Table D
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed and evaluated the laws, rules, and regulations significant to the audit objectives.
2 Review whether HCCS' and CICA's policies and procedures related to calculating enrollment and ADA are adequate and align with state law. Perform the following: a. Verify the accuracy of HCCS' and CICA's documentation for the past three years related to ADA and enrollment, including for students enrolled in independent study, English Language Development courses, or in courses not leading to a high school diploma. Verify the accuracy of documentation of independent study policies, including the calculation of the time value of student work products and synchronous instruction. Identify the number of students who received a high school diploma or an industry certification. b. To the extent that HCCS' and CICA's reported ADA and student enrollment numbers are inaccurate, determine the reasons for these inaccuracies and calculate the cost of any disallowed funding related to their ADAs.	• Interviewed staff and reviewed Highlands' policies and procedures for recording, calculating, and reporting enrollment and ADA. Determined whether Highlands' policies and procedures align with applicable laws, regulations, and other criteria for both HCCS and CICA. • Selected two students each for 15 various courses at HCCS and two students each for 15 various courses at CICA from fiscal year 2019–20 through fiscal year 2023–24 for a total of 60 students in 30 courses. During selection, considered enrollment, reported attendance levels, course type, year offered, and physical location. This included English Language Development courses as well as CTE courses. • Performed completeness testing to assess the reliability of the list of courses used for selection and the completeness of course rosters and found them to be sufficiently complete for testing selection. • Using Highlands' student data, calculated student enrollment and each student's unduplicated status for HCCS and CICA for fiscal years 2019–20 through 2023–24. • To verify the accuracy of individual student attendance for students at HCCS and CICA, collected and reviewed supporting documentation of attendance, such as paper attendance and electronic attendance records. Determined whether Highlands' student attendance data matched the supporting documentation for the courses. • Using Highlands' student data, calculated ADA for HCCS and CICA for each fiscal year from 2021–22 through 2023–24. • Obtained the overall enrollment and ADA figures Highlands reported to CDE for both HCCS and CICA for each year from fiscal year 2019–20 through fiscal year 2023–24. Reviewed data to determine the accuracy of the amounts Highlands reported to CDE. Interviewed staff about the discrepancies we identified. • Calculated the amounts of disallowed ADA funding Highlands received for identified discrepancies and instances of insufficient documentation resulting from our testing. • Using Highlands' student data, calculated the number of HCCS and CICA students who received a high school diploma each fiscal year from 2019–20 through 2023–24. • Using Highlands' student data, calculated the number of HCCS and CICA students who promoted to higher grade levels and the number of students who repeated English classes each fiscal year from 2020–21 through 2023–24. • For students at HCCS and CICA from fiscal year 2019–20 through fiscal year 2023–24, evaluated the number of diplomas and industry certifications both schools awarded during this time period, as well as the number of students who promoted to higher grade levels or higher-level English courses. Compared the rates of these outcomes with the rates of outcomes at other schools, including traditional high schools, charter schools, traditional adult education, and charter school adult education. • To evaluate the efficacy of Highlands' attendance recording practices, conducted on-site visits of 17 current HCCS classrooms and reviewed work products of 30 CICA students. • Interviewed staff at Highlands and reviewed practices for reporting attendance hours to county human services departments. • Compared Highlands' practices to relevant federal and state requirements for TANF (CalWORKs) work verification plans.

continued on next page . . .

AUDIT OBJECTIVE	METHOD
3 Review and evaluate HCCS' and CICA's policies and procedures for ensuring that all instructors are appropriately credentialed for their assignments. Perform the following: a. Determine the number of credentialed instructors by type of credential. b. For a judgmentally selected number of instructors, including instructors on a local assignment option and those holding a Career Technical Education or adult education credential, verify whether each instructor had appropriate credentials and complied with other applicable requirements. c. Based on the results of the review in Objective 3b, identify whether instructors who lacked appropriate credentials taught students and calculate the cost of any disallowed funding related to their ADAs. d. Determine whether HCCS and CICA accurately reported to the State any instances of teacher misassignment data.	• Collected documentation and evaluated the adequacy of Highlands' policies and procedures for ensuring that all instructors are appropriately credentialed for their assignments. • Collected available data of all HCCS and CICA instructors and their credentials from fiscal year 2023–24. • Using Highlands' student and teacher data, created a list of instructors assigned to teach each class and a list of students enrolled in each class. • Using the list of instructors offered at HCCS and CICA, determined the number of credentialed instructors at Highlands from fiscal year 2023–24 and categorized the instructors by credential type. • Using the list of courses and instructors from fiscal years 2019–20 through 2023–24, selected 30 Highlands instructors, including instructors with CTE and adult education credentials, and identified the courses they taught. Compared the credentialing requirements of the courses with the instructors' credentials to determine whether the instructors had appropriate credentials for the courses they taught. We found no instructors on a local assignment option. • Of the instructors who lacked appropriate credentials, calculated the corresponding disallowable funding. • Conducted on-site classroom visits, interviews, and reviews of available documentation to determine whether paraeducators were teaching courses. • Compared available data from CTC, Twin Rivers, and Highlands to the misassignment counts Highlands submitted in its School Accountability Reports to CDE. We identified the reasons for the discrepancies we found.
4 Evaluate HCCS' and CICA's processes for ensuring that student-to-teacher ratios for both classroom-based and independent study courses comply with state requirements and their processes for ensuring students' access to adequate instructional materials and technology. Perform the following: a. For a judgmentally selected number of courses, determine whether the associated student-to-teacher ratios meet state requirements and were accurately reported to applicable parties, and whether students in these courses had access to adequate instructional materials and technology. b. To the extent that ratios at CICA or in any other course do not meet state requirements, calculate any disallowed funding.	• Conducted interviews and determined that Highlands lacks written policies and procedures for monitoring student-to-teacher ratios. Evaluated whether Highlands' practices are sufficient to adequately ensure that Highlands complies with applicable state laws or best practices for both independent study and classroom-based instruction. • Interviewed teachers, attended in-person courses, collected documentation and reviewed responses from the survey we performed to address Objective 9 to evaluate the level of access students at Highlands have to instructional materials and technology. • Using Highlands' student and teacher data, calculated the annual student-to-teacher ratios at HCCS and CICA for fiscal year 2023–24. • Determined whether Highlands' ratios were in compliance with state law and applicable best practices. For the years CICA was not in compliance with state law, we calculated the resulting disallowable funding. • Attended eight in-person courses and identified the number of instructors and students present. Evaluated the appropriateness of those ratios by comparing them to best practices and typical ratios for classes at similar schools. • Compared the student-to-teacher ratios Highlands reported in its Local Control and Accountability Plans (LCAPs) for fiscal year 2023–24 to the actual student-to-teacher ratios at Highlands' schools, and found that Highlands' ratios it reports in its LCAPs were not comparable to the ratios we used in our analysis.

continued on next page . . .

AUDIT OBJECTIVE	METHOD
5 To the extent possible, evaluate HCCS' and CICA's employment policies and determine whether they adequately promote fair hiring practices, including protecting against nepotism and conflicts of interest, ensuring employees' qualifications, and guarding against whistleblower retaliation. For a judgmentally selected number of employees and consultants from the past three years, including executives, review qualifications and determine whether the schools hired any employees or consultants because of nepotism or for any other reason resulting in an unqualified employee's hire and whether the selected employees', executives', and consultants' compensation aligns with compensation for such employees in similar districts.	• Collected and evaluated the adequacy of Highlands' employment policies and practices to determine whether it adequately promotes fair hiring practices including protecting against nepotism and conflicts of interest, ensuring employees' qualifications, and guarding against whistleblower retaliation. • Obtained and performed data reliability testing on a list of all staff for fiscal years 2021–22 through 2023–24, which we found to be complete. Selected 27 executive, administrative, and teaching staff members hired during this period based in part on compensation levels. • For the selected staff, collected documentation of employee qualifications, hiring, and promotion records. Determined whether Highlands followed appropriate hiring processes and whether hired employees had the appropriate qualifications for their positions. • Compared the compensation of a selection of Highlands' staff members with compensation of staff in similar positions at similar districts.
6 Review financial information from HCCS and CICA and determine whether their budgeting and expenditures—including expenditures for housing, employee travel, marketing and recruitment, and political contributions—are appropriate and align with applicable requirements, similar institutions, and best practices.	• Performed completeness testing of Highlands' accounting general ledgers by comparing the total revenues and expenditures to Highlands' audited financial reports for fiscal years 2019–20 through 2022–23 and found them to be complete. Highlands did not have audited financial reports for fiscal year 2023–24 available, so we did not conduct completeness testing on the fiscal year 2023–24 general ledger. • Conducted interviews and collected documentation to identify Highlands' policies and procedures for its budgets and expenditures. Determined whether Highlands' policies and procedures align with relevant laws, rules, and best practices for budgeting and expenditures. Additionally, we evaluated Highlands' process for issuing contracts to consultants to determine whether they appropriately followed all necessary procedures, including procedures for preventing conflicts of interest. • We judgmentally selected 30 transactions from fiscal years 2019–20 through 2023–24 based on high spending totals, alleged misuse of funds, unclear purposes, or financial discrepancies. We included costs related to housing, employee travel, marketing and recruitment, contracts and consultants, political contributions, and miscellaneous expenses. • Collected documentation and conducted interviews to evaluate whether each selected transaction was allowable under relevant laws, Highlands' charter, and Highlands' own policies. We also determined whether Highlands followed appropriate procedures for approving expenditures; and, to the extent possible, the reasonableness of the expenditure based on readily available best practices guidance, including FCMAT guidance. • Interviewed Highlands' staff to determine Highlands' justification and perspective for any identified transaction exceptions and evaluated the merit of those justifications.
7 Review the charter governing HCCS and CICA and determine whether the schools failed to comply with or violated their charter or applicable state law by serving students not covered by the charter.	• Collected and reviewed Highlands' relevant policies and procedures to determine whether they are adequate to ensure that Highlands only enrolls students who are California residents age 22 or older, and who do not have a U.S. high school diploma. • Selected 40 students and reviewed Highlands' records collected at the time of their initial enrollment to verify whether they met the enrollment requirements, and whether Highlands followed its policies and procedures in verifying those students' eligibility.

continued on next page . . .

	AUDIT OBJECTIVE	METHOD
8	Assess Twin Rivers' processes for ensuring that charter schools, including HCCS and CICA, meet the requirements of the Education Code. Determine the extent of Twin Rivers' oversight efforts of HCCS and CICA since 2018 and the cost of this oversight, and review whether Twin Rivers has responded appropriately to information regarding alleged violations at HCCS and CICA.	• Evaluated the sufficiency of oversight actions CDE, Sacramento COE, and Twin Rivers took to ensure that Highlands responded and sufficiently addressed deficiencies identified in the 2018 FCMAT audit, notices of concern, compliance inquiries or requests from CDE, investigations, or audits from fiscal years 2018–19 through 2023–24. • Compared Twin Rivers' charter petition approval, renewal, and revocation policies to its review of the 2019 charter petitions for HCCS and CICA to determine whether Twin Rivers adequately reviewed the charters, and whether its approval of the charters was appropriate. • Compared FCMAT charter school oversight guidance to Twin Rivers' charter school oversight policies, procedures, and oversight reviews of Highlands from fiscal years 2020–21 through 2022–23. • Compared the amount of money Highlands provided to Twin Rivers for oversight, the amount Twin Rivers asserts it received for oversight, and Twin Rivers' actual cost of oversight since 2018. Identified the causes of any discrepancies. • Interviewed CDE, CTC, Sacramento COE, and Twin Rivers' staff to evaluate and report on their perspectives on any identified oversight deficiencies. • For the oversight areas wherein Twin Rivers indicated that it relied upon the annual independent audits rather than conducting its own oversight activities, identified whether the annual audit guidance required the independent auditor to review the item, and if so, whether the auditor conducted the required procedures.
9	Survey current and former students and employees to gain perspective on the quality of the learning experience at HCCS and CICA, the frequency of student attendance, student work products and course workload, the schools' marketing strategies, any action taken toward whistleblowers, and other areas pertaining to HCCS' and CICA's responsibilities for achieving educational outcomes in compliance with state law.	• Identified and obtained data for Highlands' past and current students and teachers over the past three school years, including their preferred language and email address. • Using Highlands' student and teacher data, created lists of current and former students and employees, languages they speak, and their contact information. • Developed survey questions for each of the populations to address the quality of learning experience, frequency of attendance, student work product and course workload, marketing strategies, action taken toward whistleblowers, and other areas relevant to the audit. • Translated surveys into the required languages and sent surveys to current and former students and employees. • Analyzed survey responses for issues or trends, compared results to other audit findings, and developed report text and graphics to depict survey findings.
10	Review and assess any other issues that are significant to the audit.	None identified.

Source: Audit workpapers.