

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL

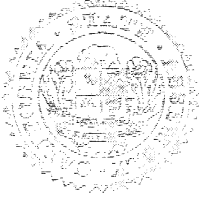
TO THE

JOINT LEGISLATIVE AUDIT COMMITTEE

271

ADMINISTRATION OF FEDERAL
VOCATIONAL EDUCATION ACT FUNDS
BY THE STATE OF CALIFORNIA

NOVEMBER 1976



Joint Legislative Audit Committee

OFFICE OF THE AUDITOR GENERAL

California Legislature



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November 29, 1976

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of
the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report on the Administration of Federal Vocational Education Funds by the State of California.

The Auditor General finds that the Department of Education is diverting from local school districts approximately \$3 million annually which exceeds by 46 percent the level of spending authorized by the Governor and the Legislature. This diversion is being accomplished by the payment of an 8 percent brokerage fee to cooperating local districts for acting as a pass-through for the Department of Education. Spurious public documents have been prepared to misrepresent that the monies are being utilized in these local districts. The Auditor General has traced knowledge of these irregularities to Mr. Sam Barrett, Director of Vocational Education, who, on May 3, 1976 described a possible lay-off of extra employees on June 30, 1976 because "The Joint Legislative Audit Committee is conducting an audit of the Vocational Education Unit." His superiors are Dr. Rex Fortune, Dr. William E. Webster, Dr. Donald R. McKinley and Dr. Wilson C. Riles, State Superintendent of Education.

By copy of this letter, the Department is requested to advise the Joint Legislative Audit Committee within sixty days of the status of implementation of the recommendations of the Auditor General that are within the statutory authority of the Department.

The auditors are Robert M. Neves, Richard I. LaRock, Merrill Tompkins, John P. Sontra, Dennis Reinholtsen and Daniel Perez.

Respectfully submitted,


MIKE CULLEN

Chairman

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SUMMARY

The Department of Education receives vocational education funds from the federal government which are used for two major purposes, local assistance and state operation. During each fiscal year approximately \$3 million of federal vocational education funds, designated as local assistance to support vocational education, have been diverted to increase state level spending not authorized in the Budget Act for the Department of Education and the Chancellor's Office of the California Community Colleges.

Since 1970, the Department of Education has maintained excessive balances of available allotments of federal funds intended for vocational education. The Department has not committed these funds in a timely manner, resulting in large uncommitted balances, and in the two years that we examined, a total of \$384,356 was forfeited because of the delay in fund utilization.

Both the vocational education units of the Department of Education and the Office of the Chancellor for the California Community Colleges maintain state funds in bank accounts outside of the State Treasury. This is in violation of state law.

INTRODUCTION

In response to a Resolution of the Joint Legislative Audit Committee, we have examined the Department of Education's and the Chancellor's Office of the California Community College's administration of programs financed by the federal Vocational Education Act (VEA) (P.L. 90-576). This examination was conducted under authority vested in the Auditor General by Section 10527 of the Government Code.

The purpose of the federal vocational education program is to ensure that all persons of all ages will have ready access to vocational and career education or retraining needed for employment. The state's policy is:

...to provide an educational opportunity to the end that every student leaving school shall have the opportunity to be prepared to enter the world of work; that every student who graduates from any state-supported educational institution should have sufficient marketable skills for legitimate remunerative employment; that every qualified and eligible adult citizen shall be afforded an educational opportunity to become suitably employed in some remunerative field of employment...

Vocational education relates to occupations which require technical skills but not a 4-year college degree.

Annually, California has approximately \$50 million in federal funds available for vocational education. The 1976-77 Governor's Budget lists the following amounts of federal funds allocated for state

operation and local assistance:

	<u>1974-75</u> <u>Actual</u>	<u>1975-76</u> <u>Estimated</u>	<u>1976-77</u> <u>Proposed</u>
State Operations	\$ 6,122,244	\$ 7,480,530	\$ 7,657,012
Local Assistance	<u>43,173,399</u>	<u>46,294,570</u>	<u>39,083,704</u>
Total	<u>\$49,295,654</u>	<u>\$53,775,100</u>	<u>\$46,740,716</u>

In the past, each dollar of federal local assistance funds was reportedly increased by local districts with approximately \$8 of local and state funds.

The state is required to operate the vocational education program in accordance with the State Plan, which is an agreement between the United States Commissioner of Education and the State Board of Education. The State Board is responsible for allocating federal funds to local districts based upon the recommendation of the Joint Committee on Vocational Education. The State Board has delegated certain functions and responsibilities for the administration of the vocational education program to the Department of Education and to the Board of Governors of the California Community Colleges.

The Vocational Educational Support Unit of the State Department of Education and the Occupational Education Section, California Community Colleges, administer state operations for their respective entities. Each unit contains organizational components for research, development, special projects and field operations, and has specialists in areas such as agriculture, business and home economics.

The primary functions of the state vocational education support units are the administration of the federal program and assisting local districts. The units provide:

- Assistance in specialized curriculum and professional development
- Services which assist in developing statewide vocational and career education plans
- Administration of vocational research and innovative projects
- Coordination with appropriate private and governmental agencies, and
- Evaluation of programs of local districts and the state.

AUDIT RESULTS

FEDERAL VOCATIONAL EDUCATION
FUNDS DESIGNATED FOR LOCAL
ASSISTANCE HAVE BEEN DIVERTED
TO IMPROPERLY FUND STATE OPERATIONS

The Department of Education receives vocational education funds from the federal government which are used for two major purposes, local assistance and state operation. During fiscal year 1974-75 approximately \$49 million was spent by the Department of Education, and the Chancellor's Office, for the Community Colleges; \$43 million of which was reportedly spent on local assistance, and the remaining \$6 million authorized in the Budget Act was reportedly spent for state operation of the vocational education support units. The local assistance funds are shown in the Governor's Budget but are excluded from the Budget Act.

During each fiscal year approximately \$3 million of federal vocational education funds designated as local assistance to support vocational education, have been diverted to increase state level spending not authorized in the Budget Act. Appendix A is a schedule of local assistance funds that have been diverted to state operations of the Department of Education and the Chancellor's Office of the California Community Colleges.

The diverted funds were used by the Department of Education and the Chancellor's Office to augment their level of spending over and above that which had been authorized by the Legislature. This unauthorized method of "back-door" funding circumvented not only legislative budgetary controls on state spending, but also was used to conduct activities in violation of state mandated administrative controls. Examples of improper activities include:

- Hiring staff without abiding by Civil Service hiring regulations (Appendix B-2.1)
- Purchasing supplies, equipment, and fixtures without following state requirements for competitive bids (Appendix B-3.1)
- Incurring out-of-state travel costs otherwise restricted by the State Administrative Manual
- Hiring consultants without (1) approval of the Departments of General Services and Finance, and (2) notifying specified legislative committees as required (Appendix B-4.1)
- Retaining retired Department of Education employees under consulting contracts, and avoiding restrictions on such practices (Appendix B-5.1)
- Incurring printing costs directly with outside vendors as opposed to utilizing the Office of the State Printer, or contracting for such services under the supervision of the Department of General Services. (Appendix B-6.1)

By diverting funds from recipients of local assistance grants, the Department and the Chancellor's Office were able to spend monies on state operations which were not authorized in the budget and without administrative restrictions normally imposed on state spending.

The Department and Chancellor's Office accomplished the diversion of funds and resulting improper spending practices by requiring that funds granted to recipients of local assistance be used to support state level operations. The effect of these practices has hampered the progress of the vocational education program at the local level. Appendix C describes select state projects financed by diverting local assistance grants.

The Department of Education is authorized by Section 18705 of the Education Code to direct the State Controller to disburse the vocational education funds for the purposes for which the money is made available by the United States. The funds are to be expended as authorized by the State Board of Education in accordance with the State Plan. The Department of Education, however, has used funds allocated for the support of county offices of education, for projects with other purposes without the approval of the State Board. A partial list of unauthorized grants and projects totaling \$428,296 is shown as Appendix D.

The State Controller, however, is unaware that diverted funds are being spent to augment state operations, since claims filed for these expenditures with the State Controller indicate that the funds are for normal payments to grant recipients.

Reason Given for
Circumventing Controls

Most grant recipients given projects by the state vocational education support units exercise fewer administrative controls over project funds than the state. The state support units direct the expenditure of funds by the grant recipients. We found that if a grant recipient exercised strict fiscal and administrative controls over projects funds, as they should, the support unit would transfer the project to another recipient with less stringent controls in order to accomplish the activities we have cited as improper. For example, the University of California received funds for one project from 1968 through 1974. But when the University Accounting Office began enforcing its administrative controls, the project was given to a high school district. The University has since lost several other vocational education projects, presumably for the same reason.

By diverting local assistance funds, the state vocational education support units have expanded their role without legislative and executive policy review or approval. For example, in fiscal year 1975-76 grants of \$294,569 were awarded to a county office of education, enabling the State Department of Education to provide inservice training to teachers. Historically, inservice training has been provided by the University of California rather than the Department of Education.

According to the State Director of Vocational Education, this method of unauthorized augmentation of state operations began more than

ten years ago. The following reasons were given for these improper procedures:

- Needed services, such as curriculum and professional development can best be provided by the state
- "Red-tape" and the state's "cumbersome" method of operating is avoided
- Projects can be initiated and terminated quickly
- Overhead cost charged by the grant recipient is less than that charged by the State Department of Education
- More funds are made available for projects than would otherwise be allowed through the normal budget process, resulting in a "more effective program."

Appendix E is an excerpt from the Joint Committee on Vocational Education, July 1976 agenda, which describes the support unit's position on funding state operations with grant funds.

...Of primary concern is the concept of "creaming money off the top" before it reaches the LEA's 1/ and using it for program administration rather than allowing it to be used directly by local districts. It is Staff's opinion that the use of these limited funds through statewide projects maximizes the impact of the funds at the local level...

1/ "LEA" means a Local Education Agency

As indicated, some of the projects Staff is requesting funding for in this manner are continuing, ongoing activities. It has always been Staff's desire to move the funding of these activities to the regular budget process. In some instances, similar activities are already included in the budget and we are currently moving to establish a contract, with funds already available in the budget, for one of the inservice projects included here. (Once that contract is consummated, the project, if it has been approved, will be terminated.) In times of holding the line or reducing budgets, however, the addition of new expenditures is limited, hence the movement of projects to the regular budget has been slowed in recent years...

These statements evidence that the diversion of funds ('creaming money off the top') was adopted, since the support units do not believe that additional expenditures for state operations would otherwise be allowed through the normal budgetary process. Appendix F is a letter expressing concern about positions not part of the regular administrative budget.

CONCLUSIONS

The diversion of local assistance funds to state operations (1) circumvents the established procedures by which administrators are held accountable for their activities, (2) prevents the results of such activities from being openly scrutinized, and (3) has diminished the effectiveness of programs at the local level because fewer dollars are made available for that purpose.

RECOMMENDATIONS

We recommend that the Legislature in the 1977-78 Budget Act direct that all Vocational Education Act funds except those

specifically authorized for state operations, be used for programs in public school districts as intended.

We also recommend that the State Department of Education discontinue funding state operations with funds designated for local assistance.

BENEFITS

Implementing these recommendations will re-establish Legislative and Executive budgetary and administrative controls over federal vocational education funds for state operations. State government operates under the premise that programs will be accountable, more effective, more efficient, and more responsive to the desires of the public if they are subject to such controls.

THE DEPARTMENT OF EDUCATION HAS
FORFEITED \$384,356 OF FEDERAL
VOCATIONAL EDUCATION FUNDS

Since 1970, the Department of Education has maintained excessive balances of available allotments of federal funds intended for vocational education. The fiscal year ending balances have ranged from \$2.1 million to \$6.1 million. The Department receives these funds with the understanding that they will be committed for their intended purpose in a timely manner; i.e., within twelve months after the end of the fiscal year for which they were appropriated to the state. Otherwise, they revert to the federal government. The Department has not committed these funds in a timely manner, resulting in large uncommitted balances, and in the two years that we examined, a total of \$384,356 was forfeited because of the delay in fund utilization.

In 1974, the U.S. Department of Health, Education and Welfare audit agency also reported that the state was not making full use of available allotments of federal vocational education funds. They reported that available uncommitted fund balances ranged from \$2.1 to \$5.4 million for fiscal years 1970-73. This condition has continued. At the end of fiscal years 1974 and 1975 available uncommitted fund balances were \$2.9 and \$6.1 million, respectively. (Appendix G shows the amount of uncommitted fund balances available for the two fiscal years.)

The state must commit the vocational education funds by the end of the first fiscal year following the federal appropriation year, i.e., funds appropriated for fiscal year 1973-74 must be committed as of June 30, 1975. If the uncommitted funds exceed the amount of the fiscal year appropriation on the final commitment date, the state loses the authority to commit them. The following table shows for fiscal years 1972-73 and 1973-74 the amount of uncommitted funds intended for research, and the training of researchers, that the Department had available after the commitment date; the table also shows the excess which was forfeited because it exceeded the spending authority for those years.

	<u>For Fiscal Year</u>	
	<u>1972-73</u>	<u>1973-74</u>
Uncommitted funds available after the final commitment date	\$915,486	\$998,315
Total spending authority available for the fiscal year	<u>762,090</u>	<u>767,355</u>
Spending authority forfeited	<u>\$153,396</u>	<u>\$230,960</u>

Both the loss of funds and the maintenance of a large balance of uncommitted funds by the Department of Education curtail or delay vocational education services to students. Delay reduces the students' potential for immediate employment; moreover, untimeliness of fund utilization allows inflation to dilute the effect of the funds.

Concerning the loss of funds, the State Director of Vocational Education stated that he relied upon his staff to advise him of matters

needing his action and that no one called the foreseeable loss to his attention. Other officials who had direct responsibility to administer the research funds offered an additional explanation: a lack of consensus among the state staff concerning priorities may have inhibited the selection of projects and, therefore, the commitment of funds by the State Board. These officials also stated that the staff do not know how to interpret the status reports which show the amount of uncommitted funds, nor do they know how to determine when federal funds will be lost.

Inaccurate Reports on Fund Status

The Department of Education, Vocational Education Support Unit, prepares a monthly status report which is designed to account for uncommitted vocational education funds. The status report is not prepared on the same basis as the official accounting records of the Department. For example, funds returned by grant recipients which amount to between \$1 and \$2 million annually are not included in the report. Because the report is inaccurate, the Support Unit staff does not rely on the status report to monitor the funds.

The status report is distributed monthly to 17 top executives of the vocational education support units of the Department of Education and the Chancellor's office. However, because of inaccuracies, the report is not relied upon. We found that despite its inaccuracies, the status report did foretell the loss of research funds.

CONCLUSION

The Department of Education does not commit federal vocational education funds on a timely basis, nor do they have a reliable report to monitor uncommitted vocational education funds. As a consequence, large balances of funds have remained uncommitted and the state has forfeited \$384,356 to the federal government.

RECOMMENDATIONS

We recommend that the State Department of Education:

- Discontinue maintaining large balances of uncommitted federal funds, by committing them in a timely manner for the purposes intended
- Prepare reliable fund status reports consistent with the accounting records of the Fiscal Office to monitor vocational education funds and teach the staff responsible for monitoring such funds how to interpret and utilize the status reports.

BENEFITS

Commitment of Vocational Education funds in a timely manner will result in more effective utilization of program resources and reduce the possibility of forfeiting federal funds in the future.

UNAUTHORIZED BANK ACCOUNTS

Both the vocational education units of the Department of Education and the Office of the Chancellor for the California Community Colleges maintain state funds in bank accounts outside of the State Treasury. This is in violation of state law.

Government Code Section 16305.3 requires that all state money shall be deposited in the State Treasury unless otherwise authorized by the Director of Finance. State money is all money in the possession of or collected by any state agency or department. (Government Code Section 16305.2)

Four of these bank accounts are interest-bearing savings accounts and fourteen are non interest-bearing checking accounts. The July 1, 1976 balances for these accounts total \$124,173 as shown in the following schedule.

VOCATIONAL EDUCATION UNITS
 Bank Accounts Maintained Outside of State Treasury
Balances as of July 1, 1976

	<u>July 1, 1976 Balance</u>
Department of Education:	
Checking accounts:	
Vocational Education Leadership Conference	\$ 6,772
Young Farmers Association	2,496
Future Farmers of America	47,055
Consumer Homemaking Inservice	1,123
Home Economics Teacher Education Conference	123
California Association of Future Homemakers of America Home Economics and Related Occupations	8,489
State Meeting California Association of Future Homemakers of America Home Economics and Related Occupations	4,672
Vocational Industrial Clubs of America	6,055
Annual California Association Vocational Industrial Clubs of America	5,477
Vocational Education Inservice	5,000
Savings accounts:	
California Young Farmers Association	3,855
Future Homemakers of America, California State Association	24,641
Future Homemakers of America, California State Association	2,849
Future Homemakers of America, California State Association	632
California Community Colleges:	
Checking accounts:	
Vocational Education Deans Conference	2,782
Directors of Nursing Conference Group	58
Community College Chairperson Management Conference	680
Conference on Home Economics	<u>1,414</u>
Total	<u>\$124,173</u>

The fiscal year 1974-75 transactions through these accounts totaled approximately \$325,000 and are summarized in the following schedule.

VOCATIONAL EDUCATION UNITS			
Bank Accounts Maintained Outside of State Treasury			
Receipts and Disbursements			
<u>Fiscal Year 1974-75</u>			
	<u>Receipts</u>	<u>Disbursements</u>	
Department of Education:			
Checking accounts:			
Vocational Education Leadership Conference	\$ 26,640	\$ 30,438	
Young Farmers Association	4,385	6,793	
Future Farmers of America	122,615	120,918	
Consumers Homemaking Service	15,754	17,089	
Home Economics Teacher Education Conference	1,311	1,188	
California Association of Future Homemakers of America - Home Economics and Related Occupations	18,908	16,817	
State Meeting California Association of Future Homemakers of America - Home Economics and Related Occupations	21,480	18,302	
Vocational Industrial Clubs of America	21,602	22,706	
Annual California Association Vocational Industrial Clubs of America	85,694	84,907	
Vocational Education Inservice	*	*	
Savings accounts:			
California Young Farmers Association	161	-	
Future Homemakers of America Calif. State Assn.	1,240	-	
Future Homemakers of America Calif. State Assn.	115	-	
Future Homemakers of America Calif. State Assn.	613	-	
California Community Colleges:			
Checking accounts:			
Vocational Education Deans Conference	4,153	3,761	
Directors of Nursing Conference Group	**	**	
Business Education Management Conference	1,752	1,680	
Conference on Home Economics	5,651	4,506	
	<u>\$332,574</u>	<u>\$329,105</u>	

Footnotes: * Account opened January 1, 1976
 ** Records not available.

The funds deposited in the bank accounts are for a variety of activities, and include the following:

Registration fees for:

Teacher-educator conferences

Teacher conferences

Vocational education administrators conferences

Student state and national conferences

Student regional conferences

Inservice training conferences

Annual Christmas party

Annual membership dues for vocational education

student organizations

Sales of merchandise to student members of vocational

education organizations

Special project funds via local school districts

Gifts

Interest earnings on savings accounts

Personal funds

Unidentified sources

Disbursements from the bank accounts include the following:

Hotel room and conference room fees

Restaurant

Travel expenses

Membership dues for vocational educational student
organizations

Merchandise purchases for vocational education
student organizations

Food

Liquor

Excursion to dog races in Tijuana

Music Circus tickets (Sacramento)

Cash for unidentifiable purposes

Printing

Tickets to Sea World, San Diego

Mandarin Orange Tree

Fashion show services

For the most part, the funds that flowed through the bank accounts lacked identification for their source. Because deposit sources were not identified, it is not possible to determine if the funds were used for the purposes collected. In some cases, the records indicate some activities which are normally financed by other means were being improperly subsidized. Examples of subsidized activities are as follows:

- Payment of \$3,147 was used for a portion of publication expenses related to a consumer and homemaking education symposium. The payment was necessary because the federal funds allocated for the project were exhausted.

The payment from the Vocational Education Leadership bank account came from surplus registration fees from attendees of the conference

- Payment of \$2,800 was used for a portion of printing expenses of the California Vocational Industrial Clubs of America (CVICA). Payment was necessary because federal vocational education funds could not be paid directly to CVICA
- Expenditures of \$434 were paid in excess of funds collected for the annual Christmas party of the Vocational Education Unit.

All of these payments were made from the Vocational Education Leadership bank account.

The State Director of Vocational Education and the Assistant Chancellor at the California Community Colleges informed us that these bank accounts have been maintained for an undetermined amount of time. In their opinion, funds in these accounts were not state money and, therefore, were not required to be deposited in the State Treasury.

The State Director of Vocational Education has not provided adequate administrative control for the activities funded through the unauthorized bank accounts. Some administrative controls were developed by the custodians of the funds; however, overall they are inadequate.

The business practices followed for these accounts are shown in Appendix H. Some federal funds have also been identified in two bank accounts described below.

- (1) The Vocational Education Inservice bank account was established by a check of \$5,000 from Yolo County. The funds from Yolo County came from a federal vocational education financial assistance grant awarded to Yolo County by the State Department of Education.
- (2) The Vocational Industrial Clubs of America (VICA) bank account recorded deposits of funds from Grant Union High School District to reimburse student club members for travel expenses. Grant District funded these payments to the VICA bank account from a federal grant for vocational education.

The State Director of Vocational Education was not aware that federal funds were being deposited in the accounts.

These are examples of poor business practice involving administration of the accounts:

- Funds in the amount of \$2,400 were withdrawn for the personal use of the custodian of one of the funds. The custodian claims the funds withdrawn were his personal funds that he deposited in the account.

- Checks totaling approximately \$7,700 were drawn to cash without accounting for the disposition of the cash. The explanation given was that the cash was used to reimburse student vocational education club members for their travel expenses to state and national meetings.
- One bank account had not been reconciled since August 4, 1975, when an unidentified difference was noted; there were no further efforts to resolve the discrepancy.
- Paid checks for two bank accounts were missing for an entire fiscal year.
- Travel expense claims charged against federal funds were approved by the person claiming the expense.

CONCLUSION

Funds have been maintained in unauthorized bank accounts outside of the State Treasury for an undeterminable period. Upon our recommendation, the Superintendent of Public Instruction and the Community College Chancellor, in cooperation with the Department of Finance, are eliminating these accounts.

OTHER INFORMATION REQUESTED BY THE LEGISLATURE

FEDERALLY FUNDED POSITIONS NOT USED
DIRECTLY FOR VOCATIONAL EDUCATION

The U. S. Department of Health, Education and Welfare (HEW) audit agency reported in a July 30, 1974 report that positions were assigned to program units outside of Vocational Education while the entire salary payments for these positions were charged to Vocational Education funds.

HEW recommended that the Department of Education should:

Discontinue direct charging to VE the salary costs of employees reassigned from VE to other functional areas within the Department of Education.

A follow-up review dated October 27, 1976 by HEW indicates that the Department has not taken corrective action as recommended.

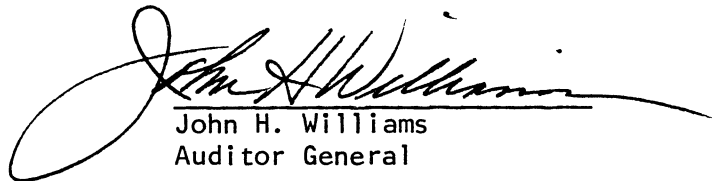
The review disclosed that:

A total of eight positions continues to be assigned to program units outside of VE while the entire salary payments for these positions are charged to VE. Of these eight positions, five were assigned to Career Education, two were assigned to Guidance Counseling, and one was assigned to the Operational Model for Career Development. There is no adequate system for identifying the portion of these employees' efforts which may benefit VE.

Administrative Overhead Charged to
Federal Vocational Education Funds

The Legislative Analyst recommended that the Department of Finance conduct an audit of the Department of Education's distribution of departmental administrative costs. The Department of Finance reported that the indirect cost system of the Department of Education is adequate and conforms to generally accepted accounting principles and procedures.

Respectfully submitted,



John H. Williams
Auditor General

November 24, 1976

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Response to the Auditor General's Report
by the
Chancellor's Office, California Community Colleges

The Chancellor's Office appreciates the opportunity to respond to the Auditor General's report on the administration of Federal Vocational Education Act funds by the State of California. Basically, we have little or no difficulty with the recommendations. In fact, where possible, recommendations have been or are in the process of being implemented.

Our response primarily will be directed toward the text of the report in an effort to clarify and expand upon the content leading to the conclusions and recommendations. Should there be a need for additional information or if there are questions, we will make every effort to respond.

Federal Vocational Education Funds Designated for Local Assistance Have Been Diverted to Improperly Fund State Operations

Use of the word "diverted" may be misleading. While funds appropriated did come from the local assistance category, the purposes of such projects were to provide statewide activities and services above and beyond that capable of being provided by a single college district. The benefits of such activities and services accrued to local Community College personnel and students. The net result was indeed increased local assistance rather than diversion from them to state operations and was used for local assistance as intended.

Providing these statewide activities and services to local colleges has been done without hiring additional state staff or consultants (page 5) in the Chancellor's Office. The funded activities on page 5 were carried out through grants to local districts. Such expenditures by local districts are appropriate within their management and accounting activities.

Projects implemented through this process were reviewed and recommended for funding by the Joint Committee on Vocational Education and then approved for funding by the appropriate state board. In other words, there was scrutiny rather than lack of it, as implied on page 9 in the conclusions.

The statement on page 6 that the effect of these practices has hampered the progress of the vocational education program at the local level is an opinion without substantiation. Professional development activities, evaluation, and curriculum development, for example, are designed to improve local programs; not hamper.

Properly stated, the issue is not so much diversion of funds to improperly fund state operations, but rather what are acceptable alternative methods of providing local assistance.

The Department of Education Has Forfeited \$384,356 of Federal Vocational Education Funds

Every effort should be made to avoid the return of funds, even though the sum in question is less than half of 1 percent of VEA funds coming to California during the two fiscal years in question.

We concur that large uncommitted balances should not be carried forward. In keeping with the audit report, all known balances in 1976 for Parts B and F were committed in October and known balances for Parts A, G and H were committed in November.

However, for the years in question there were forces beyond control of the state. These include the release of impounded funds and late notification of funding level from Washington as indicated in the Department of Education's response.

However, Part C (research) does pose a special problem. Not every district is either capable or desirous of conducting research. It may be better to hold back rather than to absolutely commit all funds just for the sake of committing those funds.

The problem of committing funds is very complex. Districts do not use all the funds allocated to them. A district's claim is not due until several months after the close of the fiscal year. As a result, allocations to districts for the next fiscal year takes place before we know what amounts will be unclaimed and returned and, subsequently, available for redistribution.

Unauthorized Bank Accounts

As indicated in the report, custodians of the accounts have closed them and the Chancellor's Office is in the process of transferring the accounts as suggested.

In the text (page 19) there was question that the accounts lacked identification as to source. All receipts were from persons attending conferences in the form of registration fees to cover meeting rooms, meal functions, and other conference expenses. Consequently, these funds were not considered to be state funds due to the activity leading to the accounts. They were considered to be revolving funds to carry out conference activities.

Since the precise determination of persons attending a conference is impossible, normal procedure is to add an additional amount to the registration fee, which, on occasion, results (over a number of years) in the balances shown. As an example, on page 17, the four Community College accounts reflect receipts over disbursements in the amount of \$1,109. During this time, approximately 420 persons paid registration fees. In 1975-76, the cost for the Home Economics Conference was miscalculated and caused a deficit of approximately \$400. If a balance had not been available, there would be no way to make up the loss.

To the best of our knowledge, at this time, all disbursements were consistent with the purpose of the accounts. Custodians of the accounts were not aware of Government Code Section 16305.2, which by definition declares these funds to be state money. As mentioned above, staff is now aware of this and all accounts are in the process of being transferred to the State Treasury to provide better accounting records.

Summary

1. We do not believe funds have been "diverted to improperly fund state operations" from local assistance to hamper the growth of vocational education. Funds were used to strengthen and improve local programs. There may be questions as to more appropriate alternative funding mechanisms.

Procedures used to fund local assistance on a statewide basis has resulted in different funding processes. All funds committed were legal expenditures of federal funds.

2. We agree that loss of funds and large balances are not desirable. At times there are causes beyond state control contributing to such balances.
3. Source of bank accounts were registration fees to cover conference expenses. Over a period of time balances developed. We have moved toward suggested resolution.



STATE OF CALIFORNIA
DEPARTMENT OF EDUCATION
STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO 95814

November 24, 1976

Mr. John H. Williams, Auditor General
Joint Legislative Audit Committee
925 "L" Street, Suite 750
Sacramento, California 95814

Dear Mr. Williams:

On November 22, we received a draft of your report to the Joint Legislative Audit Committee on the Administration of Federal Vocational Education Act Funds by the State of California. We appreciate the opportunity to respond to the draft and understand that our response will be distributed with the report. It is our understanding that some additions will be made to the draft which we have not been given the opportunity to review or comment upon.

The report identified four major areas of concern and includes conclusions and recommendations in each. Before addressing each of these areas, we would like to make some general comments.

First, we would like to compliment the staff of the Auditor General for the professional manner in which they conducted their work in our offices. Second, while we feel that the data which are included are substantively accurate, we believe that some of the interpretations based on these data are subject to question in light of more detailed information. Third, we believe, however, that the report addresses some major areas of concern which require our immediate attention.

As you know, we have already implemented several activities to strengthen our fiscal and accounting systems. These are mentioned in detail in our response to each area. Several others are planned as we continue to strengthen the administration of Vocational Education. Many of your findings will assist us in our endeavors.

The Department's response to each of the four areas included in the report follows. For clarity, we have repeated the headings which were used in the draft.

1. Federal Vocational Education Funds Designated For Local Assistance
Have Been Diverted To Improperly Fund State Operations

All expenditures of federal Vocational Act funds have been made in full compliance with federal statutes regulating the use of Vocational Education funds. All of the funds in question are Federal VEA funds allocated in support of the State Plan for Vocational Education, which is approved annually by the State Board of Education, reviewed and commented on by the Governor's Office, and approved by the U.S. Commissioner of Education. In addition, individual projects are

approved by the State Board of Education, the agency in California recognized by both the U.S. Office of Education and the State Education Code (Section 6254) as being responsible for the administration of the federal Vocational Education Act, including the allocation of Vocational Education funds.

For many years, the State Board of Education has approved the procedure being questioned to provide specialized services and activities designed to meet high priority statewide and programwide needs in Vocational Education. These projects total about \$1.3 million out of the total \$46 million in federal Vocational Education Act funds available for 1976-77.

The priorities for funding of 1976-77 projects, as an example, were established by the State Board of Education to address six project categories and 11 funding conditions. Projects were reviewed in light of these, and all projects recommended for funding to the State Board this year had to address one of the six project categories and at least one of the 11 funding conditions. Projects which did not meet these conditions were not recommended for funding.

The project categories are as follows:

Project Categories

- (1) Student Group Activities
- (2) Personnel Development
- (3) Curriculum Development
- (4) Evaluation
- (5) Public Information
- (6) Program Planning

In addition to meeting one of the above categories, each project had to address one of eleven conditions for funding. These are: extends services to local educational agencies; prepares local administrative leadership; evaluates the total program; develops mandated programs needing special attention; evidences cooperation with other state agency where the project requires matching; provides for individual district personnel development projects costing \$2,500 or less (mini grants); provides development of curriculum and other materials for emerging occupations; provides for updating curriculum and other materials for selected occupations; emphasizes planning for change; evaluates inservice and preservice teacher education needs to determine priorities; and, involves planning for interagency cooperation.

It is the Department's belief that the use of the limited funds through this statewide process maximizes the impact of the funds at the local level. The projects have been developed and conducted with extensive local input following some type of needs identification. The needs identification varies from an informal process of field staff interpreting need from on-site visits and contact with local personnel to a formalized questionnaire process. Most commonly, field involvement in planning is obtained by means of an advisory committee. Through this process, statewide needs are addressed, rather than isolated, localized problems which might be critical but specific to a given district and more appropriately handled locally. By operating in this manner, the State Board and Department are able to give statewide leadership to the critical areas of professional development, curriculum development, student group activities, evaluation, and public information.

We do not agree with the Auditor General's contention that these expenditures are for state operations or that the procedures used have diminished the effectiveness of programs at the local level. These expenditures were made using procedures which conform to Federal law and regulations although some may not have conformed with the State legislative budgetary process.

The Department is currently reviewing all high priority needs projects to ensure that they are provided in support of local programs of vocational education and address critical needs statewide. Any projects which are determined to be state administration only will be transferred to the Department's administrative budget or discontinued.

2. The Department of Education Has Forfeited \$384,356 of Federal Vocational Education Funds

The Auditor General's report has pointed out that the Department has carried over federal funds from one budget year to the next and, as a result, has had to return \$384,356 federal funds.

Carry-over of VEA funds is not unique to California but reflects problems in the federal appropriation and budgeting process which have occurred in the past several years. These include the release of over \$6 million in Federal funds to California which had been impounded by the President in 1972, late Congressional action on annual appropriations, and late notification from the U.S. Department of Health, Education and Welfare about the actual level of funding available under the various parts of the Act for California. In addition to these federal problems, California's allocation system has been further complicated by late notification from districts of unexpended funds.

These problems, most of which we could not control, were of great concern to us. Fortunately, our concerns have been recognized by the Congress. The new Congressional budgeting procedures provide

for forward funding of the Vocational Education Act. These new procedures, plus actions initiated by us last year, allowed us to budget all of this year's available funds of more than \$46 million for allocation with a planned reserve budget of only \$175,000.

With the exception of the \$384,356 identified in the review, no other federal funds have been returned as a result of the Department's carry-over procedures. While the forfeiture of any funds is regrettable, \$384,356 represents less than one-half of one percent of the more than \$80 million available during the two-year period under study. In addition, the federal funds forfeited were competitive funds and were not available for general support of vocational instructional programs through the entitlement system.

The Department is initiating new accounting and fiscal reporting procedures Department-wide. These were announced by the Superintendent of Public Instruction at the October meeting of the State Board of Education. A copy of that announcement is attached to this response (Attachment A). A part of this process will include the provision of more timely and accurate fiscal status reports as recommended in the Auditor General's report.

3. Unauthorized Bank Accounts

For more than 40 years the Vocational Education Unit has maintained public bank accounts to accommodate the needs of vocational youth groups. More recently such accounts have been established for professional development, inservice education, and vocational education conferences.

The monies deposited in these accounts were not considered to be State funds since they were derived from the following non-State sources:

- . State and national association dues paid by vocational student organization members (FFA, FHA, FBLA, VICA, DECA)
- . Registration fees collected at conferences from vocational administrators, teachers, and State staff members
- . Receipts from sale of merchandise to vocational youth group members
- . Gifts and donations to vocational youth groups by individuals and commercial business firms
- . Receipts from advance payment of travel costs to State and national conventions by vocational youth group members
- . Receipts from payment of personal funds by State staff members for social activities such as the annual Christmas party

The accounts were established as revolving funds to accommodate vocational youth groups and inservice education. During most years receipts generally balance disbursements in each of the individual accounts. Several typical examples of receipts and disbursements for individual activities are:

- (1) Future Farmer Account - Annually more than 20,000 individual Future Farmers from throughout the State submit \$2.50 each for State and national dues. The Department's Bureau of Agricultural Education deposits and then forwards the funds to the State and national FFA Associations. This transaction involves \$50,000.

Annually the Bureau of Agricultural Education makes all travel and housing arrangements including advance deposits for California's FFA delegation to the national convention in Kansas City. Each delegate pays the Bureau for their expenses - or their expenses may be paid by donations from business or industrial firms. California's FFA delegation during 1976 involved 185 individuals and a total expenditure of some \$55,000.

- (2) Vocational Education Leadership Conference Account - This account is used for a wide variety of activities which involve, as examples, professional conferences, inservice workshops, State staff conferences, and social activities. State staff members make all arrangements for a number of statewide conferences and workshops including advance deposits and payments. Such arrangements involve renting of meeting rooms, scheduling of luncheon and other meal functions, contracting for speakers, and related activities. The projected costs of such activities are charged back to individual attendees in the form of registration fees which are then deposited in the conference account for disbursement.

In several instances this account has been used to accept advance payment for social or recreational activities. One example involved a national curriculum workshop held in San Diego. Group tours were scheduled to Tijuana during the participants' free time for individuals who submitted payment of personal funds in advance. In this instance, State staff simply provided a convenience service for out-of-state attendees at the workshop.

When the Auditor General's staff advised the Department that some of the accounts were in conflict with State law, the Superintendent of Public Instruction initiated several activities to ensure compliance with State law. These actions included (1) freezing all existing accounts; (2) providing for an immediate internal administrative review of the accounts; (3) requesting the Department of Finance to audit all accounts; and (4) promulgating a new department-wide policy on the accounts which transfers to the fiscal branch of the Department authority for collection, management, and disbursement of funds for authorized accounts. Copies of official actions are included in Attachment B.

4. Federally Funded Positions Not Used Directly For Vocational Education

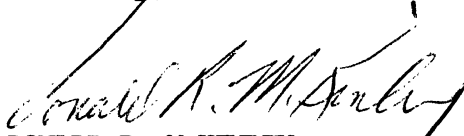
A 1974 audit by HEW concluded that the Department was using Federal VEA funds to support non-Vocational Education activities. The Department has been working since then to bring our activities into compliance with Federal regulations, and it is our understanding that we have been in compliance since last year.

The Auditor General's report implies that we are not in compliance with our career education positions. For the 1975-76 and 1976-77 years, management plans, including individual staff work plans, were developed for the Career Education Unit. In addition, a time accounting system was developed and approved by Region IX USOE. In February of 1976, following a review by Mr. C. Kent Bennion, Assistant Regional Commissioner for Occupational and Adult Education, Region IX, Office of Education, it was our understanding that the Career Education Unit was being administered in compliance with federal regulations.

As of this date, the Department has not received a copy of the follow-up report dated October 27, 1976 quoted by the Auditor General. In the absence of official notice, we assume we are in compliance based on the assurances cited above. If, however, the follow-up report indicates non-compliance, we will move immediately to take corrective action.

This summarizes our response to the draft of the Auditor General's report. We appreciate receiving a draft of the report and being given the opportunity to respond.

Sincerely,



DONALD R. MCKINLEY
Chief Deputy Superintendent

DRM:blc

WILSON RILES

to
STATE BOARD OF EDUCATION
October 15, 1976

Yesterday this Board heard a complex discussion of a \$500 million issue that is of vital concern to all Californians. Today, I want to review with you a second fiscal issue that also involves at least \$500 million, is of equal concern to the citizens of this state, and is even more complex. I'm referring to the Department's and local district's management of the wide variety of state and federally funded programs now available to meet the diverse educational needs of all our students.

Right now, the Department and local districts are confronted with an increase in audit activity by state and federal agencies related to these programs. All of the money has gone into programs for children in our schools. That's not the problem. The problem is that each funding source has its own set of regulations which require the funds to be used in a certain way, for a certain student population, in certain eligible schools.

During this past year, the Department has been reviewing the management and audit areas in this complex web of interlocking federal and state programs. It is now clear that we must have a fiscal management and auditing system which can handle the complexities inherent when the Department and local districts combine these diverse systems to provide a coordinated program at the school-site level.

I believe that we are now ready to begin revising our fiscal management process.

To make sure we get the best possible thinking in these areas, I am initiating a five-point program to improve and streamline the management of all federal and state funded programs. I have taken the following steps:

- 0 I have been in contact with Assemblyman Mike Cullen, Chairman of the Joint Legislative Audit Committee, which is responsible for the Office of the State Auditor General. Assemblyman Cullen has committed the resources of the Auditor General to assist us in any way possible.

- o Last Friday, I met with my office with Dr. Ed Aguirre, the newly appointed U. S. Commissioner of Education, and he has agreed to join us and other appropriate state and federal agencies to begin a complete revision of the California School Accounting Manual and School Audit Instructions to ensure that these documents reflect the most effective and efficient possible procedures for helping local districts meet their audit responsibilities and prevent further audit exceptions.
- o Within a week, I will be requesting the assistance of top-level managers from some of our state's largest corporations in helping us to apply the latest program and fiscal management techniques developed by private industry to the school management issues we are addressing.
- o I have created a new top-level position in the Department devoted to following up on the data management recommendations of the Board's Management and Evaluation Commission. The new Data Manager will have the strongest possible mandate to examine current paperwork and data demands on our local schools and effect efficient and comprehensive reform of these procedures.
- o Finally, I have directed our new Deputy Superintendent for Administration Mr. William Whiteneck to ensure that these steps are coordinated with a comprehensive system of internal fiscal management that will continue the joint efforts of our Program and Administration branches to assure the most efficient possible accounting of all special state and federal funding sources. I have asked Mr. Whiteneck to report back to me within 30 days with a detailed design to accomplish this.

Let me tell you here and now, the challenge of managing these critical special state and federal programs at the Department and district levels has been nothing short of overwhelming. Since 1972, no less than 15 of these programs have been created or rapidly expanded. While these programs are of tremendous educational benefit and have effectively focused our resources at the school site, they also require new and creative approaches to meeting appropriate number of reporting and accounting

responsibilities.

I do want you to know we have not been idle up to now in attempting to meet this management challenge. Our initial step was to develop a consolidated program application--the first of its kind in the nation--to coordinate the planning and management of eleven state and federal programs. This enabled school districts to submit a single application for special state and federal programs, and eliminated the eleven separate application forms that had been required in the past. The consolidated application has had tremendous positive effects in assisting local districts to coordinate their instructional programs even though funding for these programs is derived from a variety of different sources.

But, because of the timelines available for filing final fiscal reports, this is the first time we have been able to fully analyze data from 1973-74--the first year of our consolidated program approach. And in my judgment, what is needed now is a thoroughgoing, comprehensive up-dating of our fiscal management, and that is what I expect from this five-point program.

I am confident that with the help and commitment of all of these agencies and individuals, we can continue our efforts to develop the most effective and efficient program and fiscal management system to deliver services to our schools and our children. I want you to know that we will be reporting on our efforts at each meeting of the Management and Evaluation Commission. And, of course, I also welcome your comments and suggestions on this issue.

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DEPARTMENT OF EDUCATION

MANAGEMENT MEMO

	NO. 76-13
SUBJECT: CONFERENCE AND ORGANIZATIONAL CHECKING AND SAVINGS ACCOUNTS	DATE ISSUED: October 25, 1976
REFERENCES:	EXPIRES:

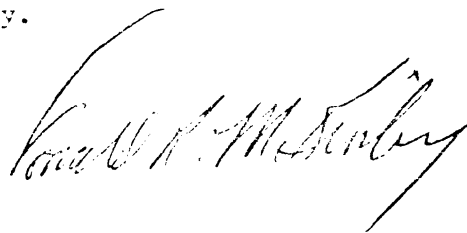
This Management Memo describes an interim policy for departmental employees in handling all conference and organizational checking and savings accounts. This policy shall remain in effect until issuance of a uniform, statewide policy.

If a conference is called by the Department of Education, the accounting office must handle the receipt and distribution of all funds. If the conference is called by an external organization, then the receipt and distribution of funds shall be handled by that organization. A State employee acting in the capacity of an officer or official of an external organization may be responsible for the receipt and distribution of funds for an externally called conference. In such instances the State shall not be held responsible or liable for any actions which an employee of the State commits while acting in the capacity of an officer or official of an external organization.

When departmental employees are functioning as organizational advisors as a part of their work assignment, they will not be permitted to be signators on any bank or savings account for those organizations. In addition, departmental employees will not be permitted to act as an administrator of any funds for such organizations. State employees may act only in the capacity of an advisor for any organizations related to their work function.

All accounts currently under audit by the Department of Finance, shall remain unaltered by this policy pending completion of the audit. Once an account has cleared audit, the account must be brought into conformity with this policy.

It is the intent of this policy to protect employees and the Department of Education from criticism in the receipt and distribution of funds related to the employee's work function. It is not intended to restrict or hinder employees in any private aspect of their life. Only those areas directly or indirectly related to work shall be effected by this policy.



MemorandumHAND DELIVER TO UNIT MANAGERS IMMEDIATELY.
PERSONAL ATTENTION REQUIRED TODAY.

WILSON RILES

To : Unit Managers

Date : July 14, 1976

File No.:

From : WILSON RILES



Subject: Accounts in Private Banks

I have been advised that accounts in private banks have been opened by department employees in which public funds have been deposited and/or withdrawn for public purposes. Such practice, when not first approved by the Department of Finance, is in violation of Government Code Section 16305.3.

To rectify this situation, and as a preliminary to audit of such accounts, each recipient of this letter is directed to determine whether there are any such accounts within his or her unit and to advise Mr. O.D. Russell, Associate Superintendent, 515 L Street, Room 230, 5-4131, in writing of the identity thereof, or that to the best of his knowledge and belief there are no such accounts. Such identification shall be hand delivered by 10:00 a.m. on Friday, July 16, 1976 and shall include: (1) the name of the account; (2) the number of the account; (3) the bank or savings and loan in which the account is located and the address thereof; (4) the persons authorized to sign on and/or make deposits and/or withdrawals to the account; (5) the current balance in the account as of July 1, 1976 and as of the date the requested information is furnished; and (6) the general source or sources of funds deposited in the account.

Pending identification and audit of said accounts, you are directed to instruct all persons who maintain or are signatories on said accounts to refrain from making any further withdrawals therefrom. If compliance with this directive would result in the immediate default of any payment currently due that would otherwise be payable from said account, you are directed to contact Mr. Russell, and an effort will be made to audit that account immediately or otherwise avoid such default.

SCHEDULE OF LOCAL ASSISTANCE FUNDS
DIVERTED TO STATE OPERATIONS IN
FISCAL YEARS 1974-75 AND 1975-76

Funds Allocated by the State Board	Classification of Local Assistance Funds Allocated by the Federal Government	Funds Diverted for State Operations of the Vocational Education Support Units				Total
		State Department of Education		Chancellor's Office California Community Colleges		
		1974-75	1975-76	1974-75	1975-76	
Special High Priority Projects ^{1/}						
Leadership Activities for Youth & Young Adults	Part B - Basic Grant	\$ 65,000	\$60,000	\$ 4,800	\$ 5,400	\$135,200
	Part F - Consumer - Homemaking	<u>20,000</u> <u>85,000</u>	<u>20,000</u> <u>80,000</u>	<u>4,800</u>	<u>5,400</u>	<u>40,000</u> <u>175,200</u>
Personnel Development	Part B - Basic Grant	299,000	305,000	85,000	67,000	756,000
	Part F - Consumer - Homemaking	<u>85,000</u> <u>384,000</u>	<u>113,000</u> <u>418,000</u>	<u>28,000</u> <u>113,000</u>	<u>67,000</u>	<u>226,000</u> <u>982,000</u>
Curriculum Development	Part B - Basic Grant	129,000	130,000	57,500	54,500	371,000
	Part F - Consumer - Homemaking	<u>45,000</u> <u>174,000</u>	<u>45,000</u> <u>175,000</u>	<u>57,500</u>	<u>33,000</u> <u>87,500</u>	<u>123,000</u> <u>494,000</u>
Evaluation	Part B - Basic Grant	69,000	65,000	55,000	75,400	264,400
	Part F - Consumer - Homemaking	<u>15,000</u> <u>84,000</u>	<u>15,000</u> <u>80,000</u>	<u>20,000</u> <u>75,000</u>	<u>15,000</u> <u>90,400</u>	<u>65,000</u> <u>329,400</u>
Public Information	Part B - Basic Grant	33,000	35,000			68,000
	Part F - Consumer - Homemaking	<u>12,000</u> <u>45,000</u>	<u>12,000</u> <u>47,000</u>			<u>24,000</u> <u>92,000</u>
County Personnel Projects ^{2/}		<u>776,164</u>	<u>925,220</u>			<u>1,701,384</u>
Special Projects ^{3/}	Part B - Basic Grant	166,895				166,895
	Part C - Research	347,863	383,193	55,000	341,000	1,127,056
	Part D - Exemplary Programs & Projects	119,771	109,098		170,744	399,613
	Part F - Consumer - Homemaking	<u>82,000</u> <u>716,529</u>	<u>82,000</u> <u>492,291</u>	<u>78,731</u> <u>133,731</u>	<u>511,744</u>	<u>160,731</u> <u>1,854,295</u>
	Total Funds Diverted	<u>\$2,264,693</u>	<u>\$2,217,511</u>	<u>\$384,031</u>	<u>\$762,044</u>	<u>\$5,628,279</u>

^{1/} Project funded out of Part B & F Funds. Funds are allocated once each year under the categories listed above.

1974-75 Funds Available:
State Department of Education \$2,264,693
Chancellor's Office, Community Colleges 384,031
\$2,648,724

^{2/} Projects from amounts appropriated by the State Board for the support of Vocational Education Services provided by the County Offices of Education.

1975-76 Funds Available:
State Department of Education \$2,217,511
Chancellor's Office, Community Colleges 762,044
\$2,979,555

^{3/} State staff initiated projects funded out of Part B, C, D & F Funds. These are individual projects that arise during the course of the year. Grant recipients are usually selected to implement the project by the Project Director.

The attached (B-2 to B-6) are examples of grants of local assistance funds that were used to circumvent mandated administrative controls augmenting the spending level of the Department of Education and the Chancellor's Office.

July 14, 1975

Project Number: 57-10579-B-6-012
Committed Funds: \$32,400.00
Approval Date: July 1, 1975

Dr. Jack J. Potter, Superintendent
Yolo County Office of Education
500 First Street
Woodland, California 95695

Dear Dr. Potter:

We are pleased to inform you that your application requesting financial assistance under the provisions of the Vocational Education Amendments of 1968, P.L. 90-576, has been approved. This refers specifically to your project entitled "Personnel Pool."

For the 1975-76 school year, your county will be paid in accordance with your actual expenditures, but not to exceed the amount indicated above. It is understood that to receive payment, this project will follow the budget and other specifications outlined in your application and will conform to all pertinent requirements of the California Plan for Vocational Education, applicable laws of the State of California, and the Rules and Regulations for the Administration of Vocational Education of the U. S. Office of Education. In addition, you are to prepare and submit to the Department of Education a project evaluation report, which will include information regarding the extent to which the goals and performance objectives of the project have been achieved.

Your county is responsible for maintaining adequate records of expenditures so all claims may be verified by audit. Information regarding reporting procedures on this project will be sent to you at a later date.

Members of our staff will be happy to answer any questions you have concerning this project.

Sincerely yours,

DONALD W. FOWLER, Acting Chief
Program Operations Section
Vocational Education Unit
(AC 916) 445-6726

DWF:rs

cc: Forrest L. Honnold
Sandy Beck
Fiscal Office
Master File

PERSONNEL POOL

NEED

Throughout the year a need exists for immediate temporary assistance of a professional or support nature. Although such assistance is available through line item budgets of operating units, the system has been less than adequate because of hiring freezes, limited personnel lists and delayed personnel procedures. Such constraints limit flexibility and immediacy which this proposal is designed to provide.

OBJECTIVES

During the 1975-76 fiscal year, the Yolo County Superintendent of Schools Office will, on request, employ personnel on a temporary basis for employment within the various offices of the Vocational Education Support Unit.

ACTIVITIES

As needed, the project manager will notify the applicant of his employment needs.

The applicant will assist the project manager in screening employment candidates until a selection is made.

The project manager will assume responsibility for office space and necessary furniture and equipment.

The applicant will assume responsibility for payroll and, if applicable, fringe benefits.

EVALUATION

The proposal will be evaluated upon its effectiveness in supplying varied personnel to the Vocational Education Support Unit during the 1975-76 fiscal year.

BUDGET

Personnel		\$30,000
Indirect Costs	8%	<u>2,400</u>
Total Costs		\$32,400



STATE OF CALIFORNIA
DEPARTMENT OF EDUCATION

STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO 95814

July 16, 1974

PROJECT NUMBER: 57-10579-B-5-520
COMMITTED FUNDS: \$41,847
APPROVAL DATE: July 1, 1974

Dr. Jack J. Potter, Superintendent
Yolo County Office of Education
500 First Street
Woodland, CA 95695

Dear Dr. Potter:

We are pleased to inform you that your application requesting financial assistance under the provisions of the Vocational Education Amendments of 1968, P. L. 90-576, has been approved. This refers specifically to your project entitled "To Provide Teacher Developed Instructional Materials to Business Education Teachers via a Mobile Laboratory and the Vocational Education Resources Information Center."

For the 1974-75 school year, the District will be paid in accordance with your actual expenditures, but not to exceed the amount indicated above. The committed amount is the maximum that can be paid under this project. It is understood that to receive payment, this project will follow the budget and other specifications outlined in your application and will conform to all pertinent requirements of the California Plan for Vocational Education, applicable laws of the State of California, and the Rules and Regulations for the Administration of Vocational Education of the U. S. Office of Education.

The District is responsible for maintaining adequate records of expenditures so all claims may be verified by audit. Information regarding reporting procedures on this project will be sent to you at a later date.

If at any time you wish to consult with us regarding this project, let us know your wishes and we will endeavor to give the help desired.

Sincerely,

Richard S. Nelson, Chief
Program Operation Section
Vocational Education Unit
(916) 445-6726

RSN:kw
cc: Master File
Fiscal Office
Sandy Beck

CONTRACT FOR VOCATIONAL EDUCATION PROJECT

To provide teacher developed instructional materials to business education teachers via a mobile laboratory and the Vocational Education Resources Information Center

Need and Purpose of the Project

California's secondary and adult distributive and office education program operators are enthusiastically adopting the Bureau of Business Education sponsored "California Business Education Program for Office and Distributive Occupations (CBEPODO)." Consistent with this new curriculum thrust there is a critical need for appropriate instructional materials.

The purpose of this project is to continue the contract with the Yolo County Office of Education for providing program operators with "on-site" access to a comprehensive collection of instructional materials compatible and appropriate for the implementation and operation of CBEPODO and other Office Education and Distributive Education programs.

Goal

To provide OE and DE program operators with immediate access to noncommercial instructional materials which are appropriate for use in CBEPODO and other OE and DE program areas.

Objectives

1. Between September 1, 1974, and June 30, 1975, the mobile lab will be available for use on a statewide basis as scheduled by the Bureau of Business Education.
2. By June 30, 1975, have available for statewide dissemination to every LEA in California, up to 1,200 documents appropriate for use in office and distributive education.
3. During 1974-75, distribute to requesting LEAs, via the mobile van and VERIC, up to 25,000 copies of documents (objective #2) appropriate for use in CBEP and other OE/DE programs. (It is estimated that over 100,000 separate reviews of documents by LEA personnel will occur.)
4. During 1974-75, provide for viewing and procurement by OE/DE instructors, up to 30 multimedia presentations appropriate for use in CBEP and other OE/DE programs.

Program Evaluation

By the Regional Supervisors:

- Each regional supervisor will periodically report on the use of the mobile lab in his/her region. The report will include purpose statements, outcomes, and recommendations. Regional supervisors' inputs will reflect inputs from county and district vocational education coordinators, supervisors of business education and other contact persons.

April 23, 1976

Project Number: 50-10504-B-6-011
Committed Funds: \$33,212.00
Approval Date: July 1, 1975

Dr. Neal E. Wade, Superintendent
Stanislaus County Office of Education
801 County Center III Court
Modesto, California 95355

Dear Dr. Wade:

We are pleased to inform you that your application requesting financial assistance under the provisions of the Vocational Education Amendments of 1968, P.L. 90-576, has been approved. This refers specifically to your project entitled "Vocational Education Contracts."

For the 1975-76 school year, subject to the anticipated availability of funds to California, your County will be paid in accordance with your actual expenditures, but not to exceed the amount indicated above. It is understood that to receive payment, this project will follow the budget and other specifications outlined in your application and will conform to all pertinent requirements of the California State Plan for Vocational Education, applicable laws of the State of California, and the Rules and Regulations for the Administration of Vocational Education of the U.S. Office of Education. In addition, you are to prepare and submit to the Department of Education a project evaluation report, which will include information regarding the extent to which the goals and performance objectives of the project have been achieved.

Your County is responsible for maintaining adequate records of expenditures so all claims may be verified by audit. Information regarding reporting procedures on this project will be sent to you at a later date.

Members of our staff will be happy to answer any questions you have concerning this project.

Sincerely,

Donald W. Fowler
Assistant State Director
of Vocational Education
(916) 445-6726

rs

cc: Otis A. Mercer Fiscal Office
 Pete Kneedler Master File
 Sandy Beck

SUPPORT SERVICES PROPOSAL

FISCAL AUDITS

Objectives

1. The Stanislaus County Department of Education will provide necessary support service to the State Department of Education, Vocational Education Section and Coopers and Lybrand, Certified Public Accountants as follows:
 - a. Contractor shall submit an itemized invoice in duplicate equal to ~~one~~twelfth of the total contract to Vocational Education Field Operations
 - b. The Stanislaus County Department of Education will make payment to the Contractor (Coopers & Lybrand) upon receipt of an invoice approved by either Roland M. Boldt or Robert K. Eissler, of the State Department of Education, Vocational Education Field Operations Units.
 - c. The total amount to the contractor for these services will not exceed \$38,510.
 - d. The Stanislaus County Superintendent of Education will receive \$3,081.00 for services necessary to make payments to the contractor as indicated in (b) above and to maintain proper records of all transactions regarding this project.
2. Contractor is to conduct twelve in-depth audits as required by Federal regulations.
3. Each audit will be conducted during the period July 1, 1975 through June 30, 1976. The audits will cover the period of July 1, 1973 through June 30, 1974 and will be conducted in accordance with generally accepted auditing practices and procedures.
4. Total cost of the project is \$41,591.00.

CALIFORNIA COMMUNITY COLLEGES

1238 S STREET
SACRAMENTO, CALIFORNIA 95814



December 11, 1975

Project Number: 58-72777-B-6-130
Committed Funds: \$6,480
Approval Date: July 1, 1975

Dr. Daniel G. Walker
Superintendent
Yuba Community College District
2088 North Beale Road
Marysville, CA 95901

Dear Daniel:

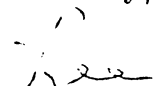
I'm pleased to inform you that your project requesting financial assistance under the provisions of the Vocational Education Amendments of 1968, P.L. 90-576, Part B, has been approved by the Board of Governors. This refers specifically to your project entitled: Grants Management Study.

Your district will be paid in accordance with the actual expenditures, but not to exceed the amount indicated above. The committed amount is the maximum that can be paid under this project. It is understood that to receive payment, the project must follow the budget and other specifications outlined in your application and will conform to all requirements of the California Plan for Vocational Education, applicable laws of California, and the Rules and Regulations for the Administration of Vocational Education of the U. S. Office of Education.

In order to comply with the California State Plan for Vocational Education, your district will be requested to submit a report in terms of the achievement of goals and objectives regarding this project at a later date.

The district is responsible for maintaining adequate records of expenditures so all claims may be verified by audit.

Sincerely,


Leland P. Baldwin, Assistant Chancellor
Occupational Education

cc: Sid Brossman
Master File
Fiscal Office
Regional

County Superintendent
Dean of Vocational Education
Specialist

Project Title: Grants Management Study

Fiscal Agent: Yuba Community College District

Purpose:

To employ Ronald Cox as a consultant for the Vocational Education Grants Management (Finance of Secondary Schools and Community Colleges) study.

Time:

From November 5, 1975 to June 30, 1976.

Budget:

Consultant fee, 40 days @ \$100.00 per day	\$4,000
Travel Expenses, 40 days @ \$50.00 per day.	2,000
Administrative Charge, 8%	<u>480</u>
	\$6,480

The maximum amount of this project is \$6,480. If the cost exceeds the maximum, an appropriate augmentation will be made after approval of the Assistant Chancellor for Occupational Education.

Activities:

The activities to be performed by the consultant will be the following:

1. Confer with the appropriate Occupational Education representatives in the Department of Education and Chancellor's Office for the California Community Colleges (hereafter referred to as staff) regarding the scope and purpose of the Grant Management Study.
2. Review the various studies and reports that have grants management implication. The staff will provide the studies and reports.
3. Prepare an analysis and comments of these studies and reports.
4. Consult with staff regarding the grants management study.
5. Prepare materials for a Grant Management's Advisory Committee.
6. Perform in the capacity as a consultant to the Grant Management's Advisory Committee.
7. Prepare, by February 1, 1976, a Grants Management report with the following items discussed: problems, conclusions, recommendations and alternatives.
8. Be available as a resource person at the March, 1976 Joint Committee on Vocational Education meeting.

February 3, 1976

Dr. Jack J. Potter, Superintendent
Yolo County Office of Education
500 First Street
Woodland, California 95695

Project Number: 57-10579-B-6-060
Committed Funds: \$24,300.00
Approval Date: July 1, 1975

Dear Dr. Potter:

We are pleased to inform you that your application requesting financial assistance under the provisions of the Vocational Education Amendments of 1966, P. L. 90-576, has been approved. This refers specifically to your project entitled "Bicentennial Report of Vocational Education".

For the 1975-76 school year, the County will be paid in accordance with your actual expenditures, but not to exceed the amount indicated above. The committed amount is the maximum that can be paid under this project. It is understood that to receive payment, this project will follow the budget and other specifications outlined in your application and will conform to all pertinent requirements of the California State Plan for Vocational Education, applicable laws of the State of California, and the Rules and Regulations for the Administration of Vocational Education of the U. S. Office of Education.

The County is responsible for maintaining adequate records of expenditures so all claims may be verified by audit. Information regarding reporting procedures on this project will be sent to you at a later date.

If at any time you wish to consult with us regarding this project, let us know your wishes and we will endeavor to give the help desired.

Sincerely,

Donald W. Fowler,
Assistant State Director
of Vocational Education
(916) 445-6726

cc: Master File
Fiscal Office
Richard Nelson
Sandy Beck

PUBLIC INFORMATION PROJECT
BICENTENNIAL REPORT ON VOCATIONAL EDUCATION

NEED

The State Plan for Vocational Education indicates that there should be informational reports that vocational education disseminated to the people of the state. Each year a descriptive report of the vocational education accomplishments are sent to the United States Office of Education. This year the Annual Report on Vocational Education is planned as a commemorative publication for the American Bicentennial Year.

GOAL

To develop a publication for a decision making audience concerned with the development of vocational education in California.

OBJECTIVE

To develop and print 5,000 copies of a 40 page, 3 color publication to be delivered prior to July 1, 1976.

DESIRED OUTCOME

The publication will be artistic in format, people-oriented in defining vocational education's direction (rather than industry oriented), positive in stating that vocations are regaining status in American life and are a vital force in the search for quality of life.

APPENDIX C

DESCRIPTION OF SELECT PROJECTS FINANCED BY
DIVERTED LOCAL ASSISTANCE GRANTS

<u>Name of State Project</u>	<u>Classification of Grant</u>	<u>Description of Project</u>	<u>Grant Award</u>
Personnel Pool	<u>4/</u>	To provide temporary help to the State Department of Education Vocational Education Support Unit.	\$ 32,400
Bicentennial Report on Vocational Education	Public Information	To develop and print 5,000 copies of a 40 page, 3 color publication to be delivered prior to July 1, 1976. Each year a descriptive report of the vocational education accomplishments is sent to the United States Office of Education. This year the annual report on vocational education is planned as a commemorative publication for the American Bicentennial Year.	\$ 24,300
CETA Personnel	<u>4/</u>	To provide an Equal Opportunity Officer, Analyst and Accounting Technician to augment State Department of Education* staff working on Comprehensive Employment Training Act.	\$ 30,640
Vo-Ag Lend-lease	<u>4/</u>	To provide a supervisor for agricultural education in the State Department of Education* central region. (The state employee who officially held the position of supervisor for agricultural education was acting as regional coordinator for vocational education in the central regional office. The person who officially held the position of regional coordinator for vocational education in the central regional office was acting as assistant to the State Director of Vocational Education.)	\$ 30,551

*Vocational Education Support Unit

<u>Name of State Project</u>	<u>Classification of Grant</u>	<u>Description of Project</u>	<u>Grant Award</u>
Co-operative Project Agreement- Facilitating Data Collection	<u>4/</u>	To provide assistance to all Secondary and Unified School Districts in Sacramento County for the purpose of preparing accurate statistical and fiscal reports. A State Department of Education* employee took a leave of absence and became a Sacramento County office employee for a 1 year period to provide assistance. The employee has since returned to the State Department of Education. This in effect augmented the state staff by one position.	\$ 26,673
Special State Plan Personnel	<u>4/</u>	To hire two persons to augment staff of the State Department of Education* to assist with the development of the 1976-77 State Plan for Vocational Education.	27,196
Support Services Proposal- Fiscal Audits	Evaluations	To pay a national accounting firm to audit large school districts for the vocational education support units.	41,591
Evaluation Proposal- Regional Occupation Program & Centers	Evaluations	To hire a consulting firm to perform an evaluation of regional occupational centers and programs. Section 7463 of the Education Code requires that the Department of Education submit to the Legislature an evaluation of regional occupational centers and programs annually.	83,829
History of Vocational Education in California	<u>4/</u>	To develop a document dealing with the historical development of Vocational Education in California. The history is being compiled by the retired State Director of Vocational Education.	3,850
Grants Management Study	<u>5/</u>	To develop alternative strategies (5) for the allocation of federal vocational funds at the Secondary and Community College level. The grant award was used to hire a retired State Department of Education Assistant Superintendent of Public Instruction - Administration as a consultant to coordinate the project.	6,480

<u>Name of State Project</u>	<u>Classification of Grant</u>	<u>Description of Project</u>	<u>Grant Award</u>
Youth Groups- Future Homemakers of America	Leadership Activities for Youth and Young Adults	To hire an experienced individual to work with Future Homemakers of America (FHA) related youth groups. The goal is to increase the development and expansion of FHA.	\$ 20,000
Coordination of Inservice for Vocational Education	Personnel Development	To coordinate inservice training for various types of educational instructors and ancillary personnel and conduct across-the-board inservice training. The project was used to hire a Director of Inservice Training, staff, rent office space in Sacramento, pay travel expenses, purchase equipment, etc.	140,469 ^{1/}
Industrial Education Cluster Development	Curriculum Development	To develop an automotive trade project for grades 7 through 12.	28,190
	Evaluation	To provide evaluation of vocational education programs of school districts. Grants pay for costs of project consultants and staff, travel expense of survey team and miscellaneous expenses.	
District Review of Vocational Education (DROVES)		Secondary school districts	1,000 ^{2/}
			400 ^{3/}
Community College Occupational Programs Evaluations Systems (COPEs)		Community College districts	0
County Personnel Project		For one-half of the cost of salaries and fringe benefits of the function of County Director of Vocational Education, including support staff to that function.	8,330

- 1/ Includes \$88,562 of Educational Professional Development Act funds.
- 2/ "Special project", Part C, Research funds \$109,602 also awarded for development of state evaluations.
- 3/ "Special project", Part C, Research funds of \$40,000 also awarded for development of state evaluation.
- 4/ Grant was not authorized by State Board. It was financed from funds allocated by the State Board for "County Personnel Projects".
- 5/ Grant was not authorized by the State Board. It was financed from funds allocated by the State Board for "Professional Development".

APPENDIX D

PARTIAL LIST OF GRANTS AND PROJECTS NOT
AUTHORIZED BY THE STATE BOARD

<u>Name of State Project</u>	<u>Description of Project</u>	<u>Amount</u>
Vo-Ag Lend Lease	To provide a supervisor for agricultural education in the State Department of Education*central region. The state employee who officially held the position of supervisor for agricultural education was acting as regional coordinator for vocational education in the central regional office. The person who officially held the position of regional coordinator for vocational education in the central regional office was acting as assistant to the State Director of Vocational Education.	
	1974-75	\$ 25,440
	1975-76	30,551
Mobile Van Project	To provide local educational agencies with on-site access to noncommercial instructional materials which are appropriate for use in the Bureau of Business Education sponsored "California Business Education Program for office and distributive operations" via mobile van with duplicating capabilities.	
	1974-75	56,253
	1975-76	52,024
Personnel Pool Project	Personnel pool. To provide temporary help to the State Department of Education Vocational Education Support Unit.	
	1975-76	32,400
Vocational Education Public Information Project	To provide a guidance film to be used as a counseling guidance tool to motivate 7th grade students to seriously consider the importance of acquiring a skill.	
	1975-76	27,700
Support Services Proposal - Fiscal Audits	To pay national accounting firm to audit large school districts.	
	1975-76	41,591
CETA Personnel	To provide an Equal Opportunity Officer, Analyst and Accounting Technician to augment State Department of Education *staff working on Comprehensive Employment Training Act.	
	1975-76	30,640

* Vocational Education Support Unit

<u>Name of State Project</u>	<u>Description of Project</u>	<u>Amount</u>
Special State Plan Personnel	To hire two persons to augment staff of the State Department of Education* to assist with the development of the 1976-77 State Plan for Vocational Education.	1975-76 \$ 27,196
Innovative Management Procedures for Vocational Educators	A project to improve the administration of Vocational Education Funds.	1975-76 9,866
Co-operative Project Agreemtn - Facilitating Data Collection	To provide assistance to all Secondary and Unified School Districts in Sacramento County for the purpose of preparing accurate statistical and fiscal reports. A State Department of Education* employee took a leave of absence and became a Sacramento County Office of Education employee for a one year period to provide assistance. The employee has since returned to the State Department of Education.	1974-75 26,673
Vocational Education Contracts	To evaluate local district contracts with private post-secondary schools to obtain vocational training for students.	1975-76 33,212
Consolidated Services Demonstration Project	To hire a consulting firm to aid 7 districts in implementing programs for disadvantaged students and to evaluate the programs.	1974-75 30,900
History of Vocational Education in California	To develop a document dealing with the historical development of Vocational Education in California. The history is being compiled by the retired State Director of Vocational Education. The grant award is to provide for travel, per diem and secretarial services.	1974-75 3,850
		<u>\$428,296</u>

* Vocational Education Support Unit

EXCERPTS FROM JULY 7, 1976 AGENDA OF
JOINT COMMITTEE ON VOCATIONAL EDUCATION

Concerns have been expressed about the total process which requires response in general, in addition to being addressed individually in the summaries. Of primary concern is the concept of "creaming money off the top" before it reaches the LEA's and using it for program administration rather than allowing it to be used directly by local districts. It is Staff's opinion that the use of these limited funds through statewide projects maximizes the impact of the funds at the local level. With a few individual exceptions, which are easily identified in the project descriptions, the projects listed herein are developed and conducted with extensive local input following some type of a need-identification. The needs identification varies from an informal process of field staff interpreting need from on-site visits and contact with local personnel to a formalized questionnaire process. Most commonly, field involvement in planning is obtained by means of an advisory committee. Through this process, statewide need is addressed, rather than isolated, localized problems which might be critical but specific to a given district and more appropriately handled locally. By operating in this manner, Staff is able to give statewide leadership to the critical areas of professional development, curriculum development, student group activities, evaluation, public information, and, as a one-time request, program planning. At the same time, however, it is Staff's belief that all of the projects included herewith have a direct and significant impact at the local level. Where appropriate, prior accomplishments of similar projects during the current year are included in the individual summaries. To make an inclusive statement is, in a sense, too general to be totally meaningful, but may still serve to illustrate our belief in the impact: Approximately 7,500 teachers, administrators, counselors and supervisors participated in inservice with a high incidence of favorable response; various types of curriculum and instructional materials have been developed, tested, and put to use in classrooms (some of which is being purchased and utilized in other states as well); California's student groups are recognized as being in the forefront nationwide and, in fact, many national officers have come from this state in previous years; the district and program reviews which have been developed and are operated through this process, only part of which is funded by the projects here, continue to result in program change as documented by follow-up studies; and award-winning films and other informational materials have been developed and utilized to increase the public awareness and importance of Vocational Education.

As indicated, some of the projects Staff is requesting funding for in this manner are continuing, on-going activities. It has always been Staff's desire to move the funding of these activities to the regular

budget process. In some instances, similar activities are already included in the budget and we are currently moving to establish a contract, with funds already available in the budget, for one of the inservice projects included here. (Once that contract is consummated, the project, if it has been approved, will be terminated.) In times of holding the line or reducing, budgets, however, the addition of new expenditures is limited, hence the movement of projects to the regular budget has been slowed in recent years.

Another activity being planned for the coming fiscal year which relates to the process, is the evaluation of all professional development activities under the leadership of state staff, no matter what their source of funding. These projects and activities have always had their own individual evaluations, either third party or in-house, but the total effort has never been evaluated. The Professional Development Subcommittee of the Joint Staff Council made this decision at its April meeting and a Request for Proposal (RFP) is being developed at the present time for a third party evaluation by the Evaluation Unit. Although this will be aimed primarily at 76-77 activities, impact measurement of 75-76 projects is also planned. Although this decision was made prior to the report of the Grant's Management Study, this evaluation is in line with one of those recommendations as well.

It is also worth noting, Staff believes that even projects which appear continuous and nonflexible are, in fact, adjusted to meet changing conditions. For example, four inservice projects were moved last year from situations where Staff felt accountability was weak to the Sacramento area so that closer monitoring and coordination could be accomplished. Fiscal accountability has been strengthened by this move. Another example is the Home Economics competency-based teacher education project (MATCHE) which was first conducted through California State Polytechnic University at San Luis Obispo, but which has been subsequently moved to Fresno State University for the further development and refinement process. Examples could be cited where an institution or LEA has failed to produce the desired results in a given year, resulting in the move of the project for the completion of the project.

Memorandum

APPENDIX F

To : Roland Boldt James A. Herman Date : May 3, 1976
 Don Fowler Russ Tibbetts
 Richard S. Nelson Cay Welsh File No.:
 Brent Aikin Don Wilson

From : S. L. Barrett

Subject: High Priority Proposals

The purpose of this memo is to confirm the agreed-to procedure regarding high priority proposals.

We will include the original request in the May Joint Committee agenda. We will, however, use it only as an informational item. Our main purpose for this action will be to share the problem with the Committee and attempt to gain their support for the various activities and projects conducted through this process.

We agreed also that all individuals who are presently employed through a project or contract that is not a part of the regular administrative budget shall be notified of a possible layoff June 30. I am suggesting we use a standard note as follows:

The Joint Legislative Audit Committee is conducting an audit of the Vocational Education Unit. A number of questions have been raised regarding the funding of special high priority projects. It is unclear at this time whether or not this procedure will be approved in the future.

The purpose of this letter is to alert you to the possibility that the project under which are are funded may not continue beyond June 30, 1976. Should you have questions, please give me a call.

SLB:mr

cc: Lee Baldwin

FEDERAL VOCATIONAL EDUCATION FUNDS
UNCOMMITTED AS OF
JUNE 30, 1974 AND 1975

<u>Parts</u>	<u>Title</u>	Fiscal Years Ended	
		<u>June 30, 1974</u>	<u>June 30, 1975</u>
A	Special Needs	\$ 1,003,737	\$ 609,756
B	State Vocational Education Programs	8,112,333	4,654,003
C	Research and Training in Vocational Education	915,486	998,315
D	Exemplary Programs and Projects	192,398	249,254
F	Consumer and Homemaking Education	1,670,181	1,144,817
G	Cooperative Vocational Education Programs	459,042	211,360
H	Work-Study Programs for Vocational Education Students	<u>622,904</u>	<u>509,809</u>
	Uncommitted Funds before adjustments	<u>\$12,976,081</u>	<u>\$8,377,314</u>
	Adjustments:*		
	Increase from "continuing resolution" included in uncommitted funds.	\$ 3,575,625	\$2,235,177
	Impounded funds for 1972-73 received on January 3, 1974. Districts chose to use the impounded funds in 1974-75.	<u>6,481,209</u>	<u> </u>
	Total balance of available Federal Allotment.	<u>\$ 2,919,247</u>	<u>\$6,142,137</u>

* Adjustments were made reducing the amount of uncommitted funds because these funds were not received until after the school districts had adopted their budgets.

SUMMARY OF BUSINESS PRACTICES FOR UNAUTHORIZED BANK ACCOUNTS BASED ON REVIEW OF FISCAL YEARS 1974-75 AND 1975-76 TRANSACTIONS

Department - Unit - Bank	Financial Statements Prepared	Independent Audit	Accounting Records Maintained	Bank Reconciliation Prepared Monthly	Pre-Numbered Receipts Used to Record Deposits	Adequate Support Maintained for Disbursements	Paid Checks and Bank Statements Retained	Duplicate Deposit Slips Retained for Audit	Federal 990 Return of Exempt Organization Filed	Checks for Cash
Department of Education:										
Vocational Education Leadership Conferences: Security Pacific National Bank (517-052-944)	No	No	Incomplete	No Record	No	No	Back to 1-1-74	No	No	Yes
Bureau of Agriculture Education:										
Young Farmers Association: Bank of America (00499-00779)	Yes	Cash Receipts Disbursements	Yes	Yes	No	Yes	Back to 1961	Yes	Yes	*
Future Farms of America Bank of America San Luis Obispo (00619-159)	Yes	No	*	*	*	*	*	*	*	*
Bureau of Homemaking Education:										
Consumer Homemaking Inservice: United California Bank (706-3-14219) Currently since January 1, 1976	No	No	Incomplete	Yes	No	Yes	Yes	No	No	No
Teacher Education Conference Bank of America, Fig Garden Village Office, Fresno (5771-3697)	No	No	No	*	*	*	*	*	*	*
California Association of Future Homemakers of America-Home Economics and Related Occupations Bank of America (1486-14522)	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
State Meeting, California Assoc. of FHA-HERD Bank of America (1488-12329)	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Bureau of Industrial Education:										
Vocational Industrial Clubs of America Security Pacific National Bank	Yes	No	No	No (8-4-75)	No	No	Yes	No	Yes	Yes
Annual California Association Vocational Industrial Clubs of America Security Pacific National (517-070-375)	Yes	No	No	No	No	Yes	Yes	No	Yes	No
Revolving Fund Established Through Project at Yolo County:										
Vocational Education Inservice Crocker National Bank Sacramento (375-10787)	No	No	No	No	No	No	Yes	Yes	No	No
California Community Colleges:										
Vocational Education Deans Conference Bank of America (1488-5390)	No	No	No	No	No	No	No	No	No	Yes
Directors of Nursing Conference Group Wells Fargo (0339-292591)	Yes	No	No	No	No	No	No	No	No	*
Business Education Management Conference Bank of America (06383-0729)	No	No	No	No	No	No	Yes	No	No	No
Conference on Home Economics Bank of America (1486-02789)	No	No	No	No	No	No	No	No	No	*

* Did not determine due to discontinuing audit field work.

Office of the Auditor General

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps