2018-19

Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting

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GENERAL PROVISIONS

ABBREVIATIONS/DEFINITIONS

ADA: Average Daily Attendance as reported to CDE for apportionment

Annual: the fiscal year ending on June 30

CDE: California Department of Education

COE: County Office of Education

Grade span: as specified in Education Code section 42238.02(d)

LEA: Local Education Agencies serving one or more of grades K-12, i.e. school districts, county offices of education, charter schools, and certain joint power authorities

LCFF: Local Control Funding Formula

P2: the second principal period of apportionment, as defined in Education Code section 41601

SCOPE/AUDITOR JUDGEMENT

This audit guide is to be used in the performance of the audits required by Education Code section 41020. The auditor shall follow the procedures included in this audit guide, unless, in the exercise of professional judgment, the auditor determines that other or additional procedures are more appropriate.

AUDITING STANDARDS

Audits shall be conducted in accordance with the following standards:

1. Standards generally accepted in the United States of America.

2. *Government Auditing Standards*, also known as the Yellow Book, which contains standards for audits of government organizations, programs, activities, and functions. The Yellow Book is published by the United States Government Accountability Office.

3. Federal audit regulations means Part 200 of Title 2 of the Code of Federal Regulations-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (which superseded OMB Circular A-133) including standards for attaining consistency and uniformity in the audits of governments and organizations expending federal awards.

4. Sampling should be based on the guidance of the following Tables, or the report should indicate the rationale for using alternative procedures:

Table 1

Tests of Compliance Sampling Table—Population: 250 or Greater

Minimum Sample Sizes—5% Tolerable Exception Rate

Expected Number of Exceptions	Degree of Assurance Needed		
	High (90–95% Confidence Level)	Moderate (87–89% Confidence Level)	Low
0	60	40	25
1	91	71	53
2	120	98	76

Table 2

Tests of Compliance Sampling Table—Population: Less Than 250

Minimum Sample Sizes—5% Tolerable Exception Rate

Expected Number of Exceptions	Degree of Assurance Needed		
	High (90–95% Confidence Level)	Moderate (87–89% Confidence Level)	Low
0	51	37	25
1	78	63	48
2	101	85	Sampling not efficient

Note: For populations between 52 and 250 items, auditors generally test a sample size of approximately 10% of the population. The sample size is subject to professional judgement, which would include engagement risk assessment considerations.

Table 3

Tests of Compliance Sampling Table—Very Small Populations

Frequency and Population Size	Sample Size
Quarterly (4)	2
Monthly (12)	2–4
Semimonthly (24)	3–8
Weekly (52)	5–9

MATERIALITY LEVELS

Each program for which ADA is reported to the CDE must be audited consistent with this guide, if the number of units of ADA reported is material as shown in the following table:

LEA's Total Reported ADA	Materiality Level/Program
1 - 1,000	10 or more ADA
1,001 - 2,500	20 or more ADA
2,501 - 10,000	50 or more ADA
More than 10,000	100 or more ADA

REPORT COMPONENTS

The report of each audit performed pursuant to Education Code section 41020 shall include the following:

1. Introductory Section

a. Table of Contents

b. Other information as deemed appropriate by the auditee

2. Financial Section

a. Independent Auditors Report

b. Management's Discussion and Analysis

c. Basic Financial Statements

d. Notes to the Basic Financial Statements

3. Required Supplementary Information: Schedule of budgetary comparison data, by object, 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.

4. Supplementary Information

a. *LEA Organization Structure*, setting forth the following information, at a minimum:

1) The date on which the LEA 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 LEA;

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

5) The names, with their titles, of the superintendent, chief business official, and deputy/associate/assistant superintendents.

b. *Schedule of ADA* which displays ADA data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate; and if there are any ADA adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final ADA after audit finding adjustments, shown by grade span.

c. *Schedule of Instructional Time* displaying, for school districts, including basic aid districts, data that show whether the district complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code; showing by grade level:

1) For districts that met or exceeded their LCFF target or districts that participated in longer day funding, the number(s) of instructional minutes specified in Education Code section 46207(a) or 46201(b) as applicable, and the district's required instructional minutes set forth in Audit Guide Part F, Instructional Time, as applicable;

2) For districts that did not meet or exceed their LCFF target and did not participate in longer day funding, the number(s) of instructional minutes the district offered in the 1982-83 year, and the district's required instructional minutes as calculated in Audit Guide Part F, Instructional Time, as applicable;

3) For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level;

4) For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the instructional minutes and day's provisions. State in a note to the schedule whether the district participated in longer day incentives and whether the district met or exceeded its LCFF target funding.

5) For charter schools, data that show whether the charter school complied with Education Code sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code section 47612.5; the instructional minutes offered during the year audited showing the school location 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 charter school complied with the instructional minutes and days provisions.

d. *Schedule of Financial Trends and Analysis* displaying 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 ADA; 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.

e. *Reconciliation of Annual Financial and Budget Report With Audited Financial Statements* displaying 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.

f. Optionally, *Combining Statements and Individual Fund Statements and Schedules*

g. *Schedule of Charter Schools* listing all charter schools chartered by the school district or county office of education. For each charter school, include the charter school number and indicate whether or not the charter school is included in the school district or county office of education audit.

h. *Schedule of Expenditures of Federal Awards*, if required by federal audit regulations, applicable to the year being audited.

i. *Notes to Supplementary Information*, if required.

5. *Other Independent Auditor Reports*

a. *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*, specifies material instances of noncompliance, if any; defines material weakness and, when relevant, significant deficiency, and describes the significant deficiencies and material weaknesses disclosed by the audit; states

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 states 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, disclosed by the audit, unless clearly inconsequential; specifies material violations of provisions of contracts and grant agreements, if any; specifies material abuse, if any, disclosed by the audit; and does all this 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.

b. *Report on State Compliance* which addresses each of the state compliance requirements included in this audit guide, 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 (as indicated in the Table of Contents) and states which audit procedures were not performed, noting whether procedures were inapplicable, and what alternative, modified or substitute procedures were followed; and includes an expression of opinion on whether the auditee complied, in all material respects, with applicable compliance requirements.

c. *Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance* required by federal audit regulations, is the component of the Other Independent Auditor 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 opines whether the auditee has established and maintained effective internal control over compliance with the requirements for major federal programs.

6. Findings and Recommendations

a. *Schedule of Findings and Questioned Costs* that presents all audit year findings, and a copy of each management letter issued, if any, with each finding assigned the appropriate code: 10000 Attendance, 20000 Inventory of Equipment, 30000 Internal Control, 40000 State Compliance, 42000 Charter School Facilities Programs, 43000 Apprenticeship: Related and Supplemental Instruction, 50000 Federal Compliance, 60000 Miscellaneous, 61000 Classroom Teacher Salaries, 62000 Local Control Accountability Plan, 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 ADA, by grade span, if any, that were inappropriately reported for apportionment, and an estimate of their dollar value; and a statement consistent with its basis of funding, for any other inappropriately reported claim-such as number of unduplicated LCFF pupil counts or the dollar amount of inappropriate expenditures for a restricted program;

6) a note if the finding is a repeat of or related to a finding in the previous audit year, and 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.

b. *Schedule of Prior Audit Findings* 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.

LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS

A. ATTENDANCE

1. Determine whether the P2 and Annual reports of attendance submitted to the CDE reconcile to the supporting documents by verifying the LEA's ADA calculations for each reporting line item, including the informational line items subject to the materiality levels as described in the Materiality section of the General Provisions. Select the greater of 20 percent or 1 school site for each grade level based on audit risk to perform the following procedures.
2. Trace the ADA numbers from the P2 and Annual reports of attendance to the LEA's summaries.
3. 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):
   a. Reconcile the monthly totals (days of apportionment attendance) on the school's attendance summary to the summary maintained by the LEA for the P2 and the Annual attendance reports.
   b. Select at least one test month in the P2 or Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the school's attendance summary.
   c. Elementary Schools: Select a representative sample of teachers (greater of 5 percent of teachers with a minimum of three 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.

      Middle and High Schools: Select a representative sample of teachers (greater of 5 percent of teachers for one period, with a minimum of three teachers for one period) 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.
4. Select a representative sample of absences by site and compare to documentation supporting the ADA reported to the CDE to verify that absences were not included in ADA. The documentation maintained by the LEA 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.
5. Calculate any inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures. State in a finding the number(s) of units of ADA so identified and an estimate of their dollar value.

B. TEACHER CERTIFICATION AND MISASSIGNMENTS

1. For each teacher selected pursuant to 3(c) in the A section of this guide, test to determine whether the teacher possessed a valid certification document.
2. If any teacher did not possess a valid certification document, calculate the penalty or penalties pursuant to Education Code section 45037 and include the actual calculation in a finding.
3. For each teacher selected pursuant to 3(c) in the A section of this guide, test to determine whether the teacher was assigned to teach in a position:
   a. Consistent with the authorization of his/her certification; or
   b. Otherwise authorized by law pursuant to (1) a governing board resolution in conformance with subdivision (b) of Education Code section 44256, 44258.2, 44258.3, or 44263 or (2) the approval of a committee on assignments pursuant to subdivision (c) or (d) of Education Code section 44258.7.
4. If any teacher selected pursuant to 3(c) in the A section of this guide 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 Education Code section 44253.3, 44253.4 or 44253.10.
5. If any teacher was assigned to teach in a position for which the teacher was not authorized, so state in a finding.

C. KINDERGARTEN CONTINUANCE

1. Obtain a list of pupils who turned six years old by September 1 and were enrolled in kindergarten for the year audited; select a representative sample of kindergarten pupils identified. Perform the following procedures.
   a. Review the record of each pupil to determine whether the pupil continued in kindergarten after completing one school year of kindergarten or transitional kindergarten. For a pupil who begins kindergarten mid-year, one school year of kindergarten is completed on the last school day prior to the anniversary of the pupil's first day of kindergarten.
   b. Except for pupils enrolled in transitional kindergarten in the prior year in accordance with Education Code section 48000(c), verify that the LEA has for each such pupil a signed Kindergarten Continuance Form (a sample of an approved form can be found on the CDE's website) or a signed alternative kindergarten continuance parental agreement, approved in form and content by the CDE.
2. State in a finding the resulting units of ADA inappropriately reported for apportionment and an estimate of their dollar value.

D. INDEPENDENT STUDY

1. If the LEA reported ADA generated through independent study, perform the following procedures at the agency level:
   a. Reconcile the LEA's independent study attendance records to ADA generated through full-time independent study reported to the CDE.
   b. From the independent study attendance records, select a representative sample of pupils for whom ADA generated through independent study was claimed, including pupils on intermittent or "short term" independent study if the LEA 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 the pupil is enrolled.
   c. 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 the pupil was enrolled, calculate and state in a finding the number(s) of units of ADA, by grade span, that were inappropriately reported for apportionment and an estimate of their dollar value.
   d. Verify the LEA's independent study ratio calculation, made pursuant to subdivision (a) of Education Code section 51745.6, of ineligible ADA, if any, generated through independent study by pupils 18 years of age or less.
   e. Interview LEA administrative personnel and school counselors to determine if the LEA had policies and procedures to ensure that any pupil terminating an independent study agreement was permitted to immediately recommence classroom study.
   f. Interview LEA administrative personnel as well as a sample of independent study teachers and review written agreements to determine whether it was the LEA'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.
2. Select a sample of schools that is representative of the LEA and sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the LEA's compliance with independent study requirements. Verify that the monthly site summaries used for summarizing attendance provide accurate information by performing the following procedures:
   a. At each sampled school, examine the attendance accounting records to verify that the attendance of pupils while engaged in independent study was maintained on

separate registers or the LEA had another mechanism in place to track ADA generated through independent study separately from other ADA.

b. Determine the total number of days of attendance reported for each sampled school 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 LEA for the P2 and Annual attendance reports.
c. Select a test month in the P2 or Annual attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the school's attendance summary.
d. Verify that a certificated employee of the LEA coordinated, evaluated, and provided general supervision (as that term is defined in title 5, California Code of Regulations, section 11700(b)), of each pupil's independent study, as required by subdivision (a) of Education Code section 51747.5.
e. 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.
f. If 100% apportionment attendance was recorded for all independent study pupils, 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").
g. For programs in which hourly attendance accounting is not required pursuant to title 5, California Code of Regulations, 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 work product, or the supervising teacher's review of the evaluation and assignment of time value made by another certificated teacher.

3. From the attendance records, select a representative sample of pupils for whom ADA generated through independent study was claimed, including pupils on intermittent ("short term") independent study if the LEA offered that option, and perform the following procedures:
   a. Verify that no pupil was enrolled in the LEA pursuant to subdivision (b) of Education Code section 48204 while engaged in full-time independent study.
   b. Determine each selected 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.
   c. 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 resident of the same or a contiguous county within California.

d. 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.
e. Verify that a written agreement exists for each pupil selected.
f. 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.
g. Verify that pupils enrolled in independent study met the applicable age requirements established pursuant to Education Code sections 46300.1.
h. Verify that every written agreement contained all the required elements:
   (1) The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress
   (2) 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
   (3) The methods utilized to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment)
   (4) 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)
   (5) A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code section 51747:
      (A) The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and
      (B) 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.
   (6) 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 longer than one school year
   (7) 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
   (8) 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 Education Code 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)

(9) Signatures, affixed prior to the commencement of independent study, by:
   (A) The pupil;
   (B) 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 old;
   (C) The certificated employee who has been designated as having responsibility for the general supervision of independent study; and
   (D) All other persons, if any, who had direct responsibility for providing assistance to the pupil.

i. Verify that no days of attendance were reported for dates prior to the signing of the agreement by all parties.
j. Trace each pupil's attendance from the attendance records to the teacher's register, record of the pupil's work completed, and the corresponding work assignment record. Verify that pupil work samples have been retained in the file.
k. Verify that the pupil 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.
l. 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.

4. State in a finding the number(s) of inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures and an estimate of their dollar value.

E. CONTINUATION EDUCATION

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

1. Reconcile the monthly totals (days of apportionment attendance) on the site's attendance summary to the summary maintained by the district for the P2 and the Annual attendance report.
2. Select a test month in the P2 attendance reporting period. Verify the mathematical accuracy of the monthly report and trace the totals to the site's attendance summary.
3. Select a representative sample of teachers for one period. 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.
4. Select a representative sample of pupils and perform the following procedures:
   a. Trace each pupil's attendance in the weekly attendance records to the teacher's attendance register or other approved record.

   b. Verify that hourly attendance accounting was used.
   c. Verify that attendance was not credited for more than the scheduled class time.
5. 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.
6. Select a representative sample of continuation pupils enrolled in work experience education and perform the following procedures:
   a. 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 the pupil generated additional hours of work experience apportionment attendance credit.
   b. Verify that the pupils earning work experience credit received at least one instructional period per week of classroom instruction or counseling as required by Education Code section 51760.3(b).
   c. Verify that not more than 10% of each continuation high school's ADA at P2 (exclusive of ADA for a pupil who was pregnant or was a parent and the child's primary caregiver) was generated through independent study as provided in Education Code section 51745(b).
7. State in a finding the number(s) of inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures and an estimate of their dollar value.

F. INSTRUCTIONAL TIME

School Districts: perform the following procedures:

1. For the sites selected in procedure A.3, 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 each school in the sample. Compare the instructional minutes from each schoolsite'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.
3. If all sampled regular day schools have fewer than the applicable minimum number of days as set forth in number 2 above, 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 Education Code section 41420(a). Include a finding stating that fact and calculating the amount of the penalty.
5. If the district is not subject to the penalty provided in Education Code section 41420(a) but is subject to one or more penalties as provided in Education Code section 41420(b), 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. Calculate the penalty or penalties. Include the schedule(s), the calculation(s), and the amount(s) of the penalty or penalties in a finding
6. If the district met or exceeded its LCFF target as set forth in Education Code section 46207(a) 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 specified in Education Code section 46207.
7. If the district did not meet its LCFF computed pursuant to Education Code section 42238.02, determine whether the district participated in longer day incentive funding provided for in Education Code section 46201, or longer year incentive funding provided for in Education Code section 46200(a), as those sections read on January 1, 2013:
    a. For each district that participated in longer day and longer year incentive funding (i.e., every district except those listed in b, c, or d below) compare the amount of time offered for each grade level in each school in the sample during the year being audited to the required amount of instructional time specified in Education Code section 46201(b).
    b. For districts that participated in longer day but did not participate in longer year incentive funding [Janesville Union Elementary (18-64105), Richmond Union Elementary (18-64170), Shaffer Union Elementary (18-64188), Big Valley Joint Unified (18-64089), and Castle Rock Union Elementary (45-69922)] compare the amount of time offered for each grade level in each school in the sample during the year being audited to the required amount of instructional time specified in Education Code section 46201(b).
    c. For districts that did not participate in longer day but did participate in longer year incentive funding [Canyon Elementary (07-61671), Baker Elementary (36-73858), and Delphic Elementary (47-70227)] 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 offered by the district during the 1982-83 school year.
    d. For districts that did not participate in either longer day or longer year incentive funding [Seiad Elementary (47-70458) and Willow Creek (47-70490)] compare the amount of time offered for each grade level in each school in the sample during the year being audited to the required amount of instructional time offered by the district during the 1982-83 school year.

8. Based on the schools selected under paragraph 1, determine whether the district offered optional classes to satisfy instruction time 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 optional courses that are appropriate only for limited numbers of pupils, and scheduling optional courses 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.
9. If any schools were not in compliance with the instructional minutes requirements pursuant to 6 or 7 of this section, as applicable, 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 46201, 46202, or 46207. Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding.
10. For any school district that either met or exceeded its LCFF target or participated in longer year incentive funding, and that had any schools that offered less than 180 days, 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 or 46208. Include the schedule(s), the calculation, and the amount of the penalty or penalties in a finding.

G. INSTRUCTIONAL MATERIALS

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 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 COE 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 COE 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 or 60605.8 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.
8. If the school district or COE was not in compliance with any of these requirements, so state in a finding.

H. RATIO OF ADMINISTRATIVE EMPLOYEES TO TEACHERS

1. For school districts, verify that the school district is in compliance with the administrative employee-to-teacher ratio requirement for the year audited by determining that the employees were properly classified and the ratio was calculated consistent with the definitions in Education Code section 41401 and the procedures of Education Code section 41403.
2. If the number of administrative employees per hundred teachers exceeded the allowable ratio set forth in Education Code section 41402, state in a finding the number of excess administrative employees and the associated penalty, as set forth in Education Code section 41404.
3. If the school district cannot show that it was in compliance with the ratio during the year audited, include a finding that the ratio could not be confirmed.

I. CLASSROOM TEACHER SALARIES

1. If, during the year preceding the year audited, the district had 101 units or more of ADA, and, during the year audited, the district was subject to Education Code section 41372 pursuant to Education Code section 41374, determine whether, after applicable audit adjustments, the district's expenditures on classroom teacher's salaries met the percentage requirements of Education Code section 41372.
2. If the district did not meet the applicable minimum percentage required for payment of salaries of classroom teachers, state in a finding 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.

J. EARLY RETIREMENT INCENTIVE

1. Obtain a copy of the certification required by Education Code sections 22714 and 44929 and verify that the school district received approval from the COE or that the COE received approval from the Superintendent of Public Instruction as appropriate.
2. Verify that the reason(s) contained in the certification are consistent with the results of the early retirement incentive program.
3. Verify the data disclosed as a result of the district's or county office's adoption of the early retirement incentive program.
4. 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 post-retirement health benefit costs, incurred by the employer.

K. GANN LIMIT CALCULATION

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

1. Verify that the data used by the district or the COE is accurate, ensuring that the prior year Gann ADA and prior year appropriations limit used by the district or the COE match the data on the prior year appropriations limit calculation previously submitted to the CDE. 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 COE has recalculated the prior year appropriations limit and attached a copy of the recalculation to the current year appropriations limit.
2. If the district or the COE is found out of compliance, so state in a finding.

L. SCHOOL ACCOUNTABILITY REPORT CARD

1. Obtain the School Accountability Report Cards issued in the year being audited, for each of the schools selected pursuant to Section A, Attendance, and perform the following procedures:
   a. Identify any complaints related to teacher misassignment or vacancies included in the quarterly report of summarized complaint data compiled pursuant to Education Code section 35186(d) that are applicable to the School Accountability Report Card(s) selected in 1., as required by Education Code section 33126(b)(5). 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, so state in a finding.
   b. For each school in the sample of schools selected pursuant to Section A of this guide, obtain the school district's or COE'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 School Accountability Report Card(s) selected in 1, or a local evaluation instrument that meets the same criteria, pursuant to subdivision (d) of Education Code section 17002. 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(s) selected in 1 for that school as required by Education Code section 33126(b)(8). 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, so state in a finding.
   c. For each school in the sample of schools selected pursuant to Section A of this guide, compare the information on the availability of sufficient textbooks and other instructional materials included in the School Accountability Report Card(s) selected in 1 pursuant to Education Code section 33126(b)(6)(B) with the information in the resolution and the determinations pursuant to Education Code section 60119 for the year applicable to the School Accountability Report Card(s) selected in 1. 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, so state in a finding.

M. JUVENILE COURT SCHOOLS

If the COE claimed any ADA 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:

1. Determine whether the Annual report of attendance submitted to the CDE reconciles to the supporting documents by verifying the COE's juvenile court schools ADA calculations.
2. In accordance with Education Code section 41601(b), verify that a divisor of 175 was used in calculating the ADA reported in the Annual attendance reporting period.
3. Trace the ADA numbers from the Annual report of attendance to the COE's summaries.
4. 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.
5. 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.
6. Select a representative sample of teachers for one period. 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.
7. 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 Education Code section 48645.3.
8. 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 Education Code section 48645.3.
9. State in a finding the number(s) of inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures and an estimate of their dollar value.

N. MIDDLE OR EARLY COLLEGE HIGH SCHOOLS

1. Determine if the school district has a school that meets the definition of a middle college high school as described in Education Code section 11300 or early college high school as described in Education Code section 11302.

2. Select a representative sample of pupils and determine if those pupils met the instructional time and enrollment conditions set forth in Education Code section 46146.5 or 46160(a)(2).
3. State in a finding the number(s) of inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures and an estimate of their dollar value.

O. K-3 GRADE SPAN ADJUSTMENT

1. If the school district reported ADA for the audit year for kindergarten or grades 1 to 3, and provides documentation that the bargaining unit and school district have agreed to an alternative pursuant to Education Code section 42238.02(d)(3)(B) or (C) that is applicable to the audit year, then no further procedures in this section need to be performed. For additional information on K-3 grade span adjustments, see CDE's website at:

   http://www.cde.ca.gov/fg/aa/lc/lcfffaq.asp.

2. If the school district reported ADA for the audit year for kindergarten or grades 1 to 3 and cannot provide documentation that the bargaining unit and school district have agreed to an alternative pursuant to Education Code section 42238.02(d)(3)(B) or (C) that is applicable to the audit year, select a representative sample of schoolsites that have pupils in those grades for the audit year and perform the following:
   a. If the average class enrollment in 2012-13 was 24 pupils or less, then:
      (1) Verify the mathematical accuracy of each schoolsite's audit year "average class enrollment" as defined in title 5, California Code of Regulations, section 15498.1(f).
      (2) For the sites selected in procedure A.3, select a representative sample of classes in kindergarten and grades 1, 2, and 3, inclusive of combination classes, and verify the audit year "active enrollment count" as defined in title 5, California Code of Regulations, section 15498.1(d) and trace to supporting documentation.
   b. If the average class enrollment in 2012-13 was more than 24 pupils, then:
      (1) Verify the mathematical accuracy of the schoolsite's calculation of the "maximum average class enrollment" as defined in title 5, California Code of Regulations, section 15498.1(g) for both the prior and audit year.
      (2) Verify the mathematical accuracy of each schoolsite's audit year "average class enrollment" as defined in title 5, California Code of Regulations, section 15498.1(f).
      (3) Select a representative sample of classes in kindergarten and grades 1, 2, and 3, inclusive of combination classes, for the audit year and verify the "active enrollment count" as defined in title 5, California Code of Regulations, section 15498.1(d) and trace to supporting documentation.

3. If the testing in 2.a. resulted in any of the schoolsites' "average class enrollment" exceeding 24 pupils, or if the testing in 2.b. resulting in any of the schoolsites' "average class enrollment" exceeding the "maximum average class enrollment" include a finding which shows the estimated amount of kindergarten and grades 1-3 grade span adjustment received as disallowed.

P. TRANSPORTATION MAINTENANCE OF EFFORT

1. Determine if the LEA had any transportation expenditures as specified in Education Code section 2575(k) or 42238.03(a)(6)(B) in the 2012-13 fiscal year.
2. If the LEA did have transportation expenditures in the 2012-13 fiscal year, determine if the LEA expended the lesser of the amount expended in 2012-13, or the amount of revenue received in 2012-13, as adjusted by Education Code section 42238.03(a)(6)(A)(iii), in the fiscal year being audited pursuant to the statutes cited in 1. The adjusted amount received is available by fiscal year on CDE's website: at http://www.cde.ca.gov/fg/aa/pa/index.asp#fiscalyear. Select the audit year. Under the heading titled Second Principal (P-2) Apportionment, select Funding Exhibits-Second Principal Apportionment. From the dropdown menus select:

- Period: P-2
- Entity: LEA type being audited
- Program: "2012-13 Categorical Program Entitlements Subsumed into LCFF"
- Other LEA information, as applicable
- Select Preview Report, and add Lines A-8 and A-9 in the Deficited Column.

3. If the LEA was not in compliance with the transportation expenditure requirements, report the noncompliance as a finding.

Q. APPRENTICESHIP: RELATED AND SUPPLEMENTAL INSTRUCTION

1. Select a representative sample of apprentices enrolled in a program for which related and supplemental instruction hours were reported by any participating apprenticeship program sponsor, pursuant to Education Code sections 8150.5, 8152, and 79149.3. Verify the hours reported and claimed are eligible, by tracing the hours reported to source documents (e.g. pupil sign in sheets, timesheets, apprenticeship rosters).

2. For isolated apprentices, as defined by Labor Code section 3074, select a representative sample of pupils and obtain evidence that supports attendance during instructional events.

3. Report any noncompliance and the estimated dollar value in a finding.

R. COMPREHENSIVE SCHOOL SAFETY PLAN

1. Verify the LEA has a process in place to ensure its schools have a comprehensive school safety plan that is approved by the school district or county office of education.
2. Select a representative sample of schools of the LEA and verify each school has adopted its comprehensive school safety plan as described in Education Code Section 32282 and reviewed and updated its plan by March 1.
3. If a school did not have a comprehensive school safety plan, verify the LEA notified the State Department of Education by October 15.
4. Report a finding identified through the foregoing audit procedures.

S. DISTRICT OF CHOICE

1. Determine if the governing board of a school district elected to operate as a school district of choice.
2. If the governing board of a school district elected to operate as a school district of choice, perform the following:
   a. Verify the school district of choice registered as a school district of choice with the California Department of Education and the county board of education where the school district of choice is located.
   b. Verify the school district of choice adopted by resolution the number of transfers it is willing to accept and that the school district accepted all pupils who apply to transfer until the school district is at maximum capacity.
   c. Review the school district's selection process and inquire into whether the process avoided inquiry into student characteristics as defined in EC Section 48301(a), except for determining priority for pupils eligible for free or reduced-price meals, siblings of current students, or children of military personnel pursuant to EC Section 48306.
   d. If the number of transfer applications exceeded the number of transfers the governing board of a school district of choice elected to accept, verify a public drawing was held by reviewing the board minutes of which the determination was made at a regularly scheduled meeting of the governing board.
   e. Verify the school district of choice collected the required data in *EC* Section 48313 (a).
3. Report any noncompliance in a finding.

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS

T. CALIFORNIA CLEAN ENERGY JOBS ACT

1. Select a representative sample of California Clean Energy Jobs Act expenditures and verify they were consistent with the energy expenditure plan(s), and any amendments, approved by the California Energy Commission pursuant to section 26235(f) of the Public Resources Code, and applicable California Energy Commission implementation guidelines.

   Additional information, including the guidelines, can be found on the California Energy Commission's website at:
   http://www.energy.ca.gov/efficiency/proposition39/index.html
2. Verify that the total expenditures for planning funds did not exceed the planning fund award amount.

   The total award available for planning can be found on the California Department of Education's website at: Proposition 39 – Multi-year Schedule:

   http://www.cde.ca.gov/fg/aa/ca/prop39cceja.asp.
3. If any California Clean Energy Jobs Act expenditures are found to have been made for nonqualifying purposes or not in accordance with law, pursuant to 1 and 2, list such expenditures by type and amount, and state the total in a finding.
4. If an Energy Expenditure Plan project was completed between 12 and 15 months prior to any month in the audit year, determine if the LEA submitted a final project completion report of its project expenditures, as defined in the California Energy Commission's "Proposition 39: California Clean Energy Jobs Act – Program Implementation Guidelines" applicable to the audit year.
5. Determine if any of the approved projects from the Energy Expenditure Plan include:
   a. a school facility not publicly owned that is voluntarily vacated by the LEA within five years of the project completion and California Clean Energy Jobs Act funds have not been returned.
   b. a school facility not publicly owned that an LEA is forced to vacate within the life of the project completion and California Clean Energy Jobs Act funds have not been returned.
   c. facilities that are not used in accordance with state statute or regulation, have been torn down or remodeled or is deemed to be surplus and sold prior to the payback, as defined in the California Energy Commission's "Proposition 39: California Clean Energy Jobs Act Program Implementation Guidelines," applicable to the audit year, of the project and California Clean Energy Jobs Act funds have not been returned.
6. If the LEA did not submit a final project completion report of its project expenditures, or met any of the conditions in 5, include a finding identifying the project, the date the

project was completed, the date and a description of the facility that met one of the conditions in 5, if applicable, including a disallowance of the funding received for that project. If the LEA was subject to 5(b) in this section, include in the finding the facility owner and address as the facility owner will be subject to repayment pursuant to Public Resources Code 26235 (i).

U. AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM

1. If the LEA operated an after school program component:
   a. Determine whether the LEA had a policy regarding reasonable early daily release of pupils from the program.
   b. Select a representative sample of schools for which data was reported to the CDE for the after school base grant program.
   c. For each school in the sample, 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. Report noncompliance in a finding.
   d. For each school in the sample, select a representative sample of attendance days to determine whether the reported number of pupils served is supported by written records, by tracing the reported daily attendance numbers through any documentation used to summarize the number of pupils served, to originating data. If the LEA misreported the attendance of the number of students served in any school in the sample, include the misreporting in a finding.
   e. For each school in the sample, determine whether the LEA has a process or procedure that gives first priority for enrollment to pupils who are identified by the program as homeless youth or in foster care at the time they apply for enrollment; and for each middle or junior high school in the sample, second priority for enrollment to pupils who attend daily. Report noncompliance in a finding.
   f. If a pupil in any sample attended less than the full day, verify the reason for early release was consistent with the established early release policy. Report noncompliance in a finding.
2. If the LEA operated a before school program component:
   a. Determine whether the LEA had a policy regarding reasonable late daily arrival of pupils to the program.
   b. Select a representative sample of schools for which data was reported to the CDE for the before school base grant program.
   c. For each school in the sample, determine whether the LEA operated the before school program for not less than one and one-half hours per regular schoolday. Report noncompliance in a finding.
   d. Select a sample of attendance days to determine whether the reported number of pupils served is supported by written records, by tracing the reported numbers

through any documentation used to summarize the numbers of pupils served, to originating data. If the LEA misreported the attendance of the number of students served in any school in the sample, include the misreporting in a finding.

e. For each school in the sample, determine whether the LEA has a process or procedure that gives first priority for enrollment to pupils who are identified by the program as homeless youth or in foster care at the time they apply for enrollment; and for each middle or junior high school in the sample, second priority for enrollment to pupils who attend daily. Report noncompliance in a finding.

f. If any pupils reported on the report of pupils served attended for one-half day or more but less than the full day, determine whether the attendance was consistent with the established late arrival policy. Report noncompliance in a finding.

3. General requirements:

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

   b. Review program expenditures by performing the following procedures:

      (1) Verify that expenditures of state funds for indirect costs were the lesser of the LEA's indirect cost rate as approved by the CDE for the year audited, or 5 percent of the state funding received.

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

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

   c. Report any noncompliance of these general requirements in a finding.

V. PROPER EXPENDITURE OF EDUCATION PROTECTION ACCOUNT FUNDS

1. Verify that funds provided from the Education Protection Account have been properly expended as required by Article XIII, Section 36, Subdivision (e), Paragraph (6) of the California Constitution.
2. Report noncompliance in a finding.

W. UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS

1. For every school tested for attendance in A or AA of this audit guide, excluding juvenile court schools, obtain a copy of the school's certified "1.18 – FRPM / English Learner / Foster Youth – Student List" report with Age Eligibility filter set to "LCFF" (excludes any transitional kindergarten students who had their fifth birthday after December 2). The certified report will not have a "Not Certified" watermark on the report in the Snapshot

View. For additional information on Unduplicated Local Control Funding Formula Pupil Counts, see California Department of Education website at:
http://www.cde.ca.gov/fg/aa/lc/lcfffaq.asp
For each student list obtained:

a. Select a representative sample, to achieve a high level of assurance, from the students indicated as only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column (which means students are indicated as a "No" under the "Direct Certification" column, a "No" under foster column, a "No" under the "Homeless" column, blank under the "Migrant Ed Program" column, and "181-Free" or "182-Reduced" under the "NSLP Program" column) and verify there is supporting documentation such as a FRPM eligibility application under a federal nutrition program, an alternative household income data collection form that indicates the student was eligible for the designation, or a direct certification list obtained from the county welfare department, or COE, that matches enrolled students against those children/households receiving CalFresh (or CALWORKs) benefits. If a student in the sample transferred to another LEA, the LEA may obtain the documentation from the LEA the student transferred to, or another student may be selected for the sample.
   For schools designated as Provision 2 or 3 or the Community Eligibility Provision under the NSLP, confirm the LEA followed data collection procedures pursuant to Education Code section 42238.01 (a) by ensuring that supporting documentation for the school was either 1) collected in the current year, or 2) collected in the school's designated LCFF base year (students enrolled after the base year should have supporting documentation from the year enrolled.)
b. Select a representative sample, to achieve a high level of assurance, from the students that are only English Learner (EL) eligible (which means students are indicated as a "No" under the "Direct Certification" column, a "No" under "Foster" column, a "No" under the "Homeless" column, blank under the "Migrant Ed Program" column, a blank under the "NSLP Program" column, and "EL" under the "ELAS Designation" column) and verify there is supporting documentation that indicates the student was eligible for the designation, such as (a) a copy of the parent/guardian notification letter that states the pupil is initially designated as an EL or is a continuing EL, and a copy of the Initial English Language Proficiency Assessments for California (ELPAC) Student Score Report that indicates the student's initial ELPAC overall scale score and performance level do not meet the ELPAC criterion for English language proficiency, or (b) if the student is designated as EL, results on the Summative ELPAC Student Score Report indicate that the student has not met the ELPAC criterion for English language proficiency, and the LEA's Policy/Procedures for Reclassification and documentation that was used to determine the student's EL status is consistent with the LEA policy. If a student in the sample received his or her EL designation while enrolled at a prior LEA or

transferred to another LEA, the LEA may obtain the documentation from the LEA the student transferred from or to, or another student may be selected for the sample.

c. Select a representative sample, to achieve a high level of assurance, from the students that are both included in the "NSLP Program" column and the "ELAS Designation" column (which means students are indicated as a "181-Free" or "182-Reduced" under the "NSLP Program" column, and "EL" under the "ELAS Designation" column and verify that there is supporting documentation for at least one of the designations as required by steps 1(a) or 1(b). If a student in the sample transferred to another LEA, the LEA may obtain the documentation from the LEA the student transferred to, or another student may be selected for the sample. If a student in the sample received his or her EL designation while enrolled at a prior LEA, the LEA may obtain the documentation from the LEA the student transferred from, or another student may be selected for the sample.

2. For any errors noted in testing procedures described in 1, determine the total impact of that error on the specific section tested and the individual schoolsite. This determination should be made either by an extrapolation of the impact of the error, further audit procedures, or testing of 100 percent of the population where the error was discovered.
3. Based on the results of the procedures described in 1 and 2, select additional schools as deemed necessary, e.g., if similar errors of inaccuracy or miscalculation would be likely to produce material results in those schools, and perform those procedures on each additional school.
4. If any of the unduplicated pupil counts were inappropriately reported, report in a finding the method for determining the total impact of the finding on the LEA, and include a schedule of unduplicated pupil counts summarizing the results of the procedures and displaying any calculating inappropriately reported unduplicated pupil counts and the estimated dollar impact. The schedule should include the LEA's certified total unduplicated pupil count and enrollment count as funded under the Local Control Funding Formula, show increases or decreases to the unduplicated pupil count based on any audit adjustments by including the following: enrollment adjustments, unduplicated pupil count adjustment based on eligibility for FRPM; unduplicated pupil count adjustment based on eligibility for EL funding; unduplicated pupil count adjustment based on eligibility for both FRPM and EL; and the adjusted total unduplicated pupil count and enrollment counts of the LEA.

   Enrollment and Unduplicated Pupil counts as funded under the Local Control Funding Formula can be found by selecting the applicable audit year on the CDE website at: http://www.cde.ca.gov/fg/aa/pa/

   To find the counts for a specific LEA first select the fiscal year under review. On the next page, select Funding Exhibits-Second Principal Apportionment. On the next page, Second Principal Apportionment (P2) for the appropriate fiscal year, select audit year P-

2 from the drop down menu, and select the type of entity (County Office of Education, School District, or Charter School). Next select County Unduplicated Pupil Percentage, School District Unduplicated Pupil Percentage, or Charter School District Unduplicated Pupil Percentage depending on the entity type. Next select the appropriate county and LEA.

5. Charter schools should be presented separately and should not be combined with district or COE data on this schedule. For COEs and charter schools that operate COE programs, separately report pupils funded pursuant to Education Code section 2574(c)(4)(A), juvenile court pupils funded pursuant to Education Code section 2574(c)(4)(B), and all other pupils. For COEs, the district of residence needs to be identified for pupils in the "all other pupils" category.

X. LOCAL CONTROL AND ACCOUNTABILITY PLAN

1. Obtain a copy of the LEA's approved local control and accountability plan for the audit year.
2. Select a sample of actions or services the LEA described in the annual update of the plan that the LEA identifies as having actual expenditures.
3. Select a sample of actual expenditures for actions or services identified pursuant to 2 and examine supporting documentation to determine whether the expenditures were made consistent with the actions or services.
4. If the expenditures selected pursuant to 3 were not made consistent with the identified actions or services, so state in a finding.
5. For county offices of education and school districts only, verify the LEA:
   a. Presented the local control and accountability plan to the parent advisory committee in accordance with Education Code section 52062(a)(1) or 52068(a)(1), as appropriate.
   b. If applicable, presented the local control and accountability plan to the English learner parent advisory committee, in accordance with Education Code section 52062(a)(2) or 52068(a)(2), as appropriate.
   c. Notified members of the public of the opportunity to submit comments regarding specific actions and expenditures proposed to be included in the local control and accountability plan in accordance with Education Code section 52062(a)(3) or 52068(a)(3), as appropriate.
   d. Held at least one public hearing in accordance with Education Code section 52062(b)(1) or 52068(b)(1), as appropriate.
   e. Adopted the local control and accountability plan in a public meeting in accordance with Education Code section 52062(b)(2) or 52068(b)(2), as appropriate.
6. If the county office or school district was not in compliance with any of the requirements listed in 5, so state in a finding.

Y. INDEPENDENT STUDY-COURSE BASED

NOTE: An LEA must be audited for two consecutive years when operating an independent study – course based program. Thereafter, the program must be audited if the number of units of ADA reported is material as shown in the materiality level table.

1. If an LEA reported ADA pursuant to Education Code section 51749.5, then verify the following:
   a. The governing board or body of the participating school district, county office of education, or charter school ("LEA") adopted policies, at a public meeting, that comply with the requirements of Education Code section 51749.5 and any applicable regulations adopted by the state board
   b. There is a signed learning agreement, which may be a physical or electronic copy, on file for each pupil participating that contains all the following information:
      (1) A summary of the policies and procedures adopted by the governing board or body of the LEA pursuant to Education Code section 51749.5, as applicable;
      (2) The duration of the enrolled course or courses, the duration of the learning agreement, and the number of course credits for each enrolled course consistent with certifications adopted by the governing board or body of the school district or county office of education pursuant to Education Code section 51749.5. The duration of the learning agreement shall not exceed a school year or span multiple school years;
      (3) The learning objectives and expectations for each course, including, but not limited to, a description of how satisfactory educational progress is measured and when a pupil evaluation is required to determine whether the pupil should remain in the course or be referred to an alternative program, which may include, but is not limited to, a regular school program;
      (4) The specific resources, including materials and personnel, that will be made available to the pupil;
      (5) A statement that the pupil is not required to enroll in courses authorized pursuant to Education Code section 51749.5; and
      (6) The signature of the pupil and, if the pupil is less than 18 years of age, the pupil's parent or legal guardian, and all certificated employees providing instruction, with each signature dated before instruction may commence.
   c. Courses are taught under the general supervision of a certificated employee who is employed by the LEA at which the pupil is enrolled, or by an LEA that has a memorandum of understanding to provide the instruction in coordination with the LEA at which the pupil is enrolled.
   d. Courses are annually certified by a resolution of the governing board or body of the LEA providing the instruction, to be of the same rigor and educational quality as equivalent classroom-based courses, and aligned to all relevant local and state content standards.
   e. The course certification shall, at the minimum, include the duration, number of equivalent daily instructional minutes for each schoolday that a pupil is enrolled,

number of equivalent total instructional minutes and the number of course credits for each course.

   f. It was the LEA's policy or practice to ensure that pupils were not assessed a fee prohibited by Education Code section 49011 (ascertain, e.g., by interviewing LEA administrative personnel).
   g. It was the LEA's policy or practice to ensure no pupil was prohibited from participating in independent study solely on the basis that he or she does not have the materials, equipment or internet access that are necessary to participate in the independent study course (ascertain, e.g., by interviewing LEA administrative personnel).
   h. Statewide testing results for pupils were reported and assigned to the school at which the pupil was enrolled and to any LEA within which that school's testing results were aggregated.
   i. Pupils enrolled in courses were offered the minimum annual instructional minutes pursuant to Education Code sections 46200 to 46208 inclusive, or, for charter schools, Education Code section 47612.5:

2. From the course-based independent study attendance records, select a representative sample of pupils and perform the following procedures:
   a. Verify that pupils enrolled in courses met the applicable age requirements established pursuant to Education Code sections 46300.1, 46300.4, 47612 and 47612.1.
   b. Verify that pupils enrolled in courses met the applicable residency and enrollment requirements of Education Code sections 46300.2, 47612, 48204, and 51747.3:
   c. Verify that certificated employees communicated with each pupil in-person, by telephone, or by any other live visual or audio connection no less than twice per calendar month to assess whether each pupil is making satisfactory educational progress.
   d. Verify that written or computer-based evidence of satisfactory educational progress was retained for each course and pupil. At a minimum, this evidence shall include a grade book or summary document that, for each course, lists all assignments, examinations, and associated grades.
   e. If satisfactory educational progress was not being made, verify that certificated employees providing instruction notified the pupil and, if the pupil was less than 18 years of age, the pupil's parent or legal guardian, and conducted an evaluation to determine whether it was in the bests interest of the pupil to remain in the course or whether he or she should be referred to an alternative program, which may include, but is not limited to, a regular school program.
   f. For pupils tested, verify that the combined equivalent daily instructional minutes for enrolled courses authorized by all other laws and regulations met the minimum instructional day requirements applicable to the LEA.
3. For each pupil enrolled in one or more courses authorized pursuant to Education Code section 51749.5(b), verify that attendance was separately computed and recorded as average daily attendance earned pursuant to Education Code section 51749.5(b).

4. If more than 10 percent of total average daily attendance of a LEA is claimed pursuant to Education Code section 51749.5, verify that the amount of average daily attendance for the LEA reported from course-based independent study was reduced by either the statewide average rate of absence for elementary school districts for kindergarten and grades 1 to 8 inclusive, or (b) the statewide average rate of absence for high school districts for grades 9 to 12, inclusive, as applicable, as calculated by the department for the prior fiscal year.
5. Verify that the LEA calculated its independent study ratio consistent with Education Code section 51745.6(a).
6. State in a finding the number(s) of inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures, and an estimate of the dollar value.

Z. [Reserved]

<u>CHARTER SCHOOLS</u>
AA. ATTENDANCE

1. Determine whether the P2 and Annual reports of attendance submitted to the CDE are supported by written contemporaneous records that document all pupil attendance included in the charter school's ADA calculations, by tracing the ADA numbers from the P2 and Annual reports of attendance through any documentation used by the charter school to summarize attendance, to written contemporaneous data origination documents.
2. Determine whether the charter school calculated ADA in accordance with Education Code section 47612 and title 5, California Code of Regulations, section 11960.
   a. Verify that the ADA as reported on the P2 and Annual reports of attendance were computed by dividing the charter school's total number of pupil-days of attendance by the number of calendar days on which school was taught in the charter school through the P2 and Annual apportionment periods.
   b. Verify that for purposes of determining the charter school's total number of pupil-days of attendance, no pupil generated more than one day of attendance in a calendar day.
   c. Verify that the number of calendar days of attendance used in the divisor corresponds to the school calendar.
   d. If the charter school operates a multi-track calendar, verify compliance with Education Code section 47612, by the following steps:
      (1) Verify that ADA was calculated separately for each track. The divisor in the calculation shall be the calendar days in which school was taught for pupils in each track.
      (2) Verify that the charter school operated no more than five tracks.
      (3) Verify that the charter school operated each track for a minimum of 175 days. If the charter school is a conversion school that had operated a multi-track year-round schedule, the charter school was authorized to continue its previous schedule as long as it provided no fewer than 163 days of instruction in each track.
      (4) For each track, verify that the charter school provided the total number of instructional minutes, as specified in Education Code section 47612.5.
      (5) Verify that no track had less than 55 percent of its schooldays before April 15.
      (6) Unless otherwise authorized by statute, verify that no pupil generated more than one unit of ADA in a fiscal year.
   e. For any pupil over the age of 19 years that generated attendance for apportionment purposes in the charter school, verify the pupil met both of the following conditions, unless the charter school program is as specified in Education Code section 47612.1:
      (1) The pupil was enrolled in a public school in pursuit of a high school diploma (for a pupil in special education, an Individualized Education Program (IEP)) while 19 years of age and, without a break in public school enrollment since that time, is enrolled in the charter school and is making satisfactory progress towards award

of a high school diploma (for a pupil in special education, satisfactory progress in keeping with an IEP) consistent with the definition of satisfactory progress set forth in title 5, California Code of Regulations, section 11965(h).

(2) The pupil is not older than 22.

3. Trace the number of school days reported on the Annual attendance report to the school calendar to confirm the number of days reported.
4. Calculate any inappropriately reported units of ADA, by grade span, identified through the foregoing audit procedures. State in a finding the number(s) of units of ADA that were inappropriately reported for apportionment and an estimate of their dollar value.
5. If the number of school days reported on the Annual attendance report is incorrectly reported as determined in 3 above, report a finding which includes the correct number of school days taught in the fiscal year. If the charter school operates multiple tracks, report the finding by individual tracks.

BB. MODE OF INSTRUCTION

1. If ADA was reported to the CDE by the charter school as generated through classroom-based instruction, determine whether that attendance was generated in compliance with all of the following conditions:
   a. 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 Education Code section 47605(l).
   b. At least 80% of the instructional time offered at the charter school was at the schoolsite, as defined in title 5, California Code of Regulations, section 11963(b).
   c. The charter school's schoolsite was a facility that was used principally for classroom instruction as that term is defined in title 5, California Code of Regulations, section 11963(b)(1).
   d. The charter school required its pupils to be in attendance at the schoolsite at least 80% of the minimum instructional time required pursuant to Education Code section 47612.5(a)(1). If a charter high school did not require its pupils to be in attendance at least 80% of the instructional time required, determine if the school is a middle or early college high school and meets the conditions in Education Code section 46146.5 which includes an alternative instructional time requirement.
2. If any ADA reported to the CDE as classroom-based instruction was not generated in compliance with all of the preceding conditions, but was generated in full compliance with the requirements set forth in Audit Guide Section CC, state in a finding the number of units of ADA that were misreported as classroom-based instruction but eligible for nonclassroom-based ADA. If it was not generated in full compliance with the requirements set forth in Audit Guide Section CC, state in a finding the number of units of ADA that were inappropriately reported for apportionment and an estimate of their dollar value.

CC. NONCLASSROOM-BASED INSTRUCTION/INDEPENDENT STUDY

If ADA was reported by the charter school to the CDE 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 Section BB, perform the following procedures:

1. Determine whether the governing body of the charter school had adopted written policies for independent study as required by Education Code section 51747. If it had not, any reported ADA generated through independent study is not eligible for apportionment. If the required policies were in place, determine whether any reported ADA was generated before the written policies were adopted. Any reported ADA generated through independent study before the written policies were adopted is not eligible for apportionment.
2. Verify the charter school's independent study ratio calculation, made pursuant to title 5, California Code of Regulations, section 11704, of ineligible ADA, if any, generated through independent study.
3. Verify that the documentation used by the charter school to summarize monthly attendance provides accurate information. If the charter school had multiple sites providing independent study, select a sample of schoolsites 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:
   a. Determine the total number of days of attendance reported for each site in the sample 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 P2 attendance report.
   b. Select a test month in the P2 attendance reporting period. Verify the mathematical accuracy of the monthly report, or its nearest equivalent if no monthly report is prepared, and trace the totals to the site's attendance summary.
   c. Verify that a certificated employee of the charter school, as defined by title 5, California Code of Regulations, section 11700.1, coordinated, evaluated, and provided general supervision (as that term is defined in title 5, California Code of Regulations, section 11700(b)), of each pupil's independent study, as required by Education Code section 51747.5(a).
   d. 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.
4. From the attendance records, select a representative sample of the pupils for whom ADA 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:

a. 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.
b. 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.
c. 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.
d. Verify that each day of each pupil's attendance included in calculations of ADA took place on one of the charter school's schooldays.
e. 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.
f. Verify that a written agreement exists for each pupil.
g. Verify that every written agreement contained all the elements required by Education Code section 51747(c):
   (1) The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress
   (2) 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
   (3) 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)
   (4) 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)
   (5) A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code section 51747:
      (A) The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and
      (B) 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
   (6) 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 longer than one school year
   (7) 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

(8) A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate
(9) Signatures, affixed prior to the commencement of independent study, by:
(A) The pupil;
(B) 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;
(C) The certificated employee who was designated as having responsibility for the general supervision of the pupil's independent study; and
(D) All other persons, if any, who had direct responsibility for providing assistance to the pupil

h. Verify that no days of attendance were reported for dates prior to the signing of the agreement by all parties.
i. Verify that pupil work samples have been retained in the file.

5. If any inappropriately reported units of ADA were identified through the foregoing audit procedures, state in a finding such number(s) of units of ADA by grade span and estimate their dollar value.

DD. DETERMINATION OF FUNDING FOR NONCLASSROOM-BASED INSTRUCTION

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

1. Determine whether the charter school has:
   a. A multi-year funding determination, made pursuant to Education Code sections 47612.5(d) and 47634.2(d), that applies to the year being audited and that was granted in a year prior to the year being audited; or
   b. A funding determination otherwise applicable to the year audited.
2. If the charter school does not have either type of funding determination specified in subdivision 1 of this section, the charter school was not eligible for funding for any ADA generated through nonclassroom-based instruction. State in a finding the number of units of ADA, by grade span, that were inappropriately reported for apportionment and an estimate of their dollar value.
3. If the charter school has a funding determination as specified in 1(b), 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 CDE on the nonclassroom-based funding determination form applicable to the year being audited:
   a. 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;
   b. The charter school's total expenditures for instruction and related services;
   c. The charter school's total expenditures for salaries and benefits for all certificated employees as defined in title 5, California Code of Regulations, section 11963.3(c)(1);

   d. The charter school's pupil-teacher ratio calculated pursuant to title 5, California Code of Regulations, 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; and
   e. The listing of entities that received, in the previous fiscal year, $50,000 or more or ten percent or more of the charter school's total expenditures identified pursuant to title 5, California Code of Regulations, section 11963.3(a)(5), subparagraphs (B), (C), (D) and (E); 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 ADA 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 ADA amount or some other percentage.
4. If any inaccurate data is identified through the foregoing audit procedures, include in a finding a schedule displaying the inaccurate data and the corresponding correct data.
5. If a funding determination applicable to the year audited was made for the charter school by the State Board of Education, pursuant to 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 title 5, California Code of Regulations, section 11963.3(b)(1)(C). 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 finding 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.

EE. ANNUAL INSTRUCTIONAL MINUTES - CLASSROOM BASED

1. 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 schoolsites that is representative of the charter school's grade spans (elementary, middle and high schools).
2. 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 Education Code section 47612.5(a)(1).
3. 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 are appropriate only for limited numbers of pupils, and courses scheduled such that pupils may take them only by giving up their lunch period.
4. 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 Education Code section 47612.5(a)(1), 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.

5. 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 subdivision (c) of Education Code section 47612.5. In a finding, include both the schedule(s) and the calculated reduction in apportionment.

FF. CHARTER SCHOOL FACILITY GRANT PROGRAM

If the charter school received Charter School Facility Grant Program funding, pursuant to Education Code section 47614.5, for the year audited, perform the following procedures:

1. Verify that grant funds have been used for (1) costs associated with facilities rents and leases, for charter school facilities used principally for classroom instruction, (2) costs for remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites, or (3) common area maintenance charges limited to maintaining the facility and its common areas.
2. If the charter school was not in compliance with the requirements recited in 1 of this section, include a finding listing by category the amount(s) of grant funds that were inappropriately spent.