

MONTEREY COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year (FY) 2002-03 and FY 2003-04



JOHN CHIANG
California State Controller

January 2007



JOHN CHIANG
California State Controller

January 31, 2007

William D. Barr
County Superintendent of Schools
Monterey County Office of Education
901 Blanco Circle
Salinas, CA 93912-0851

Dear Mr. Barr:

The State Controller's Office reviewed the Monterey 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) 2002-03 and FY 2003-04.

Our review disclosed that the Monterey COE followed its audit resolution process for FY 2002-03 and FY 2003-04. As a result, the Monterey COE was in compliance with *Education Code* Section 41020.

If you have any questions, please contact Casandra Moore-Hudnall, Chief, Financial Audits Bureau, at (916) 322-4846.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/ams:vb

cc: Gary Bousum, Assitant Superintendent, Business Services
Monterey County Office of Education
Dawn Torey, Executive Director, Business Services
Monterey County Office of Education
Mely Lat, Supervisor, Business Services
Monterey County Office of Education
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Review Report

Summary

The State Controller's Office (SCO) reviewed the Monterey County Office of Education's (COE) audit resolution process for local education agency exceptions noted in the annual audit reports for fiscal year (FY) 2002-03 and FY 2003-04. Our review disclosed that the Monterey COE followed its audit resolution process for FY 2002-03 and FY 2003-04. The last day of fieldwork was August 17, 2006.

Background

Education Code Section 41020(n) requires the State Controller to annually select a sampling of county superintendents of schools to perform a follow-up review of the audit resolution process. Results of these reviews are reported to the Superintendent of Public Instruction and the county superintendents of the schools that were reviewed.

Furthermore, *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 Superintendent of Public Instruction (SPI) can discern which exceptions they are responsible for ensuring correction of by a local education agency.

The Monterey COE provides coordination of educational programs and professional and financial supervision for 24 local education agencies under its direct jurisdiction. In addition, the county superintendent of schools maintains special schools and programs countywide independent of the local education agencies.

County superintendents of schools are required to do the following:

- Review, for each of their school districts, the 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 (*Education Code* Section 41020(i));
- Review audit exceptions related to attendance exceptions or issues that shall include, but are not limited to, those related to revenue limits, adult education, and independent study (*Education Code* Section 41020(j)(1));
- Notify the local education agency and request the governing board of the local education agency to provide to the county superintendent of schools a description of the correction or plan of correction by March 15 (*Education Code* Section 41020(j)(2));
- Review the description of the correction or plan of correction and determine its adequacy and, if its response was not adequate, require the local education agency to resubmit a portion of its response (*Education Code* Section 41020(j)(3)); and

- By May 15, certify to the SPI and the SCO that the county has reviewed all applicable exceptions, and state that all exceptions have been corrected or an acceptable plan for correction has been submitted by the local education agency to the county superintendent, except as noted in the certification. In addition, identify by local education agency any attendance-related exceptions or exceptions involving state funds, and require the local education agency to submit the appropriate reporting forms to the SPI for processing (*Education Code* Section 41020(k)).

Objective, Scope, and Methodology

Our review was conducted under the authority of *Education Code* Section 41020(n). Our review scope was limited to determining whether or not the Monterey COE followed its audit resolution process in resolving audit exceptions. Our review did not include an evaluation of the sufficiency of the action taken by the local education agency and the Monterey COE to address each exception, nor did it assess the degree to which each exception was addressed. Specifically, our review was limited to the following procedures.

- Verifying that the Monterey COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. However, with respect to exceptions based on sample items, our review did not include a determination of whether or not the exception results were properly quantified and addressed at a districtwide or countywide level;
- Verifying that the Monterey COE notified local education agencies that they must submit completed corrective action forms to the Monterey COE by March 15, 2004, and March 15, 2005, for FY 2002-03 and FY 2003-04, respectively. Our review did not include an assessment of the local education agencies' progress with respect to taking corrective action;
- Verifying that the Monterey COE required the local education agencies to submit the appropriate reporting forms to the SPI for any attendance-related exceptions that affect state funding; and
- Reviewing the May 15, 2004, and May 15, 2005, letters of certification that the Monterey COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions.

Conclusion

Our review disclosed that the Monterey COE followed its audit resolution process for FY 2002-03 and FY 2003-04. As a result, the Monterey COE was in compliance with *Education Code* Section 41020 for FY 2002-03 and FY 2003-04. We made no additional determination regarding the Monterey COE's audit resolution process beyond the scope of the review outlined above.

**Views of
Responsible
Officials**

We discussed our conclusion with Gary Bousum, Assistant Superintendent, Business Services; and Dawn Torey, Executive Director, Business Services, Monterey COE, at an exit conference held on August 17, 2006. The Monterey COE representatives generally agreed with the conclusion and authorized issuance of the final report.

Restricted Use

This report is intended solely for the information and use of the Monterey 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 report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

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