Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12

Education Audit Appeals Panel

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Education Audit Appeals Panel
770 L Street, Suite 1100
Sacramento, California 95814

(916) 445-7745
FAX (916) 445-7626
www.eaap.ca.gov

Diana L. Ducay
Designee of the Director Finance

Joel Montero
Chief Executive Officer, Fiscal Crisis and Management Assistance Team

Jeannie Oropeza
Designee of the Superintendent of Public Instruction

Mary C. Kelly
Executive Officer

Standards and Procedures for Audits of California K-12 Local Education Agencies

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Chapter 3. Audits of California K - 12 Local Education Agencies

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TITLE 5. Education
Division 1.5. Education Audit Appeals Panel
Chapter 3. Audits of California K-12 Local Education Agencies

Article 1. General Provisions

§ 19810. Scope.

These regulations constitute the audit guide, *Standards and Procedures for Audits of California K-12 Local Educational Agencies,* that shall be used in the performance of the audits required by Education Code Section 41020. These regulations do not provide a complete manual of procedures; auditors must exercise professional judgment.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19811. Qualifications of Auditors.

(a) Each audit shall be made by a certified public accountant or a public accountant, licensed by the California Board of Accountancy, and selected by the local education agency from a directory of certified public accountants and public accountants deemed by the Controller as qualified to conduct audits of local education agencies published by the Controller not later than December 31 of each year.

(b) Except as provided in subdivision (d) of Education Code Section 41320.1, it is unlawful for a public accounting firm to provide audit services to a local educational agency if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local educational agency in each of the six previous fiscal years. The Education Audit Appeals Panel may waive this requirement if the panel finds that no otherwise eligible auditor is available to perform the audit.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Section 41020,

Education Code.

§ 19812. Auditing Standards.

Audits shall be conducted in accordance with auditing standards generally accepted in the United States of America, the standards set forth in *Government Auditing Standards* issued by the Comptroller General of the United States, and the provisions of this chapter.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: sections 14501, 14503 and 41020, Education Code.

§ 19813. Materiality Levels for Compliance Auditing.

Each program for which Average Daily Attendance is reported to the California Department of Education for apportionment purposes must be audited for compliance with specific requirements of law, as further set forth in this article, if the number of units of Average Daily Attendance reported is material as shown in the following table:

Local Education Agency's Total Reported Average Daily Attendance (ADA)	Number of ADA Constituting Materiality for Each Program
1 – 1,000	10 or more
1,001 – 2,500	20 or more
2,501 – 10,000	50 or more
More than 10,000	100 or more

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19814. Auditor Judgment.

For each state compliance requirement, the auditor shall follow the procedures included in this audit guide, unless, in the exercise of his or her professional judgment, the auditor determines other procedures are more appropriate in particular circumstances.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14503 and 41020, Education Code.

Article 2. Audit Reports

§ 19815. Report Components.

The report of each audit performed pursuant to Education Code Section 41020 shall be as follows, except that the subelements of (d) may be in any order among themselves:

(a) Introductory Section.

(1) Table of Contents for the audit report.

(2) Other information as deemed appropriate by the auditee.

(b) Financial Section.

(1) Independent Auditor's Report.

(2) Management's Discussion and Analysis.

(3) Basic Financial Statements.

(4) Notes to the Basic Financial Statements.

(c) Required Supplementary Information.

Schedule of budgetary comparison data, by object for the 2009-10 fiscal year and following, for the General Fund and any major special revenue funds that have legally adopted annual budgets, disclosing excesses of expenditures over appropriations, if any, in individual funds presented in the budgetary comparison.

(d) Supplementary Information.

(1) Local Education Agency Organization Structure.

(2) Schedule of Average Daily Attendance.

(3) Schedule of Instructional Time.

(4) Schedule of Financial Trends and Analysis.

(5) Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.

(6) Optionally, Combining Statements and Individual Fund Statements and Schedules.

(7) Schedule of Charter Schools.

(8) If required as set forth in the edition of OMB Circular A-133 applicable to the year being audited, Schedule of Expenditures of Federal Awards.

(9) Notes to Supplementary Information, if required.

(e) Other Independent Auditor's Reports.

(1) Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

(2) Report on State Compliance.

(3) Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133, for fiscal years 2003-04 through 2010-11, if required as set forth in the edition of OMB Circular A-133 applicable to the year being audited.

(4) Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133, for fiscal years 2011-12 and following, if required as set forth in the edition of OMB Circular A-133 applicable to the year being audited.

(f) Findings and Recommendations.

(1) Schedule of Findings and Questioned Costs.

(2) Schedule of Prior Audit Findings.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1,

14503 and 41020, Education Code.

§ 19816. Definitions.

The content of the audit report sections and subsections specified in Section 19815 is as described in the *Codification of Statements on Auditing Standards*, published by the American Institute of Certified Public Accountants, the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the Governmental Accounting Standards Board (GASB), or *Government Auditing Standards* published by the Comptroller General of the United States, in the respective editions applicable to the fiscal year being audited, or as defined in one of the following:

(a) "*Government Auditing Standards*" means the publication by the Comptroller General of the United States, United States General Accounting Office, originally issued in 1972 and revised from time to time, commonly known as the "Yellow Book," that contains standards for audits of government organizations, programs, activities, and functions and that is referenced in Education Code sections 14501, 14503, and 41020(b)(4).

(b) "Local Education Agency Organization Structure" means a description in the Supplementary Information section that sets forth the following information, at a minimum:

(1) The date on which the local education agency was established, and for charter schools the date and granting authority of each charter;

(2) The date and a general description of any change during the year audited in a school district's boundaries;

(3) The numbers by type of schools in the local education agency;

(4) The names, titles, terms, and term expiration dates of all members of the governing board;

(5) The names, with their titles, of the superintendent, chief business official, and

deputy/associate/assistant superintendents.

(c) "OMB Circular A-133" means the publication, produced by the federal Office of Management and Budget and titled *Audits of States, Local Governments, and Non-Profit Organizations*, that sets forth standards for attaining consistency and uniformity in the audits of governments and organizations expending federal awards.

(d) "Reconciliation of Annual Financial and Budget Report with Audited Financial Statements" means a schedule that displays the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

(e) "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*" means, for fiscal years 2003-04 through 2008-09, the component of the Other Independent Auditor's Reports that specifies material instances of noncompliance, if any; defines reportable conditions and specifies the reportable conditions disclosed as a result of the audit; defines material weaknesses and specifies the material weaknesses, if any, that were disclosed by the audit; includes a statement that no material weaknesses were found, if that is the case; includes a statement that nonmaterial noncompliance and nonreportable conditions involving the internal control structure and its operation were communicated to management in a separate management letter, if that is the case; specifies all instances of fraud and illegal acts, if any, that were disclosed by the audit, unless clearly inconsequential; and specifies material abuse, if any, that was disclosed by the audit.

(f) "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*" means,

(1) for fiscal years 2009-10 through 2010-11, the component of the Other Independent Auditor's Reports that specifies material instances of noncompliance, if any; defines control deficiency and significant deficiency and specifies the significant deficiencies disclosed by the audit; defines material weaknesses and specifies the material weaknesses, if any, that were disclosed by the audit; if no significant deficiencies were identified, includes a statement that no material weaknesses were noted; if significant deficiencies were noted, a statement that the auditor's consideration of internal control over financial reporting would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and a statement about whether the auditor believes any of the significant deficiencies noted were material weaknesses; includes a statement that additional matters were communicated to the auditee in a management letter, if that is the case; specifies all instances of fraud and illegal acts, if any, that were disclosed by the audit, unless clearly inconsequential; specifies material violations of provisions of contracts and grant agreements, if any; and specifies material abuse, if any, that was disclosed by the audit;

(2) for fiscal year 2011-12 and following, the component of the Other Independent Auditor's Reports that reports on these matters in accordance with the financial reporting requirements specified in the *Codification of Statements on Auditing Standards* and in *Government Auditing Standards*, as applicable to the year being audited.

(g) "Report on State Compliance" means, for fiscal years 2003-04 through 2010-11, the component of the Other Independent Auditor's Reports that specifically and separately addresses each of the state compliance requirements included in this audit guide that are applicable to the year audited, stating whether or not the district is in compliance with those requirements; includes a chart that displays the number of audit procedures for each compliance requirement applicable to the year audited and states that the audit procedures

included in the audit guide for each requirement were followed in the making of the audit, if that is the case, or, if not, what other procedures were followed; and includes an expression of positive assurance with respect to compliance with applicable laws and regulations for those items tested in accordance with those regulations, and negative assurance for untested items.

(1) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2003-04 are

Attendance Reporting, 6;

Kindergarten Continuance, 3;

Independent Study, 22;

Continuation Education, 10;

Adult Education, 9;

Regional Occupational Centers and Programs, 6;

Instructional Time and Staff Development Reform Program, 7;

Instructional Time for school districts, 4; for county offices of education, 3;

Community Day Schools, 9;

Instructional Materials general requirements, 9; K-8 only, 1; grades 9-12 only, 1;

Ratios of Administrative Employees to Teachers, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.

(2) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2004-05 are

Attendance Reporting, 8;

Kindergarten Continuance, 3;

Independent Study, 22;

Continuation Education, 10;

Adult Education, 9;

Regional Occupational Centers and Programs, 6;

Instructional Time and Staff Development Reform Program, 7;

Instructional Time for school districts, 4; for county offices of education, 3;

Community Day Schools, 9;

Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;

Ratios of Administrative Employees to Teachers, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;

Alternative Pension Plans, 2;

Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;

State Lottery Funds (California State Lottery Act of 1984), 2;

California School Age Families Education (Cal-SAFE) Program, 3;

School Accountability Report Card, 3;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4.

(3) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2005-06 are

Attendance Reporting, 8;

Kindergarten Continuance, 3;

Independent Study, 22;

Continuation Education, 10;

Adult Education, 9;

Regional Occupational Centers and Programs, 6;

Instructional Time for school districts, 4; for county offices of education, 3;

Community Day Schools, 9;

Morgan-Hart Class Size Reduction Program, 7;

Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;

Ratios of Administrative Employees to Teachers, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;

Alternative Pension Plans, 2;

Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;

State Lottery Funds (California State Lottery Act of 1984), 2;

California School Age Families Education (Cal-SAFE) Program, 3;

School Accountability Report Card, 3;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

Contemporaneous Records of Attendance, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Additional Nonclassroom-Based Instruction, for charter schools, 1;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 3.

(4) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2006-07 are

Attendance Reporting, 8;

Kindergarten Continuance, 3;

Independent Study, 23;

Continuation Education, 10;

Adult Education, 9;

Regional Occupational Centers and Programs, 6;

Instructional Time for school districts, 6; for county offices of education, 3;

Community Day Schools, 9;

Morgan-Hart Class Size Reduction Program, 7;

Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;

Ratios of Administrative Employees to Teachers, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;

Alternative Pension Plans, 2;

Excess Sick Leave, 2 or 3;

Notice of Right To Elect California State Teachers Retirement System (CalSTRS) Membership, 1;

Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;

State Lottery Funds (California State Lottery Act of 1984), 2;

California School Age Families Education (Cal-SAFE) Program, 3;

School Accountability Report Card, 3;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

Contemporaneous Records of Attendance, for charter schools, 1;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 3.

(5) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2007-08 are

Attendance Reporting, 8;

Kindergarten Continuance, 3;

Independent Study, 23;

Continuation Education, 10;

Adult Education, 9;

Regional Occupational Centers and Programs, 6;

Instructional Time for school districts, 6; for county offices of education, 3;

Community Day Schools, 9;

Morgan-Hart Class Size Reduction Program, 7;

Instructional Materials general requirements, 12; K-8 only, 1; grades 9-12 only, 1;

Ratios of Administrative Employees to Teachers, 1;

Classroom Teacher Salaries, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Construction Funds: School District Bonds, 3; State School Facilities Funds, 1;

Excess Sick Leave, 2 or 3;

Notice of Right To Elect California State Teachers Retirement System (CalSTRS) Membership, 1;

Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000), 2;

State Lottery Funds (California State Lottery Act of 1984), 2;

California School Age Families Education (Cal-SAFE) Program, 3;

School Accountability Report Card, 3;

Mathematics and Reading Professional Development, 4;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

After School Education and Safety Program: general requirements, 4; after school, 4; before school, 5;

Contemporaneous Records of Attendance, for charter schools, 1;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 3.

(6) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2008-09 are

Attendance Reporting, 8;

Independent Study, 23;

Continuation Education, 10;

Instructional Time for school districts, 6; for county offices of education, 3;

Community Day Schools, 3;

Instructional Materials general requirements, 8;

Ratios of Administrative Employees to Teachers, 1;

Classroom Teacher Salaries, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Accountability Report Card, 3;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

After School Education and Safety Program: general requirements, 4; after school, 4; before school, 5;

Contemporaneous Records of Attendance, for charter schools, 1;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 3.

(7) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2009-10 are

Attendance Reporting, 8;

Kindergarten Continuance, 3;

Independent Study, 23;

Continuation Education, 10;

Instructional Time for school districts, 6; for county offices of education, 3;

Instructional Materials general requirements, 8;

Ratios of Administrative Employees to Teachers, 1;

Classroom Teacher Salaries, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Accountability Report Card, 3;

Public Hearing Requirement – Receipt of Funds, 1;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

After School Education and Safety Program: general requirements, 4; after school, 4; before school, 5;

Contemporaneous Records of Attendance, for charter schools, 1;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 3.

(8) The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2010-11 are

Attendance Reporting, 8;

Kindergarten Continuance, 3;

Independent Study, 23;

Continuation Education, 10;

Instructional Time for school districts, 6; for county offices of education, 3;

Instructional Materials general requirements, 8;

Ratios of Administrative Employees to Teachers, 1;

Classroom Teacher Salaries, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Accountability Report Card, 3;

Public Hearing Requirement – Receipt of Funds, 1;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

After School Education and Safety Program: general requirements, 4; after school, 4; before school, 5;

Contemporaneous Records of Attendance, for charter schools, 1;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 3.

(h) "Report on State Compliance" means, for fiscal year 2011-12 and following, the component of the Other Independent Auditor's Reports that specifically and separately addresses each of the state compliance requirements included in this audit guide that are applicable to the year audited, stating that compliance with the applicable compliance requirements is the responsibility of the auditee's management, and stating whether or not the auditee is in compliance with those requirements; includes a chart that displays each compliance requirement and the corresponding number of audit procedures applicable to the year audited and states that the audit procedures included in the audit guide for each compliance requirement were followed in the making of the audit, if that is the case, or, if not, what other procedures were followed; and includes an expression of opinion on whether the auditee complied, in all material respects, with applicable compliance requirements.

The numbers of audit procedures for the compliance requirements included in this audit guide for audits of fiscal year 2011-12 are

Attendance Reporting, 6;

Teacher Certification and Misassignments, 3;

Kindergarten Continuance, 3;

Independent Study, 23;

Continuation Education, 10;

Instructional Time for school districts, 6; for county offices of education, 3;

Instructional Materials general requirements, 8;

Ratios of Administrative Employees to Teachers, 1;

Classroom Teacher Salaries, 1;

Early Retirement Incentive, 4;

Gann Limit Calculation, 1;

School Accountability Report Card, 3;

Public Hearing Requirement – Receipt of Funds, 1;

Juvenile Court Schools, 8;

Exclusion of Pupils – Pertussis Immunization, 2;

Class Size Reduction (including in charter schools): general requirements, 7; Option One, 3; Option Two, 4; districts or charter schools with only one school serving K-3, 4;

After School Education and Safety Program: general requirements, 4; after school, 5; before school, 6;

Contemporaneous Records of Attendance, for charter schools, 3;

Mode of Instruction, for charter schools, 1;

Nonclassroom-Based Instruction/Independent Study, for charter schools, 15;

Determination of Funding for Nonclassroom-Based Instruction, for charter schools, 3;

Annual Instructional Minutes – Classroom Based, for charter schools, 4.

(i)(1) "Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133" means, for fiscal years 2003-04 through 2010-11, the component of the Other Independent Auditor's Reports that states whether the auditee has complied with federal laws, regulations, and the provisions of federal contracts or grant agreements and has established and maintained effective internal control over compliance with the requirements for major federal programs.

(2) "Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133," means, for fiscal years 2011-12 and following, the component of the Other Independent Auditor's Reports that states that compliance with the applicable compliance requirements is the responsibility of the auditee's management; includes an expression of opinion on whether the auditee complied, in all material respects, with federal laws, regulations, and the provisions of federal contracts or grant agreements; and whether the auditee has established and maintained effective internal control over compliance with the requirements for major federal programs.

(j) "Schedule of Average Daily Attendance" means the schedule in the Supplementary Information section that displays

(1) for fiscal years 2003-04 through 2008-09, Average Daily Attendance data for both the Second Period and Annual reports, by grade level and program as appropriate, and, for charter schools, includes total Average Daily Attendance and Average Daily Attendance generated through classroom-based instruction;

(2) for fiscal years 2009-10 through 2010-11, Average Daily Attendance data for both the

Second Period and Annual reports, by grade level and program as appropriate, and, for charter schools, includes total Average Daily Attendance and Average Daily Attendance generated through classroom-based instruction; and if there are any Average Daily Attendance adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final Average Daily Attendance after audit finding adjustments;

(3) for fiscal year 2011-12 and following, Average Daily Attendance data for both the Second Period and Annual reports, by grade level and program as appropriate; and separately for each charter school, shows the total Average Daily Attendance and the Average Daily Attendance generated through classroom-based instruction by grade level, as appropriate; and if there are any Average Daily Attendance adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final Average Daily Attendance after audit finding adjustments.

(k) "Schedule of Charter Schools" means the schedule in the Supplementary Information section that lists all charter schools chartered by the school district or county office of education, and displays information for each charter school on whether or not the charter school is included in the school district or county office of education audit.

(*l*) "Schedule of Financial Trends and Analysis" means, for fiscal year 2003-04, the schedule in the Supplementary Information section that displays information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: General Fund financial activity, including total revenue, expenditures, and other sources and uses; General Fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the General Fund, Special Reserve Fund, and any

Article XIII-B Trust Funds; available reserve balances expressed as a percentage of total General Fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary Second Principal Average Daily Attendance, excluding Regional Occupational Centers and Programs and Adult Average Daily Attendance; and, when the auditee's percentage of available reserves to total General Fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

(m) "Schedule of Financial Trends and Analysis" means, for fiscal year 2004-05 and each fiscal year thereafter, the schedule in the Supplementary Information section that displays information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: General Fund financial activity, including total revenue, expenditures, and other sources and uses; General Fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the General Fund or Special Reserve Fund; available reserve balances expressed as a percentage of total General Fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary Second Principal Average Daily Attendance, excluding Regional Occupational Centers and Programs and Adult Average Daily Attendance; and, when the auditee's percentage of available reserves to total General Fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

(n) "Schedule of Findings and Questioned Costs" means that part of the Findings and

Recommendations section that presents all audit year findings, and a copy of each management letter issued, if any, with each finding assigned the appropriate code from among the following: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal Control, 40000 State Compliance, 41000 CalSTRS, 50000 Federal Compliance, 60000 Miscellaneous, 61000 Classroom Teacher Salaries, 70000 Instructional Materials, 71000 Teacher Misassignments, 72000 School Accountability Report Card, and includes the following elements:

(1) criteria

(2) condition

(3) effect

(4) cause

(5) a statement of the number of units of Average Daily Attendance, if any, that were inappropriately reported for apportionment; and a statement consistent with its basis of funding, for any other inappropriately reported claim—such as number of staff development days, or number of pupils for Class Size Reduction, or amount in dollars for Instructional Materials, and so forth

(6) a recommendation for the resolution of the finding

(7) a corrective action plan prepared by the auditee that describes in specific terms the actions planned or taken to correct the problem, or a statement from the auditee that the corrective action recommended by the auditor is not necessary or appropriate and giving the specific reasons why, if that is the case, and a statement that the corrective action plan was not available if no corrective action plan was submitted before the audit report was prepared.

(o) “Schedule of Instructional Time” means a schedule in the Supplementary Information section that displays, for school districts, including basic aid districts, and county offices of education, data that show whether the auditee complied with the provisions of Article 8

(commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code; and for charter schools, data that show whether the auditee complied with the provisions of subdivision (a)(1) of Education Code Section 47612.5.

(p) "Schedule of Prior Audit Findings" means that part of the Findings and Recommendations section that presents the status of actions taken by the auditee on each of the findings and recommendations reported in the prior year audit, and includes as current year findings and recommendations those prior year findings that have not been resolved.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, 41020 and 47634.2, Education Code.

§ 19816.1. Applicability of Audit Procedures by Audit Year.

(a) Of the compliance requirements set forth in Article 3:

(1) Sections 19817 through 19825, and 19828 through 19831 are applicable to fiscal year 2003-04 audits;

(2) Sections 19817.1 through 19825, and 19828.1 through 19837 are applicable to fiscal year 2004-05 audits.

(3) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are applicable to fiscal year 2005-06 audits.

(4) Sections 19817.1 through 19822, 19824, 19825, 19827, and 19828.1 through 19837 are applicable to fiscal year 2006-07 audits.

(5) Sections 19817.1 through 19822, 19824, 19825, 19827, 19828.2 through 19832, and 19833.5 through 19838 are applicable to fiscal year 2007-08 audits.

(6) Sections 19817.1, 19819, 19820, 19824, 19825, 19828.3 through 19831, and 19837.2 are applicable to fiscal year 2008-09 audits.

(7) Sections 19817.1 through 19820, 19824, 19828.4 through 19831, 19837.3, and 19839,

are applicable to fiscal year 2009-10 audits.

(8) Sections 19817.1 through 19820, 19824, 19828.4 through 19831, 19837.3, and 19839, are applicable to fiscal year 2010-11 audits.

(9) Sections 19817.2 through 19820, 19824.1, 19828.4 through 19831, 19837.3, and 19839 through 19841 are applicable to fiscal year 2011-12 audits.

(b) Of the compliance requirements set forth in Article 3.1,

(1) Section 19845 is applicable to fiscal year 2003-04 audits;

(2) Section 19845.1 is applicable to fiscal year 2004-05 audits;

(3) Section 19845.1 is applicable to fiscal year 2005-06 audits;

(4) Section 19845.1 is applicable to fiscal year 2006-07 audits;

(5) Sections 19845.1 and 19846 are applicable to fiscal year 2007-08 audits.

(6) Sections 19845.2 and 19846 are applicable to fiscal year 2008-09 audits.

(7) Sections 19845.2 and 19846 are applicable to fiscal year 2009-10 audits.

(8) Sections 19845.2 and 19846 are applicable to fiscal year 2010-11 audits.

(9) Sections 19845.2 and 19846.1 are applicable to fiscal year 2011-12 audits.

(c) Of the compliance requirements set forth in Article 4,

(1) Sections 19850 through 19854 are applicable to fiscal year 2005-06 audits.

(2) Sections 19850 through 19854 are applicable to fiscal year 2006-07 audits.

(3) Sections 19850 through 19854 are applicable to fiscal year 2007-08 audits.

(4) Sections 19850 through 19854 are applicable to fiscal year 2008-09 audits.

(5) Sections 19850 through 19854 are applicable to fiscal year 2009-10 audits.

(6) Sections 19850 through 19854 are applicable to fiscal year 2010-11 audits.

(7) Sections 19850 through 19854.1 are applicable to fiscal year 2011-12 audits.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501,

14502.1, 14503, 41020 and 47634.2, Education Code.

Article 3. State Compliance Procedures: Local Education Agencies Other Than Charter Schools

§ 19817.2. Attendance Reporting.

For fiscal years 2011-12 and following, perform the following audit steps:

(a) Determine whether the Second Principal and Annual reports of attendance submitted to the California Department of Education reconcile to the supporting documents by verifying the local education agency's Average Daily Attendance calculations for each reporting line item, including the informational line items, subject to the materiality levels as described in Section 19813.

(b) Trace the Average Daily Attendance numbers from the Second Principal and Annual reports of attendance to the local education agency's summaries.

(c) Verify that the monthly site summaries used for summarizing attendance provide accurate information, by selecting a representative sample of schools and performing the following procedures (exclude the programs identified separately in subsequent sections of this audit guide):

(1) Reconcile the monthly totals (days of apportionment attendance) on the school's attendance summary to the summary maintained by the local education agency for the Second Principal and the Annual attendance reports.

(2) Select at least one test month in the Second Principal or Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the school's attendance summary.

(3) Select a representative sample of classes (teachers) and trace the monthly totals from the monthly report to the data origination documentation. Verify the mathematical accuracy of

the attendance registers, scantron summaries, or other data arrays.

(d) Select a sample of absences and compare to documentation supporting Average Daily Attendance reported to the California Department of Education to verify that absences were not included in Average Daily Attendance. The documentation maintained by the local education agency with regard to its absences may be in the form of notes, logs, or other records, depending on the board-adopted policy concerning verification of absences.

(e) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19817.5. Teacher Certification and Misassignments.

For fiscal year 2011-12 and following, perform the following audit steps:

(a) For each teacher selected pursuant to subparagraph (c)(3) of Section 19817.2, test to determine whether the teacher possessed a valid certification document.

(b) If any teacher did not possess a valid certification document, calculate the penalty or penalties pursuant to the provisions of Education Code Section 45037 and include the actual calculation in an audit finding in the Findings and Recommendations section.

(c) For each teacher selected pursuant to subparagraph (c)(3) of Section 19817.2, test to determine whether the teacher was assigned to teach in a position

(1) consistent with the authorization of his or her certification document, or

(2) otherwise authorized by law pursuant to

(A) a governing board resolution in conformance with the provisions of any of subdivision (b) of Education Code Section 44256, Section 44258.2, Section 44258.3, or Section 44263, or

(B) approval of a committee on assignments pursuant to the provisions of subdivision (c) or (d) of Education Code Section 44258.7.

(d) If any teacher selected pursuant to subparagraph (c)(3) of Section 19817.2 was assigned to teach a class in which more than 20 percent of the pupils were English learners, determine whether the teacher was authorized to instruct limited-English-proficient pupils pursuant to the provisions of Education Code Section 44253.3, 44253.4, or 44253.10.

(e) If any teacher was assigned to teach in a position for which he or she was not authorized, include a finding in the Findings and Recommendations section of the audit report**.**

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

§ 19818. Kindergarten Continuance.

(a) Select a representative sample of kindergarten classes. Perform the following procedures.

(b) Obtain a list of kindergarten pupils enrolled in the selected kindergarten classes for the year audited and the year prior. Compare the enrollment lists and identify those kindergarten pupils, if any, who are on both lists.

(c) Review the record of each pupil identified on both lists to determine whether the pupil continued in kindergarten after completing one school year of kindergarten. For a pupil who begins kindergarten mid-year, one school year of kindergarten is completed on the last day prior to the anniversary of the pupil's first day of kindergarten.

(d) Verify that the local education agency has a signed parental agreement to continue

form, approved in form and content by the California Department of Education, for each such pupil.

(e) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19819. Independent Study.

If the local education agency reported Average Daily Attendance generated through independent study, perform the following procedures

(a) At the agency level:

(1) Reconcile the local education agency's independent study attendance records to Average Daily Attendance generated through full-time independent study reported to the California Department of Education.

(2) From the independent study attendance records, select a representative sample of pupils for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent or "short term" independent study if the local education agency offered that option, and confirm that every pupil in the sample is identified in the written records of the district or county board by grade level, by program placement, and by the school in which he or she is enrolled.

(3) If, pursuant to the foregoing audit procedure, any pupils are found that were not

identified in the written records of the district or county board by any one or more of grade level, program placement, and the school in which he or she was enrolled, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of pupils and the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

(4) Verify the local education agency's calculation, made pursuant to the provisions of subdivision (a) of Education Code Section 51745.6, of ineligible Average Daily Attendance, if any, generated through full-time independent study by pupils 18 years of age or less.

(5) Interview administrative personnel and school counselors of the local education agency to determine if the local education agency had policies and procedures to ensure that any pupil terminating an independent study agreement was permitted to immediately recommence classroom study.

(6) Interview local education agency administrative personnel as well as a sample of independent study teachers and review written agreements to determine whether it was the local education agency's policy or practice to provide independent study pupils or their parents/guardians with monetary funding or any other things of value such as equipment or paid private instruction. If so, determine whether classroom pupils or their parents/guardians had the same access to funding or things of value. Read program materials provided to all parents/guardians to determine that opportunities were equal and that pupils engaged in independent study were neither offered nor given incentives or special benefits.

(b) Select a sample of schools that is representative of the local education agency and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the local

education agency's compliance with independent study requirements. Verify that the monthly site summaries used for summarizing attendance provide accurate information by performing the following procedures:

(1) At each school, examine the attendance accounting records to verify that the attendance of pupils or adult education students or both while engaged in independent study was maintained on separate registers or the local education agency had another mechanism in place to track Average Daily Attendance generated through independent study separately from other Average Daily Attendance.

(2) Determine the total number of days of attendance reported for each sampled school that resulted from attendance by pupils or adult education students or both while engaged in independent study. Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the local education agency for the Second Principal and the Annual attendance reports.

(3) Select a test month in the Second Principal or Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace totals to the school's attendance summary.

(4) Verify that a certificated employee of the local education agency coordinated, evaluated, and provided general supervision, as that term is defined in Section 11700(b), of each pupil's or adult education student's independent study, as required by the provisions of subdivision (a) of Education Code Section 51747.5.

(5) Select a representative sample of teachers. Verify the mathematical accuracy of the teachers' attendance records of pupil or adult education student attendance. Trace the monthly totals from the monthly report to the attendance records.

(6) If 100 percent apportionment attendance was recorded for all independent study pupils

or adult education students or both, ensure that the teacher did not accrue more days of apportionment credit for any assignment than there were school days in that assignment ("banking"); or accrue days of attendance for work submitted subsequent to the specified due date for the assignment ("make-up").

(7) For programs in which hourly attendance accounting is not required pursuant to Section 406, verify that attendance credit was recorded in whole days based on the supervising teacher's personal review, evaluation, and assignment of time value to the pupil's or adult education student's work product, or the supervising teacher's review of the evaluation and assignment of time value made by another certificated teacher.

(c) From the attendance records, select a representative sample of pupils/adult education students for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent ("short term") independent study if the local education agency offered that option, and perform the following procedures:

(1) Verify that no pupil was enrolled in the local education agency pursuant to subdivision (b) of Education Code Section 48204 while engaged in full-time independent study.

(2) Determine each selected pupil's or adult education student's county of residence at the time of commencing independent study and verify that it is the county in which the apportionment claim is reported or a contiguous county within California.

(3) Determine whether mailing addresses or other evidence of residency changed during the time the pupils/adult education students were in independent study and, if so, whether each pupil or adult education student remained resident of the same or a contiguous county within California.

(4) Verify that a total of not more than one day of attendance generated through independent study was recorded for each pupil, including pupils enrolled in more than one

program, for any calendar day on which school was in session.

(5) Verify that a written agreement exists for each pupil/adult education student selected.

(6) Verify that every pupil whose independent study attendance was claimed for apportionment was participating under an agreement for a minimum of five consecutive school days.

(7) Verify that every written agreement contained all the required elements:

(A) The manner, time, frequency, and place for submitting a pupil's or adult education student's assignments and for reporting his or her progress.

(B) The objectives and methods of study (pupil/adult education student activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's or adult education student's work.

(C) The methods utilized to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which achievement of the pupils/adult education students meets the objectives set forth in the written assignment).

(D) The specific resources, including materials and personnel, to be made available to the pupils/adult education students (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils/adult education students on the same terms as the terms on which they are normally available to all pupils/adult education students).

(E) A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code Section 51747 regarding the maximum length of time allowed between the assignment and the completion of a pupil's or adult education student's assigned work, and the number of assignments a pupil or adult education student may miss before there must be an evaluation of whether it is in the pupil's or adult education student's best interests to continue in independent

study.

(F) The duration of the independent study agreement, including the beginning and ending dates for the pupil's or adult education student's participation in independent study under the agreement, with no agreement being for a period longer than one semester, or one-half year for a school on a year-round calendar.

(G) A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil/adult education student upon completion.

(H) A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate. In the case of a pupil who is referred or assigned to any school, class, or program pursuant to Section 48915 or 48917, the agreement also shall include the statement that instruction may be provided to the pupil through independent study only if the pupil is offered the alternative of classroom instruction.

(I) Signatures, affixed prior to the commencement of independent study, by

1. the pupil or adult education student;

2. the pupil's parent, legal guardian, or caregiver as that term is used in Family Code Section 6550 and following, if the pupil is less than 18 years of age;

3. the certificated employee who has been designated as having responsibility for the general supervision of independent study; and

4. all other persons, if any, who had direct responsibility for providing assistance to the pupil or adult education student.

(8) Verify that no days of attendance were reported for dates prior to the signing of the agreement by all parties.

(9) Trace each pupil's or adult education student's attendance from the attendance records to the teacher's register, record of the pupil's or adult education student's work completed, and the corresponding work assignment record. Verify that evaluated pupil/adult education student work samples, bearing signed or initialed and dated notations by the supervising teacher indicating that he or she personally evaluated the work, or that he or she personally reviewed the evaluations made by another certificated teacher, have been retained in the file.

(10) Verify that the pupil/adult education student work product samples are related to the assignment pursuant to which the work was undertaken and reflect the curriculum adopted by the local governing board and not an alternative curriculum.

(11) Review records and other relevant documentation to verify that each pupil's choice to commence or to continue in independent study was entirely voluntary and uncoerced.

(d) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19820. Continuation Education.

Verify that the monthly site attendance summaries provide accurate information by performing the following procedures:

(a) Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the district for the Second Principal and

the Annual attendance reports.

(b) Select a test month in the Second Principal attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the site's attendance summary.

(c) Select a representative sample of classes (teachers). Trace the monthly totals from the monthly report to the data origination documentation. Verify the mathematical accuracy of the attendance registers, scantron summaries, or other data arrays.

(d) Select a representative sample of pupils and perform the following procedures:

(1) Trace each pupil's attendance in the weekly attendance records to the teacher's attendance register or other approved record.

(2) Verify that hourly attendance accounting was used.

(3) Verify that attendance was not credited for more than the scheduled class time.

(e) Review weekly attendance records to verify that the district did not claim more than 15 hours per week, or a proportionally reduced number of hours per week when there were fewer than five school days.

(f) Select a representative sample of continuation pupils enrolled in work experience education.

(1) Review the weekly attendance reports and attendance registers to verify that each pupil actually attended, as set forth in Education Code Section 48400, four 60-minute hours in each week in which he/she generated additional hours of work experience apportionment attendance credit.

(2) Verify that the pupils received at least one instructional period per week of classroom work experience instruction or counseling as required by Education Code Section 51760.3(b).

(3) Verify that not more than 10 percent of each continuation high school's Average Daily

Attendance at Second Principal (exclusive of Average Daily Attendance for a pupil who was pregnant or was a parent and the primary caregiver for one or more of his or her children) was generated through independent study as provided in Education Code Section 51745(b).

(g) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19824. Instructional Time.

For fiscal year 2011-12 only, do not perform the procedures set forth in this section. Perform the procedures set forth in Section 19824.1 instead.

(a) School districts: For fiscal years 2003-04 through 2008-09, perform the following procedures:

(1) Select a sample of schools that is representative of the district and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the district's compliance with instructional time requirements. Review the school attendance calendar and bell (class) schedules of the sampled schools. Ascertain whether any individual days are shorter than the usual length, by grade level, in that school. Compare the instructional minutes from each school site's bell (class) schedule to total instructional minutes computed by the business office.

(2) Determine, by grade level, the total number of days in each sampled school's attendance

calendar that were of at least the minimum length required, pursuant to Education Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or sections 46141, and 46142, for junior high schools and high schools, and compare the totals to the standards set forth in Education Code section 41420 or 37670, as applicable.

(3) If all sampled regular day schools have fewer than the applicable minimum number of days, determine whether the same is true for all the regular day schools of the district.

(4) If all regular day schools have fewer than the applicable minimum number of days, the district is subject to the penalty provided in subdivision (a) of Education Code Section 41420. Include a statement of that fact and the amount of the penalty in the Findings and Recommendations section of the audit report.

If the district is not subject to the penalty provided in subdivision (a) of Education Code Section 41420 but is subject to one or more penalties as provided in subdivision (b) of Education Code Section 41420, prepare a separate schedule for each school that was not in compliance showing the number of additional days the school would have had to maintain operations to meet the 175 day requirement, or the 163 day requirement if the school was operated on a multitrack year-round schedule, and calculate the penalty or penalties. Include both the schedule(s) and the amount(s) of the calculated penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(5) Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as set forth in Education Code Section 46201, and to the amount offered by the district during the 1982-83 year.

(6) Determine whether the district offered optional classes to satisfy incentive funding requirements. If enrollment in optional classes is low, review the district's documentation of class offerings to ensure that the district has acted effectively to comply with the law. Practices

that are not consistent with effectively offering additional instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period or by attending school outside the schedule of district-provided bus service.

(7) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report, showing by grade level the number(s) of instructional minutes offered by the district in the 1982-83 year; the 1986-87 instructional time requirements specified in Education Code Section 46201; the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the district complied with the instructional minutes and days provisions. State in a note to the schedule whether the district received incentive funding for increasing instructional time pursuant to the Longer Instructional Day incentives.

(8) If any schools were not in compliance with the instructional minutes or days provisions, or both, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code Section 46200(c), 46201(d), or 46202(b). Include both the schedule(s) and the calculated penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(b) School districts: In accordance with the provisions of subdivision (a) of Education Code Section 46201.2 and consistent with subdivision (a) of Education Code Section 46201.3, for fiscal years 2009-10 and 2010-11, and fiscal years 2012-13 through 2014-15, perform the following procedures:

(1) Select a sample of schools that is representative of the district and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the district's compliance with instructional time requirements. Review the school attendance calendar and bell (class) schedules of the sampled schools. Ascertain whether any individual days are shorter than the usual length, by grade level, in that school. Compare the instructional minutes from each school site's bell (class) schedule to total instructional minutes computed by the business office.

(2) Determine, by grade level, the total number of days in each sampled school's attendance calendar that were of at least the minimum length required, pursuant to Education Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or sections 46141, and 46142, for junior high schools and high schools. Compare the total qualifying days by grade level for each sampled school to the standards set forth in Education Code section 41420 or 37670, as applicable, as reduced by the provisions of subdivision (a) of Education Code Section 46201.2 to 170 days for schools on a traditional calendar, or to 158 days for multitrack year-round schools.

(3) If all sampled regular day schools have fewer than the applicable minimum number of days as set forth in subparagraph (b)(2) of this section, determine whether the same is true for all the regular day schools of the district.

(4) If all regular day schools have fewer than the applicable minimum number of days, the district is subject to the penalty provided in subdivision (a) of Education Code Section 41420. Include a statement of that fact and the calculation and amount of the penalty in the Findings and Recommendations section of the audit report.

(5) If the district is not subject to the penalty provided in subdivision (a) of Education Code Section 41420 but is subject to one or more penalties as provided in subdivision (b) of

Education Code Section 41420, prepare a separate schedule for each school that was not in compliance showing the number of additional days the school would have had to maintain operations to meet the 170 day requirement, or the 158 day requirement if the school was operated on a multitrack year-round schedule. Calculate the penalty or penalties. Include the schedule(s), the calculation(s), and amount(s) of the penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(6) Determine whether the district received an apportionment pursuant to the Longer Day incentives prescribed by the provisions of Education Code Section 46201.

(A) If the district received an apportionment for Longer Day and received an apportionment pursuant to the Longer Year incentives prescribed by the provisions of subdivision (a) of the Education Code Section 46200:

1. Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46201 and the amount offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 180 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (b)(6)(A)1. of this section.

(B) If the district received an apportionment for Longer Day but did not receive an apportionment for Longer Year incentives:

1. Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46201 and the amount offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 175 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (b)(6)(B)1. of this section.

(C) If the district did not receive an apportionment for the Longer Day but did receive an apportionment for Longer Year incentives:

1. Determine the required amount of instructional time by reducing the amount of time by grade level offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 180 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (b)(6)(C)1. of this section.

(D) If the district did not receive an apportionment for Longer Day and did not receive an apportionment for the Longer Year incentives:

1. Determine the required amount of instructional time by reducing the amount of time by grade level offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 175 and multiplying by 5.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (b)(6)(D)1. of this section.

(7) Determine whether the district offered optional classes to satisfy incentive funding requirements. If enrollment in optional classes is low, review the district's documentation of class offerings to ensure that the district has acted effectively to comply with the law. Practices that are not consistent with effectively offering additional instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only

for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period or by attending school outside the schedule of district-provided bus service.

(8) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report, showing by grade level the number(s) of instructional minutes offered by the district in the 1982-83 year, and the district's 1982-83 instructional minutes as reduced pursuant to subparagraph (b)(6) of this section as applicable; the 1986-87 instructional time requirements specified in Education Code Section 46201, and the 1986-87 instructional time requirements as reduced pursuant to subparagraph (b)(6) of this section as applicable; the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the district complied with the reduced instructional minutes and days provisions. State in a note to the schedule whether the district received incentive funding for increasing instructional time pursuant to the Longer Instructional Day incentives.

(9) If any schools were not in compliance with the instructional minutes requirements as calculated pursuant to subparagraph (b)(6) of this section as applicable, or the instructional days requirements pursuant to subparagraph (b) of this section as applicable, or both, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code Section 46200(e), 46201(d), or 46202(b). Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(c) County offices of education: For fiscal years 2003-04 through 2008-09, if the county office of education received Longer Instructional Day or Longer Year incentive funding, or

both, for the fiscal year audited for special day classes, perform the following procedures:

(1) Review the school attendance calendar and bell (class) schedules. Determine the amount of instructional time offered by each school.

(2) Determine whether the county office of education complied with the instructional time incentive funding requirements by comparing the amount of time offered for each grade level during the year being audited to the required amount of instructional time as set forth in Education Code Section 46201.5.

(3) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report showing by grade level the 1986-87 instructional time requirements specified in Education Code Section 46201.5; the instructional minutes offered during the year audited showing the school with the lowest number of minutes; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; whether the county office of education complied with the instructional minutes requirements; and, if the county office of education received an apportionment pursuant to Education Code Section 46200.5(a), whether the county office of education complied with the instructional days provisions. State in a note to the schedule whether the county office of education received incentive funding for increasing instructional time pursuant to the Longer Instructional Day incentives and whether it received an apportionment pursuant to Education Code Section 46200.5(a).

(4) If any schools were not in compliance with the instructional minutes or days provisions, or both, prepare a separate schedule for each such school showing only those grade levels that were not in compliance and calculate the penalty or penalties set forth in Education Code Section 46200.5(c) or 46201.5(e). Include both the schedule(s) and the calculated penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(d) County offices of education: If the county office of education received Longer Instructional Day or Longer Year incentive funding, or both, for the fiscal year audited for special day classes, in accordance with the provisions of subdivision (a) of Education Code Section 46201.2 and consistent with subdivision (a) of Education Code Section 46201.3, for fiscal years 2009-10 and 2010-11, and fiscal years 2012-13 through 2014-15, perform the following procedures:

(1) Review the school attendance calendar and bell (class) schedules. Determine the amount of instructional time and the number of instructional days offered by each school.

(2) If the county office of education received an apportionment for the both the Longer Day incentives prescribed by the provisions of Education Code Section 46201.5 and the Longer Year incentives prescribed by the provisions of Education Code Section 46200.5:

(A) Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46201.5 by the result of dividing the time for each grade level by 180 and multiplying by 5.

(B) Compare the amount of time offered for each grade level during the year being audited to the required amount of instructional time as determined in subparagraph (d)(2)(A) of this section.

(3) If the county office of education received an apportionment for the Longer Day but not for the Longer Year incentives:

(A) Determine the required amount of instructional time by reducing the amount of time by grade level specified in Education Code Section 46201.5 by the result of dividing the time for each grade level by 175 and multiplying by 5.

(B) Compare the amount of time offered for each grade level during the year being audited to the required amount of instructional time as determined in subparagraph (d)(3)(A) of this

section.

(4) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report showing by grade level the 1986-87 instructional time requirements specified in Education Code Section 46201.5, and the 1986-87 instructional time requirements as reduced pursuant to subparagraph (d)(2)(A) or (d)(3)(A) of this section, as applicable; the instructional minutes offered during the year audited showing the school with the lowest number of minutes; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; whether the county office of education complied with the reduced instructional minutes requirements as calculated pursuant to subparagraph (d)(2)(A) or (d)(3)(A) of this section, as applicable; and, if the county office of education received an apportionment pursuant to Education Code Section 46200.5(a), whether the county office of education complied with the instructional days provisions as reduced by the provisions of Education Code Section 46201.2. State in a note to the schedule whether the county office of education received incentive funding for increasing instructional time pursuant to the Longer Instructional Day incentives and whether it received an apportionment pursuant to Education Code Section 46200.5(a).

(5) If any schools were not in compliance with the reduced instructional minutes or days provisions, or both, prepare a separate schedule for each such school showing only those grade levels that were not in compliance and the calculation and amount of the penalty or penalties set forth in Education Code Section 46200.5(c) or 46201.5(e). Include both the schedule(s) and the calculated penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19824.1. Instructional Time.

For fiscal year 2011-12 only, perform the following procedures:

(a) School districts:

(1) Select a sample of schools that is representative of the district and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the district's compliance with instructional time requirements. Review the school attendance calendar and bell (class) schedules of the sampled schools. Ascertain whether any individual days are shorter than the usual length, by grade level, in that school. Compare the instructional minutes from each school site's bell (class) schedule to total instructional minutes computed by the business office.

(2) Determine, by grade level, the total number of days in each sampled school's attendance calendar that were of at least the minimum length required, pursuant to Education Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or sections 46141, and 46142, for junior high schools and high schools. Compare the total qualifying days by grade level for each sampled school to the standards set forth in Education Code section 41420 or 37670, as applicable, as reduced by the provisions of Education Code sections 46201.2(a) and 46201.3(a), to 163 days for schools on a traditional calendar, or to 151 days for multitrack year-round schools.

(3) If all sampled regular day schools have fewer than the applicable minimum number of days as set forth in subparagraph (a)(2) of this section, determine whether the same is true for all the regular day schools of the district.

(4) If all regular day schools have fewer than the applicable minimum number of days, the district is subject to the penalty provided in subdivision (a) of Education Code Section 41420. Include a statement of that fact and the calculation and amount of the penalty in the Findings

and Recommendations section of the audit report.

(5) If the district is not subject to the penalty provided in subdivision (a) of Education Code Section 41420 but is subject to one or more penalties as provided in subdivision (b) of Education Code Section 41420, prepare a separate schedule for each school that was not in compliance showing the number of additional days the school would have had to maintain operations to meet the 163 day requirement, or the 151 day requirement if the school was operated on a multitrack year-round schedule. Calculate the penalty or penalties. Include the schedule(s), the calculation(s), and amount(s) of the penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

(6) Determine whether the district received an apportionment pursuant to the Longer Day incentives prescribed by the provisions of Education Code Section 46201.

(A) If the district received an apportionment for Longer Day and received an apportionment pursuant to the Longer Year incentives prescribed by the provisions of subdivision (a) of the Education Code Section 46200:

1. Determine the required amount of instructional time by reducing the amount of time by grade level that is specified in Education Code Section 46201 and the amount offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 180 and multiplying by 12.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (a)(6)(A)1. of this section.

(B) If the district received an apportionment for Longer Day but did not receive an apportionment for Longer Year incentives:

1. Determine the required amount of instructional time by reducing the amount of time by

grade level that is specified in Education Code Section 46201 and the amount offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 175 and multiplying by 12.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (a)(6)(B)1. of this section.

(C) If the district did not receive an apportionment for the Longer Day but did receive an apportionment for Longer Year incentives:

1. Determine the required amount of instructional time by reducing the amount of time by grade level offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 180 and multiplying by 12.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (a)(6)(C)1. of this section.

(D) If the district did not receive an apportionment for Longer Day and did not receive an apportionment for the Longer Year incentives:

1. Determine the required amount of instructional time by reducing the amount of time by grade level offered by the district during the 1982-83 school year by the result of dividing the time for each grade level by 175 and multiplying by 12.

2. Compare the amount of time offered for each grade level in each sampled school during the year being audited to the required amount of instructional time as determined in subparagraph (a)(6)(D)1. of this section.

(7) Determine whether the district offered optional classes to satisfy incentive funding requirements. If enrollment in optional classes is low, review the district's documentation of

class offerings to ensure that the district has acted effectively to comply with the law. Practices that are not consistent with effectively offering additional instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period or by attending school outside the schedule of district-provided bus service.

(8) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report, showing by grade level the number(s) of instructional minutes offered by the district in the 1982-83 year, and the district's 1982-83 instructional minutes as reduced pursuant to subparagraph (a)(6) of this section as applicable; the 1986-87 instructional time requirements specified in Education Code Section 46201, and the 1986-87 instructional time requirements as reduced pursuant to subparagraph (a)(6) of this section as applicable; the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the district complied with the reduced instructional minutes and days provisions. State in a note to the schedule whether the district received incentive funding for increasing instructional time pursuant to the Longer Instructional Day incentives.

(9) If any schools were not in compliance with the instructional minutes requirements as calculated pursuant to subparagraph (a)(6) of this section as applicable, or the instructional days requirements pursuant to subparagraph (a) of this section as applicable, or both, prepare a separate schedule for each school showing only those grade levels that were not in compliance and calculate the penalty or penalties pursuant to Education Code Section 46200(e), 46201(d), or 46202(b). Include the schedule(s), the calculation, and the amount of the penalty or penalties

in a finding in the Findings and Recommendations section of the audit report.

(b) County offices of education: If the county office of education received Longer Instructional Day or Longer Year incentive funding, or both, for special day classes, perform the following procedures:

(1) Review the school attendance calendar and bell (class) schedules. Determine the amount of instructional time and the number of instructional days offered by each school.

(2) If the county office of education received an apportionment for both the Longer Day incentives prescribed by the provisions of Education Code Section 46201.5 and the Longer Year incentives prescribed by the provisions of Education Code Section 46200.5:

(A) Determine the required amount of instructional time by reducing the amount of time by grade level that is specified in Education Code Section 46201.5 by the result of dividing the time for each grade level by 180 and multiplying by 12.

(B) Compare the amount of time offered for each grade level during the year being audited to the required amount of instructional time as determined in subparagraph (b)(2)(A) of this section.

(3) If the county office of education received an apportionment for the Longer Day but not for the Longer Year incentives:

(A) Determine the required amount of instructional time by reducing the amount of time by grade level that is specified in Education Code Section 46201.5 by the result of dividing the time for each grade level by 175 and multiplying by 12.

(B) Compare the amount of time offered for each grade level during the year being audited to the required amount of instructional time as determined in subparagraph (b)(3)(A) of this section.

(4) Prepare the "Schedule of Instructional Time" that must be presented in the

Supplementary Information section of the audit report showing by grade level the 1986-87 instructional time requirements specified in Education Code Section 46201.5, and the 1986-87 instructional time requirements as reduced pursuant to subparagraph (b)(2)(A) or (b)(3)(A) of this section, as applicable; the instructional minutes offered during the year audited showing the school with the lowest number of minutes; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; whether the county office of education complied with the reduced instructional minutes requirements as calculated pursuant to subparagraph (b)(2)(A) or (b)(3)(A) of this section, as applicable; and, if the county office of education received an apportionment pursuant to Education Code Section 46200.5(a), whether the county office of education complied with the instructional days provisions as reduced by the provisions of Education Code sections 46201.2(a) and 46201.3(a). State in a note to the schedule whether the county office of education received incentive funding for increasing instructional time pursuant to the Longer Instructional Day incentives and whether it received an apportionment pursuant to Education Code Section 46200.5(a).

(5) If any schools were not in compliance with the reduced instructional minutes or days provisions, or both, prepare a separate schedule for each such school showing only those grade levels that were not in compliance and the calculation and amount of the penalty or penalties set forth in Education Code Section 46200.5(c) or 46201.5(e). Include both the schedule(s) and the calculated penalty or penalties in a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19828.4. Instructional Materials.

(a) For fiscal year 2009-10 and each fiscal year thereafter, perform the following

procedures:

(1) Determine whether the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, held the public hearing or hearings required by the provisions of Education Code Section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or county office of education having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

(2) Determine whether the school district governing board or county board of education provided 10-day notice of the required public hearing or hearings.

(3) Determine whether each notice included the time, place, and purpose of the hearing and whether the school district or county office of education posted the notice at a minimum of three public locations in the school district or county, respectively.

(4) Determine whether the hearing was held at a time that encouraged the attendance of teachers and parents and guardians of pupils who attend the schools in the district and did not take place during or immediately following school hours.

(5) Determine whether the resolution stated that each pupil in each school had sufficient textbooks or instructional materials aligned to the content standards adopted by the State Board of Education pursuant to Education Code Section 60605 and consistent with the content and cycles of the curriculum framework adopted by the State Board of Education, or instead that there was an insufficiency of such textbooks or instructional materials, or both, in any one or more of mathematics, science, history-social science, and English/language arts including the English language development component of an adopted program, as appropriate. If the

resolution stated any insufficiency, verify that the school district governing board or county board of education provided information to classroom teachers and to the public, setting forth, in the resolution, for each school in which an insufficiency existed, the percentage of pupils who lacked sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil did not have sufficient standards-aligned textbooks or instructional materials, or both, and took action to ensure that each pupil would have sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination was made.

(6) Verify whether the governing board made a written determination as to whether each pupil enrolled in a foreign language or health course had sufficient textbooks or instructional materials that were consistent with the content and cycles of the curriculum frameworks adopted by the State Board of Education for those subjects.

(7) Verify whether the governing board determined the availability of laboratory science equipment as applicable to science laboratory courses offered in grades 9 to 12, inclusive.

(b) If the school district or county office of education was not in compliance with any of the requirements set forth in audit procedures 1 through 5 of subparagraph (a) of this section, the school district or county office of education was not eligible to receive an Instructional Materials Funding Realignment Program allowance for the fiscal year audited. Include a finding in the Findings and Recommendations section of the audit report showing the full amount of Instructional Materials Funding Realignment Program allowance received as disallowed.

(c) If the school district or county office of education was not in compliance with any of the requirements set forth in audit procedures 6 or 7 of subparagraph (a) of this section, report the noncompliance in a finding in the Findings and Recommendations section of the audit

report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503, and 41020, Education Code.

§ 19829. Ratios of Administrative Employees to Teachers.

(a) For school districts, verify that the district is in compliance with the administrator-to-teacher ratio requirement for the year audited by determining that the employees were properly classified and the ratio was calculated consistent with the provisions of Education Code Section 41403.

(b) If the number of administrators per hundred teachers exceeded the allowable ratio set forth in Education Code Section 41402, indicate the number of excess administrators and the associated penalty, as set forth in Education Code Section 41404, in the Findings and Recommendations section of the audit report.

(c) If the school district cannot show that it was in compliance with the ratio during the year audited, include a statement in the Findings and Recommendations section of the audit report that the ratio could not be confirmed.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19829.5. Classroom Teacher Salaries.

(a) If, during the year preceding the year audited, the district had 101 units or more of Average Daily Attendance, and, during the year audited, the district was subject to the provisions of Education Code Section 41372 pursuant to the provisions of Education Code Section 41374, determine whether, after applicable audit adjustments, the district met the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers as set forth in Education Code Section 41372.

(b) If the district did not meet the applicable minimum percentage required for payment of salaries of classroom teachers, include a statement in the Findings and Recommendations section of the audit report indicating the minimum percentage required, the district's current expense of education for the year audited after applicable audit adjustments, and the dollar amount by which the district was deficient.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020 and 41372, Education Code.

§ 19830.1. Early Retirement Incentive.

For fiscal year 2005-06 and each fiscal year thereafter, perform the following procedures:

(a) Obtain a copy of the certification required by Education Code sections 22714 and 44929 and verify that the school district received approval from the county office of education or that the county office of education received approval from the Superintendent of Public Instruction as appropriate.

(b) Verify that the reason(s) contained in the certification are consistent with the results of the early retirement incentive program.

(c) Verify the data disclosed as a result of the district's or county office's adoption of the early retirement incentive program.

(d) Include a disclosure in the Notes to the Basic Financial Statements that presents the number and type of positions vacated; the age, service credit, salary, and, separately, the benefits of the retirees receiving additional service credit; a comparison of the salary and benefits of each retiree with the salary and benefits of the replacement employee, if any; the resulting retirement cost, including interest, if any, and postretirement health benefit costs, incurred by the employer.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503

and 41020, Education Code.

§ 19831. Gann Limit Calculation.

The following audit procedures apply to the current year appropriations limit calculation for school districts and county offices of education.

(a) Verify that the data used by the district or the county office is accurate, ensuring that the prior year Gann ADA and prior year appropriations limit used by the local education agency match the data on the prior year appropriations limit calculation previously submitted to the California Department of Education. If the district or county office has made adjustments to the prior year data, verify that the adjustments are correct. If the data has been revised, verify that the district or the county office has recalculated the prior year appropriations limit and attached a copy of the recalculation to the current year appropriations limit.

(b) If the agency is found out of compliance, include a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Section 1.5 of Article XIIIB, California Constitution.

§ 19837.3. School Accountability Report Card.

For fiscal year 2009-10 and each fiscal year thereafter, perform the following procedures:

(a) Obtain copies of the quarterly report of summarized complaint data compiled pursuant to the provisions of subdivision (d) of Education Code Section 35186. Identify any complaints related to teacher misassignment or vacancies included in the summarized data and compare each such complaint to the information on teacher misassignment or vacancies stated in the School Accountability Report Card for the school identified in the complaint, as required by the provisions of subdivision (b)(5) of Education Code Section 33126. If the information in the School Accountability Report Card is inconsistent with the information in the complaint,

interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

(b) For each school in the sample of schools selected pursuant to Section 19817.1(b), obtain the school district's or county office of education's copy of its most recently completed "Facility Inspection Tool (FIT), School Facility Conditions Evaluation" developed by the Office of Public School Construction and approved by the State Allocation Board and applicable to the year audited, or a local evaluation instrument that meets the same criteria, pursuant to the provisions of subdivision (d) of Education Code Section 17002. If the FIT was completed prior to the publication of the school's School Accountability Report Card, compare the information contained in the FIT to the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Report Card for that school as required by the provisions of subdivision (b)(9) of Education Code Section 33126. If the information in the School Accountability Report Card is inconsistent with the information in the FIT, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

(c) For each school in the sample of schools selected pursuant to Section 19817.1(b), compare the information on the availability of sufficient textbooks and other instructional materials included in the School Accountability Report Card pursuant to the provisions of subdivision (b)(6)(B) of Education Code Section 33126 with the information in the resolution reviewed pursuant to Section 19828.4(a)(5) and the information in the determinations reviewed pursuant to Section 19828.4(a)(6) and Section 19828.4(a)(7). If the information in the School Accountability Report Card is inconsistent with the information in the resolution or the

determinations, interview management to determine the basis of the inconsistency. If the School Accountability Report Card was inaccurate, include a finding in the Findings and Recommendations section of the audit report.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

§ 19839. Public Hearing Requirement – Receipt of Funds.

For fiscal years 2009-10 through 2012-13, if the school district or county office of education received any funds from the programs enumerated in subdivision (a) of Education Code Section 42605, perform the following procedures:

(a) Determine whether, with regard to the use of funds in the year audited, the governing board, (1) at a regularly scheduled open public hearing or hearings, (2) took testimony from the public, (3) discussed the proposed use of the funding, and (4) approved or disapproved the proposed use of funding from the 39 programs enumerated in subdivision (a) of Education Code Section 42605, by reviewing minutes or other records of the governing board that document that the governing board held such a public hearing or hearings before determining the use of the funds. The public hearing may have been held in the prior year.

(b) If the governing board, at a regularly scheduled open public hearing, did not take testimony from the public, or did not discuss the proposed use of the funding, or did not approve or disapprove the proposed use of the funding, the school district or county office of education did not meet the condition set forth in subdivision (c)(2) of Education Code Section 42605 for receipt of funds for any and all of the 39 programs enumerated in subdivision (a) of Education Code Section 42605 for the fiscal year audited. Include a finding in the Findings and Recommendations section of the audit report showing the full amount received by the school district or county office of education for any and all of the 39 programs as disallowed.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14501, 14502.1, 14503 and 41020, Education Code.

§ 19840. Juvenile Court Schools.

If the county office of education claimed any average daily attendance for juvenile court schools which are shown on the attendance reporting forms under juvenile halls, homes and camps, or county group home and institution pupils, then perform the following procedures:

(a) Determine whether the Annual report of attendance submitted to the California Department of Education reconciles to the supporting documents by verifying the county office of education's juvenile court schools Average Daily Attendance calculations.

(b) In accordance with Education Code Section 41601(b), verify that a divisor of 175 was used in calculating the average daily attendance reported in the Annual attendance reporting period.

(c) Trace the Average Daily Attendance numbers from the Annual report of attendance to the county office of education's summaries.

(d) Verify that the monthly site attendance summaries provide accurate information by reconciling the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the county for the Annual attendance reports.

(e) Select a test month in the Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the site's attendance summary.

(f) Select a representative sample of classes (teachers). Trace the monthly totals from the monthly report to the data origination documentation. Verify the mathematical accuracy of the attendance registers, scantron summaries, or other data arrays.

(g) Verify that the minimum school day included at least 180 minutes of instruction for pupils in attendance in approved vocational education programs, work programs prescribed by

the probation department pursuant to Welfare and Institutions Code Section 883, and work experience programs, and at least 240 minutes of instruction for all other pupils by reviewing the bell schedule(s) or other appropriate documentation; and that the school's practice was to schedule all pupils, other than pupils with exceptional needs whose Individualized Education Programs specified otherwise, to attend for at least the minimum day pursuant to the provisions of Education Code Section 48645.3.

(h) Select a representative sample of pupils and verify, by reviewing class assignments, that the pupils were scheduled to attend school at least a minimum day pursuant to the provisions of Education Code Section 48645.3.

(i) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code; Statutes of 2010, c. 724 (A.B. 1610, eff. Oct. 19, 2010), § 41.

§ 19841. Exclusion of Pupils – Pertussis Immunization.

For fiscal year 2011-12, from the attendance records, select a representative sample of pupils enrolled in grades 7 through 12, inclusive, for whom Average Daily Attendance generated through regular classroom or independent study was claimed, and perform the following procedures:

(a) As provided in Health and Safety Code Section 120335.1(a), for each pupil in the sample who was under age 18 who was enrolled in the county office of education or school

district in the prior year, and whose first day of attendance occurred on or before the sixth Friday following the first day on which classes were offered at the school in which the pupil was enrolled, verify that evidence was on file by the 30th *calendar* day after the pupil's first day of attendance in school year 2011-12 of

(1) a pertussis booster vaccine given on or after the pupil's 7th birthday, or

(2) a pertussis booster immunization exemption statement.

(A) If the exemption from the new pertussis booster requirement was a temporary medical exemption that terminated any time during the 2011-12 school year, verify that evidence is on file that the pupil obtained the required pertussis booster vaccine when the temporary exemption terminated, or filed a permanent medical or personal beliefs exemption by that date.

(B) If the exemption is based on personal beliefs, the statement must be specific to the new pertussis booster immunization requirement as specified by Title 17, Section 6051.

(b) For each pupil in the sample who was under age 18 who transferred into the county office of education or school district, and whose immunization record was not received at the time of entry to the new school, verify that evidence was on file, as provided in Title 17, Section 6070(d), by the 30th *school* day after the pupil's first day of attendance in school year 2011-12 of compliance with the requirements set forth in (1) or (2) of subparagraph (a) of this section.

(c) If, pursuant to the foregoing audit procedures, any pupils are found who did not have evidence of a pertussis booster vaccine or exemption, verify that attendance was not claimed for pupils continuing in the same county office of education or school district on or after the pupil's 31st *calendar* day of school, or on or after a transfer pupil's 31st *school* day. Once evidence is provided of the pertussis vaccination or a pertussis booster immunization exemption statement is received, the pupil is no longer excluded from school.

(d) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

Article 3.1. State Compliance Procedures: School Districts and Charter Schools

§ 19845.2. Class Size Reduction.

For fiscal year 2008–09 through 2011–12 only, perform the following audit steps:

If the school district or charter school received Class Size Reduction Program funding for the year audited, perform the following procedures, using daily averaging in all instances in which averaging is required.

(a) Verify the mathematical accuracy of the Class Size Reduction Program claim form submitted to the California Department of Education.

(b) Option One Classes

(1) Select a sample of classes from those that were certified as eligible for Option One Class Size Reduction Program funding, using the following procedures:

(A) The number of classes to be reviewed shall be based on auditor judgment, but the selection of classes shall be made randomly.

(B) For each class selected, the sample shall include at least 15 days randomly selected from all instructional days that occurred between the first day of instruction and April 15, inclusive, of the year audited.

(C) If class size for the sampled classes was more than 20.4 when averaged over a period from the first day of instruction to April 15, inclusive, the auditor shall conduct a more in-depth review. The in-depth review shall be either of the following:

1. A review of all instructional days for all classes for which a district or charter school has requested funding pursuant to the provisions of Education Code Section 52126.

2. A randomly selected sample of all classes and instructional days, of sufficient size and designed in such a manner that the auditor can conclude, with a 95 percent degree of confidence, that the average daily class size for each class, when averaged over the period from the first day of instruction to April 15, did not exceed 20.4.

(D) The district or charter school shall make the determination as to which of the two in-depth review methods set forth in the immediately preceding subparagraph shall be used.

(2) For sampled classes, review the data used to prepare the list of Option One classes reported to the California Department of Education, to verify that the report is supported by contemporaneous records.

(3) For sampled classes, review teacher assignments and other available pupil and teacher assignment data to verify that the number of students reported as being under the immediate supervision of each assigned teacher for each class reported was the actual class size for a substantial majority of the full regular school day.

(c) Option Two Classes

(1) Select a sample of classes from those that were certified as eligible for Option Two Class Size Reduction Program funding, using the following procedures:

(A) The number of classes to be reviewed shall be based on auditor judgment, but the selection of classes shall be made randomly.

(B) For each class selected, the sample shall include at least 15 days randomly selected

from all instructional days that occurred between the first day of instruction and April 15, inclusive, of the year audited.

(C) If class size for the sampled classes was more than 20.4 when averaged over a period from the first day of instruction to April 15, inclusive, the auditor shall conduct a more in-depth review. The in-depth review shall be either of the following:

1. A review of all instructional days for all classes for which a district or charter school has requested funding pursuant to the provisions of Education Code Section 52126.

2. A randomly selected sample of all classes and instructional days, of sufficient size and designed in such a manner that the auditor can conclude, with a 95 percent degree of confidence, that the average daily class size for each class, when averaged over the period from the first day of instruction to April 15, did not exceed 20.4.

(D) The district or charter school shall make the determination as to which of the two in-depth review methods set forth in the immediately preceding subparagraph shall be used.

(2) For sampled classes, review the data used to prepare the list of Option Two classes reported to the California Department of Education, to verify that the report is supported by contemporaneous records.

(3) For sampled classes, review teacher assignments and other available data to ensure that the class size reported was the maximum actual class size for at least one-half of the instructional minutes offered per day in each grade for which Option Two Class Size Reduction funding was claimed.

(4) Review class schedules to ensure that the time that pupils spent in Option Two classes was primarily devoted to instruction in reading or mathematics.

(d) Class Size Reduction option for districts or charter schools with only one school serving K-3:

For school districts or charter schools that participate in Class Size Reduction pursuant to the provisions of subdivision (h) of Education Code Section 52122, verify that:

(1) The school had no more than two classes per participating grade level**,**

(2) The governing board made a public declaration as set forth in subdivision (h)(2) of Education Code Section 52122,

(3) The average class size of all classes participating in Class Size Reduction, combined, did not exceed 20.4, and

(4) The pupil-to-teacher ratio did not exceed 22.4 to 1 in any class.

(e) General requirements:

(1) For all sampled classes, and for classes claimed for Class Size Reduction funding in districts or charter schools with only one school serving kindergarten and grades 1 through 3, review the school level information used to complete the California Department of Education's reporting form. Verify that:

(A) classes claimed for funding were for pupils in kindergarten, or grades 1 to 3, inclusive;

(B) if only one grade level was reduced, it was grade 1;

(C) if two grade levels were reduced, they were grades 1 and 2; and

(D) priority was given to the reduction of classes in grades 1 and 2 before classes in kindergarten or grade 3 were reduced.

(2) For the sampled classes, verify that the district or charter school did not report to the California Department of Education on the Class Size Reduction reporting form:

(A) any classes consisting of special education pupils enrolled in special day classes on a full-time basis,

(B) any pupil who was enrolled in independent study or home study for the full regular school day,

(C) any pupil who was enrolled in independent study or home study for any portion of the full regular school day, for that portion of each day that the pupil was on independent study or home study, or

(D) any pupil enrolled in a Class Size Reduction combination class who was at a grade level ineligible for Class Size Reduction funding.

(3) For the sampled classes, verify that counts began on the first teaching day each class existed.

(4) If a district elected to reduce class size through the use of an early-late instructional program and claimed Class Size Reduction funding for Option One classes, verify that it did not follow the provisions of Education Code Section 46205 when calculating instructional time used to qualify for Longer Instructional Day and Year incentive funding unless the district operated an early-late instructional program pursuant to the provisions of Education Code Section 46205 prior to July 1, 1996.

(5) If a district elected to reduce class size through the use of an early-late instructional program and claimed Class Size Reduction funding for Option Two classes, verify that it did not follow the provisions of Education Code Section 46205 when calculating instructional time used to qualify for Longer Instructional Day and Year incentive funding.

(f) If any of the classes reported for Class Size Reduction funding is found to be ineligible for such funding pursuant to any of the foregoing audit procedures, or if any individual pupils in eligible classes are found to have been ineligible because of their grade level(s) but to have been included in the number of eligible pupils reported, or both, prepare, and include in the Findings and Recommendations section of the audit report, a schedule summarizing the results of all procedures and displaying the numbers of noncompliant classes by grade level, number of pupils incorrectly reported as eligible, and Class Size Reduction funding claimed on the

basis of those classes and pupils. Include the data for each ineligible class only once, even if found to have been ineligible for Class Size Reduction funding in more than one of the steps in the audit procedures. Display information separately for classes with annual average enrollments determined, pursuant to the provisions of Education Code Section 52124.5, to be

(1) equal to or greater than 20.5 but less than 21.5, with a 5 percent reduction of the amount to which the district would otherwise be eligible for each such class;

(2) equal to or greater than 21.5 but less than 22.5, with a 10 percent reduction of the amount to which the district would otherwise be eligible for each such class;

(3) equal to or greater than 22.5 but less than 23, with a 15 percent reduction of the amount to which the district would otherwise be eligible for each such class; and

(4) equal to or greater than 23 but less than 25, with a 20 percent reduction of the amount to which the district would otherwise be eligible for each such class; and

(5) equal to or greater than 25, with a 30 percent reduction of the amount to which the district would otherwise be eligible for each such class.

(g) Interview management regarding the district's staff development program.

(1) Verify that the staff development program required, as set forth in Education Code Section 52127, that any certificated teacher providing direct instruction to a class in the Class Size Reduction Program receive the appropriate training necessary to maximize the educational advantages of Class Size Reduction, including but not limited to methods for providing individualized instruction; effective teaching, including classroom management, in smaller classes; identifying and responding to student needs; and opportunities to build on the individual strengths of students.

(2) If the district did not have a staff development program as set forth in Education Code Section 52127, include a finding in the Findings and Recommendations section of the audit

report showing the full amount of Class Size Reduction funding received as disallowed.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503 and 41020, Education Code.

§ 19846.1. After School Education and Safety Program.

For fiscal years 2011-12 and following, if the local education agency received After School Education and Safety funds, perform the following audit steps:

(a) If the local education agency operated an after school program component:

(1) Determine whether the local education agency established a policy regarding reasonable early daily release of pupils from the program.

(2) Select a representative sample of schools for each program type, as that term is used in the attendance report, for which data was reported to the California Department of Education for the after school base grant program. Determine whether the reported number of students served, as that term is used in the report, for each selected school is supported by written records that document pupil participation, by tracing the reported numbers through any documentation used to summarize the numbers of students served, to written data origination documentation.

(3) For each school selected pursuant to subparagraph (a)(2) of this section, determine whether the after school program commenced every day immediately upon the conclusion of the regular schoolday, operated a minimum of 15 hours per week, and operated until at least 6:00 p.m. every regular schoolday as specified in Education Code Section 8483(a)(1), by reviewing, for example, local policies and procedures, program staffing schedules, sign in/out sheets, program brochures, and other relevant documentation.

(4) For each school selected pursuant to subparagraph (a)(2) of this section, determine whether pupils reported on the report of students served attended a full day of the after school

program; or if any pupil attended less than the full day, the attendance was consistent with the established early release policy.

(5) For each middle or junior high school selected pursuant to subparagraph (a)(2) of this section, determine whether the local education agency has a process or procedure that gives priority for enrollment to pupils who attend daily.

(6) If any noncompliance is found through the foregoing procedures, include a statement in the Findings and Recommendations section of the audit report, stating

(A) that the local education agency did not have a policy on reasonable early daily release from the after school program, if that is the case;

(B) discrepancies, if any, between the reported numbers of students served and the totals arising from the supporting documentation;

(C) failure to operate consistent with the days/hours requirements set forth in subparagraph (a)(3) of this section, if any;

(D) the portion of reported students served that resulted from attendance of less than a full day that was inconsistent with the established early release policy, if any; and

(E) that the local education agency did not have a process or procedure in place that gives enrollment priority to pupils in middle school or junior high school who attend daily, if that is the case.

(b) If the local education agency operated a before school program component:

(1) Determine whether the local education agency established a policy regarding reasonable late daily arrival of pupils to the program.

(2) Select a representative sample of schools for each program type, as that term is used in the attendance report, for which data was reported to the California Department of Education for the before school base grant program. Determine whether the reported number of students

served, as that term is used in the report, for each selected school is supported by written records that document pupil participation, by tracing the reported numbers through any documentation used to summarize the numbers of students served, to written data origination documentation.

(3) For each school selected pursuant to subparagraph (b)(2) of this section,

(A) Determine whether the local education agency operated the before school program for not less than one and one-half hours per regular schoolday as specified in Education Code Section 8483.1(a)(1), by reviewing, for example, local policies and procedures, program staffing schedules, sign in/out sheets, program brochures, and other relevant documentation.

(B) Determine whether attendance by pupils for less than one-half of the daily before school program hours was included in the report of students served.

(C) Determine for any pupils reported on the report of students served who attended for one-half day or more but less than the full day, whether the attendance was consistent with the established late arrival policy.

(4) For each middle or junior high school selected pursuant to subparagraph (b)(2) of this section, determine whether the local education agency has a process or procedure that gives priority for enrollment for pupils who attend daily.

(5) If any noncompliance is identified through the foregoing procedures, include a statement in the Findings and Recommendations section of the audit report, stating

(A) that the local education agency did not have a policy on reasonable late daily arrival of pupils to the before school program, if that is the case;

(B) discrepancies, if any, between the reported numbers of students served and the totals arising from the supporting documentation;

(C) failure to operate for the required hours each schoolday as set forth in subparagraph

(b)(3)(A) of this section, if any;

(D) the portion of reported students served that resulted from attendance, by pupils attending less than one-half of the daily program hours, if any;

(E) the portion of reported students served that resulted from attendance by pupils who attended for one-half day or more but less than the full day and did not attend consistent with the established late arrival policy;

(F) that the local education agency did not have a process or procedure in place that gives enrollment priority to pupils in middle school or junior high school who attend daily.

(c) General requirements:

(1) Verify that the local education agency contributed cash or in-kind local funds, equal to not less than one-third of the total state grant, which may have originated from the school district, other governmental agencies, community organizations, or the private sector. Facilities or space usage may fulfill not more than 25 percent of the required local contribution.

(2) Review program expenditures by performing the following procedures:

(A) Verify that expenditures of state funds for indirect costs were the lesser of the local education agency's indirect cost rate as approved by the California Department of Education for the year audited, or 5 percent of the state funding received.

(B) Verify that not more than 15 percent of the state funding was expended for administrative costs, including indirect costs charged to the program.

(C) Verify that not less than 85 percent of the state funding was allocated to schoolsites for direct services to pupils.

(3) If the local education agency did not meet the minimum cash or in-kind local contribution requirement, spent state program funding on excess indirect costs or on excess administrative costs, provided an insufficient allocation to schoolsites, or any combination of

the foregoing, include a finding in the Findings and Recommendations section of the audit report stating, correspondingly, the amount of the local match requirement, the amount by which the local education agency failed to meet the match requirement, the excess amount of the local match requirement fulfilled through facilities or space usage, the amount(s) inappropriately spent, and the amount of the insufficiency in schoolsite allocations.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 8482.3, 14502.1, 14503 and 41020, Education Code.

Article 4. State Compliance Procedures: Charter Schools

§ 19850. Contemporaneous Records of Attendance.

(a) Determine whether the Second Principal report of attendance submitted to the California Department of Education is supported by written contemporaneous records that document all pupil attendance included in the charter school's Average Daily Attendance calculations, by tracing the Average Daily Attendance numbers from the Second Principal report of attendance through any documentation used by the charter school to summarize attendance, to written contemporaneous data origination documents.

(b) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedure, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

(c) For fiscal year 2011-12 only, from the attendance records, select a representative sample of pupils enrolled in any of grades 7 through 12, inclusive, for whom Average Daily Attendance generated through classroom based or nonclassroom-based instruction

(independent study) was claimed, and verify for each pupil in the sample who was under age 18 that evidence was on file by the 30th *calendar* day after the pupil's first day of attendance in school year 2011-12 of

(1) a pertussis booster vaccine given on or after the pupil's 7th birthday, or

(2) a pertussis booster immunization exemption statement.

(A) If the exemption from the new pertussis booster requirement was a temporary medical exemption that terminated any time during the 2011-12 school year, verify that evidence is on file that the pupil obtained the required pertussis booster vaccine when the temporary exemption terminated, or filed a permanent medical or personal beliefs exemption by that date.

(B) If the exemption is based on personal beliefs, the statement must be specific to the new pertussis booster immunization requirement as specified by Title 17, Section 6051.

(d) For each pupil in the sample who was under age 18 who transferred into the charter school, and whose immunization record was not received at the time of entry to the new school, verify that evidence was on file, as provided in Title 17, Section 6070(d), by the 30th *school* day after the pupil's first day of attendance in school year 2011-12 of compliance with the requirements set forth in (1) or (2) of subparagraph (c) of this section.

(e) If, pursuant to the foregoing audit procedures, any pupils are found who did not have evidence of a pertussis booster vaccine or exemption, verify that attendance was not claimed for pupils on or after the pupil's 31st *calendar* day of school, or on or after a transfer pupil's 31st *school* day. Once evidence is provided of the pertussis vaccination or a pertussis booster immunization exemption statement is received, the pupil is no longer excluded from school.

(f) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement

in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2, Education Code.

§ 19851. Mode of Instruction.

For fiscal year 2011-12 only, do not perform the procedures set forth in this section. Perform the procedures set forth in Section 19851.1 instead.

(a) If Average Daily Attendance was reported to the California Department of Education by the charter school as generated through classroom-based instruction, determine whether that attendance was generated in compliance with all of the following conditions:

(1) The charter school's pupils were engaged in educational activities required of those pupils, and the pupils were under the immediate supervision and control of an employee of the charter school who possessed a valid teaching certification in accordance with the provisions of subdivision (l) of Education Code Section 47605.

(2) At least 80 percent of the instructional time offered at the charter school was at the schoolsite. The requirement to be “at the schoolsite” is satisfied if either of the conditions set forth in subdivision (b) of Section 11963 is met.

(3) The charter school's schoolsite was a facility that was used principally for classroom instruction as that term is defined in subdivision (b)(1) of Section 11963.

(4) The charter school required its pupils to be in attendance at the schoolsite at least 80 percent of the minimum instructional time required pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, as set forth below for fiscal years 2005-06 through 2008-09:

Kindergarten	36,000 minutes
Grades 1 through 3	50,400 minutes
Grades 4 through 8	54,000 minutes
Grades 9 through 12	64,800 minutes

For fiscal years 2009-10 and 2010-11, and fiscal years 2012-13 through 2014-15, the minimum instructional time is reduced pursuant to the provisions of Education Code Section 46201.2 and consistent with subdivision (a) of Education Code Section 46201.3, as set forth below:

Kindergarten	34,971 minutes
Grades 1 through 3	48,960 minutes
Grades 4 through 8	52,457 minutes
Grades 9 through 12	62,949 minutes

(b) If any Average Daily Attendance reported to the California Department of Education as classroom-based instruction was not generated in compliance with all of the preceding conditions, it is not eligible for apportionments unless it was generated in full compliance with the requirements set forth in Section 19852. If it was not generated in full compliance with the requirements set forth in Section 19852, include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2, Education Code.

§ 19851.1. Mode of Instruction.

For fiscal year 2011-12 only, perform the following procedures:

(a) If Average Daily Attendance was reported to the California Department of Education by the charter school as generated through classroom-based instruction, determine whether that attendance was generated in compliance with all of the following conditions:

(1) The charter school's pupils were engaged in educational activities required of those pupils, and the pupils were under the immediate supervision and control of an employee of the charter school who possessed a valid teaching certification in accordance with the provisions of subdivision (l) of Education Code Section 47605.

(2) At least 80 percent of the instructional time offered at the charter school was at the schoolsite. The requirement to be “at the schoolsite” is satisfied if either of the conditions set forth in subdivision (b) of Section 11963 is met.

(3) The charter school's schoolsite was a facility that was used principally for classroom instruction as that term is defined in subdivision (b)(1) of Section 11963.

(4) The charter school required its pupils to be in attendance at the schoolsite at least 80 percent of the minimum instructional time required pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, reduced pursuant to the provisions of Education Code sections 46201.2, and 46201.3, as set forth below:

Kindergarten	33,531 minutes
Grades 1 through 3	46,944 minutes
Grades 4 through 8	50,297 minutes
Grades 9 through 12	60,357 minutes

(b) If any Average Daily Attendance reported to the California Department of Education as classroom-based instruction was not generated in compliance with all of the preceding

conditions, it is not eligible for apportionments unless it was generated in full compliance with the requirements set forth in Section 19852. If it was not generated in full compliance with the requirements set forth in Section 19852, include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2, Education Code.

§ 19852. Nonclassroom-Based Instruction/Independent Study.

If Average Daily Attendance was reported by the charter school to the California Department of Education as generated through nonclassroom-based instruction (independent study), or was reported as generated through classroom-based instruction but was not generated in compliance with all of the conditions set forth in subdivision (a) of Section 19851, perform the following procedures:

(a) Determine whether the governing body of the charter school had adopted written policies for independent study as required by the provisions of Education Code Section 51747. If it had not, any reported Average Daily Attendance generated through independent study is not eligible for apportionment. If the required policies were in place, determine whether any reported Average Daily Attendance was generated before the written policies were adopted. Any reported Average Daily Attendance generated through independent study before the written policies were adopted is not eligible for apportionment.

(b) Verify the charter school's calculation, made pursuant to Section 11704, of ineligible Average Daily Attendance, if any, generated through full-time independent study.

(c) Verify that the documentation used by the charter school to summarize monthly

attendance provides accurate information. If the charter school had multiple sites through which it provided independent study, select a sample of school sites that is representative of the charter school's grade spans (elementary, middle, and high schools) and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the charter school's compliance with independent study requirements. Perform the following procedures:

(1) Determine the total number of days of attendance reported for each sampled site that resulted from attendance by pupils while engaged in independent study. Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the charter school for the Second Principal attendance report.

(2) Select a test month in the Second Principal attendance reporting period. Verify the mathematical accuracy of the monthly report, or its equivalent if no monthly report is prepared, and trace totals to the site's attendance summary.

(3) Verify that a certificated employee of the charter school, as defined by Section 11700.1, coordinated, evaluated, and provided general supervision, as that term is defined in Section 11700(b), of each pupil's independent study, as required by the provisions of subdivision (a) of Education Code Section 51747.5.

(4) Select a representative sample of teachers. Verify the mathematical accuracy of the teachers' attendance records of pupil attendance. Trace the monthly totals from the monthly report to the attendance records.

(d) From the attendance records, select a representative sample of pupils for whom Average Daily Attendance generated through independent study was claimed, including pupils on intermittent ("short term") independent study, if the charter school offered that option, and perform the following procedures:

(1) Determine each pupil's county of residence at the time of commencing independent

study and verify that it is the county in which the apportionment claim is reported or a contiguous county within California.

(2) Determine whether mailing addresses or other evidence of residency changed during the time the pupils were in independent study and, if so, whether each pupil remained a resident of the same or a contiguous county within California.

(3) Verify that, on each day for which a pupil's attendance was reported, the pupil engaged in an educational activity or activities required of him or her by the charter school.

(4) Verify that each day of each pupil's attendance included in calculations of Average Daily Attendance took place on one of the charter school's schooldays.

(5) Verify that a total of not more than one day of attendance was recorded for each pupil for any calendar day on which school was in session.

(6) Verify that a written agreement exists for each pupil.

(7) Verify that every written agreement contained all the elements required by the provisions of Education Code Section 51747(c):

(A) The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress.

(B) The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work.

(C) The methods utilized to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which achievement of the pupils meets the objectives set forth in the written assignment).

(D) The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written

agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils).

(E) A statement of the policies adopted pursuant to the provisions of subdivisions (a) and (b) of Education Code Section 51747 regarding the maximum length of time allowed between the assignment and the completion of a pupil's assigned work, and the number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.

(F) The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for a period longer than one semester, or one-half year for a school on a year-round calendar.

(G) A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

(H) A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.

(I) Signatures, affixed prior to the commencement of independent study, by

1. the pupil;

2. the pupil's parent, legal guardian, or caregiver as that term is used in Family Code Section 6550 and following, if the pupil was less than 18 years of age;

3. the certificated employee who was designated as having responsibility for the general supervision of the pupil's independent study; and

4. all other persons, if any, who had direct responsibility for providing assistance to the pupil.

(8) Verify that no days of attendance were reported for dates prior to the signing of the agreement by all parties.

(9) Verify that evaluated pupil work samples, bearing signed or initialed and dated notations by the supervising teacher indicating that he or she personally evaluated the work, or that he or she personally reviewed the evaluations made by another certificated teacher, have been retained in the file.

(e) If any inappropriately reported units of Average Daily Attendance are identified through the foregoing audit procedures, recalculate, consistent with the provisions of Education Code Section 46303, the correct number of units of Average Daily Attendance. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2.

§ 19853. Determination of Funding for Nonclassroom-Based Instruction.

If more than 20 percent of the charter school's total Average Daily Attendance was generated through nonclassroom-based instruction (independent study) as set forth in Section 19852, perform the following procedures:

(a) Determine whether the charter school has

(1) a multi-year funding determination, made pursuant to the provisions of subdivision (d) of Education Code Section 47612.5 and of Section 47634.2, that applies to the year being audited and that was granted in a year prior to the year being audited, or

(2) a funding determination otherwise applicable to the year audited.

(b) If the charter school does not have either type of funding determination specified in

subdivision (a) of this section, the charter school was not eligible for funding for any Average Daily Attendance generated through nonclassroom-based instruction. Include a statement in the Findings and Recommendations section of the audit report of the number of units of Average Daily Attendance that were inappropriately reported for apportionment and an estimate of their dollar value.

(c) If the charter school has a funding determination as specified in subdivision (a)(2) of this section, and the charter school was in operation in the fiscal year prior to the year being audited, verify the accuracy of the following data submitted by the charter school to the California Department of Education on the nonclassroom-based funding determination form applicable to the year being audited:

(1) The charter school's federal revenues, including start-up, implementation, and dissemination grant(s); state revenues; local revenues, including in lieu of property taxes; and other financing sources.

(2) The charter school's total expenditures for instruction and related services.

(3) The charter school's total expenditures for salaries and benefits for all certificated employees as defined in subdivision (c)(1) of Section 11963.3.

(4) The charter school's pupil-teacher ratio calculated pursuant to Section 11704, and, if submitted, the pupil-teacher ratio of the largest unified school district in the county or counties in which the charter school operates.

(5) The listing of entities that received, in the previous fiscal year, $50,000 or more or ten (10) percent or more of the charter school's total expenditures identified pursuant to subparagraphs (B), (C), (D), and (E) of subdivision (a)(5) of Section 11963.3; the amount received by each entity; whether each of any such contract payments was based upon specific services rendered or upon an amount per unit of Average Daily Attendance or some other

percentage; and an identification of which entities, if any, had contracts that included provision for payments based on a per unit of Average Daily Attendance amount or some other percentage.

(d) If any inaccurate data is identified through the immediately foregoing audit procedures, prepare a schedule displaying the inaccurate data and the corresponding correct data. Include the schedule in the Findings and Recommendations section of the audit report.

(e) If a funding determination applicable to the year audited was made for the charter school by the State Board of Education, pursuant to the provisions of Education Code Section 47634.2, confirm that the governing board of the charter school has adopted and implemented conflict of interest policies as required by subdivision (b)(1)(C) of Section 11963.3. If the governing board of the charter school has not adopted, or has adopted but has not implemented, conflict of interest policies as required, include a statement in the Findings and Recommendations section of the audit report that states the policies were not adopted, if that is the case; or that the policies were not implemented, if that is the case, and describes the relevant facts.

NOTE: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020 and 47634.2, Education Code.

§ 19854. Annual Instructional Minutes - Classroom Based.

For fiscal year 2011-12 only, do not perform the procedures set forth in this section. Perform the procedures set forth in Section 19854.1 instead.

(a) Review the charter school's attendance calendar and bell (class) schedules or other available comparable documentation. If the charter school has multiple sites, select a sample of school sites that is representative of the charter school's grade spans (elementary, middle, and high schools).

(b) For each sampled site, compare the amount of instructional minutes offered for each grade level during the year being audited to the amount of instructional minutes required pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5 as set forth below for fiscal years 2005-06 through 2008-09:

Kindergarten	36,000 minutes
Grades 1 through 3	50,400 minutes
Grades 4 through 8	54,000 minutes
Grades 9 through 12	64,800 minutes

For fiscal years 2009-10 and 2010-11, and fiscal years 2012-13 through 2014-15, the minimum instructional time is reduced pursuant to the provisions of Education Code Section 46201.2 and consistent with subdivision (a) of Education Code Section 46201.3, as set forth below:

Kindergarten	34,971 minutes
Grades 1 through 3	48,960 minutes
Grades 4 through 8	52,457 minutes
Grades 9 through 12	62,949 minutes

(c) Determine whether the charter school offered optional classes to satisfy instructional minutes requirements. If enrollment in optional classes was low, review the charter school's documentation of class offerings to ensure that the charter school acted effectively to comply with the law. Practices that are not consistent with effectively offering instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period.

(d) Prepare the “Schedule of Instructional Time” that must be presented in the

Supplementary Information section of the audit report, showing by grade span the minimum instructional minutes requirements specified in subdivision (a)(1) of Education Code Section 47612.5 for fiscal years 2005-06 through 2008-09, or for fiscal years 2009-10 and 2010-11, and fiscal years 2012-13 through 2014-15, the minimum instructional time as reduced pursuant to the provisions of Education Code Section 46201.2 as set forth in subparagraph (b) of this section, the instructional minutes offered during the year being audited showing the sampled site with the lowest number of minutes offered at each grade span; and whether the charter school complied with the instructional minutes provisions.

(e) If the charter school did not offer the required number(s) of instructional minutes, prepare a separate schedule for each site, showing only the grade level(s) that were not in compliance, and calculate a proportional reduction in apportionment consistent with the provisions of subdivision (c) of Education Code Section 47612.5. Include both the schedule(s) and the calculated reduction in apportionment, in a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2. Education Code.

§ 19854.1. Annual Instructional Minutes - Classroom Based.

For fiscal year 2011-12 only, perform the following procedures:

(a) Review the charter school's attendance calendar and bell (class) schedules or other available comparable documentation. If the charter school has multiple sites, select a sample of school sites that is representative of the charter school's grade spans (elementary, middle, and high schools).

(b) For each sampled site, compare the amount of instructional minutes offered for each grade level during the year being audited to the amount of instructional minutes required

pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, reduced pursuant to the provisions of Education Code sections 46201.2 and 46201.3, as set forth below:

Kindergarten	33,531 minutes
Grades 1 through 3	46,944 minutes
Grades 4 through 8	50,297 minutes
Grades 9 through 12	60,357 minutes

(c) Determine whether the charter school offered optional classes to satisfy instructional minutes requirements. If enrollment in optional classes was low, review the charter school's documentation of class offerings to ensure that the charter school acted effectively to comply with the law. Practices that are not consistent with effectively offering instructional time may include, but are not limited to, offering only a small number of courses that in addition are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period.

(d) Prepare the "Schedule of Instructional Time" that must be presented in the Supplementary Information section of the audit report, showing by grade span the minimum instructional minutes requirements specified in subdivision (a)(1) of Education Code Section 47612.5 as reduced pursuant to the provisions of Education Code sections 46201.2 and 46201.3 as set forth in subparagraph (b) of this section, the instructional minutes offered during the year being audited showing the sampled site with the lowest number of minutes offered at each grade span; and whether the charter school complied with the instructional minutes provisions.

(e) If the charter school did not offer the required number(s) of instructional minutes, prepare a separate schedule for each site, showing only the grade level(s) that were not in compliance, and calculate a proportional reduction in apportionment consistent with the

provisions of subdivision (c) of Education Code Section 47612.5. Include both the schedule(s) and the calculated reduction in apportionment, in a finding in the Findings and Recommendations section of the audit report.

Note: Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 41020, 47612.5 and 47634.2. Education Code.

Appendix A

Federal Compliance Requirements

Office of Management and Budget Circular A-133 (revised June 2003), titled *Audits of States, Local Governments, and Non-Profit Organizations*, was issued pursuant to the Single Audit Act of 1984 (Public Law 98-502) and the Single Audit Act Amendments of 1996 (P.L. 104-156). It sets forth standards intended to bring about consistency and uniformity in the auditing of entities expending federally granted funds, and is available through this website:

http://www.whitehouse.gov/omb/circulars_default

The compliance requirements for testing federal program expenditures are set forth in the OMB Circular A-133 Compliance Supplement. The 2011 Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2010, and supersedes the OMB Circular A-133 Compliance Supplement issued in March 2010. The 2011 Supplement is available at the following website:

http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011

The Compliance Supplement sets forth program requirements accompanied by suggested audit procedures for testing compliance. The State Controller's Office advises that these procedures are not the only ones that can be utilized by the auditor, nor are they mandatory procedures. Auditors should apply professional judgment to choose procedures and determine the extent of tests performed, and the audit procedures should be tailored to individual programs and circumstances. The auditor is also responsible for ensuring that specific requirements that are modified by a change in a law or regulation are included in the audit procedures.

The Compliance Supplement may not include all the federal programs and procedures required to be audited for compliance; therefore, independent auditors may have to contact funding agencies for compliance requirements and applicable procedures. Program regulations and guidelines are also referenced in the Catalog of Federal Domestic Assistance (CFDA), which can be accessed online through this website:

https://www.cfda.gov/

The California Department of Education provides a listing of the federal programs under which local education agencies generally receive awards, along with the corresponding CFDA numbers, on the following web page:

http://www.cde.ca.gov/fg/au/ag/fedprogcfda.asp

The Federal Audit Clearinghouse, which operates on behalf of OMB, provides links to the required forms for submission of federally-required audit reports and other information at its home page:

http://harvester.census.gov/sac/

Appendix B

Agency Addresses and Contacts

Mailing Address

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

Telephone: (916) 324-6442

Email: leaaudits@sco.ca.gov

Private Carrier Delivery

State Controller's Office
Division of Audits
Financial Audits Bureau – Education Oversight Unit
3301 C Street, Suite 700
Sacramento, California 95816

California Department of Education
School Fiscal Services Division
Audit Resolution Staff
1430 N Street, Suite 3800
Sacramento, California 95814

Telephone: (916) 323-8068

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th Street
Jeffersonville, Indiana 47132

Telephone: (800) 253-0696 (toll free)