



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON

STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

July 18, 2011

Paul Preston, Executive Director
California College, Career and Technical Education Center
890 Embarcadero Road
West Sacramento, CA 95691

Via e-mail at paul@ccctec.org

Mr. Preston,

I am in receipt of your package dated July 5, 2011, that included materials and clarification requested in regards to your April–June Quarterly Benchmark Report (QBR) under the Public Charter Schools Grant Program (PCSGP).

After reviewing the materials in question, I was unable to approve some of the previously allocated expenses for PCSGP reimbursement. I have enumerated my concerns with questionable expenses in the following sections.

Personnel Costs

In previous correspondence, I had requested that you provide duty statements for each employee whose salary was reimbursed using grant funds. I also requested that you generate a percentage of allowable activities based on these duty statements.

In response to the materials you provided in your July package, I now request that you provide a brief explanation about how each percentage was calculated. I also have concerns with the reported dollar amounts for each salary; it appears that they have increased by a factor of 100%, despite a lower percentage of allowable activities. In the matrix on the following page, I provide a comparison of the two sets of allocated values:

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Original QBR Entries			Revised Materials from July		
Job Title	Percent Reimbursed	Dollar Amount	Job Title	Percent Reimbursed	Dollar Amount
Superintendent	100%	\$31,500	Executive Director	60%	\$63,000
Sup. Secretary	100%	\$9,000	Sup. Secretary	45%	\$18,000
Director	100%	\$38,250	Director	90%	\$76,500
Campus Security	100%	\$3,750	Campus Supervisor	25%	\$7,000
Special Programs	100%	\$11,250	Supervisor	50%	\$22,500
Total:		\$93,750.00			\$187,000.00

Based on the information provided, there is no clear explanation as to why the reimbursements have doubled. Please explain this discrepancy, and revise the figures as needed.

4000 Series

In prior correspondence, I requested clarification on checks 1187, 1196, 1192, 1209, 1228, 1229, 1230, 1231, 1232, 1221, 1225, 1247; I also requested an explanation of checks 1211 and 1233, payments to Straw Hat Pizza. Checks 1186, 1206, 1208, 1241, and 1224 required no additional clarification.

- You have provided sufficient clarification for checks 1209, 1228, 1232, 1221, and 1225.
- I was unable to find any materials correlating to checks 1187 for \$220.64, and 1231 for \$383.67. Therefore I request that you reduce the reported reimbursement by \$604.31.
- The following checks include purchases that were made prior to January 1, 2011, your grant starting date, and are therefore not fully allowable: 1196 (\$582.31 in non-allowable expenses that predate the grant award), 1192 (\$332.72), 1229 (\$111.71), 1211 (\$331.00). Therefore I request that you reduce the reported reimbursement by \$1,357.74.

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- Check 1247 includes \$620.90 in non-allowable utilities expenses (periodic phone bills). Therefore I request that you reduce the reported reimbursement by \$620.90.
- You indicated that check 1233 for \$2,000 to Straw Hat Pizza was for day-to-day lunches. I will allow this expense. Please be aware of restrictions on lunch service expenditures for future reporting; guidance may be found in the recently released document entitled "Guidance on Allowable Expenditures."
- You indicated that check 1230 was removed. Therefore I request that you reduce the reported reimbursement by \$10.00.

Total reductions for the 4000 Series equal \$2,592.95. The original expense reported was \$13,654.55. Therefore I request that you revise the reported total to account for a total expense of \$11,061.60. I have provided the following matrix to clarify the status of your reported expenses in the 4000 Series:

4000 Series Reimbursements				
Check No.	Description	Total Cost	Action	Eligible Reimbursement
1187	Reimbursement forms not provided	\$220.64	Denied	\$0.00
1196	Supplies, food and gas	\$1,778.92	Reduced	\$1,196.61
1186	Auto shop supplies from Harbor Freight	\$135.15	Approved	\$135.15
1192	Books and supplies	\$332.72	Denied	\$0.00
1206	SVS Furniture	\$2,856.22	Approved	\$2,856.22
1209	Supplies, stamps and snacks	\$730.22	Approved	\$730.22
1228	Custodial Supplies	\$221.78	Approved	\$221.78
1229	Home Depot	\$111.71	Denied	\$0.00
1230	Reimbursement forms not provided	\$10.00	Removed	\$0.00
1231	Reimbursement forms not provided	\$383.67	Denied	\$0.00
1232	Gas, food, and other misc. supplies	\$1,124.58	Approved	\$1,124.58
1208	Office equipment from Edwards Office	\$933.79	Approved	\$933.79
1241	Uniforms from Classic	\$185.96	Approved	\$185.96

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4000 Series Reimbursements				
Check No.	Description	Total Cost	Action	Eligible Reimbursement
	Awards			
1221	Science supplies	\$28.89	Approved	\$28.89
1224	Shop Class supplies from Hannis Indust.	\$803.88	Approved	\$803.88
1225	Dry-erase markers	\$20.11	Approved	\$20.11
1211	Straw Hat Pizza	\$331.00	Denied	\$0.00
1233	Straw Hat Pizza	\$2,000.00	Approved	\$2,000.00
1247	Phone bills, misc. supplies	\$1,445.31	Reduced	\$824.41
Total:		\$13,654.55		\$11,061.60

5000 Series

In prior correspondence, I requested that you screen checks 1240, 1214, 1236, 1230, and the two PG&E print-outs for non-allowable expenses. I also requested that you clarify checks 1188, 1185, 1183, 1184, 1193, 1197, 1194, 1190, 1205, 1226, 1207, 1210, 1218, 1215, 1235, 1246, 1309, 1251, 10031 and 10030. The following checks required no additional clarification: 1195, 1222, 1216, 1217, 1219, 1212, 1234, 1243, 1220, 1223, 1213, and 1245.

- You have provided sufficient clarification for checks 1188, 1185, 1194, 1190, 1205, 1207, 1218, 1215, 1235, and 1309. You have also clarified the eligibility of checks 1240, 1214, and 1236.
- Check 1189 for \$1,952.50 was not included in any of the materials previously submitted. However, because the activities listed in back-up documentation are allowable, I have approved this expense.
- Clarification was not provided, or the materials provided were insufficient for the following checks: 1183 (\$2,400.00), 1184 (\$1,673.00), 1193 (\$2,289.20), 1197 (\$498.00), 1226 (\$700.00), 1246 (\$2,860.00), 1251 (\$1,676.80), 1230 (\$10.00), and both PG&E printouts (\$10,200 and \$11,000). Therefore I request that you reduce the reported reimbursement by \$33,307.00.
- Invoices correlating to check 1210 are dated prior to January 1, 2011, and are therefore not eligible for reimbursement. Therefore I request that you reduce the reported reimbursement by \$3,000.00.

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- You indicated that checks 10031 (\$119.22) and 10030 (\$2,513.81) were removed. Therefore I request that you reduce the reported reimbursement by \$2,633.03.
- You indicated that the duplicate check 1235 (\$850.00) has been removed. I found another duplicate check, 1222 (\$35.00), that was factored into your reimbursement; I have denied this check. I request that you reduced the reported reimbursement by \$885.00.
- Your original report did not include information pertaining to check 1306 (\$11,039.60) to First National Bank. However, you submitted check 1306 with the package of materials submitted in May 2011. I had not factored this check into your reimbursement when drafting my response dated June 17, 2011. Before this check can be reimbursed using grant funds, I will need additional information that explains what goods or services were purchased. Until this matter has been addressed, the check cannot be reimbursed; I have noted it as "Denied" in the table below. I request that you reduce the reported reimbursement by \$11,039.60.

Total reductions for the 5000 Series equal \$50,864.63. There were two increases in the reported amount for \$1,952.50 and \$20.00. The original expense reported was \$94,071.54. Therefore I request that you revise the reported total to account for a total expense of \$45,179.41. I have provided the following matrix to clarify the status of your reported expenses in the 5000 Series.

5000 Series Reimbursements				
Check No.	Description	Total Cost	Action	Eligible Reimbursement
1188	Consultant fees for grant implementation	\$3,000.00	Approved	\$3,000.00
1189	Contractor for Recruiting and Admin (Not previously reported - \$1,952.50)	\$0.00	Approved	\$1,952.50
1185	Advertising Costs – Town Planner	\$2,212.08	Approved	\$2,212.08
1183	Clarification not provided	\$2,400.00	Denied	\$0.00
1184	Clarification not	\$1,673.00	Denied	\$0.00

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5000 Series Reimbursements				
Check No.	Description	Total Cost	Action	Eligible Reimbursement
	provided			
1193	Clarification not provided	\$2,289.20	Denied	\$0.00
1197	Clarification not provided	\$498.00	Denied	\$0.00
1195	Legal Fees	\$2,500.00	Approved	\$2,500.00
1194	Consultant fees for Grant Monitoring	\$5,000.00	Approved	\$5,000.00
1190	Hats and Phone System	\$2,923.36	Approved	\$2,923.36
1205	Deposit for Internet Services	\$2,000.00	Approved	\$2,000.00
1222	Conference Registration	\$35.00	Approved	\$35.00
1240	Hook-up for Direct TV	\$54.26	Approved	\$54.26
1216	Locks	\$1,737.71	Approved	\$1,737.71
1217	Locks	\$60.35	Approved	\$60.35
1219	Locks	\$464.44	Approved	\$464.44
1226	Contractor; it is unclear what services were provided	\$700.00	Denied	\$0.00
1207	Contractor; activities listed include "Wal-Mart" and "Job Corps"	\$2,232.50	Approved	\$2,232.50
1212	Advertising	\$630.00	Approved	\$630.00
1234	Advertising	\$837.38	Approved	\$837.38
1210	Install printer; fire test	\$3,000.00	Denied	\$0.00
1218	Substitute Teacher	\$2,470.00	Approved	\$2,470.00
1243	Legal Fees	\$320.00	Approved	\$320.00
1215	Grant Administration	\$3,000.00	Approved	\$3,000.00
1220	IT Services	\$2,610.00	Approved	\$2,610.00
1223	Consulting, video services	\$2,500.00	Approved	\$2,500.00
1213	Website Design	\$2,000.00	Approved	\$2,000.00
1214	Hook-up for J-4 Systems	\$2,243.16	Approved	\$2,243.16
1235	Deposit for Increased	\$850.00	Approved	\$870.00

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5000 Series Reimbursements				
Check No.	Description	Total Cost	Action	Eligible Reimbursement
	Bandwidth (\$850 + \$20, previously unreported)			
1236	Hook-up for J-4 Systems	\$1,351.67	Approved	\$1,351.67
1246	No clarification provided	\$2,860.00	Denied	\$0.00
1245	Website Design	\$1,675.00	Approved	\$1,675.00
1309	West Sacramento Press	\$500.00	Approved	\$500.00
PG&E Statement	No explanation provided	\$10,200.00	Denied	\$0.00
1251	No clarification provided	\$1,676.80	Denied	\$0.00
10031	Payroll Check	\$119.22	Removed	\$0.00
10030	Payroll Check	\$2,513.81	Removed	\$0.00
1230	Insufficient explanation provided	\$10.00	Denied	\$0.00
PG&E Statement	No explanation provided	\$11,000.00	Denied	\$0.00
1222	Duplicate Check	\$35.00	Denied	\$0.00
1235	Duplicate Check	\$850.00	Removed	\$0.00
1306	First National Bank – Unclear what was purchased	\$11,039.60	Denied	\$0.00
Total:		\$94,071.54		\$45,179.41

6000 Series

In previous correspondence, I requested that you clarify the expense's eligibility for reimbursement. The explanation you provided was sufficient, and the expense is approved.

Summary of Requested Action and Timeline for Remedy

I have provided a summary of requested action, below:

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- In regards to Personnel Costs, I request that you provide a brief explanation about how the percentages of grant-related activities were developed. Also, re-evaluate the dollar amounts calculated on your most recent response. If the dollar amounts are accurate, then explain the discrepancy between your originally reported amounts and the newly reported amounts. Otherwise, revise the reimbursement claims for each salary as needed.
- In regards to the 4000 Series costs, I request that you revise the reported amount to reflect a total spending of 11,061.60, as calculated in this letter. If you are able to provide additional supporting materials to substantiate expenses that are still in question or that have been denied for reimbursement, you may do so.
- In regards to the 5000 Series costs, I request that you revise the reported amount to reflect a total spending of \$45,179.41, as calculated in this letter. If you are able to provide additional supporting materials to substantiate expenses that are still in question or that have been denied for reimbursement, you may do so.
- In regards to the 6000 Series costs, no additional action is needed.
- Once all of these revisions have been finalized, you must input the revised data into the online Quarterly Benchmark Report template. I will provide you with additional guidance once all items in question have been satisfactorily addressed.

Please submit your response to the items of concern identified in this letter no later than Monday, August 1, 2011. You may submit any materials pertinent to a response through e-mail to ckoehler@cde.ca.gov, through fax care of Casey Koehler at 916-322-1465, or through mail to the following address:

Casey Koehler
Charter Schools Division, Suite 5401
California Department of Education
1430 N Street
Sacramento, CA 95814

If you fail to remedy concerns described in this letter, expenses that cannot be approved will be deemed ineligible for reimbursement. Your school will be invoiced for grant funds that are not accounted for by the end of your grant project period.

If you have any questions or concerns about the contents of this letter, please contact Casey Koehler by phone at 916-319-0252, or by e-mail at ckoehler@cde.ca.gov.

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Sincerely,
Casey Koehler



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON

STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

August 10, 2011

Paul Preston, Executive Director
California College, Career and Technical Education Center
890 Embarcadero Road
West Sacramento, CA 95691

Via e-mail at paul@ccctec.org

Mr. Preston,

I am in receipt of your letter dated August 2, 2011, which provided clarification on personnel expenses allocated in the Fiscal Year 2010 Quarter 3 Quarterly Benchmark Report (QBR) for California College, Career and Technical Education Center (CCCTEC) under the Public Charter Schools Grant Program (PCSGP).

After reviewing the materials in question, I still have concerns regarding the personnel expenses you have allocated to the grant. Please review the contents of this letter carefully, and respond to required action that is described at the end of this letter.

History of Requested Action

I have drafted the following timeline, and the subsequent data presented in Table 1, to explain my confusion regarding your reported salary expenditures.

- May 2, 2011:
Mr. Koehler reviewed the CCCTEC FY2010 Quarter 3 QBR and requested that Mr. Preston upload Personnel Activity Reports (PARs) for each salary allocated.
- May 16, 2011:
Mr. Preston uploaded PAR reports and resubmitted the QBR.
- June 17, 2011:
Mr. Koehler reviewed the QBR and requested clarification on salary expenses based on inconsistencies in the PAR reports, specifically that each PAR

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demonstrated 100% effort given to PCSGP activities.

- July 1, 2011:
Mr. Preston re-submitted the QBR with revised figures, and mailed hardcopy documentation to explain the percent of effort to grant objectives for each salary expense.
- July 5, 2011:
Mr. Koehler received hardcopy materials.
- July 18, 2011:
Mr. Koehler requested clarification because hardcopy materials indicated that the total salary expenses had increased by 100% despite the total percentage of effort having been reduced to varying degrees for each salary (detailed in Table 1).
- August 2, 2011:
Mr. Preston responded via e-mail, and explained that the figures should be reduced to their previously reported levels.

I have provided the following table on the next page, which displays how reported data has changed from response to response. Due to multiple fluctuations in the data presented, I am unable to assess the credibility of these reimbursements.

To clarify, the Percent of Effort should indicate the percentage of time on payroll that a staff member has devoted to grant-related activities, such as completion of a Work Plan objective. Therefore, the percentage should also equal the total reimbursed salary divided by the total salary expense overall.

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Table 1: Fluctuations in Salary Reimbursements

Staff Member / Title	Dollars Allocated	Percent of Effort	(\$) Δ from Previous Response	Staff Member / Title	Dollars Allocated	Percent of Effort	(\$) Δ from Previous Response
May 16, 2011 Revision				July 1, 2011 Revision			
Paul Preston	\$28,415.64	100%	N/A	Paul Preston	\$31,500.00	100%	▲ 11%
LaJuana Minnick	\$13,455.00	100%	N/A	LaJuana Minnick	\$9,000.00	100%	▼ 33%
Steve McPherson	\$23,875.74	100%	N/A	Steve McPherson	\$38,250.00	100%	▲ 60%
Carol Clark	\$12,150.00	100%	N/A	Carol Clark	\$3,750.00	100%	▼ 69%
Pete Benitti	\$10,000.00	100%	N/A	Pete Benitti	\$11,250.00	100%	▲ 13%
Total:	\$87,896.38			Total:	\$93,750.00		
July 5, 2011 Response				August 2, 2011 Response			
Executive Director	\$63,000.00	60%	▲ 100%	Superintendent	\$31,500.00	100%	▼ 100%
Sup. Secretary	\$18,000.00	45%	▲ 100%	Sup. Secretary	\$9,000.00	100%	▼ 100%
Director	\$76,500.00	90%	▲ 100%	Director	\$38,250.00	100%	▼ 100%
Campus Supervisor	\$7,000.00	25%	▲ 100%	Campus Security	\$3,750.00	100%	▼ 100%
Supervisor	\$22,500.00	50%	▲ 100%	Special Programs	\$11,250.00	100%	▼ 100%
Total:	\$187,000.00			Total:	\$93,750.00		

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Required Action

Due to fluctuations in the reported salary figures, I cannot accept these materials as credible for PCSGP expense reporting. In order to approve any salary reimbursement, I must see all of the following materials:

1. Payroll records that demonstrate the actual salary expense for all reported employees' salaries.
2. A description of each employee's duties for which they received compensation during the months of January–March, 2011. Descriptions must encompass all duties that the employee is obligated to perform under employment of the organization, and not just grant-related duties.
3. For each salary, the percentage of duties that correlate to a grant objective (such as curriculum development or a Work Plan activity) divided by total time on payroll overall. This percentage must have an apparent correlation to the description of duties in item 2. Where there is no apparent correlation, you must describe in detail how the activity is grant-related.

Please submit this information within one week's time, no later than 11:59 PM on Wednesday, August 17, 2011. **This is your final notice.** If you fail to submit the required materials, all personnel expenses allocated in your FY2010 Quarter 3 report will be deemed ineligible for reimbursement.

You may submit any materials pertinent to a response through e-mail to ckoehler@cde.ca.gov, through fax care of Casey Koehler at 916-322-1465, or by mail to the following address:

Casey Koehler
Charter Schools Division, Suite 5401
California Department of Education
1430 N Street
Sacramento, CA 95814

If you have any questions or concerns about the contents of this letter, contact Casey Koehler by e-mail at ckoehler@cde.ca.gov. Please ensure that all future communications are made in writing.

Sincerely,
Casey Koehler