services expenditures are allocated to the various user programs, the allocated direct support costs for the community school program were overstated by \$3,038 on the J-580 for fiscal year 1988-89. Other outgo expenditures, such as tuition, are not chargeable to instructional programs. Further, Sacramento County overstated by \$6,820 the allocated direct support costs for the community school programs because it did not correctly compute the total number of CUs for allocating plant and facility support costs. Lastly, based on the inaccuracies in reporting costs on the J-580, Sacramento County overstated indirect costs to the juvenile court program by \$4,476, and it overstated indirect costs to the community school program by \$2,211.

Two counties, Mendocino and Nevada, contracted with school districts to operate juvenile court and community school programs located in those counties. The Budget Act of 1989 mandates that contracted expenditures be distributed to the four cost categories. However, because the Budget Act of 1989 was not enacted until July 7, 1989, these two counties did not distribute their contract costs for fiscal year 1988-89 to the four cost categories. These two counties reported their contract costs for fiscal year 1988-89 as direct costs of the juvenile court and community school programs. Our contractor reviewed the method Mendocino County and Nevada County used to report their contract expenditures for fiscal year 1988-89 and determined that the counties used reasonable methods for reporting the expenditures for juvenile court and community school programs on the J-580.

The County Offices of Education
Did Not Always Have Adequate
Internal Control Over
Expenditures for Juvenile Court
and Community School Programs

Our review of the six counties' reported expenditures for the juvenile court and community school programs disclosed that the counties did not always have adequate internal control over expenditures reported, over fixed assets, and over purchasing for these two programs. At three of the six counties, we and our contractor had difficulty determining or could not determine whether the counties had properly distributed all their program expenditures to the four cost categories. For example, Sacramento County did not maintain adequate records to document that it had incurred costs for a specific program. Consequently, some of the

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costs charged to an instructional program represent costs that Sacramento County incurred on behalf of one or more other instructional programs. We found that, of the total documented direct support costs reported for the juvenile court program, \$105,148 represents salaries of three personnel who perform duties for both the juvenile court and the community school programs. Because Sacramento County failed to maintain adequate support documentation, we were unable to determine the percentage of these costs attributable to the community school program, and therefore, we could not ascertain the amount of costs overcharged to the juvenile court program.

Further, our contractor found that Mendocino County did not always comply with its internal controls over the purchasing system. Specifically, our contractor found that the appropriate personnel did not always review and approve the supporting expenditure documents for payment. If purchasing controls are not consistently followed, Mendocino County is not assured that all of its expenditures are appropriate.

Lastly, our contractor found that, for fiscal year 1988-89, Santa Clara County did not have adequate control over its assets. Santa Clara County did not always tag inventory received at a school site, and it did not promptly record the equipment in its inventory records upon delivery. As a result, Santa Clara County did not have complete and accurate inventory records, and the county's inventory was not adequately safeguarded. However, for fiscal year 1989-90, Santa Clara County stated that it has instituted internal control procedures to ensure that the inventory records are accurate and the inventory is adequately safeguarded.

The State Should Consider Providing
Specific Guidelines and Criteria
for Classifying and Enrolling Students
in Community School Programs

Currently, there are no specific guidelines and criteria for classifying students as probation-referred and enrolling them in community school programs. Based on the California Education Code, Section 1981(c), the county board of education may enroll students in community schools if they are probation-referred pursuant to Sections 300, 601, 602, and 654 of the Welfare and Institutions Code. Students under Sections 300, 602, and 654 are dependents or wards of the court or under programs of probation supervision and are generally probation-referred through the juvenile court system. The students

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under Section 601 are habitually disobedient or truant and are probation-referred through the juvenile court system or through methods developed by the counties.

While the procedures for classifying a student under Sections 300, 602, or 654 as a probation-referred student are generally uniform among the counties, the procedures for classifying a Section 601 student as probation-referred are not uniform. Although the Statutes of 1989 provide some requirements for classifying Section 601 students as probation-referred, the Statutes of 1989 do not provide specific guidelines and criteria for classifying these students. Consequently, the counties have developed various methods for classifying students under Section 601 as probation-referred and enrolling them in community school programs.

For example, at Nevada County, a student under Section 601 is probation-referred through the juvenile court system. A probation officer, located at juvenile court, reviews the student's case and determines whether a community school program is appropriate and whether the student should be enrolled in a community school pursuant to the California Education Code, Section 1981(c). On the other hand, at Santa Clara County, if a school district representative or a parent or guardian determines that the student is habitually truant and is not succeeding in the traditional school setting, they contact the county. The county refers all cases that are under Section 601 to nonprofit referral agencies designated by the County Board of Supervisors (board), which is a separate entity from the county. The board is responsible for overseeing the probation department in Santa Clara County and contracts with five nonprofit referral agencies, located throughout the county, to perform services on behalf of the probation department. The nonprofit referral agencies interview Section 601 students and their parents, using guidelines established by the board. These agencies have the authority to classify a student as probation-referred for enrollment in a community school program.

Because there are no specific guidelines or criteria for classifying Section 601 students as probation-referred, the potential exists for improper classifications and enrollments. Specifically, counties generally receive more funding per ADA for a student who is probation-referred and enrolled in a community school under the California Education Code, Section 1981(c), than they receive for a student enrolled in a community school under Section 1981(a) or (b) or not enrolled in a community school. Because the counties are able to develop and implement their own systems for classifying and enrolling

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students who fall under Section 601, the potential exists for counties to classify and enroll more students as probation-referred than may be necessary in order to increase the counties' total funding amount.

To ensure that counties do not classify and enroll more Section 601 students as probation-referred than may be necessary, the State should consider providing specific guidelines and criteria for classifying these students as probation-referred and enrolling them in community school programs.

Conclusion

Generally, for the six counties we and our contractor reviewed, the reports of expenditures for the juvenile court and community school programs for fiscal year 1988-89 were materially correct. However, our review identified several instances when the counties did not correctly report certain costs for fiscal year 1988-89 for these programs. In addition, some weaknesses in internal control were identified during the review of expenditures the counties reported for these two programs. Although the weaknesses identified did not result in significant errors on the J-580s for the counties' juvenile court and community school programs, the accurate identification and classification of program expenditures is critical for assessing the fiscal impact of operating these programs and for developing a meaningful cost reporting system for use by state and local decision makers.

The State does not provide specific guidelines and criteria for classifying students who are under Section 601 of the Welfare and Institutions Code as probation-referred and enrolling them in community school programs.

Recommendations

To ensure that expenditures are accurately reported for the appropriate programs and are properly classified to the four cost categories, the counties should comply with the California State Accounting Manual when reporting expenditures for juvenile court and community school programs on the J-580.

To ensure that expenditures for the juvenile court and community school programs are supported and proper, the counties should maintain adequate support documentation and should ensure that the appropriate personnel approve all payments of expenditures.

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To ensure that its inventory is adequately safeguarded and its inventory records are accurate, Santa Clara County should tag inventory upon delivery and should promptly record the inventory in its inventory records.

To ensure that counties do not classify as probation-referred more students who fall under Section 601 of the Welfare and Institutions Code than may be necessary, the State should consider providing specific guidelines and criteria for classifying and enrolling these students in community school programs. The guidelines and criteria should ensure that adequate documentation is maintained to support the classification as probation-referred.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of the letter.

Respectfully submitted,



KURT R. SJOBERG
Acting Auditor General

Responses:

Response from the State Department of Education

Response from the Mendocino County Office of Education

Response from the Nevada County Office of Education

Response from the Orange County Office of Education

Response from the Sacramento County Office of Education

Response from the Santa Clara County Office of Education

Response from the San Diego County Office of Education



May 9, 1990

Kurt Sjoberg, Acting Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

C-941

Dear Mr. Sjoberg:

Thank you for the opportunity to review the draft report titled "The State Department of Education's Juvenile Court and Community Schools". We appreciate the work your staff performed in reviewing the expenditure data reported by six county offices of education for the juvenile court and community school programs for fiscal year 1988-89. Your recommendations and comments will enhance the efforts of the county offices of education to accurately report their expenditures and adequately safeguard their inventory. As recommended, we will consider providing specific guidelines and criteria for enrolling students in community school programs under the provisions of Section 601 of the Welfare and Institutions Code.

Sincerely,

A handwritten signature in black ink, appearing to read "William D. Dawson".

William D. Dawson
Executive Deputy Superintendent

MENDOCINO COUNTY
OFFICE OF EDUCATION
DR. JAMES A. SPENCE, Superintendent of Schools

May 9, 1990

Mr. Kurt Sjorberg
State of California
Office of the Auditor General
660 J Street, Suite 300
Sacramento, Ca 95814

Dear Mr. Sjorberg:

This letter is in response to your report on juvenile court and community schools expenditures data reporting.

I do agree with your conclusion that the weaknesses you identified did not result in significant error on the J-580 for the county community schools and juvenile court programs.

Our original J-580 was due in October, 1989 and our audited financial data was not finalized, so to meet the states deadline a estimated J-580 was generated. A revised J-580 was completed with the audited actual 1988-89 financial data to ensure accurate program expenditures data for review by the state.

The J-580 program cost data report is in no way a meaningful program cost report that we use to make local decisions.

Mendocino County does have internal control procedures over our purchasing system. All site principals, and the Directors of each instructional program must approve all purchases.

I concur with your recommendation that expenditures for the juvenile court and community schools programs are supported and properly documented. This is a goal of Mendocino County Office of Education.

Sincerely,



Vicki Todd
Director of Business Services

VAT:dm
auditgen

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community school programs. The State Department has the responsibility of adjusting the cost report format and instructions if the costs of one LEA are to be reported as the costs of another LEA.

We can understand your desire to see the total cost of the juvenile court and community school programs on one report. However, each LEA is responsible for reporting only its own costs. The County Office is reporting the amount contracted, in accordance with State Department of Education guidelines.*

Finally, we wish to emphasize that the community school program operated at a deficit of \$16,997 and the combination of the community school and juvenile hall programs operated at a deficit of \$12,207 (p. 7). This is a significant amount for a small program such as ours.

Sincerely,

H. L. Houser
by me

H. L. Houser
Assistant Superintendent

cc: Ty Blount, Nevada Joint Union High School District

* The Office of the Auditor General's Comment: The county takes issue with our discussion of reporting contract expenditures on the J-580. The county contends that it was correct in reporting the contract amount for operating the juvenile court and community school programs instead of reporting the actual costs incurred by the school district for these programs. The county provided us with excerpts from the fiscal year 1989-90 Program Cost Accounting Manual, which was prepared under the direction of the State Department of Education. The Program Cost Accounting Manual states that the county should record its contracted costs on the J-580. When reviewing the fiscal year 1988-89 juvenile court and community school program expenditures, we and our contractor used the 1988 edition of the California State Accounting Manual which does not provide specific instructions for recording contract expenditures. Because the California State Accounting Manual does not provide specific instructions for recording contract expenditures, we changed the text accordingly.



ORANGE COUNTY SUPERINTENDENT OF SCHOOLS

Orange County Department of Education

200 KALMUS DRIVE • P.O. BOX 9050 • COSTA MESA, CALIFORNIA 92628-9050 • (714) 966-4000
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ROBERT PETERSON, Ed.D.
SUPERINTENDENT

LYNN APRIL HARTLINE
DEPUTY SUPERINTENDENT

May 8, 1990

Kurt R. Sjoberg
Acting Auditor General
State of California
Office of the Auditor General
660 J. Street, Suite 300
Sacramento, California 95814

Dear Mr. Sjoberg:

The purpose of this letter is to respond to the draft of the State Department of Education's Juvenile Court and Community Schools' Report dated May 1990. Thank you for the guidance to improve the reporting procedures for Orange County's juvenile court and community school programs.

In the audit report, Orange County was found to be in complete compliance as far as the numbers reported on the J-580 report, but the method used to allocate the plant and facility support costs to the juvenile court and community school programs was incorrect because full time equivalents (FTES) were utilized in place of the classroom unit (CU) method. Because there were no part-time teachers involved in the programs, both the FTE allocation method and the CU allocation method would result in the same distribution of expenses for 1988-89. However, staff concurs with the auditors recommendations, and in the future will use the classroom unit method to allocate plant and facility support costs to the juvenile court and community school programs.

Thank you for the opportunity to respond to the draft audit report and to review our internal reporting procedures.

Cordially,

ROBERT PETERSON, Ed.D.
County Superintendent
of Schools

RP:WM:bh

ORANGE COUNTY BOARD OF EDUCATION

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SACRAMENTO COUNTY OFFICE OF EDUCATION

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DAVID P. MEANEY, Ed.D.
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May 8, 1990

Kurt R. Sjoberg
Acting Auditor General
State of California
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:

I am writing in response to the draft copy of your letter concerning the State Department of Education's Juvenile Court and Community Schools. We are appreciative of the review in that it helped us to clarify guidelines. This clarification will lead to better reporting in the future. In addition, we are pleased that the report asks that "the State should consider specific guidelines and criteria for classifying and enrolling these students".

Regarding Sacramento County specifically, reference is made to reporting of direct costs, direct support costs, and indirect costs for both Juvenile Court and Community Schools. My concern is that readers of your letter may merely aggregate the figures mentioned and assume that this represents the gross error in recording expenditures for these two programs. In some cases, if costs were not reported in one category, such as direct costs, these same costs or a portion of these costs would appear in another category, such as direct support costs. I would like some reference to the fact that the figures mentioned in your letter are not necessarily representative of the net effect on total program costs.*

In closing, I would like to thank you again for the review. In addition, I would like to thank you for this opportunity to respond to your draft letter.

Sincerely,

David Meaney
County Superintendent

*The Office of the Auditor General's Comment: As we explained on page 10 of our report, the weaknesses identified did not result in significant errors on the J-580s for the counties' juvenile court and community school programs.



Santa Clara County Office of Education

CENTRAL OFFICE:

100 Skyport Drive • San Jose, California 95115 • (408) 453-6500

Arthur Doornbos, Superintendent

May 9, 1990

Mr. Kurt R. Sjoberg
Acting Auditor General
State of California
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

**SUBJECT: DRAFT REPORT ON THE STATE DEPARTMENT OF
EDUCATION'S JUVENILE COURT AND COMMUNITY
SCHOOLS**

Dear Mr. Sjoberg:

We have reviewed the subject report. Our responses to the comments relating to the Santa Clara County Office of Education (SCCOE) follow:

Report Comment

Santa Clara County did not report its documented direct support costs, according to the manual, for the juvenile court program on the J-580 for fiscal year 1988-89. Santa Clara County incorrectly reported \$30,247 of documented direct support costs as direct costs for its juvenile court program. However, while this incorrect entry resulted in a misclassification of costs on the J-580, it has no effect on the total juvenile court program expenditures.

Response

Due to a misunderstanding, \$30,247 of transportation salary costs were included with other program direct salary costs. This misclassification was noted during our internal review of the J-580 and was in the process of being corrected at the time of the audit. As the report correctly notes, this constitutes a technical error only and

Board of Education

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had no effect on the expenditures reported. A corrected J-580 was filed with the State Department of Education on March 7, 1990.

Report Comment

Lastly, our contractor found that, for fiscal year 1988-89, Santa Clara County did not have adequate control over its assets. Santa Clara County did not always tag inventory received at a school site, and it did not promptly record the equipment in its inventory records upon delivery. As a result, Santa Clara County did not have complete and accurate inventory records and the County's inventory was not adequately safeguarded. However, for fiscal year 1989-90, Santa Clara County stated that it has instituted internal control procedures to ensure that the inventory records are accurate and the inventory is adequately safeguarded.

Response

All inventory items selected for audit by the contractor were located. The exception related to assets shipped directly to sites. The majority of assets is received at the SCCOE Central Warehouse, tagged, and entered on the inventory system upon receipt. As indicated in the report, SCCOE has instituted controls over direct shipments to ensure that the assets are promptly entered into the inventory records.

Report Comment

On the other hand, at Santa Clara County, if a school district representative or a parent or a guardian determines that the student is habitually truant and is not succeeding in the traditional school setting, they contact the county. The county refers all cases that are under Section 601 to nonprofit referral agencies designated by the County Board

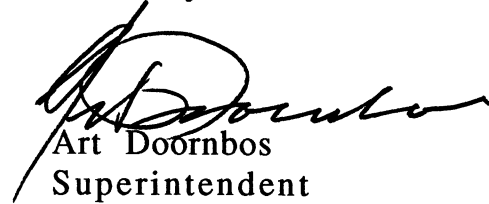
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of Supervisors (board), which is a separate entity from the county. The board is responsible for overseeing the probation department in Santa Clara County and contracts with five nonprofit referral agencies, located throughout the county, to perform services on behalf of the probation department. The nonprofit referral agencies interview Section 601 students and their parents, using guidelines established by the board. These agencies have the authority to classify a student as probation-referred for enrollment in a community school program.

Response

While this comment does not represent an adverse finding, it should be noted that SCCOE procedures were reviewed with the State Department of Education prior to implementation. Further, the Juvenile Court School Administrators have submitted an operations manual, which includes referral procedures, to the County Superintendents' Association. The SCCOE procedures are recommended as appropriate in the manual. Should the State develop specific guidelines and criteria, they will be incorporated.

Sincerely,



Art Doornbos
Superintendent
Santa Clara County
Office of Education

TB:ja



SAN DIEGO COUNTY OFFICE OF EDUCATION

6401 LINDA VISTA ROAD ☐ SAN DIEGO, CALIFORNIA 92111-7399 ☐ (619) 292-3500

May 10, 1990

Mr. Kurt R. Sjoberg
Acting Auditor General
State of California
Office of the Auditor General
660 "J" Street, Suite 300
Sacramento CA 95814

Dear Mr. Sjoberg:

Thank you for sharing the report which reflects the review your office made of the juvenile court and community schools in six selected counties which included San Diego County.

We have reviewed your report and our office is in agreement that county offices should comply with the guidelines of the California School Accounting Manual and the instructions on the J-580 forms in the allocation of costs to the proper program categories.

We agree that inventory control is essential for good accounting practices. Our procedure calls for tagging items on receipt of the items or as soon as possible thereafter and maintaining an inventory file.

We agree also that proper accounting procedures should be followed for all expenditures and support documents maintained for those expenditures.

In the case of classifying students as probation-referred, the San Diego County Office of Education follows a procedure which has been approved by the San Diego Juvenile Superior Court and involves the Probation and/or Social Services Department and the school district of residence. The San Diego County Office of Education has actively participated with a Juvenile Court Schools Administrators of California (JCSAC) task force in the development of guidelines which will serve as a process model for juvenile court and community schools programs throughout the State. It is my understanding that the California State Department of Education is aware of the activities of this task force.

I hope that our participation in this report will be of assistance to the rest of the State in ensuring that proper program services are available to our court and community school students.

Sincerely,


Thomas C. Boysen
Superintendent of Schools

TCB:MH

cc: Marianne Evashenk

BOARD OF EDUCATION: Martin Block ☐ Ann Navarra ☐ Jack Port ☐ Joe Rindone ☐ Amy Villalobos
Thomas C. Boysen, County Superintendent of Schools