

Extraordinary Audit

October 31, 2025



Las Lomitas Elementary School District

Michael H. Fine
Chief Executive Officer

October 31, 2025

Nancy Magee, Superintendent
San Mateo County Office of Education
101 Twin Dolphin Dr.
Redwood City, CA 94065

Dear Superintendent Magee:

In April 2025, the San Mateo County Superintendent of Schools and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct an extraordinary audit of the Las Lomitas Elementary School District to determine if fraud, misappropriation of funds or other illegal fiscal practices may have occurred. Specifically, the agreement states:

The focus of the review is to determine, based on the sample testing performed and the auditors' judgment, whether:

1. The focus of this AB 139 review is to sample the Subject Entity's expenditures and internal controls related to employee leave and credit card purchases to determine whether school funds were used for reasons other than legitimate educational purposes.
2. The team will review and test the Subject Entity's credit card purchases by sampling associated transactions made in fiscal years 2022-23, 2023-24, and 2024-25 to date. (To date means through March 31, 2025.) The Team's judgment will determine purchases designated for testing, sample size, sample selection technique, and the conclusion reached as a result of the testing. Sample testing and review results are intended to provide reasonable but not absolute certainty about whether the Subject Entity's disbursements were appropriate.
3. The team will review the contractual terms, employee leave and attendance, and related California State Teachers' Retirement System (CalSTRS) regulations for the superintendent of the Subject Entity for fiscal years 2022-23, 2023-24, and 2024-25 to date. (To date means through December 31, 2024.) The review results are intended to provide reasonable but not absolute certainty about whether the Subject Entity's leave policies and procedures were followed and appropriate.
4. Based on the assessment performed, either recommend or not recommend that the county superintendent of schools notify the governing board of the Subject Entity, the State Controller, the state superintendent of public instruction, and the local district attorney that sufficient evidence exists to indicate that fraud, misappropriation of funds or other illegal fiscal practices may have occurred, and that the county superintendent of schools has concluded its review.

This report contains the study team's findings and recommendation.

FCMAT appreciates the opportunity to serve you and extends thanks to all the staff of the San Mateo County Office of Education and Las Lomas Elementary School District for their cooperation and assistance during this review.

Sincerely,

A handwritten signature in black ink, reading "Michael H. Fine". The signature is written in a cursive, flowing style with a large, stylized "M" and "F".

Michael H. Fine
Chief Executive Officer

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About FCMAT

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 (TK-14) local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county superintendent of schools, the state superintendent of public instruction, or the Legislature.

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) Calculator, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; and provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policy-makers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

Since it was formed, FCMAT has provided LEAs with the types of help described above on more than 2,000 occasions.

FCMAT's administrative agent is the Kern County Superintendent of Schools. FCMAT is led by Michael H. Fine, Chief Executive Officer, and is funded by appropriations in the state budget and modest fees to requesting agencies.

Workshop schedules, manuals, presentation slide decks, Projection-Pro software, LCFF calculators, past reports, an online help desk, and many other resources are available for download or use at no charge on [FCMAT's website](http://FCMAT.org).

History

FCMAT was created by Assembly Bill 1200 (Chapter 1213, Statutes of 1991) and Education Code 42127.8. Assembly Bill 107 (Chapter 282, Statutes of 1997) added Education Code 49080, which charged FCMAT with responsibility for CSIS and its statewide data management work, and Assembly Bill 1115 (Chapter 78, Statutes of 1999) codified CSIS' mission.

Assembly Bill 1200 created a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (Chapter 52, Statutes of 2004) gave FCMAT specific responsibilities for districts that have received emergency state loans.

In January 2006, Senate Bill 430 (Chapter 357, Statutes of 2005) amended Education Code 42127.8, and Assembly Bill 1366 (Chapter 360, Statutes of 2005) amended Education Codes 42127.8 and 84041. These new laws expanded FCMAT's services to include charter schools and community colleges, respectively.

Assembly Bill 1840 (Chapter 426, Statutes of 2018) changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting oversight responsibilities from the state to the local county superintendent to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Report Authority, Purpose and Standards

Education Code (EC) 1241.5(b) permits a county superintendent of schools to review or audit the expenditures and internal controls of any school district within the county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. This is known as an extraordinary audit.

The purpose of an extraordinary audit is to determine if sufficient evidence exists that fraud, misappropriation of funds, or other illegal fiscal practices may have occurred, and to document the findings for referral to the state controller, the state superintendent of public instruction and the local district attorney's office and further investigation by others if needed.

When conducting an AB 139 extraordinary audit, one must be able to determine that there was intent in order to find that there is sufficient evidence that fraud may have occurred. If the intent to commit fraud cannot be determined, it is likely that the conclusion at the end of an extraordinary audit report will indicate there is insufficient evidence to demonstrate that fraud, misappropriation of funds and/or assets, or other illegal fiscal practices may have occurred in the specific areas reviewed.

This extraordinary audit report considers standards that define and help detect fraud, occupational fraud, financial abuse, internal controls, and gift of public funds. These standards are defined in [Appendix B](#) and are integral to this report.

In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

County Superintendent of Schools' Responsibilities

In accordance with EC 42638(b), action by the county superintendent of schools shall include the following:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

In accordance with EC 1241.5(b), the county superintendent is required to report these findings and recommendations to the district's governing board at a regularly scheduled board meeting within 45 days of completing the audit (the date of this report). Within 15 days of receipt of the report, the district's governing board is required to notify the county superintendent of its proposed actions regarding the county superintendent's recommendations.

Judgments Regarding Guilt or Innocence

The existence of fraud, misappropriation of funds and/or assets, or other illegal fiscal practices is solely the purview of the courts. FCMAT is not making statements that could be construed as a conclusion that fraud, misappropriation of funds and/or assets, or other illegal fiscal practices have occurred. These terms are a broad legal concept, and auditors do not make legal determinations regarding whether illegal activity has occurred.

Study Team

The study team was composed of the following members:

Michael Ammermon	Marcus Wirowek, CFE
FCMAT Intervention Specialist	FCMAT Intervention Specialist
CPA, CFE, CRFAC, DABFA	

Leonel Martínez
FCMAT Technical Writer

Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the final recommendations.

Background

The Las Lomitas Elementary School District is located in San Mateo County in the city of Menlo Park. According to [DataQuest](#), for the 2024-25 school year, the district served 1,138 students from transitional kindergarten through eighth grade.

Beginning in November 2024 and into January 2025, several articles from The Almanac news organization reported on district administrators' travel and conference spending. A concerned citizen shared with The Almanac credit card statements they had requested from the district. In January 2025, the county superintendent conducted a preliminary review regarding the district's use of credit cards. The preliminary review concluded that the San Mateo County Office of Education will hire an expert in school district fiscal management to conduct an Assembly Bill (AB) 139 audit of Las Lomitas Elementary School District.

In April 2025 the county superintendent of schools requested that FCMAT assist the county office of education by conducting an AB 139 extraordinary audit to determine if fraud, misappropriation of funds or other illegal fiscal practices may have occurred at Las Lomitas Elementary School District.

The former school district superintendent retired prior to the audit starting; however, they cooperated with the FCMAT audit and assisted the team by providing written information about credit card transactions. On August 19, 2025, the team met virtually with the former superintendent for 1.5 hours to discuss credit card transaction documentation and authorization, sick leave, board policy, and contract terms.

Extraordinary Audit Procedures

An extraordinary audit is conducted based on the study team's experience and judgment. These audits have many components, including obtaining and examining available original source documents; corroborating documents and information through third-party sources when possible; interviewing potential wit-

nesses; gaining an understanding of internal controls applicable to the scope of the work; and assessing factors such as intent, capability, opportunity, and possible pressures or motives.

The audit consists of the following:

- Gathering adequate information about specific allegations.
- Establishing an audit plan.
- Performing audit test procedures, often based on sampling of transactions.
- Using the team's judgment and experience to determine whether fraud, misappropriation of funds and/or assets, or other illegal fiscal practices may have occurred.
- Evaluating the loss that resulted from the alleged inappropriate activity.
- Determining who may have been involved and how it may have occurred.

FCMAT met with county office personnel via teleconference on April 7, 2025, to discuss the audit process and request documents. On April 23, 2025, FCMAT met with district personnel via teleconference. The meeting with the district provided an overview of the audit process and discussed the documents that the district should provide to FCMAT. On April 29 -30, 2025, FCMAT started on-site fieldwork with the district to conduct interviews, collect data and review documents. On August 15, 18, and 19, 2025, FCMAT completed interviews with district staff, board members and the former superintendent. Following fieldwork, FCMAT continued its review and analysis. The team examined numerous documents from the district and other related agencies including, but not limited to, the following:

- Credit card:
 - Statements, transaction authorization logs, receipts, invoices, and other available supporting documentation.
 - Reimbursements to the district.
 - Contracts.
- Former superintendent's attendance:
 - Work calendar.
 - Attendance reports.
 - Attendance leave accrual and usage reports.
- California State Teachers' Retirement System (CalSTRS) circular newsletter.
- California education code.
- Former superintendent's employment contract.
- Board policies and administrative regulations.
- Audit reports and news media reports.
- Emails and public database information.

The FCMAT audit team (team) reviews and evaluates the available information and documents that fall within an audit's scope. The team then assesses this information to determine whether it contributes to a finding in the report. Other information may also be included when relevant.

Findings

Credit Card Transaction Sampling

FCMAT audited district credit card use by the former superintendent and five other employees who were each issued a district credit card. The six employees' credit card statement transactions were examined for the audit scope period of July 1, 2022, through March 31, 2025.

For purposes of this audit, the terms "credit card purchases" and "transactions" mean the same and are used interchangeably. The credit card statement months ranged from July 2022 to March 2025, or two years and nine months (33 months). All 33 months of the former superintendent's credit card transactions were reviewed. Seventeen district employees, including the former superintendent, were issued a district credit card. Five additional employees' credit card transactions were sampled. The total population of credit card statement months to select a sample was 198 months (33 months x 6 employees). For each of the five other employees, eight months of credit card transaction were randomly selected for sampling. The sample months chosen were August 2022, December 2022, January 2023, September 2023, February 2024, June 2024, October 2024, and February 2025.

The team examined all available transactions in the sample period but excluded district credit card balance payments. The focus was on credit card transactions. A transaction could be a purchase or a credit issued by a merchant. A credit is not a purchase but a refund or reversal of a purchase.

The total number of months sampled is 73 [33 months former superintendent + 40 months (8 months x 5 employees) for each of the five other employees sampled]. This means that 36.9% (73 months/198 months) of the possible 198 months of credit card statements was sampled. Shown in [Appendix C](#) are Tables C-1, C-2, and C-3. These tables provide additional statistical foundation data for the district credit card population, sample information summarized by the number of months of credit card statements, and the summarized number and dollar amounts of credit card transactions.

There were 504 credit card transactions within the credit card statement months sampled. The results of the sampling are shown in Table 1 below. The sampled transactions were evaluated using the testing criteria described after Table 1.

Credit Card Purchases Testing Results Sample Period, July 1, 2022 – March 31, 2025 (33 Months)**Table 1: Summarized Credit Card Sample Transactions Results**

Description	Criteria 1 - 5 Summarized Sample Results					
	Number/Quantity			Dollars		
	Total Transactions	Fails	% Fails	Total Dollars	Fails	% Fails
Employee #1	276	259	93.8%	\$ 138,319	\$ 134,688	97.4%
Employee #2	77	44	57.1%	\$ 15,582	\$ 9,158	58.8%
Employee #3	40	6	15.0%	\$ 14,755	\$ 1,065	7.2%
Employee #4	58	29	50.0%	\$ 23,947	\$ 18,264	76.3%
Employee #5	14	6	42.9%	\$ 7,661	\$ 2,993	39.1%
Employee #6	39	39	100.0%	\$ 1,692	\$ 1,692	100.0%
Totals	504	383	76.0%	\$ 201,956	\$ 167,860	83.1%

Source: FCMAT sample testing data sourced from district provided credit card statements.

Note: Dollar amounts and other figures are rounded.

The sample results in Table 1 above show the number of sampled transactions that failed to meet at least one of the following five testing criteria.

1. The credit card expenditure log form is signed by the employee.
2. The credit card expenditure log form is signed by the employee's supervisor (this signature means that the expenditure is properly authorized).
3. The credit card statement and expenditure log form transaction amounts agree, and dates are within four days difference.
4. The expenditure log form describes an educational purpose.
5. The expenditure log form, itemized receipts, invoices, or other supporting documentation or explanation about the purpose of the transaction is reasonable and overall determined to serve an educational purpose.

The transactions were evaluated based on the team's judgment and were each given either a pass or fail finding.

Because each sampled transaction was examined against five testing criteria, a single transaction could fail to meet one or more of the five testing criteria. Each transaction that failed was considered a single failure regardless of how many criteria it failed to meet.

The overall sample testing results, shown in Table 1, indicate that 383 transactions failed at least one criterion; these transactions were 76% of the 504 transactions sampled. The dollar value of the 383 transactions is \$167,860 out of the total of \$201,956 for all transactions sampled. In terms of dollars, this is a failure rate of 83.1%, which is determined by dividing \$167,860 by \$201,956.

If a transaction fails to meet any of the five testing criteria, it is considered a deviation. This means that the auditor may not be able to make a reasonable determination about the validity of the transaction, such as how much it differs from similar transactions, whether it is missing supporting documents that explain its educational purpose, or whether it exhibits other characteristics indicative of poor internal control.

A deviation by itself does not necessarily mean that a transaction was not made for an educational purpose or was fraudulent; rather, it signifies that at the very least, information is missing or further inquiry and analysis may be needed. Numerous deviations often indicate significant internal control deficiencies and weaknesses. Factors that may influence how credit card transactions are evaluated, documented, and monitored include, but are not limited to, the following:

- The level of detail in board policies, board resolutions, administrative regulations, manuals, and other guidelines for operating procedures.
- Segregation of duties, and the level of oversight, review and approval, and monitoring of transactions.
- Board member, management, and employee training and knowledge regarding credit card purchase internal controls.
- Although deficiencies and weaknesses in internal controls do not by themselves indicate the presence of fraud, they can make a school district more vulnerable to it.

Employee Leave and Attendance

The former superintendent's employee leave of absence and attendance was audited from July 2022 through December 2024, or two years and six months (30 months). Thirty months is a reasonable audit period. On January 21, 2025, an interim superintendent was appointed. Employee leave and attendance are discussed further below.

Credit Card Purchases Audit Findings Basis

Audit Purpose

An objective of this audit was to determine whether school district credit card purchases were an appropriate use of funds serving an educational purpose and were made in accordance with district policies and procedures. Because this is an extraordinary audit or fraud audit, the ultimate objective is determining if there are any fraudulent credit card purchases. This means it is necessary to determine if each credit card purchase served an educational purpose and was made in accordance with district policies and procedures. If a credit card purchase does not serve an educational purpose, it is likely considered a gift of public funds, which may be considered financial abuse or fraud. As stated in the occupational fraud and financial abuse sections shown in [Appendix B](#), to be considered abuse or fraud, there must be intent and other factors.

Laws, Board Policies, Contracts, and District Practices Background

Evaluating the employees' use of the district credit card to determine whether a transaction is allowed or prohibited depends on the Education Code, district board policies, administrative regulations, manuals or handbooks that are board approved, employment contracts, other guidelines, and district practices. When these local standards fail to describe credit card transaction authorization and documentation procedures, past practices may be considered. However, the allowability of a transaction is based on the audit team's judgment and experience to determine if it served an educational purpose. If documentation and information are insufficient to determine whether a credit card transaction served an educational purpose and

followed normal standards, it does not mean the transaction is fraudulent, but instead that there is insufficient evidence to make a determination. In these instances, the nature of the transaction will be based on whether it can be established there was intent to defraud the district.

As district credit card transactions were examined by the team, the results of the transactions tested demonstrated that the district culture had established a lower documentation standard than what would be considered normal for a school district. In FCMAT's experience, most school districts have a detailed employee credit card use policy and administrative regulation that provides documentation procedures. As evidence of this, examples of an LEA credit card and travel policy and guidelines are shown in [Appendix E](#).

Pertinent standards are discussed below.

Education Code 42634 describes how payments should be handled and says, "Each order drawn against the funds of a school district shall be numbered and shall state: (a) the particular fund ... (b) the amount of the payment ... the order shall be accompanied by an itemized bill showing the separate items and the price of each." However, details about the methods to properly document expenditures are not defined in the Education Code.

Education Code 44032 states,

The governing board of any school district shall provide for the payment of the actual and necessary expenses, including traveling expenses, of any employee of the district incurred in the course of performing services for the district, whether within or outside the district, under the direction of the governing board.

This means the district is responsible for paying for its expenses and leaves how that should be done to the governing board. The governing board typically defines the operation and rules of how the district will function through board policies and administrative regulations. As stated in the gift of public funds section below and in [Appendix B](#), the governing board has the authority to determine how an expenditure serves a public purpose. The district's board policies, however, are more specific to employee reimbursement of travel expenses and not as much help regarding how to support that a district credit card purchase serves an educational purpose.

[District Board Policy \(BP\) 3350, Travel Expenses](#), is defined in general terms and relies on the superintendent or their designee to approve employee requests to attend meetings and describes how they are reimbursed within limits approved by the board. The travel expense policy is more specifically related to how an employee is reimbursed for using their own funds while traveling for a district purpose. The travel policy is deficient in that the procedure for approval of travel (e.g., written signature authorization, verbal approval) is not defined. And the travel policy does not address district credit card use. Furthermore, the district does not have a policy, administrative regulation, manual or handbook that defines anything about how each employee uses their district-issued credit card.

[District Administrative Regulation \(AR\) 3350, Travel Expenses](#), provides additional details about meal reimbursement, transportation, mileage, lodging, and nonreimbursable costs. This is an administrative regulation about reimbursing a district employee for out-of-pocket travel costs, but it does not describe anything about use of the district's credit card. The administrative regulation describes employee reimbursement for the following:

- "The District has implemented a maximum per diem reimbursement rate for meals purchased while attending a conference, inclusive of applicable taxes and tips (breakfast, lunch, and/or dinner). The maximum per diem reimbursement rate for meals not included in the cost of the conference registration fee is \$75.00. The per diem rate does not accrue from day to day if not used. Expenditures over the per diem rate will be the responsibil-

ity of the employee. **All reimbursements need to be supported by an itemized receipt.**" [Emphasis added]

Similar to BP 3350, the use of the district credit card is not discussed in AR 3350. If there were an administrative regulation for the use of the district credit card, it could address the use of the card for individual or group meals. The administrative regulation also does not state whether an itemized receipt is required, whether the business purpose should be written on an expenditure form or the actual receipt, or if multiple individuals are on one meal receipt, or whether their names should be listed. And there is no provision stating the consequences if an itemized receipt is not provided, such as when the employee must reimburse the district. The district's use of an expenditure log form is discussed further below.

- The Transportation section describes that economy, standard or similar airfare rates are allowed but specifies that the district will not reimburse seat upgrades or extra leg-room options. The employee's lodging is reimbursed for an authorized stayover, but reimbursement will not exceed the conference rate offered by the host hotel if the employee chooses to stay at another venue. And the district will reimburse for the least cost for private vehicles, air transportation or other modes; however, there is no requirement to provide documentation that the mode chosen is the least costly.

Again, it is not stated that these transportation requirements apply to the district credit card, how such purchases should be documented, and any consequences if the purchase is not properly documented. Regarding an employee's lodging expenses, parameters for use of the district credit card are not defined.

- There is a list of nonreimbursable costs such as meals purchased in lieu of meals included in conference registration, personal phone calls, spouse or invited guests, alcoholic beverages, entertainment not related to conference scope, and personal items. But even this listing is vague as to reimbursing an employee because it does not define personal items or examples of nonscope-related entertainment.

Because the travel expense policy fails to define the use of the district credit card, it cannot be determined if the policy or administrative regulation for nonreimbursable costs also applies to credit card purchases. The former superintendent explained to the team that the district credit card was usually used rather than reimbursing for travel expenses.

BP 4131, 4231, and 4331, Staff Development, provides detailed information about the governing board's stance in maximizing student learning, achievement, and job skills through certificated, classified, and management staff continuous learning and skills development. The superintendent or designee is charged with developing a program of ongoing staff development. The policy is about the details of professional learning opportunities but not how to document the associated expenses.

BP 3300, Expenditures and Purchases, grants the superintendent or designee the ability to authorize an expenditure that exceeds the district budget classification if there is an amount sufficient to cover the purchase. And district funds cannot be used to purchase alcoholic beverages.

Overall, district board policies provide insufficient guidance specific to how employees should document credit card purchases and what types of purchases are allowed or prohibited.

The Internal Revenue Service (IRS) provides instructions for the proper documentation of business expenses in several publications.

IRS Form 2106, Employee Business Expenses section, Recordkeeping, states:

You can't deduct expenses for travel (including meals ...), gifts, or use of a car ... unless you keep records to prove the time, place, business purpose, business relationship (for gifts), and amounts of these expenses. Generally, you must also have receipts for all lodging expenses (regardless of the amount) and any other expense of \$75 or more.

IRS Publication 463, Travel, Gifts, and Car Expenses sections, Travel and What Travel Expenses are Deductible, states:

Travel:

- For tax purposes, travel expenses are the ordinary and necessary expenses of travelling away from home for your business, profession, or job. An ordinary expense is one that is common and accepted in your trade or business. A necessary expense is one that is helpful and appropriate for your business. An expense doesn't have to be required to be considered necessary.

What Travel Expenses are Deductible:

- When you travel away from home on business, you must keep records of all the expenses you have and any advances you receive from your employer. You can use a log, diary, notebook, or any other written record to keep track of your expenses.

A common best practice in school district business is similar to what is described in IRS Form 2106 and Publication 463 for keeping records of expenses (e.g., receipts) and describing the educational purpose. When proper receipts are kept, the amount, date, time, and vendor name or where the purchase occurred, and the number and names of people served, are typically shown or written on the receipt. It is common to document a business purpose directly on the corresponding receipt; otherwise, keeping track of school district credit card expenditures can be done on some type of log. Writing the name of the person(s) a meal is being paid for provides a measure of credibility and if needed, verifiability that the people attending also served an educational purpose. The district has an expenditure log form to document the specifics of the transaction and educational purpose, but it is not consistently used.

The former superintendent's district credit card purchases were audited and compared to what is allowed in their contract. The contract was examined because it may have provided information helpful to the former superintendent's credit card purchases authority. The team considers the contract to be very broad and permissive.

The former superintendent's contract discusses expenses and board policy as follows:

- Contract Section 2(b) authorizes the superintendent to delegate their duties to a responsible district employee. The contract does not indicate that the superintendent can or cannot authorize their own travel purchases using the district credit card.
- Contract Section 2(c) authorizes the superintendent to improve their **"professional competence by all available means."** [Emphasis added]

The contract does not include any restrictions about which expenses do not qualify as improving professional competence. This is interpreted to mean that the superintendent decides what purchases are necessary for improving professional competence. This section does not prohibit the use of the district credit card or describe that it cannot be used for improving the superintendent's professional competence.

- Sections 2(i) and 2(j) indicate the superintendent is primarily responsible for implementing, adding, deleting, or modifying district policies as well as developing administrative regulations to implement district policies. These sections also state that the board retains primary responsibility for formulating board policies.

No other credit card purchasing guidelines, board policies or administrative regulations that the board has authorized could be found. Interviews of district management and board members indicated that most were not aware of the lack of specific board policies, administrative regulations, manuals or handbooks defining the use of the district credit card, travel expense documentation, and parameters for presenting adults with awards or recognition (e.g., flowers/celebrations for achieving retirement or tenure). Most also indicated they did not know that certain district expenditures, no matter how benevolent or customary, can be an illegal gift of public funds such as sending flowers to someone who is sick or to someone grieved by a death or injury.

- Contract Section 8 has an expense reimbursement clause that states,

The District shall reimburse the Superintendent for **all actual and necessary expenses** incurred by the Superintendent within the scope of employment in accordance with applicable District policy, not to exceed five hundred dollars (\$500) per month without the written authorization of the board. [Emphasis added]

This section is interpreted to mean the district will reimburse the superintendent for out-of-pocket expenses. It does not explain what “all actual and necessary expenses” means and also is silent regarding the usage of the district credit card, where the district is paying directly and the payment is not a reimbursement.

- Contract Section 10, Professional Development, grants the superintendent up to \$10,000 per year for coaching and consultation services “... from one or more professional coaches or consultants ... as selected by the Superintendent and approved by the District.” The contract also pays for the superintendent’s “... annual memberships charges for ACSA. In addition, the District will pay the annual dues and assessments for one service club selected by the Superintendent not to exceed seven hundred fifty dollars (\$750) per year.”

The former superintendent described to the team that she understood selecting her own professional development was her decision and that her professional learning was reported to the board. In this circumstance, the board could be the entire board or the board president.

FCMAT’s analysis of the sampled employees’ district-issued credit card considered Education Code and Internal Revenue Code, board policy and administrative regulations, and the superintendent’s contract. Because of the lack of detailed board policies, administrative regulations or other written and board-approved procedures specific to the use of the district credit card, district employees did not have consistent guidelines defining how credit card purchases and credits/returns should be authorized and documented, and which types of purchases are allowable or prohibited. Furthermore, based on FCMAT’s interpretation of the superintendent’s employment contract, it appears to be silent about the district credit card transactions the superintendent can approve.

The team inquired how the former superintendent obtained approval and reported to the board about expenditures for professional development and travel (e.g., conferences and meetings). Approval and board reporting was explained as mostly verbal, with some written. In this example, the board can mean either the entire board or only the board president.

The best guidance the district employees seem to have had on the types of district credit card purchases that are allowable and how they should be documented is based on past practices. However, based on the documents the team reviewed, it seems that the practice changed and was inconsistent over the years. For example, at one point, the expenditure log did not have signature lines for the employee or supervisor. Even when the signature lines were later added, not all employees or supervisors signed the form. Some employees documented credit card credits or returns in the expenditure log form while others did not. This means that when credit card credits are not included in the expenditure log, the total of transactions on the log do not agree to the total of all transactions on the credit card statement. It also means the reason for the credit card credit is not documented. The expenditure log form is discussed in a separate section further below.

Another example has to do with receipts. Some employees provided detailed receipts and even receipts for monthly reoccurring charges while others did not provide any receipts. Some employees did not provide a detailed meal receipt. Whether alcohol was purchased cannot be determined without a detailed meal receipt. Receipts are discussed in a separate section further below.

Inconsistencies in documenting credit card purchases contribute to why sampled employees may have documented credit card purchases in various ways (e.g., without using an expenditure log, expenditure logs not signed, writing notes on the credit card statement, or providing limited receipts).

Lack of well-defined board policies and administrative regulations and reliance on inconsistent past practices means that transactions are not consistently documented across all credit card users. Furthermore, no policies, administrative regulations, or other procedures describe the following:

- What to do when a receipt is not available.
- An acceptable method to describe a missing receipt.
- A method or specialized form to provide an explanation or attestation that a receipt could not be obtained.
- A consequence that if a receipt is not provided, the employee must reimburse the district.
- When a meal receipt is not provided, an affirmative written statement that alcohol was not purchased, or possibly a consequence that the meal must be reimbursed to the district.

For many of the credit card transactions, the team had to use limited information to evaluate the credit card transactions and was left with obtaining information from multiple district employees to attempt to corroborate a transaction's educational purpose. Similarly, because there were many missing receipts and inconsistently applied documentation practices, the team had to rely on the vendor's name description shown in the credit card statement to determine an educational purpose.

In some instances, even without any documentation, evaluating a transaction's educational purpose is straightforward because it is unique to school districts. For example, a purchase on the credit card statement may only say something like "ACSA.Org" or "Associatio* ACSA Caree;" however, for audit purposes, it is reasonable to accept that the purchase from the Association of California School Administrators (ACSA) is a typical and reasonable educational expense. For other less obvious purchases, the team discussed or obtained from employees written memos about the credit card transactions to better explain the purpose of the purchase. Then, based on the team's judgment and experience, the team determined if the credit card transaction could be for an educational purpose.

Gift of Public Funds

A gift of public funds is illegal, irrespective of the method used to expend the funds (i.e., county payment warrant, petty cash, credit card). To be justified as an expenditure of public funds, a governing board must determine that the expenditure will benefit the education of the district's students or serve a public purpose. See [Appendix B](#) for more information about gift of public funds.

Awards, recognition, and expenditures that most directly and demonstrably benefit students' education are more likely justified, but expenditures driven by personal motives are not, even if they have been a long-standing local custom or are based on benevolent intentions. If the LEA's governing board has determined that a particular type of expenditure serves a public purpose, courts will almost always defer to that finding.

Awards for adults and students are described in EC 44015. Awards to adults are defined in [EC 44015\(a\)](#), which states:

(a) The governing board of a school district may make awards to employees who do any of the following:

- (1) Propose procedures or ideas that thereafter are adopted and effectuated, and that result in eliminating or reducing district expenditures or improving operations.
- (2) Perform special acts or special services in the public interest.
- (3) By their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvement in operations of the school district.

Superior accomplishments may be circumstances where the governing board recognizes retiring teachers or teachers achieving tenure for their service to the district with flowers presented at a board meeting or sending the flowers to the teacher when they could not attend the board meeting. However, the Education Code does not characterize superior accomplishments, which is why a board policy and administrative regulation covering district awards is necessary to further define in detail the purpose and types of recognition of adults and expenditure limits the governing board determines serve a public purpose.

The district does have an awards board policy ([BP](#) 5126 and administrative regulation ([AR](#)) 5126; however, it is specific to students. The district does not have an awards and recognition policy for adults. Examples of awards and expenditures the board may consider authorizing in board policy and administrative regulations for adults are as follows:

- Flowers to recognize achieving tenure or retirement.
- Retirement/tenure refreshments, plaques, or certificates.
- Setting aside the first of each month to recognize all birthdays in that month with a cake or some other snack to promote morale and team building.
- A gift card for some other predefined accomplishment with a specified limit (e.g., \$25).
- Refreshments/meals for meetings for the purpose of conducting school business.
- The board should also establish a limit such as \$200 in value for each award recipient recognized.

Examples of unallowed expenditures and transactions that could be considered a gift of public funds are as follows:

- Flowers to convey compassion, sympathy, bereavement, or illness.

- Personal gifts of any kind.
- Gift cards or flowers where an educational or public purpose is not defined as allowable.
- Recognizing an individual's birthday (e.g., a birthday cake for a specific employee).
- Noneducational or nonteam-building staff parties or meetings.
- Expenditures driven by personal motives or moral obligations, or for noble or virtuous purposes such as a desire to convey compassion, sympathy, joy, or gratitude, are not justified and generally do not serve a primary public purpose. Thus, they are likely unlawful gifts of public funds, even if they have been a long-standing custom locally or are based on benevolent feelings.

However, if someone is ill or has some milestone event in their life, and staff want to take up a collection to purchase flowers, they may do so if they do not use public funds.

Therefore, if the district has a board policy defining the limits of allowable recognition through awards or defining the types and limits of expenditures that are allowable, the expenditure will likely be considered allowable.

Educational Purpose

A transaction that does not serve an educational purpose is typically either a gift of public funds, or it cannot be determined whether it has an educational purpose.

Transaction sample criterion 5 represents the primary objective of the audit, which is to determine whether school district credit card purchases were appropriate as serving an educational purpose. The Transaction Sampling section discussed earlier in the report describes the five criteria with which credit card purchases were evaluated. As shown in Table 1 above, 504 transactions were sampled, of which 383 failed at least one of the five sample criteria. Table 2 below shows only the transactions specific to sample criterion 5. In the table, 26 transactions with a value of \$8,052 failed to be a purchase that served an educational purpose.

Table 2: Summarized Criterion 5, Transaction Serves an Educational Purpose

Description	Criterion 5-Transaction is for an Educational Purpose Summarized Sample Results					
	Number/Quantity			Dollars		
	Total Transactions	Criterion 5 Fails	% Fails	Total Dollars	Criterion 5 Fails	% Fails
Employee #1	276	13	4.7%	\$ 138,319	\$ 6,025	4.4%
Employee #2	77	7	9.1%	\$ 15,582	\$ 837	5.4%
Employee #3	40	1	2.5%	\$ 14,755	\$ 53	0.4%
Employee #4	58	0	0.0%	\$ 23,947	\$ -	0.0%
Employee #5	14	1	7.1%	\$ 7,661	\$ 734	9.6%
Employee #6	39	4	10.3%	\$ 1,692	\$ 403	23.8%
Totals	504	26	5.2%	\$ 201,956	\$ 8,052	4.0%

Source: FCMAT sample testing data sourced from district provided credit card statements.

Note: Dollar amounts and other figures are rounded.

The transactions in Table 2 were divided into two categories, potential gift of public funds and undetermined educational purposes.

Potential Gift of Public Funds

Table 3 shows that of the 26 transaction failures shown in Table 2 above, 17 purchases totaling \$6,551 have characteristics that may cause them to be a gift of public funds. The purchases were categorized as retirement/tenure, gift cards, birthday cakes, and illness/condolences.

Table 3: Potential Gift of Public Funds

Potential Gift of Public Funds										
Description	Retirement / Tenure		Gift Cards		Birthday Cakes		Illness/Condolences		Total	
	Qty	Amt	Qty	Amt	Qty	Amt	Qty	Amt	Qty	Amt
Employee #1	2	\$ 4,039	1	\$ 325	1	\$ 160	0	\$ -	4	\$ 4,524
Employee #2	5	\$ 699	0	\$ -	0	\$ -	2	\$ 138	7	\$ 837
Employee #3	0	\$ -	0	\$ -	1	\$ 53	0	\$ -	1	\$ 53
Employee #4	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Employee #5	1	\$ 734	0	\$ -	0	\$ -	0	\$ -	1	\$ 734
Employee #6	3	\$ 303	1	\$ 100	0	\$ -	0	\$ -	4	\$ 403
Totals	11	\$ 5,775	2	\$ 425	2	\$ 213	2	\$ 138	17	\$ 6,551

Source: FCMAT sample testing data sourced from district provided credit card statements, expenditure log forms, receipts, and district employee explanations about questioned transactions.

Note: Dollar amounts and other figures are rounded.

The credit card purchases that make up each category shown in table 3 are described as follows:

- **11 retirement/tenure recognition expenditures totaling \$5,775.**
 - February 23, 2024, \$1,035, purchased from Left Bank for a retirement party. Explanation was, "Recognition for service."
 - March 29, 2024, \$3,004, purchased from Left Bank for retirement party. Explanation was "Do not believe staff celebrations is not allowable by policy or contract."
 - September 7, 2022, \$279, purchased from Draeger's Supermarket. The explanation was that the purchase was directed by the superintendent for a teacher's tenure celebration at the September 7 board meeting for five teachers.
 - October 2, 2023, \$55, purchased from Draeger's Supermarket for a staff event. The explanation was the purchase was at the request of the interim superintendent.
 - June 12, 2024, \$109, purchased from Draeger's Supermarket for retirees. The explanation was the flowers were for recognizing retirees at the June 12, 2024, board meeting.
 - June 15, 2024, two transactions of \$190 and \$66, purchased from 1-800-Flowers for retirees. The explanation was flowers for the three retirees who missed the in-person recognition at the June 12, 2024 board meeting.
 - February 29, 2024, \$734, purchased from Noelani's Island Grill. The explanation was the party was a "Retirement party for ..., our long-time IT Director."
 - December 20, 21, and 22, 2022, three purchases of \$212, purchased from Safeway; \$66, purchased from Lutticken's After 5 (wine bar); and \$25, purchased from Safeway. The explanation for these three transactions in December 2022 was that it

is a common practice to purchase farewell gifts for retiring staff members and were for the following: retirement gifts for two staff, a teacher and school office assistant. The \$212 was for the two retiring staff (the type of gift is unknown). The \$66 was described as a community-building gathering of staff members after school for a retiring teacher. Only food snacks were purchased and no alcohol. The \$25 purchase at Lutticken's After 5 consisted of food items at a reception for two staff retirements, and the receipt time stamp was 3:04 p.m.

- **Two gift card expenditures totaling \$425.**

- August 13, 2024, \$325, gift cards purchased from Safeway for the maintenance, operations, and transportation team (MOT). The explanation for the MOT gift cards purchase was "... team members rewarded for a job well done moving 50 teacher classrooms."
- January 22, 2023, \$100, gift cards purchased from Amazon as recognition for a community building spirit activity held on site for staff members. The recipients of the gift cards were determined by raffle.
- Regarding raffles, it is illegal for governmental organizations such as school districts, school sites, and even the school's associated student body (ASB) to conduct raffles, even if the tickets are given away for free, which are considered a game of chance. Only qualified charities and certain other private nonprofit organizations may conduct raffles. School entities are not nonprofit organizations. School-connected organizations that are recognized nonprofit organizations (e.g., booster clubs, district foundations, or other parent-teacher organizations) may conduct raffles when they meet specific requirements defined by the Office of the Attorney General and are registered with the California attorney general's Registry of Charitable Trusts. For more information about nonprofit raffles, see the [Office of the Attorney General website](#).

- **Two birthday cakes expenditures totaling \$213.**

- August 10, 2022, \$160, the Dream Inn hotel invoice of \$10,812.68 includes a charge for one "Custom Birthday Cake" for \$160. The birthday cake purchase was described as part of the annual leadership summer retreat, but the staff were not allowed to bring a cake from off site into the hotel venue. Because of the venue restriction, a birthday cake was purchased from the hotel.
- February 27, 2024, \$53, purchased from Woodside Bakery and Café. The explanation was office birthday treats for "Staff birthday celebration to help boost morale."

- **Two illness or condolences expenditures totaling \$138.**

- September 28, 2023, \$71, purchased from Pastorino's for condolences to a staff member.
- February 29, 2024, \$67, purchased from 1-800-Flowers for a staff member's illness.

The transactions described above have characteristics of possible gift of public funds activities totaling \$6,551. These transactions span a sample period of 33 months. If board policies existed regarding retirement and tenure, use of gift cards to recognize superior accomplishments, and birthday cakes for staff as a group to build morale to commemorate an accomplishment or team building, only the two transactions of

sending flowers to express sympathy for illness and condolences totaling \$138 would likely be considered gifts of public funds.

The team also discussed with employees, the former superintendent, and board members the practices of the district. The information provided by employees and board members was evaluated for characteristics of intent or deception to defraud the district of funds for personal gain. Based on the explanations about these transactions from those interviewed, the team's consensus was that these types of possible gift of public funds transactions were paid for from district funds for at least the last 10 years. One individual interviewed indicated that retirement recognition with flowers and parties of some type including at restaurants was a common long-standing practice that occurred before the former superintendent was employed at the district. They also said that the former superintendent added recognition for achieving tenure similar to retirement recognition. Based on a preponderance of the information obtained about credit card transactions that are possible gifts of public funds, there is insufficient evidence to demonstrate that there was a willful intent to knowingly commit a wrongful act and conceal or misrepresent the acts or facts to spend district funds for noneducational purposes.

Unknown Educational Purpose

There were nine transactions of the 26 shown in [Table 2](#) above with an unknown educational purpose. Credit card transactions where the educational purpose cannot be determined may be considered gifts of public funds. These transactions are summarized in [Table 4](#) below because the employees interviewed could not remember the purpose of transaction, or there was insufficient documentation.

Table 4: Unknown Educational Purpose

Description	Unknown Educational Purpose					
	Hotels.com		Saturday/Sunday Uber		Total	
	Qty	Amt	Qty	Amt	Qty	Amt
Employee #1	2	\$ 1,246	7	\$ 255	9	\$ 1,501
Employee #2	0	\$ -	0	\$ -	0	\$ -
Employee #3	0	\$ -	0	\$ -	0	\$ -
Employee #4	0	\$ -	0	\$ -	0	\$ -
Employee #5	0	\$ -	0	\$ -	0	\$ -
Employee #6	0	\$ -	0	\$ -	0	\$ -
Totals	2	\$ 1,246	7	\$ 255	9	\$ 1,501

Source: FCMAT sample testing data sourced from district provided credit card statements, expenditure log forms, receipts, and district employee explanations about questioned transactions.

Note: Dollar amounts and other figures are rounded.

Table 4 shows there were nine credit card purchases with a value of \$1,501 that had an unknown educational purpose as follows:

- **Two Hotels.com expenditures totaling \$1,246.**
 - December 8, 2022, \$658, purchased from Hotels.com. This transaction was not shown on the employee's calendar, and they could not remember its purpose or whether it was purchased for that night or a later reservation date. The employee speculated the hotel reservation could have been for a conference or training with

Learning and The Brain or the Diversity in Leadership’s administrative masters and administrative credential program, both of which take place in San Francisco.

- March 29, 2023, \$588, purchased from Hotels.com. The employee could not identify what the trip was for, or if the purchase was for that night or a later date. The employee speculated the hotel reservation was for Institute for Educational Innovation (IEI) because it would have been in San Francisco and might have been combined with another district travel purpose or part of recruiting for an administrator.
- **Seven Uber ride share expenditures totaling \$255.**
 - Sunday, September 4, 2022, \$10 purchased from Uber. The transaction was not shown on the employee’s calendar, but the employee said it was for travel to a group dinner. They could not remember what the group dinner was for but said it was not for a personal Uber ride. They also thought the \$10 was a separate charge for the Uber tip.
 - Sunday, September 4, 2022, \$41 purchased from Uber. The transaction was not shown on the employee’s calendar, but the employee said it was for travel from a group dinner. They could not remember what the group dinner was for but said it was not for a personal Uber ride.
 - Sunday, December 11, 2022, there were four separate Uber transactions of \$33, \$61, \$35, and \$50. These transactions were not shown on the employee’s calendar. The employee indicated that there are two activities that they do on weekends. They speculated that these amounts could have been for a conference or training with Learning and The Brain or the Diversity in Leadership’s administrative masters and administrative credential program, both of which take place in San Francisco. They also said it was not for a personal Uber ride.
 - Saturday, April 13, 2022, \$25 purchased from Uber. The transaction was not shown on the employee’s calendar, but the employee indicated that it happened around spring break when they would go to Coast to Coast, which is part of California School Boards Association (CSBA) and Association of California School Administrators (ACSA) training and advocacy. They also said it was not for a personal Uber ride.

Based on a preponderance of all of the information obtained about the above undetermined credit card transactions, there is insufficient evidence to demonstrate that there was a willful intent to knowingly commit a wrongful act and conceal or misrepresent the acts or facts to spend district funds for noneducational purposes.

Tables [3](#) and [4](#) are summarized in Table 5 below for ease in reconciling the gift of public funds and undetermined educational purpose credit card purchases with the criterion 5 transaction quantity and amount failures shown in [Table 2](#).

Table 5: Summarized Table 3 and 4 Reconciled to Table 2

Description	Total Quantity	Total Amount
Table 3: Potential Gift of Public Funds	17	\$ 6,551
Table 4: Unknown Educational Purpose	9	\$ 1,501
Totals	26	\$ 8,052

Source: FCMAT Table 3 and 4.

Note: Dollar amounts and other figures are rounded.

Missing Receipts

Table 6 below shows that of the 504 transactions sampled, 156 were missing receipts with a value of \$63,018.

Table 6: Missing Receipts

Description	Credit Card Transactions - Missing Receipts					
	Number/Quantity			Dollars		
	Sampled	Missing Receipts	% Missing	Sampled	Missing Receipts	% Fails
Employee #1	276	115	41.7%	\$ 138,319	\$ 56,404	40.8%
Employee #2	77	27	35.1%	\$ 15,582	\$ 4,997	32.1%
Employee #3	40	2	5.0%	\$ 14,755	\$ 527	3.6%
Employee #4	58	9	15.5%	\$ 23,947	\$ 1,008	4.2%
Employee #5	14	0	0.0%	\$ 7,661	-	0.0%
Employee #6	39	3	7.7%	\$ 1,692	\$ 82	4.8%
Totals	504	156	31.0%	\$ 201,956	\$ 63,018	31.2%

Source: FCMAT sample testing data sourced from district provided credit card transaction supporting documentation.

Note: Dollar amounts and other figures are rounded.

A missing receipt is defined as a credit card transaction that is missing a hotel invoice, credit/refund document, or other form of vendor/supplier receipt that was part of the credit card transaction documentation package. While the IRS may allow a business deduction for a transaction that is less than \$75 if it is written in a log or diary, receipts are more necessary for a school district to provide evidence that the purchase served an educational purpose. When a meal receipt is not provided, or the details of the meal line items are missing (e.g., the credit card slip showing only the total charge), there is an added level of responsibility to document that alcohol was not purchased. Without a detailed receipt, proof that alcohol was not purchased cannot be shown.

The district's board policies, administrative regulations, or other sources of operating procedures such as board-approved manuals specific to credit card purchases are absent. Such policies, regulations, or operating manuals typically define purchasing documentation requirements. Because of the district's culture and practice, without board-approved procedures for credit card transactions and acceptable documentation of receipts and transactions on an expenditure log, there is little incentive to retain receipts.

When receipts are not provided, it may be acceptable to document why the occasional receipt cannot be provided. This happens more commonly with toll roads and parking expenses. When a receipt cannot be provided, a detailed explanation should be written in a document such as an expenditure log form. The explanation should include all information about the transactions (e.g., date, vendor name, amount, educational purpose, location, and explanation if there is no receipt provided).

The team discussed district practices with employees and the former superintendent. The information provided by employees and former superintendent was evaluated for characteristics of intent or deception to defraud the district of funds for personal gain. Based on the explanations about the missing receipt transactions, the description such as vendor name shown in the credit card statement, and when available, the written description of the purchase in the expenditure log form, the team's consensus was that the missing receipt transactions resulted in insufficient evidence to demonstrate that there was willful intent to knowingly commit a wrongful act and conceal or misrepresent the acts or facts to spend district funds for noneducational purposes.

Expenditure Log Form

The scope of this audit includes whether credit card purchases were made for an educational purpose. The district's practice has been to use a credit card expenditure log form to document the transaction. The log form has multiple sections for information to be entered about a transaction. These sections are the date of transaction, description, vendor name, amount, and purpose of the purchase. The sections titled description and purpose are the primary sections of the log form that, when properly complete, should document the educational purpose for the transaction. The log form also has sections for the employee and supervisor to sign and date, which provides the approval of the transactions.

The team found that when the log form is properly completed, it is a reliable source that justifies an expenditure as serving an educational purpose. Table 7 below shows that out of 57 credit card statements, 18 or 31.6% did not have a corresponding log form.

Table 7: Expenditure Log Forms

Description	Expenditure Log Forms			Percent Missing Log Form
	Credit Card Statements	With Log Form	Without Log Form	
Employee #1	27	18	9	33.3%
Employee #2	8	7	1	12.5%
Employee #3	7	7	0	0.0%
Employee #4	7	3	4	57.1%
Employee #5	5	4	1	20.0%
Employee #6	3	0	3	100.0%
Totals	57	39	18	31.6%

Source: FCMAT sample testing data sourced from district provided expenditure log forms.

Note: Percentage figures are rounded.

If there is no log form or it fails to document a sufficient educational purpose of the transaction, then the supporting documentation receipts are the next source for documenting the educational purpose. If the receipts are missing or insufficiently document the educational purpose, the team interviewed staff and others who may be able to provide more information about a transaction. As shown in Table 7, the team found that the log form is not always used, often incomplete, and missing employee and supervisor signatures. The team also found that receipts are not always provided.

The Credit Card Transaction Sampling section earlier in the report describes testing criteria one through five, of which criteria one through four are specific to the log form. Appendix D describes testing criteria one through four. Failures in log form criteria one through four demonstrate internal control weaknesses in the district's control environment, control activities, information and communication, and monitoring of activities. Weaknesses in these components of internal control contribute to a credit card transaction being improperly documented and approved, which can lead to inappropriate use of school district funds. The components of internal control described above are described in more detail in Appendix B, Table B-1.

For more information about the results of transaction sampling criteria one through four, see Appendix D. Appendix Table D-1 shows that 70.8% or 357 of the 504 credit card transactions sampled failed at least one of the four log form testing criteria further supporting the assessment that the district's policies, procedures and practices are willfully inadequate and represent a material weakness in internal controls.

Gratuity/Tipping and Meal Attendee Names

Because 504 transactions were sampled, many of them were for meals and team meetings, which included tips. Where meals are provided or purchased for more than an individual's personal meal while traveling, the IRS standard and a best practice for school districts to demonstrate the educational purpose of the meal is to write down the number and names of those receiving the meal and the educational purpose. When it comes to gratuity or tipping, the percentage of tip and how it should be calculated (e.g., 18% tip calculated on before or after-tax receipt total) should be defined in district board policy, administrative regulations, or other board approved manuals or handbooks. The district does not have a policy for an appropriate tip percentage nor a requirement to write down the number or names of those that receive a district paid meal.

Table 8 below shows that of the 504 credit card transactions sampled, nine transactions were selected for amount and percentage of gratuity.

Table 8: Gratuity/Tipping and Names of Attendees

Gratuity / Tipping & Names of Attendees						
Description	Gratuity / Tipping		Attendees		Total	
	Qty	Amt	Qty	Amt	Qty	Amt
Employee #1	9	\$ 1,381	105	\$ 37,188	114	\$ 38,569
Employee #2	0	\$ -	20	\$ 5,345	20	\$ 5,345
Employee #3	0	\$ -	3	\$ 611	3	\$ 611
Employee #4	0	\$ -	0	\$ -	0	\$ -
Employee #5	0	\$ -	2	\$ 287	2	\$ 287
Employee #6	0	\$ -	2	\$ 32	2	\$ 32
Totals	9	\$ 1,381	132	\$ 43,463	141	\$ 44,844

Source: FCMAT sample testing data sourced from district provided credit card transaction supporting documentation.

Note: Dollar amounts and other figures are rounded.

Gratuity/Tipping

When the team discussed with employee #1 the district practice of a reasonable tip percentage, the response was that there is no policy or contract restrictions for tipping. The nine credit card transactions selected for evaluating the tip percentage were chosen because the amount of the tip stood out. The percentage range of tipping for the nine transactions was 22.2% to 48%. The 48% tip (\$5/\$10.36) was for a Café de la Presse purchase on Saturday, February 18, 2023, for the Teaching and the Brain professional development breakfast. The pretip receipt amount was \$10.36. The \$10.36 is shown on the credit card receipt and a detailed receipt was not provided except a handwritten note on the receipt that said “egg, croissant.” The price of the actual croissant was not shown, which presumably would be the pretax amount upon which the merchant’s tip schedule is based. The added tip was \$5, which totals \$15.36. The merchant receipt did include a tip schedule showing tip amounts and percentages between 18% and 25%, or \$1.62 and \$2.25.

The 48% tip percentage seems very high but also is an example of why district board policies and procedures are necessary. The tip is \$5; the percentage of gratuity appears high; however, there is no policy prohibiting the tip percentage. If there were a percentage tip limit (e.g., 20%), the tip would have been \$1.80. With a board policy in place, the district would pay a tip of \$1.80 and if the employee wanted to leave a larger tip, they could do so using their personal funds. Extraordinarily high gratuity percents can be a mechanism to hide alcohol purchases at a meal. This is not suspected in the transaction cited here.

Attendees

There were 132 transactions totaling \$43,463 for meals, meetings, and events that did not show the number or names of those participating. Some merchant receipts did indicate the number of guests, yet names were not written on the receipts. Without the number of guests or names, it cannot be determined if the meal is for one large meal for one person or several people who purchased small meals, or to determine if meals were purchased for authorized staff or unauthorized persons such as spouses. For these meals, for the most part, the educational purpose was provided, but adding the attendee number and names is another layer of added documentation transparency that improves the public’s trust that district funds were spent wisely and in accordance with policy.

Reimbursed District Credit Card Purchases

Credit card purchases that could be identified as potential personal use were audited to determine if the district was reimbursed by the employee. There are no district policies, administrative regulations, manuals or handbooks on how or when to reimburse the district for a personal charge using the district credit card. Because there are no timelines defined in board policies or administrative regulations describing when a reimbursement should be made, the team verified a reimbursement and ignored when the reimbursement took place.

According to employees interviewed, employees may sometimes not realize they used the district credit card. Sometimes many months may pass before a review of the credit card transactions may reveal that a personal purchase was made. Instances when the employee realizes they made a personal purchase may be reimbursed quickly or much later upon learning of the discrepancy. Examples of reimbursed personal credit card use are as follows:

Employee #1

1. Saturday, October 29, 2022, Monterey Plaza Hotel, \$472.09: The credit card statement and expenditure log had handwritten notes that indicated the transaction may be personal. No reimbursement documentation was part of the credit card statement documentation package. Nevertheless, after some research, the entire \$472.09 was reimbursed.
2. Monday, December 26, 2022, Uber, \$94.59: The credit card statement had a handwritten note that indicated the credit card transaction was reimbursed, which was traced to a district report showing the personal check number as part of a larger amount reimbursing multiple transactions.
3. Saturday, January 28, 2023, Monterey Plaza Hotel, \$2,355.18: The Hotels.com price summary shows the total price for five nights is \$2,380.92, but the charge on the district credit card was for \$2,355.18, a difference of \$25.74. No receipt documentation was available to explain the \$25.74. The Friday-night-to-Saturday stay was reimbursed for \$554.35. This amount represents one room night of \$485.10 plus taxes of \$69.25.
4. Sunday, March 12, 2023, Four Seasons Embarcadero, San Francisco, \$243.09: This transaction was explained as an Institute for Educational Innovation (IE) regional event. The reimbursement was for wine and an in-room movie totaling \$107.57.
5. Tuesday, March 14, 2023, Hyatt Andaz Napa Hotel, \$303.35: The hotel bill included a movie for \$27.99, which was reimbursed as part of a reimbursement described in #2 above. The auditing of reimbursement also found that the employee reimbursed the district a second time for the same \$107.57. This second reimbursement is discussed further in #4 above.
6. Thursday, April 27, 2023, The Darcy Washington DC, \$1,507.81: The hotel bill shows three charges for wine/liquor of \$15, \$30, and \$20, totaling \$65. No reimbursement was found. Since the team's analysis indicates an additional \$107.57 was reimbursed as noted in #5 above, the \$65 is netted with the second payment of \$107.57, leaving a credit excess reimbursement of \$42.57.
7. Thursday, August 22, 2024, United Airlines, \$469.01: This is for a premium upgrade, which was reimbursed for the full \$469.01. The United flight invoice shows that the premium upgrade is \$649 and that a nondistrict credit card was used to pay \$125 toward the upgrade fee, which leaves a balance of \$524 for the upgrade. Overall, the net upgrade is \$54.99 (\$649-\$125-\$469.01), short of fully reimbursing for the upgrade. Using the excess

overpayment remaining of the \$42.57 described in #6 above means \$12.42 (\$54.99-42.57) remains unaccounted as reimbursed. However, in #8 below, there is an additional \$77.31 that was reimbursed in excess of that transaction, which leaves \$64.89 (\$77.31-\$12.42) as a remaining credit for excess reimbursement.

8. Sunday, September 8, 2024, The Wallace New York, \$4,796.43: The hotel invoice shows Friday and Saturday nights of September 6 and 7, 2024 have charges for \$849.32 and \$869.98 respectively for room and taxes totaling \$1,719.30. The actual reimbursement was \$1,796.61, which is \$77.31 more than the two hotel nights plus taxes, and no other transactions are shown on the receipt for \$77.31.

Employee #6

1. Saturday, December 23, 2023; Sunday, December 24, 2023; Tuesday, December 26, 2023; Tuesday, December 26, 2023; Wednesday, December 27, 2023; Saturday, December 30, 2023, and Saturday, January 14, 2023: Charges for Prime Video at \$3.99 per day for seven days total \$27.93. These transactions were all described as inadvertent use of the district credit card and were fully reimbursed in two payments of \$23.94 and \$3.99 totaling \$27.93.

Other Credit Card Transactions

The team's review of credit card purchases identified a few transactions that needed additional clarification because of the location or amount as follows:

1. Thursday, August 4, 2022, The Wallace New York, \$3,690.36: The educational purpose is described in the expenditure log as "Teachers College Literacy." The hotel stay is Monday, October 17, 2022, checking out Sunday, October 23, 2022. The additional Friday and Saturday night stays were shown on the former superintendent's calendar. Saturday was the reunion component of the Teachers College Literacy conference. The reunion provided the former superintendent with the opportunity to network and collaborate with other teachers and administrators.
2. August 10, 2022, Dream Inn Santa Cruz, \$10,812.68: The educational purpose was explained to the team as the annual leadership summer retreat.
3. Tuesday, November 15, 2022, Fleming's 1550 Online, \$575: The receipt specifies this transaction is for the Las Lomitas Holiday Luncheon, indicates it is for 12, and is scheduled for December 22, 2022. The educational purpose was explained to the team as culture building with the office team.
4. Friday, December 23, 2022, Fleming's 1550 Palo Alto, \$746.21: The expenditure log indicates this is for a staff lunch, holiday celebration, and further explained to the team as part of the Fleming's 1550 Online transaction for \$575 shown in #2 above. The educational purpose was explained to the team as culture building with the office team. However, the receipts and credit card transactions do not add up. The two charges to the district credit card were \$575 and \$746.21, totaling \$1,321.21; however, there are two dining receipts of \$746.21 and \$1,090.81, totaling \$1,837.02. One receipt shows 14 people participated.
5. This transaction is an example of incomplete documentation of receipts that do not reconcile between the total amount charged on the district credit card of \$1,321.21 and the total of the two receipts of \$1,837.02. The difference is \$515.81 (\$1,837.02-\$1,321.21). The receipts and credit card transactions should agree and/or be explained with a written

narrative that reconciles the transactions. In this example, at least the two amounts charged on the credit cards are less than the receipts. Even if personal cash was used to pay for alcohol or something else, an explanation should be provided in the documents explaining the discrepancy. Furthermore, if alcohol was purchased with personal funds, the consumption of alcohol by district employees at a district-sponsored event held during the workday is inappropriate and could become a liability to the taxpayers. If this is the case, this demonstrates very poor judgment by district leaders.

Employee Leave and Attendance

The team reviewed the contractual terms, employee leave and attendance of the former superintendent. Most LEAs in California have established board policies and administrative regulations that govern the organization's processes and procedures regarding leaves of absence. These board policies and regulations must align with any relevant federal, state, local law or appropriate collective bargaining agreement(s). Outside of board policies, any other document that has been board approved should be followed, which can include employment contracts or employee handbooks. Nevertheless, employment contracts with management employees or employee handbooks cannot supersede federal, state, or local law.

Sick Leave Transfer and Accrual

Sick leave for employees is driven by relevant board policy, the Education Code, and in some cases employee contracts or collective bargaining agreements, and applicable state pension system regulations. According to the [CalSTRS Member Handbook page 27](#), when an employee changes employers, they may transfer “accumulated unused sick leave” from one district to another. This is typically coordinated during the onboarding process with the employee and new employer. The former superintendent transferred their accumulated unused sick leave to the district.

Documents obtained by the team regarding the former superintendent’s contract had the following provision:

Section 7. Sick Leave And Other Leaves Of Absence: The Superintendent shall be compensated for sick leave in accordance with current District policy for management employees.

This contract was initially signed by the board and superintendent in May 2019, with subsequent revisions in September 2020, June 2021, July 2022, and September 2023. The revisions did not change section 7.

The team searched for sick leave board policies but was only able to find administrative regulations. Although a board policy for sick leave was not available, there were three board approved administrative regulations (i.e., 4161.1, 4261.1 and 4361.1) pertaining to certificated, classified and management employees respectively, related to sick leave.

According to Las Lomitas Elementary School District [Administrative Regulation 4361.1: Personal Illness/ Injury Leave](#) (which references EC 44978; Labor Code 245-249):

Certificated employees employed five school days per week are entitled to 10 days' leave of absence with full pay for personal illness or injury (sick leave) per school year of service. Employees who work less than five school days per week (part-time employees) shall be granted sick leave in proportion to the time they work. However, any part-time employees who are entitled to less than three days of paid sick leave per year due to the amount of time worked shall be granted sick leave pursuant to Labor Code 246, if they are eligible. (Education Code 44978; Labor Code 245-249)

According to the administrative regulation above, the board’s adoption and last review date is listed as April 17, 2024. The Administrative Regulation 4361.1 only addresses certificated employees in management positions. The administrative regulation does not address classified management or confidential employees. The former superintendent was a certificated management employee.

Documents provided by the district indicate that the former superintendent was receiving 96 hours or 12 sick days per fiscal year. This is over and above the administrative regulations' allocation of 80 hours or 10 days. The team contacted the district requesting information as to why the additional 16 hours or two days were added to the former superintendent's leave.

The district reported that the practice to provide 96 hours or 12 days of leave applied to all management employees (certificated and classified), confidential, and the former superintendent, whose work calendar was 12 months. The practice of providing the additional 16 hours or two days of sick leave also applied to the two other previous superintendents.

The district's practice to give all management employees who work 12 months throughout the fiscal year an additional 16 hours, or two days of sick leave is common with LEAs in the state of California. At the district, management employees are allowed one equivalent day, in relation to their full-time equivalent (FTE) status, of sick leave for each month worked or the majority of the month worked (e.g., a certificated or classified management employee working 11 months would be entitled to 11 days or 88 hours of sick leave).

Specifically for classified employees, they are entitled to additional sick time if they work the majority of the 11th and 12th months. This provision is outlined in [California Education Code 45191](#).

For certificated employees, a CalSTRS [circular dated March 26, 2024](#) provided a directive to county superintendents of schools, school districts, charter schools, community colleges and any other agency that employs people to perform credible services under CalSTRS.

The circular addresses specifically sick leave conversion to retirement service credit. It references the maximum retirement sick leave conversion as follows:

Sick leave days are defined in Education Code section 22170.5. Basic sick leave is limited to 12 days in a school year per employee, per employer. Sick leave earned by an employee for an employer in excess of 12 days in a school year is considered excess sick leave.

Consistent with [California Education Code 44978](#), information and documents reviewed by the team support that the district appropriately provided sick time to certificated management employees (e.g., the previous two superintendents and certificated management who worked 11 and 12 months throughout the fiscal year). Education Code 44978 states the following:

Every certificated employee employed five days a week by a school district shall be entitled to 10 days' leave of absence for illness or injury and additional days **in addition thereto as the governing board may allow for illness or injury, exclusive of all days he or she is not required to render service to the district**, with full pay for a school year of service. A certificated employee employed for less than five schooldays a week shall be entitled, for a school year of service, to that proportion of 10 days' leave of absence for illness or injury as the number of days he or she is employed per week bears to five and is entitled to additional days in addition thereto as the governing board may allow for illness or injury to certificated employees employed for less than five schooldays a week. [Emphasis added]

Interviews with the district indicated that the Administrative Regulation 4361.1 was initially developed for management staff who only work 10 months out of the fiscal year. Given the information identified in the previous section, the team concludes the district's practice in providing sick leave to the former superintendent was consistent with Education Code and STRS regulations. However, the district's written policy is not reflective of the Education Code and STRS regulations. Although the former superintendent's contract and current district policy are not reflective of the Education Code, their practice is.

Superintendent Time Documentation

A timecard is a record used to track the hours an employee works, including start and end times, breaks, and total hours for each day. For management employees, a work calendar can be used to document time worked. Timecards or work calendars are important for LEAs as they help document employee work hours accurately, which is required by state labor laws. They ensure staff are paid correctly, including overtime (if eligible), and may protect both the district and employees from legal issues. Work calendars or timecards are considered records and are essential for audits and reporting purposes.

Documents provided by the district indicate that the board president had signed off on the superintendent's work calendar for each month of FCMAT's scope of work. Furthermore, as indicated by the district, the former superintendent is the only management employee to sign and complete a monthly time card.

Although the former superintendent's work calendars may have been signed a few months later, each one was signed by the former superintendent and the board president. Because the former superintendent and their respective supervisor had signed the work calendar, this indicates that the supervisor was aware of and approved time off and the ability to work remotely. The ability to work remotely could be an accommodation that was approved by the board president.

Accommodation

Generally, a reasonable accommodation is a modification or adjustment to a job, work environment or program that enables a person with a medical condition or disability to have equal access and opportunity. Whenever there is a known medical condition or disability it is a requirement of the California Fair Employment and Housing Act to engage in the interactive process to come to a reasonable accommodation.

District Administrative Regulation 4032: Reasonable Accommodation, was originally adopted in June of 2013, and revised and last reviewed in December of 2016. This regulation states the following:

Except when undue hardship would result to the district, the Superintendent or designee shall provide reasonable accommodation:

1. In the job application process, to any qualified job applicant with a disability
2. To enable any qualified employee with a disability to perform the essential functions of the position he/she holds or desires to hold or to enjoy equal benefits or other terms, conditions, and privileges of employment as other similarly situated employees without disabilities

No employee or job applicant who requests an accommodation for his/her physical or mental disability shall be subjected to discrimination or to any punishment or sanction, regardless of whether the request for accommodation was granted. (Government Code 12940)

The district designates the position specified in AR 4030 - Nondiscrimination in Employment as the coordinator of its efforts to comply with the Americans with Disabilities Act (ADA) and to investigate any and all related complaints.

Furthermore, as stated in the regulation, the process of requesting a reasonable accommodation is outlined as follows:

When requesting reasonable accommodation, an employee or his/her representative shall inform the employee's supervisor that he/she needs a change at work for a reason related to

a medical condition. The supervisor shall inform the coordinator of the employee's request as soon as practicable.

When the disability or the need for accommodation is not obvious, the coordinator may ask the employee to supply reasonable documentation about his/her disability. In requesting this documentation, the coordinator shall specify the types of information that are being sought about the employee's condition, the employee's functional limitations, and the need for reasonable accommodation. The employee may be asked to sign a limited release allowing the coordinator to submit a list of specific questions to his/her health care or vocational professional.

In addition, granting a reasonable accommodation is further described as:

Upon receiving a request for reasonable accommodation from a qualified individual with a disability, the coordinator shall:

1. Determine the essential functions of the job involved
2. Engage in an informal, interactive process with the individual to review the request for accommodation, identify the precise limitations resulting from the disability, identify potential accommodations, and assess their effectiveness
3. Develop a plan for reasonable accommodation which will enable the individual to perform the essential functions of the job or gain equal access to a benefit or privilege of employment without imposing undue hardship on the district

A determination of undue hardship should be based on several factors, including (29 CFR 1630.2):

- a. The nature and net cost of the accommodation needed, taking into consideration the availability of tax credits and deductions and/or outside funding
- b. The overall financial resources of the facility making the accommodation, the number of persons employed at this facility, and the effect on expenses and resources of the facility
- c. The overall financial resources, number of employees, and the number, type, and location of facilities of the district
- d. The type of operation of the district, including the composition, structure, and functions of the workforce and the geographic separateness and administrative or fiscal relationship of the facility making the accommodation to other district facilities
- e. The impact of the accommodation on the operation of the facility, including the impact on the ability of other employees to perform their duties and the impact on the facility's ability to conduct business

The coordinator may confer with the site administrator, any medical advisor chosen by the district, and/or other district staff before making a final decision as to the accommodation.

The superintendent's position reports to the board. Typically, the board president acts as the liaison for the board. Interviews with two former board presidents explained that the former superintendent informed the board of a medical condition for which she might need some time off. Furthermore, the interviews indicated that the former superintendent discussed working conditions and the direction they gave the former super-

intendent to take was “to take care of herself and work when she can.” Figure 1 below is a community email sent on January 18, 2024, by the former superintendent with the following message:

January 18, 2024, Email

From Dr. Beth Polito

Dear LLESB Community,

Thank you for all of your well wishes, support, and goodies while I was on medical leave. It is very appreciated. Thankfully, my [Redacted] was a success, and I returned to work this week. To say I have missed our students and staff is an understatement, and I am thrilled to be back.

I am working remotely for the next few weeks. I will be working in a hybrid fashion (virtual and in-person) from February 1 on. Thank you again for your support, and a special thanks to [Redacted] [Redacted] for postponing her retirement and leading this team so well in my absence.

Best Regards,
Dr. Beth Polito
Superintendent

[Red comment box added by FCMAT.]

Figure 1. Copy of January 18, 2024, email from former superintendent.

Source: Reproduced from January 18, 2024, community email.

In summary, the board was aware of and made accommodations for the former superintendent to work remotely during her medical condition. Therefore, the board president(s) were acting as the former superintendent's immediate supervisor, and interviews and documents obtained by the team demonstrate they approved the former superintendent's work calendars.

After reviewing the relevant documents and conducting interviews with district employees and board members regarding the former superintendent's leave accrual and usage, the team concluded that there was insufficient evidence to demonstrate a willful intent to commit wrongdoing or to conceal or misrepresent actions in order to misuse the district's leave policies and procedures.

Conclusion

Potential for Fraud, Misappropriation of Funds, or Other Illegal Fiscal Practices

Based on the findings in this report, there is insufficient evidence to demonstrate that fraud or misappropriation of funds and/or assets, or other illegal fiscal practices may have occurred in the specific areas reviewed.

Deficiencies and exceptions noted during FCMAT's review of Las Lomas Elementary School District financial records and internal control environment increase the probability of fraud, mismanagement and/or misappropriation of the school district's assets. Therefore, these findings should be of concern to the Las Lomas Elementary School District and the San Mateo County Superintendent of Schools and require immediate intervention to limit the risk of fraud, mismanagement and/or misappropriation of assets, or other illegal fiscal practices in the future.

Recommendation

The county superintendent should:

1. Notify the Las Lomas Elementary School District governing board at a regularly scheduled board meeting within 45 days of the audit's completion (the date of this report) that insufficient evidence exists to indicate that fraud, misappropriation of funds and/or assets, or other illegal fiscal practices may have occurred, and that the San Mateo County Superintendent of Schools has concluded its review.

Appendices

Appendix A

Study Agreement



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR AB 139 REVIEW

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the San Mateo County Superintendent of Schools, hereinafter referred to as the Client or county superintendent of schools; collectively, Team and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

1. BASIS OF AGREEMENT

The Team provides a variety of services to local education agencies (LEAs). Pursuant to the provisions of Education Code (EC) 1241.5(b), county superintendents may review or audit the expenditures and internal controls of any school district in their county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. Furthermore, pursuant to the provisions of EC 1241.5(c), county superintendents may review or audit the expenditures and internal controls of any charter in their county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination.

The county superintendent of schools has requested that FCMAT assign professionals to conduct an Assembly Bill (AB) 139 review consistent with EC 1241.5 (b) or (c), as applicable. Such AB 139 review is in fulfillment of the county superintendent of school's authority under EC 1241.5(b) or (c), as applicable. The review conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner. The assigned professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

The county superintendent of schools has received information regarding possible fraud, misappropriation of funds or other illegal fiscal practices at the Las Lomitas Elementary School District, hereinafter referred to as Subject Entity.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Review

1. The focus of this AB 139 review is to sample the Subject Entity's expenditures and internal controls related to employee leave and credit card purchases to determine whether school funds were used for reasons other than legitimate educational purposes.
2. The team will review and test the Subject Entity's credit card purchases by sampling associated transactions made in fiscal years 2022-23, 2023-24, and 2024-

25 to date. The Team's judgment will determine purchases designated for testing, sample size, sample selection technique, and the conclusion reached as a result of the testing. Sample testing and review results are intended to provide reasonable but not absolute certainty about whether the Subject Entity's disbursements were appropriate.

3. The team will review the contractual terms, employee leave and attendance, and related California State Teachers' Retirement System (CalSTRS) regulations for the superintendent of the Subject Entity for fiscal years 2022-23, 2023-24, and 2024-25 to date. The review results are intended to provide reasonable but not absolute certainty about whether the Subject Entity's leave policies and procedures were followed and appropriate.
4. Based on the assessment performed, either recommend or not recommend that the county superintendent of schools notify the governing board of the Subject Entity, the State Controller, the state superintendent of public instruction, and the local district attorney that sufficient evidence exists to indicate that fraud, misappropriation of funds or other illegal fiscal practices may have occurred, and that the county superintendent of schools has concluded its review.

B. Services and Products to be Provided

1. Orientation Meeting for Client

The Team will conduct an orientation session at the Client's location to brief the Client on the Team's procedures and the purpose and schedule of the review. This orientation meeting shall be held prior to commencing fieldwork for the study.

2. Orientation Meeting for Subject Entity

The Team will conduct an orientation session at the Subject Entity's location to brief the Subject Entity's superintendent or head of school, as applicable, on the Team's procedures and the purpose and schedule of the review. This orientation meeting is normally held at the beginning of fieldwork for the review.

3. Fieldwork

The Team will conduct fieldwork at the Subject Entity and/or the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.

4. Progress Reports

The Team will provide periodic written and/or verbal updates to the Client on any material issues as the review progresses. Such updates will normally be provided at the conclusion of fieldwork and the conclusion of the initial report writing phase but prior to the release of a draft report. Updates will also be provided at any time the Client requests.

5. Draft Report

An electronic copy of a preliminary draft report will be delivered to the Client's point of contact for review and comment.

6. Final Report

An electronic copy of the final report will be delivered to the Client's point of contact following completion of the review. FCMAT's work products are public and all final reports are published on the FCMAT website.

7. Follow-up Support

The Team will meet with the Client and/or the Subject Entity to discuss the findings, conclusion and recommendation in the final report after the final report has been issued.

3. PROJECT PERSONNEL

The personnel assigned to the review will be led by a FCMAT staff person (job lead) and will include at least one other professional. FCMAT will notify the Client of the assigned personnel when the fully executed copy of this Agreement is returned to the Client.

FCMAT will communicate to the Client any changes in assigned project personnel.

4. PROJECT COSTS

The cost for AB 139 reviews shall be as follows:

- A. \$1,500 per day for each FCMAT staff member while conducting activities associated with the review. This includes, but is not limited to, planning, on-site or virtual document collection and review, interviews, conducting fieldwork at other locations, conducting analysis, preparing reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed.
- B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.
- C. The applicable indirect rate at the time work is performed on the review will be added to all costs billed.
- D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report (final payment). The Parties agree that changes documented in a revised study agreement may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

Based on the scope and objectives of the review, the total not-to-exceed cost of the review will be \$102,000.

- E. Any change to the scope of work will affect the total cost. Changes may include, but are not limited to, delays, revisions to the scope of services, and substitution or addition of personnel. The need for changes shall be communicated by FCMAT to the Client in advance in the form of a revised study agreement.
- F. The Client may be eligible for full or partial reimbursement from the State of California for the costs of this review under EC 1241.5(b) or (c). Further information and the reimbursement request form are available on the FCMAT website at: [Reimbursements to COEs.pdf](#).

Payments for FCMAT's services are payable to Kern County Superintendent of Schools, Administrative Agent, 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE CLIENT

The Parties recognize that the Subject Entity is not a party to this Agreement. The Parties further recognize that many of the responsibilities outlined below are best fulfilled by the Subject Entity. The Client shall take responsibility to secure the Subject Entity's full cooperation with this AB 139 review and to facilitate the performance of each of the following responsibilities.

- A. Notify the Subject Entity in writing that an AB 139 review has been requested and will commence. Provide FCMAT with a copy of this notice.
- B. Return current organizational chart(s) that show the Subject Entity's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- C. Provide private office or conference room space for the Team's use during fieldwork at the Subject Entity's facility or other facilities that FCMAT may agree to.
- D. Provide for a Client and/or a Subject Entity employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- E. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

All documents and data provided shall be responsive to FCMAT's request, in quality condition, readable and in a usable form. With few exceptions, documents and data requested are public records and records maintained by LEAs in the routine course of doing business. Some data requested may require exporting LEA financial system reports to Microsoft Excel or another usable format agreed to by FCMAT.

All documents shall be provided to FCMAT in electronic format, labeled as instructed by FCMAT. Upon approval of this Agreement, access will be provided to FCMAT's online SharePoint repository, to which the Client and/or the Subject Entity will upload all requested documents and data.

- F. Ensure appropriate senior-level staff are available for the orientation meetings for both the Client and the Subject Entity.
- G. Facilitate access to requested Subject Entity's board members, officers and staff for interviews.
- H. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.
- I. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report's data. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report. This is a Client only responsibility; the Subject Entity is not provided a copy of the draft report.
- J. Follow the recommendation of the report and make all necessary notifications as outlined in the report.
- K. Return the requested evaluation survey to FCMAT as described below.

6. **PROJECT SCHEDULE**

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the review under this Agreement is to produce a timely and thorough report that adds value for the Client. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing, or facilitating the provision of, requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

The following project schedule milestones will be established by FCMAT upon receipt of a signed Agreement from the Client:

ACTION	TIMELINE
FCMAT provides Client with a draft Agreement.	Draft Agreements are usually provided within 30 business days Client's initial request for services.
Client returns partially executed Agreement to FCMAT along with the applicable Subject Entity organizational charts and the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT.	Draft Agreements are valid for 30 business days.
FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.	Within five business days of the Client's return of the signed Agreement.
Client and/or the Subject Entity uploads	Within 20 business days of the Client's

ACTION	TIMELINE
initial requested documents and data to FCMAT's online SharePoint repository.	receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within 20 business days of FCMAT's receipt of requested documents and data.
Orientation meeting for the Client	Prior to commencing fieldwork
Orientation meeting for the Subject Entity	First day of fieldwork at the Subject Entity's location.
Initial follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT's request.
Additional follow-up fieldwork, if needed (e.g., additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT's request.
Client and/or the Subject Entity uploads supplemental documents and data to FCMAT's online SharePoint site repository.	Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).
Draft report submitted to the Client	To be determined, usually, within 90 days of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within 10 business days of FCMAT providing a draft report to the Client.

The Client acknowledges that project schedule deadlines build upon and are contingent on each previous deadline. Missed deadline dates will affect future deadline dates and ultimately the timing of the final report. For example, if the Client or the Subject Entity does not provide requested documents and data by the specified date, the fieldwork may not be able to proceed as originally planned.

The Parties acknowledges that the Subject Entity has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

The Parties commit to regular communication and updates about the review schedule and work progress. FCMAT may modify the usual timelines as needed.

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will commence work as soon as it has assembled an available and appropriate review team, taking into consideration other jobs FCMAT has previously undertaken, assignments from the state, and higher priority assignments due to fiscal distress. The Team

will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Client, the Subject Entity and any other related parties from which, in the Team's judgment, it must obtain information. Once the Team has completed its fieldwork, it will proceed to prepare a report. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed.

Upon written notice to FCMAT, the Client may terminate its request for service at any time up to the issuance of the draft report and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the Client does not provide written notice of termination prior to issuance of the draft report, the Team will complete its work and deliver its final report and the Client will be responsible for the full costs.

FCMAT may terminate this Agreement at any time if the Client or the Subject Entity fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Client or the Subject Entity. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the Client or the Subject Entity in any manner without prior express written authorization from an officer of the Client or the Subject Entity.

9. RECORDS

The Client understands and agrees that FCMAT is a state agency and all FCMAT reports are public records and are published on the [FCMAT website](#). Supporting documents and data in FCMAT's possession may also be public records and will be made available in accordance with the provisions of the California Public Records Act.

FCMAT has a records retention policy and practice, and every effort will be made to maintain records related to this Agreement in accordance with this policy.

10. CONTACT WITH PUPILS

Pursuant to EC 45125.1, representatives of FCMAT will have limited contact with pupils. The Client and the Subject Entity shall take appropriate steps to comply with EC 45125.1.

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

FCMAT shall hold the Client, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this Agreement. Conversely, the Client shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of the Client's board, officers, agents and employees undertaken under this Agreement.

13. PUBLIC SAFETY CONSIDERATIONS

Whether due to public health considerations, extreme weather conditions, road closures, other travel restrictions or interruptions, shelter-at-home orders, LEA closures or other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the Client, and Project Schedule (Sections 2, 4, 5 and 6 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

- A. Orientation meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
- C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

14. FORCE MAJEURE

Neither party will be liable for any failure or delay in the performance of this Agreement due to causes beyond the reasonable control of the party, except for payment obligations by the Client.

15. EVALUATION

In the interest of continuous improvement, FCMAT will provide the Client with an evaluation survey at the conclusion of the services. FCMAT appreciates the Client's honest assessment of the Team's services and process. The Client shall return the evaluation survey within 10 business days of receipt.

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process contemplates sending information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the review.

Name: Kevin Bultema, Deputy Superintendent Business Services

Telephone: (650) 802-5512

Email: kbultema@smcoe.org

FCMAT will ask the Subject Entity to also establish a contact person for FCMAT to use in communicating with the Subject Entity on matters related to the review.

17. **SIGNATURES**

Each individual executing this Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

For Client:



Nancy Magee, County Superintendent
San Mateo County Office of Education

March 31, 2025

Date



For FCMAT:

Michael H. Fine  Digitally signed by Michael H. Fine

Date: 2025.04.03 13:03:23 -07'00'

Michael H. Fine,
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Date

Appendix B

More About Types and Causes of Fraud

Fraud, Occupational Fraud, Abuse and Internal Controls

Fraud can include an array of irregularities and illegal acts characterized by intentional deception and misrepresentations of material facts. Although all employees have some degree of responsibility for internal controls, the governing board, superintendent and senior management are ultimately responsible.

Occupational Fraud

Occupational fraud includes asset misappropriation, corruption, and fraudulent financial statements. Occupational fraud occurs when an organization's owners, executives, managers or employees use their position in the organization to deliberately misuse or misapply the employer's resources or assets for personal benefit.

Asset misappropriation includes the theft or misuse of local educational agency (LEA) assets and may include taking cash, inventory or other assets, and/or fraudulent disbursements. Asset misappropriation is the largest category of occupational fraud and includes numerous fraudulent disbursement schemes. Corruption schemes involve one or more employees and/or board members using their influence in business transactions to obtain a personal benefit that violates their duty to the employer or the organization; conflicts of interest fall into this category. Financial statement fraud includes intentionally misstating or omitting material information in financial reports.

Many different types of fraud exist; however, occupational fraud, including asset misappropriation and corruption, is more likely to occur when employees are in positions of trust and have access to assets. Embezzlement occurs when someone who is lawfully entrusted with property takes it for their personal use. Common elements in all fraud include the following:

- Intent, or knowingly committing a wrongful act.
- Misrepresentation or intentional false and willful representation(s) of a material fact.
- Reliance on weaknesses in the internal control structure, including when an individual relies on fraudulent information.
- Concealment of the act or facts.
- Damages, loss or injury by the deceived party.

Financial Abuse

Many transactions related to abusive financial practices are found in school districts, charter schools, and other similar organizations. Examples of financial abuse that cost the organization are as follows: taking an extended lunch or break without approval; coming to work late and leaving early; not reporting used vacation time; using sick leave inappropriately; getting paid for more hours than worked; doing slow or careless work; and performing work under the influence of drugs or alcohol. Financial abuse also requires dishonest intent on the part of the employee to victimize the organization. In the private sector, intentional financial

abusive practices typically result in reprimands, reducing an employee's pay, or termination. Governmental entities may impose consequences similar to those in the private sector, but in addition abuse may be considered fraud because the employee intentionally has made a false statement against the government for financial gain.

Internal Controls

The accounting industry defines the term "internal control" as it applies to organizations, including school agencies. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) gives organizations guidance on internal control, risk management, governance and fraud deterrence. COSO is recognized globally for its Internal Control – Integrated Framework (ICIF), which was updated in its 2023 publication, *Achieving Effective Internal Control Over Sustainability Reporting (ICSR): Building Trust and Confidence Through the COSO Internal Control – Integrated Framework*. This publication defines internal control as follows:

A process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

The reference to achievement of objectives refers to an organization's work of planning, organizing, directing, and performing routine tasks related to operations, and monitoring performance. An organization establishes control over its operations by setting goals, objectives, budgets and performance expectations.

Several factors influence the effectiveness of internal control, including the social environment and how it affects employees' behavior, the availability and quality of information used to monitor an organization's operations, and the policies and procedures that guide an organization. Internal control helps an organization obtain timely feedback on its progress in meeting operational goals and guiding principles, producing reliable financial reports, and ensuring compliance with applicable laws and regulations.

Internal control is the primary mechanism for preventing and/or deterring illegal acts or fraud, which can include an assortment of irregularities characterized by intentional deception and misrepresentation of material facts. Effective internal control provides reasonable but not absolute assurance that operations are effective and efficient, that the financial information produced is reliable, and that the organization complies with all applicable laws and regulations.

Internal control provides the framework for an effective fraud prevention program. An effective internal control structure includes the policies and administrative regulations established by the board and operational procedures used by employees, adequate accounting and information systems, the work environment, and the professionalism of employees.

The Committee of Sponsoring Organizations of the Treadway Commission initially outlined the five components of internal control in an executive summary, *Internal Control – Integrated Framework*, published in 2013. Table B-1 provides a summary of these components and their respective characteristics.

Table B-1. Summary of internal control components and characteristics.

Internal Control Component	Characteristics
Control Environment	The set of standards, processes and structures that provide the basis for carrying out internal control across an organization. Comprises the integrity and ethical values of the organization. Commonly referred to as the moral tone of the organization, the control environment includes a code of ethical conduct; policies for ethics; hiring and promotion guidelines; proper assignment of authority and responsibility; oversight by management, the board or an audit committee; investigation of reported concerns; and effective disciplinary action for violations.
Risk Assessment	Identification and assessment of potential events that adversely affect the achievement of the organization's objectives, and the development of strategies to react in a timely manner.
Control Activities	Actions established by policies and procedures to enforce the governing board's directives. These include actions by management to prevent and identify misuse of the LEA's assets, including preventing employees from overriding controls in the system.
Information and Communication	Ensures that employees receive information regarding policies and procedures and understand their responsibility for internal control. Provides opportunity to discuss ethical dilemmas. Establishes clear means of communication within an organization to report suspected violations.
Monitoring Activities	Ongoing monitoring to ascertain that all components of internal control are present and functioning; ensures deficiencies are evaluated and corrective actions are implemented.

Source: COSO's 2013 publication, *Internal Control – Integrated Framework*.

The five components of internal control are supported by underlying principles that help ensure an organization achieves effective internal control. Each of the five components listed in Table B-1 above and their related principles must be present and functioning in an integrated manner to be effective. An effective system of internal control can provide reasonable but not absolute assurance that the organization will achieve its objectives.

Although an LEA's employees have some responsibility for internal control, the superintendent, board and other key management personnel have a higher ethical standard, fiduciary duty and responsibility to safeguard the LEA's assets.

Control Environment

The internal control environment establishes an organization's moral tone. It begins with the organization's leadership and encompasses employees' perception of the ethical conduct displayed by the governing board and executive management.

The control environment is the set of standards that enables other components of internal control to be effective in preventing and/or deterring fraud or illegal acts. It sets the tone for the organization, provides discipline and control, and includes factors such as integrity, ethical values and competence of employees.

The control environment can be weakened significantly by a lack of experience in financial management and internal control.

Control Activities

Control activities are a fundamental component of internal control and are a direct result of policies and procedures designed to prevent and detect misuse of an LEA's assets, including preventing any employee from overriding system controls. Examples of control and transaction activities include the following:

- **Performance reviews:** These compare actual data with expectations. In accounting and business offices, this most often occurs when budgeted amounts are compared with actual expenditures to identify variances and followed up with budget transfers to prevent overspending.
- **Information processing:** This includes the approvals, authorizations, verifications and reconciliations necessary to ensure that transactions are valid, complete and accurate.
- **Physical controls:** These are the processes and procedures designed to safeguard and secure assets and records.
- **Supervisory controls:** These assess whether the transaction control activities performed are accurate and follow established policies and procedures.
- **Segregation of duties:** This consists of processes and procedures that ensure no employee or group is placed in a position to be able to commit and conceal errors or fraud in the normal course of duties. In general, segregation of duties includes separating the custody of assets, the authorization or approval of transactions affecting those assets, the recording or reporting of related transactions, and the execution of the transactions. Adequate segregation of duties provides for separate processing by different individuals at various stages of a transaction, and for independent review of the work; these measures reduce the likelihood that errors will remain undetected.

Gift of Public Funds

Article 16, Section 6 of the California Constitution specifies that the state Legislature cannot authorize any county, city, or other political subdivision to make any gift of public funds to an individual or corporation. This prohibits making any gift of public money or items of value to any individuals (including public employees), corporations, or other government agencies. This constitutional prohibition is designed to prevent the misuse of public money.

Expending public funds for a direct and substantial public purpose, with only an incidental benefit to an individual, is unlikely to violate this constitutional prohibition. The existence, lack of, or absence of a direct and substantial public purpose is the primary factor in determining whether an expenditure is a gift of public funds.

To justify an expenditure of public funds, a governing board must determine that the expenditure will benefit the education of the LEA's students. Expenditures that most directly and demonstrably benefit students' education are more likely justified, but expenditures driven by personal motives are not, even if they have been a long-standing local custom or are based on benevolent intentions. If the LEA's governing board has determined that a particular type of expenditure serves a public purpose, courts will almost always defer to that finding. Therefore, if the LEA has a board policy stating that specific items are allowable, such as scholarships and awards, the expenditure will likely be considered allowable.

Gifts and awards to employees and/or students may be considered gifts of public funds unless the board has a policy that defines the parameters of allowable gifts and awards.

Appendix C

More About Transaction Sampling

The purpose of sampling transactions is to provide insight into all transactions. The larger the sample size, the more accurate and representative of all transactions the results can be. For example, if there are 100 travel reimbursement claims and 10 are sampled, 10% of the claims are sampled. If two of the 10 claims sampled contain errors, then 20% of the sample has errors. This means that 20% of all 100 claims, or 20 claims, may also contain errors. Sampling is one of many methods used to gain insight into what is being audited. Sampling techniques such as random or targeted sample selections, as well as the auditor's judgment and experience, may also affect the results achieved and how data is sampled and evaluated.

FCMAT used a combination of random and targeted sampling methods for this audit. FCMAT developed and conducted audit procedures to analyze and evaluate allegations and identify potential outcomes. The audit scope, objectives, and substantive transaction testing were based on the FCMAT study team's experience and professional judgment. Transaction testing does not include testing or evaluating all available transactions and records.

Transactions selected were analyzed and compared to board bylaws and policies, administrative regulations, operational practices, and industry standards or best practices. They were then evaluated for proper authorizations and reasonableness based on the team's judgment and technical expertise in school business operations, internal controls, and accounting best practices.

Sample testing and examination results are intended to provide reasonable but not absolute assurance that the transactions and financial activity are accurate, and/or to identify whether fraud, misappropriation of funds, or other illegal fiscal practices may have taken place during the period under review.

Credit Card Purchases Testing Results Sample Period, July 1, 2022 – March 31, 2025 (33 Months)

Table C-1: Summarized Credit Card Statement Number of Months in the Audit Scope and Number of Months Sampled

Transaction Population and Sample Based on Number of Months Description	Months		
	Population # Months	Sampled # Months	Percent Sampled
Employee #1	33	33	100.0%
Employee #2	33	8	24.2%
Employee #3	33	8	24.2%
Employee #4	33	8	24.2%
Employee #5	33	8	24.2%
Employee #6	33	8	24.2%
Totals	198	73	36.9%

Source: FCMAT sample testing data sourced from district provided credit card statements.

Note: Figures are rounded.

The sampling method described in this Appendix C and in the Credit Card Transaction Sampling section earlier in the report of randomly selecting transactions (or, as in this audit, randomly selecting credit card statement months containing purchases) is how the months to audit were selected. Only the former superintendent's credit card statements were fully selected for audit during the audit scope period. Randomly selecting months means that some months may not have any credit card transactions. Credit card statement monthly balance payments were not audited. If a sample month only showed a statement balance being paid, that month was considered as not having any credit card transactions. Similarly, if a credit card statement contained a purchase and a statement payment, the payment was not audited or included in the count of credit card transactions. The scope of the audit is credit card purchases, not statement balance payments.

Sixteen of the 73 months sampled did not have credit card transactions or only showed a credit card statement payment, which was not counted as a purchase or credit transaction. Because 73 months of credit card statements were chosen for audit, even though 16 of those months resulted in no auditable transactions, the remaining 57 months were considered sufficient to provide a representative number of credit card transactions to be audited. Credit card transaction credits or refunds were also audited because they are typically connected to a purchase. Credits were treated for statistical analysis purposes as positive numbers. Treating credits as negative numbers would have lowered the total number of transactions, which would have distorted the number of transactions audited.

From the sample credit card statements above, and except as noted, the team compiled and audited all transactions in each available statement. The statements audited represent 504 credit card transactions, which are shown in Table C-2 below. The sampled number of transactions was derived from adding up all credit card statement transactions excluding the statement balance payment(s). The 504 transactions are considered representative of the district's credit card purchasing pattern. To estimate if the 504 transactions are representative of the total potential population of credit card statement for the six employees, the team would need to know how many credit card transactions there were in all; that is, 198 months of possible statements. Instead of requesting every credit card statement for all 198 months and counting the transactions, the team projected the total potential number of transactions based on the known 504 transactions for the months audited. Table C-2 below shows the projected population of credit card transactions.

Table C-2: Summarized Number of Credit Card Transactions

Transaction Population and Sample Based on Number of Transactions Description	Transactions		
	Projected	Sampled	Percent
	Population # Transactions	Number of Transactions	Sampled
Employee #1	276	276	100.0%
Employee #2	318	77	24.2%
Employee #3	165	40	24.2%
Employee #4	239	58	24.3%
Employee #5	58	14	24.1%
Employee #6	161	39	24.2%
Totals	1,217	504	41.4%

Source: FCMAT sample testing data sourced from district provided credit card statements.

Note: Figures are rounded.

Projecting the population of transactions over a 33-month period for each employee other than the former superintendent is based on the known number of transactions in the eight months of available credit card statements. The former superintendent's credit card statements were sampled for all 33 months of the scope period. Therefore, in this instance, because there were 276 transactions in those months, there were also 276 projected transactions or 100% sampled over the 33 months. Employees numbered two through six, however, were not audited for all 33 months. They were only audited for eight out of 33 months as shown in Table C-1 above.

To project or estimate the number of transactions over the 33-month scope period for the five other employees, each of their known number of transactions in the eight months sampled was divided by eight to calculate a monthly average of transactions. The monthly average was multiplied by 33 months to calculate the projected population or number of possible transactions. The calculations resulted in a combined 1,217 projected credit card transactions for all six employees. For example, using Employee #4, there are 58 credit card transactions in the eight months sampled. Fifty-eight transactions divided by eight months is an average of 7.25 transactions per month, and 7.25 transactions per month projected out to 33 months is 239.25 transactions per month rounded to 239.

The team had planned that if the number of transactions sampled was at least 20% of the total number of credit card purchases for all six employees over the full 33-month scope period for each employee or 198 (33 months x six employees) total months, the sample would be representative of how the district operated, documented, and accounted for credit card transactions. The percentage sampled as compared to the projected population or number of transactions over the 198-month scope period was calculated at 41.4% (504 transactions / 1,217 transactions). The resulting 41.4% was more than double the 20% planned sample to total percentage, meaning that even if the projection of possible number of credit card transactions is 50% incorrect, the 504 transactions audited remain representative of the district's credit card processing and documentation procedures.

Once the number of months of credit card statements was determined, the number of credit card purchases in each statement month was compiled. From this, each credit card purchase dollar amount was compiled. The sampled number of transactions shown in dollars and projected population of the possible dollars is shown below in Table C-3.

Table C-3: Summarized Dollar Amount of Credit Card Transactions

Transaction Population and Sample as a Dollar Amount Description	Transactions		
	Projected	Sampled	
	Population as Dollars	Dollar Amount Of Transactions	Percent Sampled
Employee #1	\$ 138,319	\$ 138,319	100.0%
Employee #2	\$ 64,276	\$ 15,582	24.2%
Employee #3	\$ 60,864	\$ 14,755	24.2%
Employee #4	\$ 98,781	\$ 23,947	24.2%
Employee #5	\$ 31,602	\$ 7,661	24.2%
Employee #6	\$ 6,980	\$ 1,692	24.2%
Totals	\$ 400,822	\$ 201,956	50.4%

Source: FCMAT sample testing data sourced from district provided credit card statements.

Note: Dollar amounts and other figures are rounded.

A similar calculation was performed to project the dollar amount of the number of transactions sampled. As described above, the former superintendent was sampled for all 33 months; therefore, the dollar amount of employee #1's 276 transactions was known to be \$138,319. The other five employee transactions dollar amounts for each of their eight months audited was also known and divided by eight months to calculate a monthly average dollar amount of transactions. The monthly average was multiplied by 33 months to calculate the projected dollar amount of possible transactions. For example, using Employee #4, the 58 credit card transactions in the eight months sampled have a total dollar amount of \$23,947. The \$23,947 is divided by eight months for an average of \$2,993.37 per month, and \$2,993.37 per month projected out to 33 months is \$98,781.21 per month rounded to \$98,781. The calculations resulted in a combined \$400,822 in projected credit card purchases for all six employees. The total known dollar amount of credit card purchases sampled is \$201,956.

Similar to the planned sample percentage of 20% described about [Table 2](#) above, the team had planned that if the dollar amount of transactions sampled was at least 25% of the total dollar amount of credit card purchases for all six employees projected over the full 33-month scope period or 198 total months, the sample would be representative of how the district operated, documented, and accounted for credit card transactions. The percentage dollar amount sampled as compared to the projected dollar amount of transactions over the 198-month scope period was calculated at 50.4% (\$201,956/\$400,822). This was more than double the 25% planned sample amount to total percentage, meaning that even if the projection of the total dollar amount of credit card transactions is 50% incorrect, the \$201,956 of transactions audited remain representative of the district's credit card processing and documentation procedures.

Appendix D

Criteria 1 – 4 Summarized Sample Results

Table 1 shown earlier in the report at the Credit Card Transaction Sampling section summarizes the sample results for criteria one through five. The majority of the internal control failures were within criteria one through four. For ease in recalling the five sample criteria they are reproduced below.

1. The credit card expenditure log form is signed by the employee.
2. The credit card expenditure log form is signed by the employee's supervisor (this signature means that the expenditure is properly authorized).
3. The credit card statement and expenditure log form transaction amounts agree, and dates are within four days difference.
4. The expenditure log form describes an educational purpose.
5. The expenditure log form, itemized receipts, invoices, or other supporting documentation or explanation about the purpose of the transaction is reasonable and overall determined to serve an educational purpose.

As shown in [Table D-1](#) below, every employee failed one or more of criteria one through four. For example, if an employee did not submit a credit card expenditure log form, that would automatically cause a failure for criterion 1, 2, 3, and 4 because those criteria are specific to the expenditure log form. That would be counted as one failure. As shown in [Table 7](#) in the findings section above, only employee number 3 had an expenditure log form for each of the months sampled. However, even though there were no missing log forms for employee number three, there were the following criteria failures:

- There were four transactions in one month in which that month's log form did not show the supervisor's signature (Criterion 2). Even though it is one month missing a supervisor's signature, each transaction for that month was missing the signature and counted as four failures. The transactions are counted this way because it allows for a supervisor to approve or reject specific transactions on a line-by-line basis or approve all transactions with one signature at the bottom of the expenditure log form.
- There was one transaction in an expenditure log form of another month that was a credit card credit that was not written on the expenditure log form. This meant the credit card statement amount and transaction date did not agree with the expenditure log form (Criterion 3).
- The same credit card credit transaction also failed to be written on the expenditure log form; therefore, its educational purpose was not described (Criterion 4). Both criteria three and four count as one statistical failure for the entire credit card purchase.
- These criteria failures for employee #3 total five criteria 1-4 failures as shown below in [Table D-1](#).

Table D-1: Summarized Criteria 1-4

Description	Criteria 1 - 4 Summarized Sample Results					
	Number/Quantity			Dollars		
	Total	Criteria 1-4	%	Total	Criteria 1-4	%
	Transactions	Fails	Fails	Dollars	Fails	Fails
Employee #1	276	246	89.1%	\$ 138,319	\$ 128,663	93.0%
Employee #2	77	37	48.1%	\$ 15,582	\$ 8,321	53.4%
Employee #3	40	5	12.5%	\$ 14,755	\$ 1,012	6.9%
Employee #4	58	29	50.0%	\$ 23,947	\$ 18,264	76.3%
Employee #5	14	5	35.7%	\$ 7,661	\$ 2,259	29.5%
Employee #6	39	35	89.7%	\$ 1,692	\$ 1,289	76.2%
Totals	504	357	70.8%	\$ 201,956	\$ 159,808	79.1%

Source: FCMAT sample testing data sourced from district provided credit card statements.

Note: Dollar amounts and other figures are rounded.

Appendix E

Example Kern County Superintendent of Schools Credit Card and Travel Claim Policies, Agreements, Guidelines, and Instructions

Office of John G. Mendiburu, Ed.D.
Kern County Superintendent of Schools

PURCHASING CARD POLICIES AND PROCEDURES

In order to expedite the purchase and accounting of low cost and specialized items, the SUPERINTENDENT OF SCHOOLS issues Purchasing Cards to a limited number of employees whenever there is sufficient benefit to the office. Cards will be issued by the Business Office upon the request of the appropriate division administrator. The number of cards shall be restricted in number and should only be requested when significant justification and need exists. The Business Office will establish credit limits upon the request and recommendation of division administrators.

1. Every cardholder must be a full-time permanent employee of the SUPERINTENDENT OF SCHOOLS, and shall agree to all terms and conditions established for the issuance of a SUPERINTENDENT OF SCHOOLS Purchasing Card.
2. Every cardholder shall sign their card in the presence of a designated SUPERINTENDENT OF SCHOOLS issuer *immediately* upon taking possession of the card.
3. The cardholder shall be personally liable for all inappropriate charges and shall be personally responsible for the settlement of any dispute on any purchase with a vendor.
4. The Purchasing Card may be revoked/**suspended** for the following reasons:
 - a. The card is used for personal or unauthorized purposes.
 - b. The card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law, or regulation pertaining to the SUPERINTENDENT OF SCHOOLS.
 - c. The cardholder allows the card to be used by another individual, except as specifically authorized by Section 12.
 - d. The cardholder splits a purchase to circumvent a purchase limit assigned to the card.
 - e. The cardholder uses another cardholder's card to circumvent a purchase limit assigned to either cardholder.
 - f. The cardholder accepts a personal gratuity from a vendor.
 - g. The cardholder uses the card to purchase gratuities and gifts (including gift cards).
 - h. The cardholder fails to provide Accounts Payable with information about any specific purchase.
 - i. The cardholder fails to provide documentation confirming that charges are approved by the 12th of the month following the statement date.
 - j. The cardholder fails to provide accounting with expense documentation that may be necessary to record a purchase appropriately.
 - k. The cardholder does not adhere to Purchasing Card policies and procedures.
 - l. The Purchasing Card is the property of the bank, and it may at any time revoke card privileges under the provisions of its policies and procedures.
 - m. **Spending in excess of ANNUAL LIMITS or in unauthorized accounts.**
 - n. **The cardholder violates the same card restriction in Section 14 for three consecutive months, their purchase card will be suspended for one month. During this suspension period, all arrangements for purchases will need to be made through the supervisor.**
5. Each Purchasing Card will be assigned specific purchase limits and restrictions. Cardholders shall adhere to these limits and restrictions. It is the responsibility of the cardholder to monitor usage and confirm that sufficient budget balances are available prior to incurring charges.

6. The cardholder is personally responsible for guaranteeing that all charges are for appropriate SUPERINTENDENT OF SCHOOLS expenses, that purchases are within budget limits, and that the purchase does not violate any other law, regulation, or policy of the Board of Education. Neither the bank *nor* the SUPERINTENDENT OF SCHOOLS assume responsibility for non-SUPERINTENDENT OF SCHOOLS purchases. The cardholder shall be liable to the SUPERINTENDENT OF SCHOOLS and to the bank for any non-SUPERINTENDENT OF SCHOOLS purchase.
7. The cardholder shall immediately notify the Business Office if the Purchasing Card is lost, stolen, or in the possession of an unauthorized person. A written follow-up, including pertinent information on the cause of the Purchasing card loss or use by an unauthorized person, shall be forwarded **immediately** to the Business Office.
8. Every cardholder shall take reasonable precautions with the Purchasing Card. These include, but are not limited to, the following:
 - * Keep the card in view after you give it to a clerk. Get it back promptly after they have imprinted it.
 - * Avoid signing a blank receipt. Draw a line through blank spaces above the total when you sign.
 - * Destroy all carbons and voided (when a mistake was made) receipts. If the clerk has to keep a voided receipt for the store's accounting system, be sure to get a copy.
 - * Save all Purchasing Card receipts. Upon receiving your monthly accounting report check your receipts and payments against the statement.
 - * Immediately report in writing any questionable charges on the "Question Item Report" to the Business Systems Coordinator/Accountant.
 - * Never lend your card to anyone.
 - * Never leave your card, receipts, or carbons where anyone can pick them up.
 - * Never put a card number on a postcard or on the outside of an envelope.
 - * Never give your card number over the phone unless you are dealing with a company you are sure is legitimate.
9. Receipt/Invoice – The vendor shall be required to itemize all receipts/invoices. An itemized receipt/invoice shall consist of the following:
 - * Description of items purchased
 - * Quantity purchased
 - * Unit price per item
 - * Sales tax
 - * Shipping charges
 - * Purchase total
10. Payment for charges made against the Purchasing Card shall be processed as follows:
 - * When the statements are transmitted or otherwise received by the SUPERINTENDENT OF SCHOOLS, the charges against each card shall be posted to that card's designated budget account.
 - * Statements shall be forwarded to a designated administrator for each Program for review and local processing.
 - * The designated administrator shall arrange for managers to confirm each and every purchase as to amount and purpose. Confirmation shall be original receipts indicating the purchase order number to be charged and the account line.
 - * A copy of the statements with **all** itemized receipts shall be assembled and returned as a complete group to Accounts Payable by the 12th of the month following the statement date.
 - * Charges made by phone will require the vendor to fax or email an itemized receipt to the purchaser.
 - * **The Advance Approval for Lodging in Excess of 200% of Per Diem will need to be completed for lodging charges over the per diem rate.**

11. All charges on the bank statement will be passed on to the designated cardholder account, including any transaction fees.
12. Departments are requested to centralize the processing of purchases made via Purchasing Cards. In many cases, designated support staff will use cards issued to directors and administrators to book reservations and process authorized purchases.
13. Purchasing Card use must be restricted to the following areas:
All purchases under **\$500**, total transaction amount **that cannot be made from an Epylon vendor**.
The **\$500** limitation does not apply to:
 - a. Travel costs, including registration, airfare, lodging, parking fees and fuel (for KCSOS vehicles). *Note:* meals may not be purchased.
 - b. Car rental fees with prior written approval by Division Administrator.
 - c. **All subscriptions and Amazon orders must be purchased using the Assistant Superintendent or Deputy Superintendent purchase card.**
 - d. Workshop meals (catered or group), with proper documentation and itemization.
 - e. **Sole source** suppliers who do not accept KCSOS purchase orders. **(Provide written explanation with the monthly statement.)** Sole source supplier is one whose product is unique and is not available from any other supplier. For example, parts and technical support for Product X is only available at Company XYZ, Inc., which does not accept purchase orders.
 - f. Items needed on an immediate basis (i.e., safety and health, urgent need for student materials, etc.). **(Provide written explanation with the monthly statement.)**
14. Card restrictions. Cards may not be used for the following:
 - a. Items that may be purchased through Epylon.
 - b. Transactions over **\$500** except as specifically authorized in Section 13.
 - c. Meal purchases.
 - d. Personal purchases.
 - e. Gift cards.
 - f. Equipment purchases. (In most cases, these are items \$500 or over, which last more than one year. Call if clarification is needed.)
 - g. Cell accounts, phones, pagers or communication equipment.
 - h. KCSOS provided products and services (i.e., printing and production services provided by the office).
 - i. Institutional or individual memberships.
 - j. Computer software or hardware.

I, _____ have read the SUPERINTENDENT OF SCHOOLS Purchasing Card Policy and Procedures and agree to abide by them upon acceptance of a Purchasing Card issued to me, and that revocation of card authorization will have no effect on obligations outstanding as of the date of revocation.

Signature: _____

Date: _____

Authorized Single Transaction Amount: \$ _____

Authorized Monthly Amount: \$ _____

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Travel Claim Guidelines

It is the practice of the Office of the Kern County Superintendent of Schools to reimburse employees the necessary and reasonable travel expenses incurred in the performance of assigned and approved duties, subject to the following criteria and procedures:

I. Definitions

- A. "Employees" shall mean members of the Board, members of the Personnel Commission, the Superintendent, and any employee or officially designated representative of the Superintendent traveling at office expense as a part of their assigned duties and responsibilities.
- B. "Headquarters" shall mean the central office of the Superintendent of Schools. The Superintendent may establish an alternate headquarters for personnel not working at the central office.
- C. "Travel expenses" shall mean the costs incurred by employees, subject to criteria listed, for transportation, meals, lodging, and other specified incidental expenses while traveling on office business or in the performance of their duties and responsibilities.

II. Travel Authorizations

- A. Requests for out-of-state travel must first be authorized by the Superintendent. Please use the Approval to Attend Educational Activity form. Out-of-state travel is subject to approval by the Board of Education or County Superintendent. (School organization functions and related conferences, workshops and meetings held in Nevada, shall be considered in state.)
 - 1. The Superintendent may authorize any emergency out-of-state travel, subject to subsequent ratification by the Board of Education, at the next regular meeting of the Board.
 - 2. Requests for out-of-state travel must be approved by the senior cabinet member prior to being submitted to the Superintendent.
- B. No travel reimbursements will be made in excess of the amount budgeted for such travel. Directors of programs have the responsibility to review records on travel and are responsible for giving initial approval for claims within the budget limits.

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III. Automobile

- A. Employees who utilize private vehicles in the course of their official duties shall have in their possession a valid California driver's license and carry current automobile insurance with at least minimum coverage for public liability and property damage as specified by the State of California.
- B. An employee who operates a private vehicle in violation of the above insurance requirement is subject to disciplinary action.
- C. Mid-size automobiles are available from the Transportation Department vehicle pool for use when an automobile is required for office travel. Contact the Transportation Department well in advance to ensure availability. Please use the office gas card for fuel purchased for these vehicles.
- D. The lease or rental of automobiles by employees may be authorized for office business purposes but must be approved by the senior cabinet member in advance. Authorization is contingent upon fee being less than what would be incurred at the current IRS approved rate per mile when using one's own private vehicle. Reimbursement will be for the actual cost of the car rental plus gas. Itemized receipts are required.

IV. Submission of Travel Requests

Travel requests requiring Board of Education approval shall be submitted to the Superintendent through the senior cabinet member. Requests for approval must be received in the Superintendent's office no later than the last Friday of the month preceding the Board meeting.

V. Codes for Mileage Allowance and Travel Reimbursement

Claims for travel reimbursement must reference the object code 5200.00.

VI. Emergency Travel

Emergency travel may be approved verbally or in writing by the Superintendent or senior cabinet member prior to departure.

VII. Mileage Rate

- A. Mileage for use of a private car on official business will be computed at the current approved Internal Revenue Service rate on the date of travel. Effective January 1, 2025, the mileage reimbursement rate will be .70 cents per mile, which is within the guidelines of the Internal Revenue Service and will not be reported as revenue on the claimant's W-2 form at the end of the year. Mileage from home to work is not reimbursable.
- B. Carpools are to be arranged when two (2) or more employees are being transported in privately owned automobiles to the same destination unless other official business circumstances make such pooling impractical and more costly.

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VIII. Travel not Requiring Overnight Stay

Meals are not reimbursable for travel not requiring an overnight stay in accordance with IRS guidelines.

IX. Travel Requiring Overnight Stay

Due to insurance liability, Airbnb's and VRBOs for overnight accommodations are not allowed. Meal and lodging per diem expenses for overnight travel will be reimbursed, based on zip code, at the rates established by the U.S General Services Administration.

To be eligible to claim per diem for breakfast, employees must leave before 6:30AM on day of departure/return by 6:30AM on day of return.

To be eligible to claim per diem for lunch employees must leave prior to 11:30AM on day of departure and/or return after 1:30PM on day of return.

To be eligible to claim per diem for dinner employees must leave before 6:30PM on day of departure/return after 6:30PM on day of return.

Please use the [Travel Claims Lookup Tool](#) to determine the breakfast, lunch and dinner per diem amounts.

Reimbursements for expenses at the above rates can be made without submitting receipts. Itemized receipts must be submitted for amounts exceeding per diem rates; however, reimbursement may never exceed 200% of the per diem rates. Gratuity may not exceed 20%. Lodging in excess of \$300.00 (excluding room tax and mandatory additional charges) must have the senior cabinet member advance approval and should only be granted in exceptional circumstances. Request advance approval on the Advance Approval for Lodging form.

X. Trade or Professional Association Meetings

Employees may be reimbursed for meal expenses directly related to and necessary for attending professional association meetings or conferences.

XI. Other Expenses

- A. Other expenses incurred in connection with the assigned duties and responsibilities of the employee are reimbursed at the actual cost. Expenses incurred must be identified. All individual costs in excess of \$5.00 will require receipts. Examples of other expenses are necessary transportation, telephone, registrations, and parking. For toll roads and bridges, when a receipt is not practical (and the amount is in excess of \$5.00), list the amount and identify the road/bridge.

Personal expenses such as laundry, valet service, personal telephone, entertainment, etc., are not reimbursable. Alcoholic beverages are not reimbursable.

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- B. Payment of a gratuity must be reasonable and customary and shall not exceed 20%. Per diem amounts for meals is considered to be inclusive of the gratuity.

XII. Receipts

Itemized receipts are to be submitted for common carrier transportation, registration fees, lodging and meals in excess of the amount allowed in Section X.

XIII. Emergency Travel Expense Advance

- A. Advances of travel expenses up to 75% of the estimated reimbursable costs may be obtained upon approval by the senior cabinet member and the Associate Superintendent – Fiscal Support. No registration expense can be added.
- B. The revolving fund is limited and should only be used for an emergency or for more than two (2) days of traveling.
- C. Allow at least two weeks for an Advance to be processed.

XIV. Reimbursement from Other Agencies

Employees who travel for the office but are to be reimbursed through another agency may submit a regular reimbursement claim. Ask the agency to reimburse the office. This procedure will permit reimbursement without undue delay.

XV. Signature Criteria

- A. All signatures on KCSOS Travel Claims must be original (and legible). Initials are not allowed.
- B. A director, chief administrator or senior cabinet member must approve the claim.

XVI. Submission of Travel Claim

Please request reimbursement of travel expenses on the Staff Member Travel Expense Claim form. Correctly completed claims received in Accounts Payable by the 5th of the month will be reimbursed by the 20th of the same month. Claims received by the 15th of the month will be reimbursed by the last day of the same month. Please print or type legibly and do not use initials. A fillable form is available on the KCSOS Internal website – KCSOS Forms/Documents – Internal Business/Operations. Incomplete or illegible information will delay the processing of your claim.

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Travel Claims – Instructions

It is suggested to begin the claim by gathering the information in the lower left-hand corner of the page:

1. Name:

- Employee/Claimant should enter First and Last Name as listed in Accounts Payable and Human Resources.
 - Do not use nicknames.
 - Provide your legal name that is on file with HR.

2. Employee Vendor #:

- Employee/Claimant should enter the Accounts Payable Vendor Number.
 - This is different from your Employee ID number; the program Secretary can help you determine the number to use.

3. Job Title:

- Job title of Employee/Claimant.

4. Normal Work Site Location:

- Location or address of where Employee/Claimant starts work every morning, or where your office is located.
 - *Itinerant* work please use “City Centre” for Normal Work Site Location.
 - Employee/Claimants’ homes may not be used for a Normal Work Site Location.
 - Students’ homes may not be used as a Normal Work Site Location

Continue to the top left-hand corner of the claim to enter pertinent travel details:

5. Date Column:

- Enter the actual calendar date of travel.
 - Enter one date per line of the claim form.
 - Please ensure all reimbursement requests for a day of travel are recorded on the same claim form, 2 or more claims for the same travel date are not permissible.
 - For 75% Emergency Travel Advance, (see Travel Claim Guidelines section XIV page 4 for Emergency advance guidelines).

6. Destination/Purpose:

- Enter the destination(s) of your trip.
 - If entering reimbursement for travel within a city, please provide the destinations - either the school name / site or physical address of destination.
 - Please do not abbreviate.
 - If entering travel outside of the city of your Normal Work Site, please list the city name.

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- Please write the general purpose of travel.

7. Zip Code

- Enter the zip code for the final destination being travelled to each day.

8. Miles

- Enter the miles travelled, whether total for several locations on one date, round trip to a location, or one way to a location.
 - Worksheet will round the miles to the nearest whole number, please do not alter the form.

This section (9-13) is only needed when claiming reimbursement for meals, if not claiming meals please skip to line 14.

9. Trip Depart Time:

- Enter the time of day you departed your Normal Work Site Location.
 - Only day of travel departure information is needed, not daily activity while at destination.

10. Trip Return Time:

- Enter the time of day you returned to your Normal Work Site Location.
 - Only on the day of return travel information is needed, not daily activity while at destination.

11. Breakfast:

- Enter amount claiming for reimbursement for breakfast.
 - No other information to be entered in this box.
- If the amount claimed is over per diem, please attach an itemized receipt.
 - Receipt must include:
 - i. items purchased
 - ii. cost of each item
 - iii. date of purchase
- Per diem rate includes gratuity.
- If claiming actual expenses with gratuity, gratuity cannot exceed 20% of your portion of the itemized receipt.
- Maximum reimbursement is 200% of per diem.
- Breakfast per diem amounts can be found using the [Travel Claims Lookup Tool](#).
- Breakfast is reimbursable for travel requiring an overnight stay, and when departing before 6:30 a.m. or returning after 6:30 a.m.

The Business Office cannot accept a credit card receipt, a copy of a check, a copy of a bank statement or a line-item hotel charge in place of an itemized receipt.

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12. Lunch

- Enter amount claiming for reimbursement for lunch.
 - No other information to be entered in this box.
- If the amount claimed is over per diem, please attach an itemized receipt.
 - Receipt must include:
 - i. items purchased
 - ii. cost of each item
 - iii. date of purchase
- The per diem rate includes gratuity.
- If claiming actual expenses with gratuity, gratuity cannot exceed 20% of your portion of the itemized receipt.
- Maximum reimbursement is 200% per diem.
- Lunch per diem amounts can be found using the [Travel Claims Lookup Tool](#).
- Lunch is reimbursable for travel requiring overnight stay and when departing before 11:30 a.m. and returning after 1:30 p.m.

The Business Office cannot accept a credit card receipt, a copy of a check, a copy of a bank statement or a line-item hotel charge in place of an itemized receipt.

13. Dinner:

Enter amount claiming for reimbursement for dinner.

- No other information to be entered in this box.
- If the amount claimed is over per diem, please attach an itemized receipt.
- Receipt must include:
 - i. items purchased
 - ii. cost of each item
 - iii. date of purchase
 - The per diem rate includes gratuity.
 - If claiming actual expenses with gratuity, gratuity cannot exceed 20% of your portion of the itemized receipt.
 - Maximum reimbursement is 200% of per diem.
 - Dinner per diem amounts can be found using the [Travel Claims Lookup Tool](#).
 - Dinner is reimbursable for travel requiring overnight stay and when leaving prior to 6:30 p.m. or returning after 6:30 p.m.

The Business Office cannot accept a credit card receipt, a copy of a check, a copy of a bank statement or a line-item hotel charge in place of an itemized receipt.

14. Lodging:

- Enter the per diem rate or the actual expense for lodging and taxes only for lodging.
 - Please list the amount you are claiming for lodging for each night.
 - If you claim more than per diem, please attach an itemized receipt showing the cost of the room and taxes.

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- Lodging does not include parking. Parking can be reported under “Other Amount.”
- Lodging per diem amounts can be found using the [Travel Claims Lookup Tool](#).
- If you claim more than \$300.00 per night before taxes, please attach a completed Advance Approval for Lodging form.

The Business Office cannot accept a credit card receipt, a copy of a check, a copy of a bank statement or a line-item hotel charge in place of an itemized receipt.

15. Miscellaneous Amounts:

- List the total for Miscellaneous travel Expenses for each date.
- List the Description (such as parking, toll) under “Other Expense Description.”
- Registration can be listed here.
- Items not directly related to travel are not reimbursable on a travel claim. If you incur costs not directly related to travel submit a Confirming PO to Internal Business Services – Budget/Purchasing. This includes supplies, copies, telephone charges, membership fees, services, etc.

16. Miscellaneous Expense Description

- Please add a description for the Miscellaneous amount listed.

After completing the boxes on the claim, please insert total for each column.

(Note: 17-20 auto calculates the total if you are filling out the form in the excel format)

17. Total Miles:

- Enter the number of total miles.
 - Total must match total miles claiming for reimbursement.

18. Mileage Rate:

- Please use the applicable mileage rate for the dates that you have travelled.
 - These rates are set by the IRS and cannot be adjusted.

19. Total Mileage:

- Multiply the number of miles by the mileage rate and list the total in dollars and cents.
- Please do not round up to the nearest dollar.
- Please round to the nearest cent.

20. Meals, Lodging, Other Totals:

Please list the totals:

Total Breakfast Reimbursements
Total Lunch Reimbursements
Total Dinner Reimbursements
Total Lodging Reimbursements
Total Miscellaneous Amount Reimbursements

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21. Claim Amount Total:

- Please total all the amounts claimed for reimbursement.
 - This is your Total Travel Claim Amount.
 - Please do not round this up to the next dollar.

22. Program Account:

- Enter all account numbers that your Travel Claim is to be reimbursed from.
 - All Travel Claims for employees must be paid from Object Code 5200.00.
- Ensure that the account number is valid before submitting it.
- Ensure that there are sufficient funds in the account before submitting it.

23. Program Account # Amount:

- List the amount being claimed for each account number.
 - If there is more than one account number and the amounts are not listed, we have to assume that the amounts are being split equally.

24. Employee/Claimant Signature and Date:

- Sign your name and enter date submitted to administrator for Approval on this line.

25. Administrative Approval/Signature:

- Please obtain the signature of your director, chief administrator, or senior cabinet member.

26. Forward the claim to Accounts Payable for processing.

Kern County Superintendent of Schools
Attn: Accounts Payable
1300 17th Street – City Center 5th Floor
Bakersfield, CA 93301

Claims **received by the 5th** of the month will **be reimbursed by the 20th** (assuming no issue with the claim).

Claims **received by the 15th** will **be reimbursed by the last day of the month** (assuming no issue with the claim).

Claims with issues will be returned to the claimant or contact person for that claim. The cycle date for reimbursement will change to the time the revised/corrected claim is received.

More information regarding Travel Claims can be located online at <https://internal.kern.org/login-required/> under internal business services.

We have electronic (direct deposit) payments available. Please contact us if you are interested.