

PLACER COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year (FY) 2011-12 and FY 2012-13



BETTY T. YEE
California State Controller

January 2015



BETTY T. YEE
California State Controller

January 12, 2015

Gayle Garbolino-Mojica
County Superintendent of Schools
Placer County Office of Education
360 Nevada Street
Auburn, CA 95603

Dear Ms. Garbolino-Mojica:

The State Controller's Office reviewed the Placer 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) 2011-12 and FY 2012-13.

Our review disclosed that the Placer COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Placer COE was in compliance with Education Code section 41020.

If you have any questions, please contact Carolyn Baez, Chief, Financial Audits Bureau, by telephone at (916) 322-7656.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

cc: Katherine Garrison, Senior Director of Business Services
Placer County Office of Education
Peter Foggiato, Director
School Fiscal Services Division
California Department of Education
Arlene Matsuura, Education Fiscal Services Consultant
School Fiscal Services Division
California Department of Education
Dan Troy, Principal Program Budget Analyst
Education Systems, Department of Finance

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Placer 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) 2011-12 and FY 2012-13. Our review found that the Placer COE followed its audit resolution process for FY 2011-12 and FY 2012-13.

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 (SPI) 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 SPI can discern which exceptions they are responsible for ensuring that LEAs correct.

The Placer COE provides coordination of educational programs and professional and financial supervision for 16 LEAs and two joint powers entities 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)(1));
- Review audit exceptions related to instructional materials program funds, 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 (Education Code section 41020(i)(2));
- 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 LEA and request the governing board of the LEA 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 LEA 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 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 (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

Our review was conducted under the authority of Education Code section 41020(n). Our review scope was limited to determining whether or not the Placer 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 LEA and the Placer 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 Placer COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Placer COE addressed any findings on instructional materials program funds, 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 or not the exception results were properly quantified and addressed at a districtwide or countywide level;
- Verifying whether the Placer COE notified LEAs that they must submit completed corrective action forms to the Placer COE by March 15, 2013, and March 15, 2014, for FY 2011-12 and FY 2012-13, respectively. Our review did not include an assessment of the LEAs' progress with respect to taking corrective action;
- Verifying whether the Placer COE required the LEAs to submit the appropriate reporting forms to the SPI for any attendance-related exceptions that affect state funding;
- Reviewing the letters of certification due on May 15, 2013, and May 15, 2014, that the Placer COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;

- Verifying whether the Placer COE followed up with unresolved prior year audit exceptions the SPI required the Placer COE to conduct; and
- Verifying whether the Placer 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 Placer COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Placer COE was in compliance with Education Code section 41020 for FY 2011-12 and FY 2012-13. We made no additional determination regarding the Placer COE's audit resolution process beyond the scope of the review outlined above.

**Views of
Responsible
Officials**

We discussed our conclusion with Katherine Garrison, Senior Director of Business Services, and Teresa Stelzer, Administrator I, Placer COE, at an exit conference held on December 18, 2014. Ms. Garrison and Ms. Stelzer 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 Placer 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, CPA
Chief, Division of Audits

January 12, 2015

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

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