

MADERA COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year (FY) 2012-13 and FY 2013-14



BETTY T. YEE
California State Controller

March 2016



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California State Controller

March 10, 2016

Cecilia A. Massetti, Ed.D.
Madera County Superintendent of Schools
Madera County Office of Education
1105 South Madera Avenue
Madera, CA 93637

Dear Dr. Massetti:

The State Controller's Office reviewed the Madera 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) 2012-13 and FY 2013-14.

Our review found that the Madera COE followed its audit resolution process for FY 2012-13 and FY 2013-14. As a result, the Madera COE was in compliance with California Education Code section 41020.

If you have any questions, please contact Jim L. Spano, Interim Chief, Financial Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

cc: Steve Carney, Chief Business and Administrative Services Officer
Madera County Office of Education
Cecilia Belmontes, Fiscal Manager
Madera County Office of Education
Peter Foggiato, Director
School Fiscal Services Division
California Department of Education
Arlene Matsuura, Education Fiscal Services Administrator
School Fiscal Services Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems, California Department of Finance

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Madera 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) 2012-13 and FY 2013-14. Our review found that the Madera COE followed its audit resolution process for FY 2012-13 and FY 2013-14.

Background

California Education Code section 41020(n) requires the State Controller to annually select a sampling 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.

Furthermore, 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 Madera COE provides coordination of educational programs and professional and financial supervision for nine LEAs under its 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, 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 instructional materials program funds, teacher misassignments, and school accountability report cards. The county superintendents also must 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 Education Code section 42238.02, as implemented by section 42238.03, and independent study (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 its response was not adequate, require the LEA to resubmit that portion of its response that is inadequate (California Education Code section 41020(j)(3)); and
- By May 15 of the subsequent year, certify to the Superintendent of Public Instruction (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

Our review was conducted under the authority of California Education Code section 41020(n). Our review scope was limited to determining whether or not the Madera COE followed its audit resolution process in resolving LEA audit exceptions. Our review did not include an evaluation of the sufficiency of the action taken by the LEA and the Madera 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 Madera COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Madera 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 Madera COE notified LEAs that they must submit completed corrective action forms to the Madera COE by March 15, 2014, and March 15, 2015, for FY 2012-13 and FY 2013-14, respectively. Our review did not include an assessment of the LEAs' progress with respect to taking corrective action;
- Verifying whether the Madera 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, 2014, and May 15, 2015, that the Madera COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the Madera COE followed up with unresolved prior year audit exceptions the SPI required the Madera COE to conduct; and
- Verifying whether the Madera 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 Madera COE followed its audit resolution process for FY 2012-13 and FY 2013-14. As a result, the Madera COE was in compliance with California Education Code section 41020 for FY 2012-13 and FY 2013-14. We made no additional determination regarding the Madera COE's audit resolution process beyond the scope of the review outlined above.

**Views of
Responsible
Officials**

We discussed our conclusion with Steve Carney, Chief Business and Administrative Services Officer; and Cecila Belmontes, Fiscal Manager, at an exit conference held on December 17, 2015. Mr. Carney and Ms. Belmontes agreed with the conclusion, declined a draft report, and agreed that the report could be issued as final.

Restricted Use

This report is intended solely for the information and use of the Madera 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

March 10, 2016

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