

GLENN COUNTY OFFICE OF EDUCATION

Review Report

AUDIT RESOLUTION PROCESS

Fiscal Year 2016-17 and Fiscal Year 2017-18



BETTY T. YEE
California State Controller

March 2021



BETTY T. YEE
California State Controller

March 2, 2021

Tracey J. Quarne, County Superintendent of Schools
Glenn County Office of Education
311 South Villa Avenue
Willows, CA 95988

Dear Mr. Quarne:

The State Controller's Office reviewed the Glenn 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) 2016-17 and FY 2017-18.

Our review found that the Glenn COE followed its audit resolution process for FY 2016-17 and FY 2017-18. As a result, the Glenn COE was in compliance with California Education Code section 41020, except for late submission of the FY 2016-17 and FY 2017-18 certifications of corrective action.

In addition, the first paragraph in the certification of corrective action form for FY 2016-17, incorrectly referred to the certification applying to FY 2014-15.

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/as

Tracey J. Quarne,
County Superintendent of Schools

-2-

March 2, 2021

cc: Randy Jones, Assistant Superintendent Business Service
Glenn County Office of Education
Dusty Thompson, Fiscal Services Coordinator
Glenn County Office of Education
Elizabeth Dearstyne, 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

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Glenn 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) 2016-17 and FY 2017-18. Our review found that the Glenn COE followed its audit resolution process for FY 2016-17 and FY 2017-18 except for late submission of the certifications of corrective action.

The Glenn COE submitted its FY 2016-17 certification of corrective action to the Superintendent of Public Instruction (SPI) on May 22, 2018, but did not submit to the SPI the FY 2017-18 certification of corrective action. The Glenn COE provided us with a copy of the FY 2017-18 certification of corrective action on August 5, 2020, while we were conducting this review.

In addition, the first paragraph of the county's certification of corrective action form for FY 2016-17 incorrectly stated that the certification applied to FY 2014-15.

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 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 Glenn COE provides coordination of educational programs and professional and financial supervision for eight 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 Glenn 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 Glenn COE to address each exception, nor did it assess the degree to which each exception was addressed.

The review period was FY 2016-17 and FY 2017-18.

To achieve our objective, we:

- Verified that the Glenn COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified that the Glenn 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 Glenn COE notified LEAs that they must submit completed corrective action forms to the Glenn COE by March 15, 2018, and March 15, 2019, for FY 2016-17 and FY 2017-18, respectively. Our review did not include an assessment of the LEAs' progress in taking corrective action;
 - Verified that the Glenn 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, 2018, and May 15, 2019, that the Glenn COE sent to the SPI and the SCO regarding any resolved and unresolved audit exceptions;
 - Verified that the Glenn COE followed up with unresolved prior-year audit exceptions that the SPI required the Glenn COE to conduct; and
 - Verified that the Glenn 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 Glenn COE followed its audit resolution process for FY 2016-17 and FY 2017-18. As a result, the Glenn COE was in compliance with California Education Code section 41020 for FY 2016-17 and FY 2017-18, except for the late submission of FY 2016-17 and FY 2017-18 certifications of corrective action. We made no additional determination regarding the Glenn COE audit resolution process beyond the scope of the review outlined above.

The Glenn COE submitted its FY 2016-17 certification of corrective action to the SPI on May 22, 2018, but did not submit to the SPI the FY 2017-18 certification of corrective action. The Glenn COE provided us with a copy of the FY 2017-18 certification of corrective action on August 5, 2020, while we were conducting this review.

In addition, the first paragraph of the certification of corrective action form for FY 2016-17 incorrectly stated that the certification applied to FY 2014-15.

Views of Responsible Officials

We issued a draft report on December 24, 2020. Dusty Thompson, Fiscal Services Coordinator, responded by email dated January 28, 2021 (Attachment), agreeing with the review results. This final review report includes Glenn COE's response.

Restricted Use

This review report is intended solely for the information and use of the Glenn 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

March 2, 2021

Finding and Recommendation

FINDING— COE certifications submitted late

The Glenn COE's certification of corrective action form for the FY 2016-17 and FY 2017-18 audit findings of its LEAs was not provided to the SPI and SCO by May 15. The form for FY 2016-17 was received on May 22, 2018 and the form for FY 2017-18 was provided to the SCO on August 5, 2020, while we were conducting this review. In addition, the first paragraph of the certification of corrective action form for FY 2016-17 incorrectly stated that the certification applied to FY 2014-15.

The Glenn COE Fiscal Services Coordinator stated that he was aware that the certification of corrective action forms were not provided by the May 15, 2018 due date. He added that, in the future, he will review certifications for consistency of dates and to ensure that the forms are provided by the required May 15 deadline.

California Education Code section 41020 states, in part:

(k) Each county superintendent of schools shall certify to the Superintendent and the Controller, not later than May 15, that his or her staff has reviewed all audits of local educational agencies under his or her jurisdiction for the prior fiscal year, that all exceptions that the county superintendent was required to review were reviewed, and that all of those exceptions, except as otherwise noted in the certification, have been corrected by the local educational agency or that an acceptable plan of correction has been submitted to the county superintendent of schools. In addition, the county superintendent shall identify, by local educational agency, any attendance-related audit exception or exceptions involving state funds, and require the local educational agency to which the audit exceptions were directed to submit appropriate reporting forms for processing by the Superintendent. Recommendation We recommend that the Contra Costa COE ensure compliance with California Education Code section 41020(k) by taking steps to ensure that certification of corrective action forms are delivered to the SCO and SPI by the May 15 due date.

Recommendation

We recommend that the Glenn COE ensure that:

- Certification of corrective action forms are reviewed for accuracy;
- The fiscal year referred to in the certification is correct;
- The certification for FY 2017-18 is provided to the SPI: and
- Certification of corrective action forms are provided to the SCO and the SPI by the May 15 due date in compliance with California Education Code section 41020(k).

**Attachment—
Glenn County Office of Education’s
Response to Draft Review Report**

From: Dusty Thompson
Sent: Thursday, January 28, 2021 11:42 AM
To: Supan, David; Randy Jones; Tracey Quarne
Cc: James, Joe; Kakar, Wahida
Subject: RE: S20COE9006 Glenn County Office of Education

Follow Up Flag: Follow up
Flag Status: Flagged

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Hello,

The Glenn County Office of Education agrees with the review finding as to the accuracy and recommendations contained therein. The Glenn COE will ensure that Certification of corrective action forms are reviewed for accuracy; The fiscal year referred to in the certification is correct; The certification for FY 2017-18 is provided to the SPI; and Certification of corrective action forms are provided to the SCO and the SPI by the May 15 due date in compliance with California Education Code section 41020 (k).

Thank you,

Dusty Thompson MBA
Fiscal Services Coordinator
Glenn County Office of Education
311 South Villa Avenue
Willows, CA 95988

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

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