

# CALIFORNIA STATE AUDITOR

Bureau of State Audits

## Implementation of State Auditor's Recommendations

Audits Released in January 2010 Through December 2011

Special Report to  
*Assembly Budget Subcommittee #2—Education Finance*



March 2012 Report 2012-406 A2

SPECIAL REPORT

The first five copies of each California State Auditor report are free. Additional copies are \$3 each, payable by check or money order. You can obtain reports by contacting the Bureau of State Audits at the following address:

California State Auditor  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, California 95814  
916.445.0255 or TTY 916.445.0033

OR

This report is also available on the World Wide Web <http://www.bsa.ca.gov>

The California State Auditor is pleased to announce the availability of an on-line subscription service. For information on how to subscribe, please contact the Information Technology Unit at 916.445.0255, ext. 456, or visit our Web site at [www.bsa.ca.gov](http://www.bsa.ca.gov).

Alternate format reports available upon request.

Permission is granted to reproduce reports.

For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

Elaine M. Howle  
State Auditor  
Doug Cordiner  
Chief Deputy

# CALIFORNIA STATE AUDITOR

## Bureau of State Audits

555 Capitol Mall, Suite 300

Sacramento, CA 95814

916.445.0255

916.327.0019 fax

[www.bsa.ca.gov](http://www.bsa.ca.gov)

March 30, 2012

2012-406 A2

The Honorable Susan Bonilla, Chair  
Assembly Budget Subcommittee No. 2  
State Capitol  
Sacramento, California 95814

Dear Assemblymember Bonilla:

The California State Auditor presents this special report for the Assembly Budget Subcommittee No. 2—Education Finance. The report summarizes the audits and investigations we issued during the previous two years that are within this subcommittee's purview. Additionally, the report includes the major findings and recommendations, along with the corrective actions entities reportedly have taken to implement our recommendations. To facilitate the use of the report, we have included a table that summarizes the status of each entity's implementation efforts based on its most recent response.

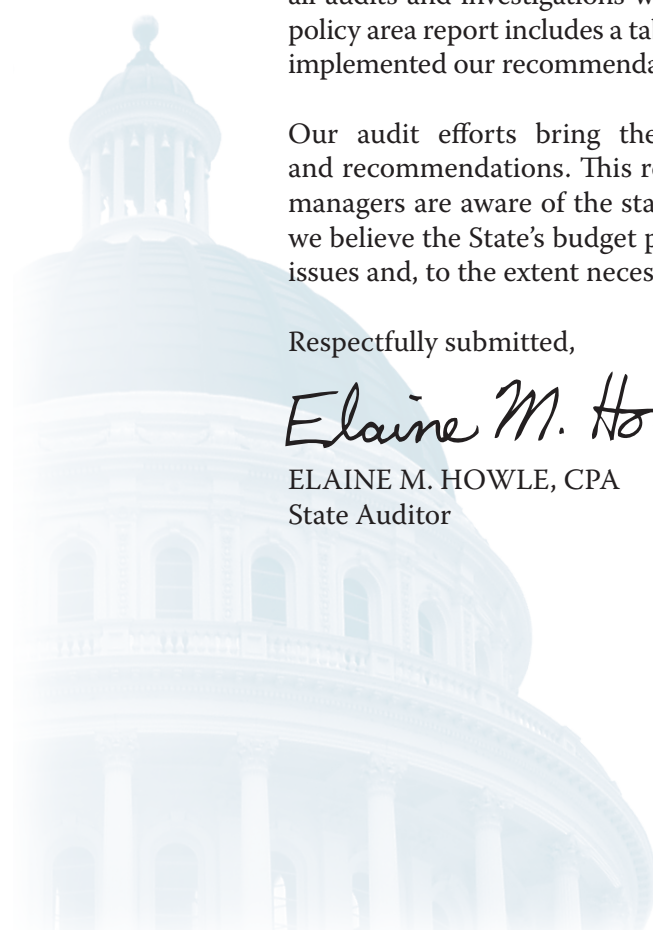
This information is also available in a special report that is organized by policy area that summarizes all audits and investigations we issued from January 2010 through December 2011. The special policy area report includes a table that identifies monetary values that entities could realize if they implemented our recommendations, and is available on our Web site at [www.bsa.ca.gov](http://www.bsa.ca.gov).

Our audit efforts bring the greatest returns when the entity acts upon our findings and recommendations. This report is one vehicle to ensure that the State's policy makers and managers are aware of the status of corrective action entities report they have taken. Further, we believe the State's budget process is a good opportunity for the Legislature to explore these issues and, to the extent necessary, reinforce the need for corrective action.

Respectfully submitted,



ELAINE M. HOWLE, CPA  
State Auditor





# Contents

<b>Introduction</b>	1
<b>Table</b>	
<i>Recommendation Status Summary</i>	1
<b>California Community Colleges Chancellor's Office</b>	
<b>Report Number 2009-032, California's Postsecondary Educational Institutions: More Complete Processes Are Needed to Comply With Clery Act Crime Disclosure Requirements</b>	3
<b>California State University, Fresno</b>	
<b>Report Number 2009-032, California's Postsecondary Educational Institutions: More Complete Processes Are Needed to Comply With Clery Act Crime Disclosure Requirements (see summary on page 3)</b>	
<b>California State University, Northridge</b>	
<b>Report Number I2010-1, Investigations of Improper Activities by State Employees: Misuse of State Time and Resources, Improper Gifts, Inadequate Administrative Controls, and Other Violations of State Law, January 2009 Through December 2009</b>	
<b>Allegation [I2008-1037]</b>	7
<b>Commission on Teacher Credentialing</b>	
<b>Report Number 2010-119, Commission on Teacher Credentialing: Despite Delays in Discipline of Teacher Misconduct, the Division of Professional Practices Has Not Developed an Adequate Strategy or Implemented Processes That Will Safeguard Against Future Backlogs</b>	9
<b>Education, Department of</b>	
<b>Report Number 2010-104, California's Charter Schools: Some Are Providing Meals to Students, but a Lack of Reliable Data Prevents the California Department of Education From Determining the Number of Students Eligible for or Participating in Certain Federal Meal Programs</b>	17

**Mt. San Antonio Community College**

**Report Number 2009-032, California's Postsecondary Educational Institutions: More Complete Processes Are Needed to Comply With Clery Act Crime Disclosure Requirements (see summary on page 3)**

**Ohlone Community College**

**Report Number 2009-032, California's Postsecondary Educational Institutions: More Complete Processes Are Needed to Comply With Clery Act Crime Disclosure Requirements (see summary on page 3)**

**University of California**


**Report Number 2010-105, University of California: Although the University Maintains Extensive Financial Records, It Should Provide Additional Information to Improve Public Understanding of Its Operations**

21

**University of California, Riverside**

**Report Number 2009-032, California's Postsecondary Educational Institutions: More Complete Processes Are Needed to Comply With Clery Act Crime Disclosure Requirements (see summary on page 3)**

## Introduction

This report summarizes the major recommendations from audit and investigative reports we issued from January 2010 through December 2011<sup>1</sup>, that relate to agencies and departments under the purview of the Assembly Budget Subcommittee No. 2—Education Finance. The purpose of this report is to identify what actions, if any, these entities have taken in response to our findings and recommendations. We have placed this symbol  in the margin of the entity’s action to identify areas of concern or issues that we believe have not been adequately addressed.

For this report, we have relied upon periodic written responses prepared by entities to determine whether corrective action has been taken. The California State Auditor’s (state auditor) policy requests that the entity provide a written response to the audit findings and recommendations before the audit report is initially issued publicly. As a follow up, state law requires the entities to provide updates on their implementation of audit recommendations. The state auditor requests these updates at 60 days, six months, and one year after the public release of the audit report. However, we may request an entity to provide a response beyond one year or we may initiate a follow up audit if deemed necessary.

We report all instances of substantiated improper governmental activities resulting from our investigative activities to the cognizant state entity for corrective action. These entities are required to report the status of their corrective actions every 30 days until all such actions are complete.

Unless otherwise noted, we have not performed any type of review or validation of the corrective actions reported by the entities. All corrective actions noted in this report were generally based on responses received by our office as of December 31, 2011. The table below summarizes the status of an entity’s implementation of our recommendations based on its most recent response received from each one. Because an audit or investigation may cross over several departments, it may be accounted for on this table more than one time. For instance, the Crime Disclosure Report, 2009-032, is reflected under the California Community Colleges Chancellor’s Office; California State University, Fresno; Mt. San Antonio Community College; Ohlone Community College; and University of California, Riverside.

**Table**  
**Recommendation Status Summary**

AUDIT REPORTS	FOLLOW-UP RESPONSE				STATUS OF RECOMMENDATION				PAGE NUMBERS
	INITIAL RESPONSE	60-DAY	SIX-MONTH	ONE-YEAR	FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	PENDING	NO ACTION TAKEN	
<b>California Community Colleges Chancellor’s Office</b>									
Crime Disclosure Report 2009-032				●	1				3
<b>California State University, Fresno</b>									
Crime Disclosure Report 2009-032				●	2				3
<b>Commission on Teacher Credentialing</b>									
Discipline of Teacher Misconduct Report 2010-119			●		9	3	10		9
<b>Education, Department of</b>									
Meal Program Eligibility Report 2010-104				●	3	2		1	17

*continued on next page . . .*

<sup>1</sup> We have modified the format of this report from prior years’ reports. Specifically, in previous reports, we often grouped multiple recommendations under one finding and, when determining the total number of recommendations by status, we counted findings rather than recommendations. In this report, we have chosen to modify our calculations counting each individual recommendation by its status rather than findings. Thus, the total numbers by status are higher than those from previous reports and, therefore, are not comparable.

AUDIT REPORTS	FOLLOW-UP RESPONSE				STATUS OF RECOMMENDATION				PAGE NUMBERS
	INITIAL RESPONSE	60-DAY	SIX-MONTH	ONE-YEAR	FULLY IMPLEMENTED	PARTIALLY IMPLEMENTED	PENDING	NO ACTION TAKEN	
<b>Mt. San Antonio Community College</b>									
Crime Disclosure Report 2009-032				●	5				3
<b>Ohlone Community College</b>									
Crime Disclosure Report 2009-032				●	7				3
<b>University of California</b>									
Financial Records Report 2010-105		●			1		7		21
<b>University of California, Riverside</b>									
Crime Disclosure Report 2009-032				●	2				3
<b>INVESTIGATIVE REPORT</b>									
<b>DATE OF LAST RESPONSE</b>									
<b>California State University, Northridge</b>									
Misuse of State Property, Incompatible Activities Investigations Report I2010-1, Allegation I2008-1037	May 2010				2				7



# California's Postsecondary Educational Institutions

## More Complete Processes Are Needed to Comply With Clery Act Crime Disclosure Requirements

### REPORT NUMBER 2009-032, ISSUED JANUARY 2010

This report concludes that the postsecondary educational institutions (institutions) we reviewed did not always comply with the requirements of the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act). Of the six California institutions we visited, one did not issue an annual security report, three did not properly notify students and staff of the availability of their security policies or crime statistics, and four did not disclose all required security policies. Further, the six institutions disclosed inaccurate crime statistics to varying degrees for 2007. We identified similar concerns among the 10 other institutions we surveyed. Failure to comply with the Clery Act may result in financial penalties of up to \$27,500 per violation. Also, the U.S. Department of Education (Education) has stated that choosing an institution is a major decision for students and their families, and that along with academic, financial, and geographic considerations, the issue of campus safety is a vital concern. Education also believes that compliance with the Clery Act provides students and their families with information necessary to make informed decisions. Several reasons contributed to institutions' lack of compliance with the Clery Act. These reasons included an inadequate understanding of the Clery Act's requirements, the use of incorrect geographic areas or incorrect definitions of crimes when compiling statistics, failing to request crime statistics from local law enforcement agencies, and not using guidance available from Education. Finally, the California Community Colleges Chancellor's Office (Chancellor's Office) could increase its role in helping community colleges improve their compliance with the Clery Act. The Chancellor's Office informed us that although it currently does not provide any guidance to its community colleges on the Clery Act, it would consider it reasonable to provide limited guidance in the future.

In the report, the California State Auditor (state auditor) made the following recommendations to the institutions or to the Chancellor's Office. The state auditor's determination regarding the current status of recommendations is based on the responses to the state auditor from the six institutions we visited and the Chancellor's Office as of September 2011. Please note that because not all recommendations or parts of recommendations applied to all six institutions we visited or to the Chancellor's Office, the following recommendations will not always include responses from all audited entities.

#### **Recommendation 1.1.a—See pages 14 and 15 of the audit report for information on the related finding.**

To ensure that they provide students and others with a single source of information related to campus security policies and crime statistics, and to help avoid federal financial penalties, institutions should comply with the requirements of the federal Clery Act. Specifically, institutions should issue annual security reports.

#### ***Institution's Action: Fully implemented.***

Ohlone Community College (Ohlone) created a single security report that included both campus security policies and crime statistics.

#### **Recommendation 1.1.b—See pages 15—17 of the audit report for information on the related finding.**

To ensure that they provide students and others with a single source of information related to campus security policies and crime statistics, and to help avoid federal financial penalties, institutions should comply with the requirements of the federal Clery Act. Specifically, institutions should include all required policy disclosures in their annual security reports.

***Institutions' Action: Fully implemented.***

For Mt. San Antonio Community College (Mt. San Antonio), Ohlone, Western Career College–Sacramento (Western Career–Sacramento), and Western University of Health Sciences (Western Health), we reviewed annual security reports that they issued after we issued our audit report. These more recent annual reports included all required policy disclosures or links to where the information could be found.

**Recommendation 1.1.c—See pages 15—19 of the audit report for information on the related finding.**

To ensure that they provide students and others with a single source of information related to campus security policies and crime statistics, and to help avoid federal financial penalties, institutions should comply with the requirements of the federal Clery Act. Specifically, institutions should properly notify all students and employees of the availability of their annual security reports.

***Institutions' Action: Fully implemented.***

Mt. San Antonio stated that it created a Notification of Availability Statement to comply with the notification requirement of the Clery Act and that it provides the statement to all students or prospective students as well as employees or prospective employees using various methods such as a “portal system” and campus-wide email, and during Senior Day events.

Ohlone stated it notifies students and employees of the availability of the annual security report via publication in the college catalog and schedule of classes, and placement on the student and employee pages of the Ohlone Web site.

Western Health stated that it notified all students and staff via e-mail of the security report's availability and provided a link to it.

**Recommendation 1.2.a—See pages 19—25 of the audit report for information on the related finding.**

To help ensure that they comply with the Clery Act's disclosure requirements, institutions should review and adhere to applicable guidance related to the Clery Act, including the handbook and tutorial issued by the U.S. Department of Education's Office of Postsecondary Education (OPE) and the Uniform Crime Reporting (UCR) handbook issued by the Federal Bureau of Investigation.

***Institutions' Action: Fully implemented.***

California State University, Fresno (Fresno) indicated that it has reviewed its crime report process to ensure that the federal definitions of crimes found in the UCR are not confused with definitions found in California law. It also stated that it created a review team to ensure accuracy.

Mt. San Antonio acknowledged that the Clery Act requires the use of crime definitions found in the UCR and stated that it will strictly adhere to those definitions. It also stated that a three-member team of public safety management staff will review incident reports to ensure accuracy.

According to its Web site, Ohlone acknowledged that schools are expected to follow the classifying methods in the UCR handbook.

Riverside stated that it provides crime statistics that are classified according to the UCR administered by the Federal Bureau of Investigation.

For its annual reports issued after we issued our audit report, Western Career–Sacramento stated that it reported crime statistics in accordance with UCR procedures.

**Recommendation 1.2.b—See pages 19—29 of the audit report for information on the related finding.**

To help ensure that they comply with the Clery Act's disclosure requirements, institutions should identify and provide sufficient training to those employees responsible for compiling crime statistics and issuing annual security reports.

***Institutions' Action: Fully implemented.***

Mt. San Antonio stated that it purchased Clery Act training reference guides and provided them to members of the Public Safety Department responsible for drafting and distributing the annual security report.

Ohlone stated it has trained employees responsible for compiling crime statistics and for issuing the annual security reports to ensure that correct data is recorded and reported.

**Recommendation 1.3—See pages 20—24 of the audit report for information on the related finding.**

To ensure that they correctly report all applicable crimes in accordance with the Clery Act, institutions should request crime information from campus security authorities and local or state law enforcement agencies. Further, they should carefully review all information for errors. Additionally, institutions should develop a clear understanding of the definitions of Clery Act crimes. For example, they could create or obtain a conversion list for crimes with differing definitions under the state Penal Code and the Clery Act, such as battery and aggravated assault.

Note: For recommendation 1.3, we directed the first part of the recommendation (related to requesting crime information from campus security authorities and local or state law enforcement agencies) to only the institutions we surveyed, not the institutions we visited. All six institutions we visited requested crime information from relevant officials. We did not ask the institutions we surveyed to provide written responses to our recommendations.

***Institutions' Action: Fully implemented.***

To ensure that crime statistics are reported accurately, Mt. San Antonio developed a conversion chart allowing comparison of Penal Code definitions to UCR handbook definitions of all Clery Act reportable crimes. In addition, Mt. San Antonio purchased Clery Act training reference guides and provided them to members of the Public Safety Department responsible for drafting and distributing the annual security report. Finally, Mt. San Antonio stated it has created a three-member team made up of Public Safety Department management staff that will review all incident reports involving a crime.

Ohlone stated that information requested from the Fremont and Newark police departments will be more closely reviewed and screened to reflect accurate data.

Riverside stated that it will continue its process of evaluating the data per the Clery Act requirements, using the crime conversion list provided by the U.C. Office of the President as necessary, and reviewing the report for accuracy. Also, Riverside included definitions of Clery Act reportable crimes on its Web site.

**Recommendation 1.4—See pages 19—29 of the audit report for information on the related finding.**

To ensure that they include only reportable crimes from reportable areas in their annual security reports, institutions should request specific information from local or state law enforcement agencies. Such information should include addresses and details of specific crimes. If institutions wish to disclose crime statistics for areas outside those required by federal law, they should clearly distinguish those statistics from the ones required under the Clery Act.

***Institutions' Action: Fully implemented.***

Fresno stated that it reviewed the reportable areas per Figure 2 in our report and informed the Clovis Police Department of the necessary changes to ensure accurate reporting. Further, Fresno stated that it formed a review team to review reported crimes to help ensure accurate reporting.

Ohlone stated that information requested from the Fremont and Newark police departments will be more closely reviewed and screened to reflect accurate data.

Western Career—Sacramento provided a checklist that it now uses to help ensure compliance with the Clery Act. This checklist includes such items as making a good-faith effort to collect crime statistics for Clery Act crimes in applicable geographic areas from all local police agencies, documenting the institution's efforts to obtain crime statistics from police agencies or noncompliance on the part of the police, and obtaining crime statistics from all the appropriate police agencies.

Western Health stated that it verified that the Pomona Police Department could not provide campus-specific crime statistics. It also stated that it believed that it was appropriate to continue to provide the crime statistics for the surrounding area and that this information is provided in addition to the crime statistics for the campus. Western stated that it noted that statistics for the surrounding area include crimes reported for private properties and that the information is not required by the Clery Act.

**Recommendation 1.5—See pages 29 and 30 of the audit report for information on the related finding.**

To improve compliance among California's community colleges, the Chancellor's Office should provide direction to the institutions regarding the provisions of the Clery Act. This direction should include a discussion of the need to review and adhere to currently available Clery Act guidance such as OPE's handbook and tutorial, as well as the UCR handbook. The Chancellor's Office should also inform institutions of training opportunities for those employees responsible for compiling Clery Act crime statistics and distributing annual security reports. Finally, the Chancellor's Office should inform community colleges of the negative effects of not complying with the Clery Act.

***Chancellor's Office's Action: Fully implemented.***

The Chancellor's Office manages a Web site with emergency management resources, where it included a "toolbox" with links to Clery Act guidance such as the OPE handbook and other resources. Further, the Chancellor's Office created a peer support network by asking employees responsible for compiling Clery Act crime statistics to be available to each other to compare and suggest best practices. Contact information for the peer support network can be found on the emergency management resources Web site. In addition, the director of Emergency Planning and Preparedness (director) maintains a comprehensive email contact list of college employees involved in emergency management. The director used this list to notify the colleges of an upcoming Clery Act training opportunity. Finally, the Chancellor's Office stated that it contracted with a retired police chief to provide Clery Act training specific for community colleges. In addition to offering a webinar and workshop, the chief will be available to give colleges one-on-one mentoring. All training and support the chief provides to colleges will be free of charge to the colleges.

# California State University, Northridge

## Misuse of State Property, Incompatible Activities (Case I2008-1037)

### REPORT NUMBER I2010-1, CHAPTER 3, ISSUED JUNE 2010

This report concludes that for almost five years an employee of California State University (university), Northridge (Northridge), improperly allowed the owner of a small pharmaceutical company and three of his associates to use a Northridge laboratory facility along with university-owned equipment and supplies without their compensating Northridge, thus costing it \$20,790 in usage fees.

In the report, the California State Auditor (state auditor) made the below recommendations to Northridge. The state auditor's determination regarding the current status of recommendations is based on Northridge's response to the state auditor as of May 2010.

#### **Recommendation 1—See pages 22 and 23 of the investigative report for information on the related finding.**

Northridge should formally remind its staff about the specific actions that must be taken before outside individuals and entities may use university facilities, and it should develop policies and procedures specifically to address the use of laboratory facilities and university equipment and supplies by individuals and entities not affiliated with the university.

#### ***Northridge's Action: Fully implemented.***

Northridge implemented a policy that bans the use of its College of Science and Mathematics' facilities, equipment, and supplies for industry use and it notified faculty and staff of this new policy.

#### **Recommendation 2—See pages 22 and 23 of the investigative report for information on the related finding.**

Northridge also should recover the amount owed for the misuse of its facilities, equipment, and supplies.

#### ***Northridge's Action: Fully implemented.***

Northridge notified us that as of August 2009, it had received \$20,790 from the business owner's company as compensation for the unauthorized use of Northridge's facility, equipment, and supplies. It also placed a letter of reprimand in the personnel file of the university employee.



# Commission on Teacher Credentialing

## Despite Delays in Discipline of Teacher Misconduct, the Division of Professional Practices Has Not Developed an Adequate Strategy or Implemented Processes That Will Safeguard Against Future Backlogs

### REPORT NUMBER 2010-119, ISSUED APRIL 2011

This report concludes that, according to Commission on Teacher Credentialing (commission) management, as of the summer of 2009 the Division of Professional Practices (division) had accumulated a backlog of about 12,600 unprocessed reports of arrest and prosecution (RAP sheets), resulting from an insufficient number of trained staff, ineffective and inefficient processes, and a lack of an automated system for tracking the division's workload. These conditions appear to have resulted in delayed processing of alleged misconduct and potentially allowed educators of questionable character to retain a credential. Some of the more extreme cases involved allegations that credential holders distributed obscene material to a student, demonstrated recurring misconduct such as prostitution and petty theft, kissed a student, and made inappropriate sexual comments to female students.

The division needs further improvement in its processing of reports of misconduct. For example, the division and the Committee of Credentials (committee) have not addressed some of the important challenges to promptly reviewing reports of misconduct and making recommendations to the commission regarding discipline for the credential holders. Specifically, the division receives more reports each month than the committee can review. To streamline the committee's workload, the division will close or decide not to open cases if it believes the committee would not choose to recommend disciplinary action against the credential holder; however, we question the division's legal authority to do so.

Additionally, the division lacks written procedures for processing reported misconduct, adequate performance data regarding the time needed to review reports, accurate and complete data regarding its caseload, and adequate management reports to facilitate tracking of its caseload.

Finally, 40 percent of the commission employees who responded to our survey indicated that familial relationships or employee favoritism compromised the commission's hiring and promotion practices. In addition, the commission does not have a complete set of approved hiring procedures that it uses consistently, nor do its managers and staff consistently document their steps in the hiring process or their justification for selecting candidates. Consequently, the commission is vulnerable to allegations that its hiring decisions are unfair and that employment opportunities are not afforded equally to all candidates.

In the report, the California State Auditor (state auditor) made the following recommendations to the commission. The state auditor's determination regarding the current status of the recommendation is based on the commission's responses to the state auditor as of October 2011.

### **Recommendation 1.1—See pages 38 and 39 of the audit report for information on the related finding.**

To comply with the law and reduce unnecessary workload, the division should continue to notify the California Department of Justice (Justice) of RAP sheets for individuals in whom the division is no longer interested, so Justice will no longer notify the division of criminal activity for these individuals.

#### ***Commission's Action: Fully implemented.***

The commission has continued to notify Justice of the RAP sheets it no longer is interested in receiving. The commission also stated it is developing an automated system that it expects to deploy by November 1, 2011, that will notify Justice on a daily basis of the RAP sheets the commission is no longer interested in receiving.

**Recommendation 2.1—See pages 48 and 49 of the audit report for information on the related finding.**

The commission should revise its strategic plan to identify the programmatic, organizational, and external challenges that face the division and the committee, and determine the goals and actions necessary to accomplish its mission.

***Commission's Action: Pending.***

The commission stated that, because the executive director plays a critical role in the development and implementation of the commission's strategic plan, it will revise the plan after the newly appointed executive director begins work at the commission on or before November 1, 2011. It also indicated that the commission's quarterly agenda calls for the new executive director to present a plan for revising the strategic plan to the commission at its meeting to be held in January 2012.

**Recommendation 2.2—See page 50 of the audit report for information on the related finding.**

To ensure that it can effectively process its workload in the future, the commission should collect the data needed to identify the staffing levels necessary to accommodate its workload.

***Commission's Action: Pending.***

According to the commission, it is collecting, organizing, analyzing, and using data to identify staffing levels necessary to accommodate its workload. The commission also stated that, to address critical need for staffing in the near term, it adjusted management and staffing in the division and received approval for a freeze-exemption request from the Department of Finance to fill existing vacancies. It indicated that the commission's general counsel will, as part of the annual budget development process, review workload data for the purpose of identifying staffing levels needed to accommodate its workload.

**Recommendation 2.3—See page 51 of the audit report for information on the related finding.**

The commission should seek a legal opinion from the attorney general to determine the legal authority and extent to which the committee may delegate to the division the discretionary authority to close investigations of alleged misconduct without committee review, and take all necessary steps to comply with the attorney general's advice.

***Commission's Action: Partially implemented.***

The commission submitted a request to the attorney general on May 2, 2011, and the commission indicated it expects to receive the opinion in early 2012. According to the commission, until it receives the opinion, the commission's staff are no longer closing investigations of alleged misconduct prior to the committee's review and action. The commission stated that all cases are being presented to the committee on either a consent or a discuss calendar, which provides a brief description of the offense. According to the commission, cases can be taken off the consent or discuss calendar at the request of any member of the committee for further discussion.

**Recommendation 2.4—See pages 49 and 50 of the audit report for information on the related finding.**

Once the commission has received the attorney general's legal advice regarding the extent to which the committee may delegate case closures to the division, the commission should undertake all necessary procedural and statutory changes to increase the number of cases the committee can review each month.



*Commission's Action: Pending.*

The commission indicated that once it receives the attorney general's opinion, it will work with the Legislature to address needed statutory changes and it will move forward in adopting any needed policy, regulatory, or procedural changes.

*Legislative Action: Unknown.*

The state auditor is not aware of any action taken by the Legislature as of January 5, 2012.

**Recommendation 2.5—See pages 51—54 of the audit report for information on the related finding.**

The division should develop and formalize comprehensive written procedures to promote consistency in, and conformity with, management's policies and directives for reviews of reported misconduct.

*Commission's Action: Fully implemented.*

The commission developed and posted on its intranet a procedures manual that generally indicates revised dates of April and May 2011. According to the commission, it plans to update the procedures manual as the procedures are fine tuned or new rules are developed. It also indicated that the new general counsel will initiate a review of the current manual and establish time frames for annually reviewing and updating the manual to ensure it remains current.

**Recommendation 2.6—See pages 54 and 55 of the audit report for information on the related finding.**

The division should provide the training and oversight, and should take any other steps needed, to ensure that the case information in its database is complete, accurate, and consistently entered to allow for the retrieval of reliable case management information.

*Commission's Action: Partially implemented.*

The commission provided training to its staff to ensure that they consistently and accurately enter information into the database. According to the commission, the new general counsel, who was hired in September 2011, will implement a new oversight system that includes establishing performance standards and expectations for timely processing and accurate work, as well as implement procedures to audit and monitor work to ensure prompt and accurate case management.

**Recommendation 2.7—See pages 55 and 56 of the audit report for information on the related finding.**

The commission should continue to implement its new procedures related to deleting cases from its database to ensure that all such proposed deletions are reviewed by management for propriety before they are deleted and a record is kept of the individuals to which each such deleted case record pertains. Further, the commission should develop and implement policies and procedures related to managing changes and deletions to its database.

*Commission's Action: Partially implemented.*

The commission developed and implemented procedures related to managing deletions to its database. However, according to the commission, it has not yet had the time to develop and implement policies and procedures related to managing changes, but it plans to address this area in the one-year response.

**Recommendation 2.8—See pages 56—59 of the audit report for information on the related finding.**

To ensure that the division promptly and properly processes the receipt of all the various reports of educator misconduct it receives, such as RAP sheets, school reports, affidavits, and self-disclosures of misconduct, it should develop and implement procedures to create a record of the receipt of all these reports that it can use to account for them. In addition, the process should include oversight of the handling of these reports to ensure that case files for the reported misconduct are established in the commission's database to allow for tracking and accountability.

***Commission's Action: Fully implemented.***

The commission has developed and implemented an intake document database to ensure that staff promptly log-in and assign a number to all reports of educator misconduct, such as school reports, affidavits, and self-disclosures, it receives. The commission indicated that the intake system allows the division to track complaints that do not become cases, link complaints to a case and an individual, and can generate reports that assist management to monitor the status of the complaints.

**Recommendation 2.9.a—See pages 59—62 of the audit report for information on the related finding.**

To adequately address the weaknesses we discuss in its processing of reports of misconduct, the division should revisit management's reports and processes for overseeing the investigations of misconduct to ensure that the reports and practices provide adequate information to facilitate reduction of the time elapsed to perform critical steps in the review process.

***Commission's Action: Pending.***

According to the commission, it has implemented a number of workload and management reports that will help management monitor the volume of work. The commission indicated that staff have conducted a preliminary analysis of the process for tracking the reviews of misconduct that may require mandatory action and requests for information surrounding misconduct reports. It also stated that the commission's next steps to fully meet this recommendation include the new general counsel analyzing and determining whether additional reports are necessary to ensure proper handling and monitoring of the case files. The commission plans to fully address each of the bullets under this recommendation by the April 2012 progress report.

**Recommendation 2.9.b—See pages 59—62 of the audit report for information on the related finding.**

The division should adequately track the reviews of reports of misconduct that may require mandatory action by the commission to ensure the timely revocation of the credentials for all individuals whose misconduct renders them unfit for the duties authorized by their credential.

***Commission's Action: Pending.***

See the commission's response under recommendation 2.9.a.

**Recommendation 2.9.c—See pages 59—62 of the audit report for information on the related finding.**

The division should ensure that its reports and practices provide adequate information to facilitate prompt requests for information surrounding reports of misconduct from law enforcement agencies, the courts, schools, and knowledgeable individuals.

*Commission's Action: Pending.*

See the commission's response under recommendation 2.9.a.

**Recommendation 2.9.d—See page 60 of the audit report for information on the related finding.**

The division should ensure that its reports and practices provide adequate information to facilitate an understanding of the reasons for delays in investigating individual reports of misconduct without having to review the paper files for the cases.

*Commission's Action: Pending.*

See the commission's response under recommendation 2.9.a.

**Recommendation 2.9.e—See page 61 of the audit report for information on the related finding.**

The division should provide clear evidence of management review of reports intended to track the division's progress in its investigations of misconduct.

*Commission's Action: Pending.*

See the commission's response under recommendation 2.9.a.

**Recommendation 2.9.f—See page 62 of the audit report for information on the related finding.**

The division should clearly track the dates at which the commission will lose its jurisdiction over the case as a result of the expiration of statute-based time frames for investigating the misconduct.

*Commission's Action: Pending.*

See the commission's response under recommendation 2.9.a.

**Recommendation 2.10—See page 61 of the audit report for information on the related finding.**

The division should develop and implement procedures to track cases after they have been assigned to the investigative process.

*Commission's Action: Pending.*

See the commission's response under recommendation 2.9.a.

**Recommendation 3.1.a—See pages 67 and 68 of the audit report for information on the related finding.**

To better ensure that its hiring decisions are fair and that employment opportunities are equally afforded to all eligible candidates, and to minimize employees' perceptions that its practices are compromised by familial relationships or employee favoritism, the commission should prepare and/or formally adopt a comprehensive hiring manual that clearly indicates hiring procedures and identifies the parties responsible for carrying out various steps in the hiring process.

***Commission's Action: Fully implemented.***

The commission developed and adopted a hiring handbook in June 2011, which identifies the hiring process and the parties responsible for each stage in the hiring process. The commission indicated that the State Personnel Board provided assistance in the development of the handbook and its senior managers reviewed and approved the handbook. The commission also indicated that it is consulting with the State Personnel Board to develop best practices in the commission's office of human resources, including developing and publishing an annual examination plan.

**Recommendation 3.1.b—See pages 68—70 of the audit report for information on the related finding.**

To better ensure that its hiring decisions are fair and that employment opportunities are equally afforded to all eligible candidates, and to minimize employees' perceptions that its practices are compromised by familial relationships or employee favoritism, the commission should maintain documentation for each step in the hiring process. For example, the commission should maintain all applications received from eligible applicants and should preserve notes related to interviews and reference checks. Documentation should be consistently maintained by a designated responsible party.

***Commission's Action: Fully implemented.***

According to the commission, it held a training session for all supervisors and managers on June 22, 2011. The training included an overview of the documentation that managers and supervisors must submit to the commission's office of human resources for each step in the hiring process.

**Recommendation 3.1.c—See pages 68—70 of the audit report for information on the related finding.**

To better ensure that its hiring decisions are fair and that employment opportunities are equally afforded to all eligible candidates, and to minimize employees' perceptions that its practices are compromised by familial relationships or employee favoritism, the commission should ensure hiring managers provide to the commission's office of human resources documentation supporting their appointment decisions, and the office of human resources should maintain this documentation so that it can demonstrate that the hiring process was based on merit and the candidate's fitness for the job.

***Commission's Action: Fully implemented.***

The commission indicated that its office of human resources monitors all hiring processes and maintains documentation for each hiring and examination process, including applications received, notes related to interviews, reference checks, and hiring justification.

**Recommendation 3.2.a—See pages 70—73 of the audit report for information on the related finding.**

To ensure that employees understand their right to file either an Equal Employment Opportunity (EEO) complaint or a grievance, and to reduce any associated fear of retaliation, the commission should include in its EEO policy a statement informing staff members that they may make complaints without fear of retaliation.

***Commission's Action: Fully implemented.***

On May 9, 2011, the commission provided its staff an updated EEO policy, which states that employees may make complaints without fear of reprisal. In addition, the commission's EEO handbook informs staff that retaliation and intimidation is not allowed.

**Recommendation 3.2.b—See pages 70—73 of the audit report for information on the related finding.**

The commission should actively notify employees annually of its EEO complaint and grievance processes, including the protection from retaliation included in both.

***Commission's Action: Fully implemented.***

The commission stated that it plans to remind all staff members annually of the EEO and Sexual Harassment Prevention Policy and that staff will be required to certify that they have reviewed the policy.

**Recommendation 3.2.c—See pages 70—73 of the audit report for information on the related finding.**

The commission should conduct training on its EEO complaint process on a periodic basis.

***Commission's Action: Fully implemented.***

According to the commission, as of August 25, 2011, all managers and supervisors participated in a training workshop on workplace retaliation provided by the Department of Fair Employment and Housing. The commission also provided EEO training to the rank and file employees and a separate training for all supervisors and managers during September and October 2011. According to the commission, it plans to continue to provide this training on a biennial basis.



# California's Charter Schools

## Some Are Providing Meals to Students, but a Lack of Reliable Data Prevents the California Department of Education From Determining the Number of Students Eligible for or Participating in Certain Federal Meal Programs

### REPORT NUMBER 2010-104, ISSUED OCTOBER 2010

This report concludes that the California Department of Education (Education) databases are not reliable enough for it to accurately identify all California charter schools that participate in the federal School Breakfast program (breakfast program) or the National School Lunch Program (lunch program). Moreover, Education cannot determine the number of students at either traditional or charter schools who qualify for or who participate in these programs. Despite the limitations of Education's data, we were able to identify 815 charter schools active in California as of April 2010. Charter schools are exempt from many of the laws that apply to school districts. In particular, they are exempt from California law that requires schools to provide each needy student with one nutritionally adequate free or reduced-price meal during each school day. Further, as is true for school districts, participation by charter schools in both the breakfast and lunch programs is voluntary.

According to Education's data, 451 charter schools were participating in the breakfast or lunch program and an additional 151 were providing instruction to their students outside the classroom either online or independently, and thus do not provide meals. We surveyed the remaining 213 charter schools to identify those that provide an alternative meal program and those that do not provide meals to their students. Of the 133 responses we received, 46 charter schools stated that they offer their students an alternative meal program, 39 stated that they do not provide meals to their students, and 41 stated that they were in fact participating in the programs. The remaining seven do not provide meals either because their students receive instruction outside the classroom or their students are age 18 or older and are not eligible to participate in the programs.

The 46 charter schools that reported they provide an alternative meal program cited varying methods of providing meals, ranges of costs for those meals, and reasons for offering such meals. For example, most of these schools either have staff prepare and deliver the meals or hire contractors to do so. Some of these charter schools stated that they provide meals that meet or exceed the U.S. Department of Agriculture's nutritional standards. Generally, the charter schools that reported they provide meals to their students believe that the nutritional needs of their students, including their low-income students, are being met. The 39 charter schools that did not provide meals to their students cited various reasons including lack of a kitchen, cafeteria, or other facility to prepare and deliver meals to their students. Another reason commonly cited was a lack of funding and staffing to operate an alternative meal program or participate in the breakfast and lunch programs.

In the report, the California State Auditor (state auditor) made the following recommendations to Education. The state auditor's determination regarding the current status of recommendations is based on Education's response to the state auditor as of December 2011.

#### **Recommendation 1.1.a—See pages 18 and 19 of the audit report for information on the related finding.**

To ensure the reliability of Education's Consolidated Application Data System (ConApp database) fields related to the number of students enrolled at the school level, the number of those enrolled students who are eligible to receive free meals, and the number of those students who are eligible to receive reduced-price meals, Education should modify its database instructions to require local educational agencies and direct-funded charter schools to retain their documentation supporting the three data fields for a specified period of time.

***Education's Action: Fully implemented.***

Education modified its ConApp instructions to require local educational agencies and direct-funded charter schools to retain documentation supporting reported data in accordance with state and federal records retention requirements. The clause requires each recipient of federal funds to maintain records that will facilitate an effective financial or programmatic audit for three years after the completion of the activity for which the funds are used.

**Recommendation 1.1.b—See page 18 of the audit report for information on the related finding.**

To ensure the reliability of the ConApp database fields related to the number of students enrolled at the school level, the number of those enrolled students who are eligible to receive free meals, and the number of those students who are eligible to receive reduced-price meals, Education should establish an internal control process such as a systematic review of a sample of the local educational agencies' and direct-funded charter schools' supporting documentation.

***Education's Action: No action taken.***

Education stated that to strengthen existing internal control processes, it reviews a sample of the local educational agencies' and direct-funded charter schools' supporting documents as a part of its Coordinated Review Effort (CRE) process. However, Education's procedures for its CRE process specifically state it does not review information in the ConApp database. Therefore, Education has yet to adequately address our recommendation.

**Recommendation 1.2.a—See page 20 of the audit report for information on the related finding.**

To ensure the accuracy of the Child Nutrition Information and Payment System (CNIPS) database, Education should direct the school food authorities to establish internal control procedures to ensure the accuracy of the application information they enter into the CNIPS database.

***Education's Action: Fully implemented.***

Education's CNIPS application includes a "certification" check box that school food authorities must check in order to submit the application. In addition, Education posted a notice on the first screen of the CNIPS advising sponsors of their responsibility to ensure that they report accurate information. Education also stated that beginning with the 2011–12 school year it will further ensure the accuracy of the application information by including a clause in the annual instructions to remind school food authorities of their responsibility to ensure that they report accurate CNIPS information, to clarify that charter schools be identified as such and not as public schools, and to suggest that a second person review the information for accuracy before the school food authorities submit the information to Education.

**Recommendation 1.2.b—See page 23 of the audit report for information on the related finding.**

To ensure the accuracy of the CNIPS database, Education should direct nutrition services to modify the tool used to review a sample of the school food authorities' schools to include a procedure for verifying the accuracy of the county-district-school (CDS) code and site type reflected on the schools' applications.



*Education's Action: Fully implemented.*

Education's Nutrition Services Division, Data Management Unit, has a procedure in place to run a query every month that identifies charter schools and public schools that are not displaying CDS codes in the CNIPS database. In addition, the query ensures the name and address data in the CNIPS database matches the information on the Charter School Web site and in the online Public School Directory. Education's staff are to resolve any discrepancies.

**Recommendation 1.3.a—See pages 23 and 24 of the audit report for information on the related finding.**

To ensure that it maximizes the benefits from the State's investment in the CNIPS database, Education should require the school food authorities to submit a monthly Claim for Reimbursement for each site under their jurisdiction in addition to their consolidated claims.

*Education's Action: Partially implemented.*

Education's Nutrition Services Division has updated its New Sponsor Applications desk manual to instruct analysts to set new agencies, schools, and Residential Child Care Institutions to site-level reporting. Education also requires these entities to submit their monthly claims for reimbursement at the site level. However, Education does not plan to require existing school food authorities to submit their monthly claims for reimbursement until July 1, 2012.

**Recommendation 1.3.b—See page 24 of the audit report for information on the related finding.**

To ensure that it maximizes the benefits from the State's investment in the CNIPS database, Education should establish a timeline for the school food authorities to comply with the requirement of submitting a monthly Claim for Reimbursement.

*Education's Action: Partially implemented.*

Education stated that site-level reporting will be mandatory for all school food authorities on July 1, 2012. Education stated it has communicated the transition to site-level reporting via personal discussions and mass e-mails when deemed necessary. In addition, Education stated it has announced the July 1, 2012, site-level reporting start during training presentations at various conferences. Further, Education stated it expects to send a Management Bulletin in December 2011 to inform school food authorities of the mandatory site-level reporting requirement.



# University of California

## Although the University Maintains Extensive Financial Records, It Should Provide Additional Information to Improve Public Understanding of Its Operations

### REPORT NUMBER 2010-105, ISSUED JULY 2011

The report concludes that the University of California (university) budgeted widely varying amounts to its 10 campuses. For fiscal year 2009–10, the per-student budget amount ranged from \$12,309 for the Santa Barbara campus to \$55,186 for the San Francisco campus. Although the university identified four factors that it believes contributed to the differing budget amounts, it did not quantify their effects. The university can also improve the transparency of its financial operations. Despite the university's recent efforts to improve the transparency of its budget process, it should take additional steps to increase the ability of stakeholders to better hold the university accountable for how it distributes public funding to various campuses, and to reduce the risk that the allocation process may be perceived as inequitable. Further, although the university publishes annually a report of the campuses' financial schedules, it could provide other information including beginning and ending balances for individual funds and could publish consistent information for its auxiliary enterprises. We further reported that the Office of the President needs to more precisely track about \$1 billion of expenses annually that it currently tracks in a single accounting code—Miscellaneous Services—and that a recent change in university policy allows campuses to subsidize auxiliary enterprises with funding from other sources, despite the intent that they be self-supporting. Finally, we discovered two instances when the university designated \$23 million in student funding to pay for capital projects on the Los Angeles campus that were not authorized by the student referendum establishing the fee.

In the report, the California State Auditor (state auditor) made the following recommendations to the university. The state auditor's determination regarding the current status of recommendations is based on the university's response to the state auditor as of November 2011.

#### **Recommendation 2.1—See pages 31—38 of the audit report for information on the related finding.**

To address the variations in per student funding of its campuses, the university should complete its reexamination of the base budgets to the campuses and implement appropriate changes to its budget process. As part of its reexamination of the base budget, it should:

- Identify the amount of general funds and tuition budget revenues that each campus receives for specific types of students (such as undergraduate, graduate, and health sciences) and explain any differences in the amount provided per student among the campuses.
- Consider factors such as specific research and public service programs at each campus, the higher level of funding provided to health sciences students, historical funding methods that favored graduate students, historical and anticipated future variations in enrollment growth funding, and any other factors applied consistently across campuses.
- After accounting for the factors mentioned earlier, address any remaining variations in campus funding over a specified period of time.
- Make the results of its reexamination and any related implementation plan available to stakeholders, including the general public.

***University's Action: Pending.***

The university stated that it has established a systemwide work group to examine variation in funding across the system. This work group consists of chancellors and other campus leadership, faculty representatives, and leadership from the Office of the President. The university further stated that the work group will review the base budgets and consider changes “going forward”; it will not attempt to quantify the existing variation. The university stated that the work group will likely consider many factors in its evaluation, such as the amount of funding provided per-student, the distribution of graduate and undergraduate students at each campus, and the numbers of students and cost for the various types of graduate and undergraduate programs (e.g., health sciences programs). The work group will also consider funding for noninstructional programs operated by the campuses, such as agricultural experiment stations. The university stated that the work group had held three meetings by September 2011 and would continue to meet monthly through early 2012, at which time it expects the work group to submit recommendations to the president. The university also stated that the recommendations will be made public.

**Recommendation 2.2.a—See pages 38—40 of the audit report for information on the related finding.**

To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should continue to implement the proposed revisions to its budget process.

***University's Action: Fully implemented.***

The university stated that it has implemented proposed revisions to its budget process for fiscal year 2011–12. Specifically, it stated that these changes resulted in individual campuses retaining all student tuition and fee revenue, all research indirect cost recovery funds, and all other campus-generated funds.

**Recommendation 2.2.b—See pages 38—40 of the audit report for information on the related finding.**

To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should update its budget manual to reflect current practices and make its revised budget manual, including relevant formulas and other methodologies for determining budget amounts, available on its Web site.

***University's Action: Pending.***

The university stated that the Office of the President is developing a new budget manual that describes current budget practices. The university also stated that it should complete the new manual by July 2012, and will publish the manual on its Web site.

**Recommendation 2.2.c—See pages 38—40 of the audit report for information on the related finding.**

To help improve accountability in the university's budget process, and to help minimize the risk of unfair damage to its reputation, the university should take additional steps to increase the transparency of its budget process. Specifically, the Office of the President should continue its efforts to increase the transparency of its budget process beyond campus administrators to all stakeholders, including students, faculty, and the general public. For example, the Office of the President could make information related to its annual campus budget amounts, such as annual campus budget letters and related attachments, available on its Web site.

*University's Action: Pending.*

The university stated that it is reviewing the information about budget allocations currently available on its Web site, as well as other financial information made available on systemwide and campus Web sites.

**Recommendation 3.1—See pages 49—51 of the audit report for information on the related finding.**

To increase the transparency of university funds, the Office of the President should make available annually financial information regarding its funds, including beginning and ending balances; revenues, expenses, and transfers; and the impact of these transactions on the balances from year to year.

*University's Action: Pending.*

The university stated that it plans to start implementing this recommendation after it completes its annual financial statement closing process in mid-November.

**Recommendation 3.2—See pages 52—55 of the audit report for information on the related finding.**

To ensure that the campus financial information published by the Office of the President can be better evaluated by interested stakeholders, the university should disclose instances in which campuses subsidize auxiliary enterprises with revenues from other funding sources and should disclose the sources of that funding.

*University's Action: Pending.*

The university stated that it plans to start implementing this recommendation after it completes its annual financial statement closing process in mid-November.

**Recommendation 3.3—See pages 51 and 52 of the audit report for information on the related finding.**

To improve the transparency of its expenses, the university should identify more specific categories for expenses that are recorded under the Miscellaneous Services accounting code and should implement object codes that account for these expenses in more detail.

*University's Action: Pending.*

The university stated that it plans to start implementing this recommendation after it completes its annual financial statement closing process in mid-November. The university added that it has already gathered data from the campuses for the year ending June 30, 2010, and is reconciling and analyzing the data to determine what additional level of reporting from the campuses would be useful.

**Recommendation 3.4—See pages 55—57 of the audit report for information on the related finding.**

To ensure that campuses do not inappropriately use revenues generated from student fees imposed by referenda, the university should ensure that it, the regents, and the campuses do not expand the uses for such revenues beyond those stated in the referenda.

*University's Action: Pending.*

The university does not agree with this recommendation. The university restated its position that the Regents of the university (regents), and, by delegation, the university president, retain authority to make modifications to the terms of the uses of revenue for all campus-based fees. However, the



university also stated that it will request from the regents at a future meeting approval of policy changes that would clarify the university's position. The university stated that the Office of the President and the campuses are collaborating on efforts to avoid the need for changes from referenda language. It stated that campuses frequently provide draft referenda to the Office of the President for review, and staff work closely with the campuses to clarify language and, in the case of capital project fees, to ensure that the financial planning for building projects has been sound.