

SHASTA COUNTY OFFICE OF EDUCATION

Review Report

AUDIT RESOLUTION PROCESS

Fiscal Year 2021-22 and Fiscal Year 2022-23



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

January 2025



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CALIFORNIA STATE CONTROLLER

January 22, 2025

Mr. Mike Freeman, Superintendent
Shasta County Office of Education
1644 Magnolia Avenue
Redding, CA 96001

Dear Mr. Freeman:

The State Controller's Office reviewed the Shasta 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) 2021-22 and FY 2022-23.

Our review found that the Shasta COE followed its audit resolution process for FY 2021-22 and FY 2022-23. As a result, the Shasta COE was in compliance with Education Code section 41020.

If you have any questions regarding this report, please contact Joel James, Chief, Financial Audits Bureau, by telephone at 916-323-1573, or email at jjames@sco.ca.gov. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

KAT/rs

Mr. Mike Freeman

January 22, 2025

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Copy: Donell Evans, Executive Director
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Review Report

Summary

The State Controller's Office (SCO) reviewed the Shasta 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) 2021-22 and FY 2022-23.

Our review found that the Shasta COE followed its audit resolution process for FY 2021-22 and FY 2022-23.

Background

Education Code (EC) section 41020(n) directs the SCO to require that auditors categorize audit exceptions in the audit report in such a manner that both the county superintendent of schools and the State Superintendent of Public Instruction (SSPI) can discern which exceptions it is their responsibility to ensure that the LEAs correct.

In addition, EC section 41020(n) requires the SCO 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 SSPI and the county superintendents of the schools that were reviewed.

The Shasta COE provides coordination of educational programs, and professional and financial supervision for 24 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 (EC 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 (EC 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 EC section 42238.02, as implemented by section 42238.03, and independent study (EC 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 (EC 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 (EC section 41020[j][3]);
 - By May 15 of the subsequent year, certify to the SSPI 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 SSPI for processing (EC section 41020[k]);
 - Review LEAs' unresolved prior-year audit exceptions when the California Department of Education defers to the county (EC section 41020[l]); and
 - Adjust subsequent local property tax requirements to correct audit exceptions relating to LEA tax rates and tax revenues (EC section 41020[o]).

Review Authority

We conducted this review in accordance with EC section 41020(n), which authorizes the SCO to facilitate correction of the exceptions identified by audits issued pursuant to this section. In addition, Government Code section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

Objective, Scope, and Methodology

The objective of our review was limited to determining whether the Shasta COE followed its audit resolution process for FY 2021-22 and FY 2022-23 for resolving LEA audit exceptions in a manner consistent with EC section 41020. Our review did not include an evaluation of the sufficiency of the action taken by the LEA and the Shasta COE to address each exception, nor did it assess the degree to which each exception was addressed.

To achieve our objective, we performed the following procedures:

- We verified that the Shasta COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified that the Shasta 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.
- We verified that the Shasta COE notified LEAs that they must submit completed corrective action forms to the Shasta COE by March 15,

2023, and March 15, 2024, for FY 2021-22 and FY 2022-23, respectively. Our review did not include an assessment of the LEAs' progress in taking corrective action.

- We verified that the Shasta COE required the LEAs to submit the appropriate reporting forms to the SSPI for any attendance-related exceptions that affected state funding.
- We reviewed the letters of certification due on May 15, 2023, and May 15, 2024, that the Shasta COE sent to the SSPI and the SCO regarding any resolved and unresolved audit exceptions.
- We verified that the Shasta COE followed up with unresolved prior-year audit exceptions that the SSPI had required the Shasta COE to conduct.
- We verified that the Shasta COE adjusted subsequent local property tax requirements to correct audit exceptions related to LEA tax rates and tax revenues.

Conclusion

Our review found that the Shasta COE followed its audit resolution process for FY 2021-22 and FY 2022-23. As a result, the Shasta COE was in compliance with EC section 41020 for FY 2021-22 and FY 2022-23. The Shasta COE submitted its FY 2021-22 and FY 2022-23 certifications of corrective action to the SSPI on May 8, 2023, and May 14, 2024, respectively. We made no additional determination regarding the Shasta COE's audit resolution process beyond the scope of the review outlined in this report.

Views of Responsible Officials

We discussed our review results with the Shasta COE's representatives during an exit conference conducted on December 5, 2024. At the exit conference, the Shasta COE's representatives agreed with the review results.

Restricted Use

This report is solely for the information and use of the Shasta 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 intended to limit distribution of this report, which is a matter of public record and will be available on the SCO website at www.sco.ca.gov.

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

January 22, 2025

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