

NAPA COUNTY OFFICE OF EDUCATION

Review Report

AUDIT RESOLUTION PROCESS

Fiscal Year 2017-18 and Fiscal Year 2018-19



BETTY T. YEE
California State Controller

January 2021



BETTY T. YEE
California State Controller

January 27, 2021

Barbara Nemko, Ph.D., Superintendent
Napa County Office of Education
2121 Imola Avenue
Napa, CA 94559

Dear Dr. Nemko:

The State Controller's Office reviewed the Napa County Office of Education's (COE) audit resolution process for local education agency exceptions noted in the annual audit reports. The review covered fiscal year (FY) 2017-18 and FY 2018-19.

Our review found that the Napa COE followed its audit resolution process for FY 2017-18 and FY 2018-19. As a result, the Napa COE was in compliance with California Education Code section 41020.

If you have any questions, please contact Joel James, Chief, Financial Audits Bureau, by telephone at (916) 323-1573.

Sincerely,

Original signed by

MICHAEL REEVES, CPA
Acting Chief, Division of Audits

MR/ac

cc: Joshua Schultz, Deputy Superintendent
Napa County Office of Education
Sarah Blackstone, Assistant Director of Fiscal Services
Napa County Office of Education
Elizabeth Dearstynne, Director
School Fiscal Services Division
California Department of Education
Keith Smith, Administrator
School Fiscal Services Division
California Department of Education
Jeff Bell, Program Budget Manager
Education Systems Unit
California Department of Finance

Contents

Review Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	3
Views of Responsible Officials	3
Restricted Use	3

Review Report

Summary

The State Controller's Office (SCO) reviewed the Napa County Office of Education's (COE) audit resolution process for local education agency (LEA) exceptions noted in the annual audit reports for fiscal year (FY) 2017-18 and FY 2018-19. Our review found that the Napa COE followed its audit resolution process for FY 2017-18 and FY 2018-19.

Background

California Education Code section 41020(n) requires the State Controller to annually select a sample of county superintendents of schools for which the SCO will perform a follow-up review of the audit resolution process. Results of these reviews will be reported to the Superintendent of Public Instruction (SPI) and the county superintendents of the schools that were reviewed.

In addition, California Education Code section 41020(n) states that the State Controller shall require auditors to categorize audit exceptions in the audit report in such a manner that both the county superintendent of schools and the SPI can discern the exceptions for which it is their responsibility to ensure that the LEAs take action to correct.

The Napa COE provides coordination of educational programs and professional and financial supervision for five LEAs under its jurisdiction. In addition, the county superintendent of schools maintains special schools and programs countywide, independent of the LEAs.

County superintendents of schools are required to do the following:

- Review, for each of their school districts, audit exceptions relating to attendance, inventory of equipment, internal control, and any miscellaneous items, and determine whether the findings have been corrected or an acceptable plan of correction has been developed (California Education Code section 41020(i)(1));
- Review audit exceptions related to the use of program funds for instructional materials, teacher misassignments, and school accountability report cards. The county superintendents must also determine whether the exceptions have been corrected or an acceptable plan of correction has been developed (California Education Code section 41020(i)(2));
- Review audit exceptions related to attendance, inventory of equipment, internal control, and other miscellaneous exceptions. Attendance exceptions or issues must include those related to local control funding formula allocations pursuant to California Education Code section 42238.02, as implemented by section 42238.03, and independent study (California Education Code section 41020(j)(1));
- Notify the LEA, and request that the governing board of the LEA provide to the county superintendent of schools a description of the correction or plan of correction by March 15 of the subsequent year (California Education Code section 41020(j)(2));

- Review the description of the correction or plan of correction and determine its adequacy and, if the LEA's response was not adequate, require the LEA to resubmit that portion of its response that is inadequate (California Education Code section 41020(j)(3));
- By May 15 of the subsequent year, certify to the SPI and the SCO that the county has reviewed all applicable exceptions, and state that all exceptions have been corrected, or that an acceptable plan for correction has been submitted by the LEA to the county superintendent, except as noted in the certification. In addition, identify by LEA any attendance-related exceptions or exceptions involving state funds, and require the LEA to submit the appropriate reporting forms to the SPI for processing (California Education Code section 41020(k));
- Review LEAs' unresolved prior-year audit exceptions when the California Department of Education defers to the county (California Education Code section 41020(l)); and
- Adjust subsequent local property tax requirements to correct audit exceptions relating to LEA tax rates and tax revenues (California Education Code section 41020(o)).

Objective, Scope, and Methodology

The objective of our review was limited to determining whether the Napa COE followed its audit resolution process for resolving LEA audit exceptions in a manner consistent with California Education Code section 41020. Our review did not include an evaluation of the sufficiency of the action taken by the LEA and the Napa COE to address each exception, nor did it assess the degree to which each exception was addressed.

The review period was FY 2017-18 and FY 2018-19.

To achieve our objective, we:

- Verified that the Napa COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified that the Napa COE addressed any findings on program funds for instructional materials, teacher misassignments, and school accountability report cards. However, with respect to exceptions based on sample items, our review did not include a determination of whether the exception results were properly quantified and addressed at a districtwide or countywide level;
- Verified that the Napa COE notified LEAs that they must submit completed corrective action forms to the Napa COE by March 15, 2019, and March 15, 2020, for FY 2017-18 and FY 2018-19, respectively. Our review did not include an assessment of the LEAs' progress in taking corrective action;
- Verified that the Napa COE required the LEAs to submit the appropriate reporting forms to the SPI for any attendance-related exceptions that affect state funding;

- Reviewed the letters of certification due on May 15, 2019, and July 15, 2020, that the Napa COE sent to the SPI and the SCO regarding any resolved and unresolved audit exceptions;
- Verified that the Napa COE followed up with unresolved prior-year audit exceptions that the SPI required the Napa COE to conduct; and
- Verified that the Napa COE adjusted subsequent local property tax requirements to correct audit exceptions related to LEA tax rates and tax revenues.

Our review was conducted under the authority of California Education Code section 41020(n).

Conclusion

Our review found that the Napa COE followed its audit resolution process for FY 2017-18 and FY 2018-19. As a result, the Napa COE was in compliance with California Education Code section 41020 for FY 2017-18 and FY 2018-19. We made no additional determination regarding the Napa COE's audit resolution process beyond the scope of the review outlined above.

Views of Responsible Officials

We conducted an exit conference on December 14, 2020, and discussed our review results with Sarah Blackstone, Assistant Director of Fiscal Services. Ms. Blackstone agreed with the review results, declined a draft review report, and agreed that we could issue the review report as final.

Restricted Use

This review report is intended solely for the information and use of the Napa COE, the California Department of Education, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not meant to limit distribution of this review report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

MICHAEL REEVES, CPA
Acting Chief, Division of Audits

January 27, 2021

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

<http://www.sco.ca.gov>