

# **SACRAMENTO 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



**BETTY T. YEE**  
California State Controller

March 11, 2016

David W. Gordon  
County Superintendent of Schools  
Sacramento County Office of Education  
10474 Mather Boulevard  
Mather, CA 95655

Dear Mr. Gordon:

The State Controller's Office reviewed the Sacramento 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 Sacramento COE followed its audit resolution process for FY 2012-13 and FY 2013-14, with one exception for FY 2012-13. The Sacramento COE was in compliance with California Education Code section 41020 for FY 2012-13 and FY 2013-14, with the one exception noted in the Finding. The COE's response to the Finding is enclosed.

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/lis

cc: Sue Stickel, Deputy Superintendent  
Sacramento County Office of Education  
Tamara J. Sanchez, Assistant Superintendent Business Services  
Sacramento County Office of Education  
Debbie Wilkins, Coordinator, District Fiscal Services  
Sacramento County Office of Education  
Peter Foggato, 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 Sacramento 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 Sacramento COE followed its audit resolution process for FY 2012-13 and FY 2013-14 with one exception for FY 2012-13. The Sacramento COE did not provide support that it filed the FY 2012-13 Certificate of Corrective Action form with the SCO by the May 15, 2014 filing due date.

## 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 Sacramento COE provides coordination of educational programs and professional and financial supervision for 13 LEAs and one joint powers entity 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 Sacramento 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 Sacramento 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 Sacramento COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Sacramento 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 Sacramento COE notified LEAs that they must submit completed corrective action forms to the Sacramento 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 Sacramento 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 Sacramento COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the Sacramento COE followed up with unresolved prior year audit exceptions the SPI required the Sacramento COE to conduct; and
- Verifying whether the Sacramento 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 Sacramento COE followed its audit resolution process for FY 2012-13 and FY 2013-14, with one exception for FY 2012-13 discussed in the Finding. Except for the one item, the Sacramento COE was in compliance with the California Education Code section 41020 for FY 2012-13 and FY 2013-14. We made no additional determination regarding the Sacramento COE's audit resolution process beyond the scope of the review outlined above.

## **Views of Responsible Officials**

We issued a draft review report on February 8, 2016. David W. Gordon, County Superintendent of Schools, responded by letter dated February 16, 2016, agreeing with the review results.

## **Restricted Use**

This report is intended solely for the information and use of the Sacramento 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 11, 2016

# Finding and Recommendation

**FINDING 1—  
Support for filing  
the Certificate of  
Corrective Action  
with the State  
Controller’s Office  
not maintained**

The Sacramento County Office of Education (COE) did not support that it provided the State Controller’s Office (SCO) with a Certification of Correction Action form for fiscal year (FY) 2012-13 by the May 15, 2014 filing due date. In addition, the SCO did not have any record of receiving the certification. Subsequently, the SCO obtained a copy of the certification during the engagement fieldwork on December 11, 2015. The certification was dated March 24, 2014. The COE submitted its FY 2013-14 certification form to the SCO by the May 15, 2015 filing due date.

Education Code section 41020, subdivision (k), states:

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.

In addition to the Education Code requirement, the Sacramento COE’s audit resolution process procedures require that the form be timely filed with the SCO.

Recommendation

We recommend that Sacramento COE maintain support for its compliance with the annual May 15 filing due date required by California Education Code section 41020, subdivision (k).



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

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# Sacramento Office of Education

# County

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David W. Gordon  
Superintendent

February 16, 2016

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Jim L. Spano, Interim Chief  
Financial Audits Bureau  
State Controller's Office, Division of Audits  
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Dear Mr. Spano:

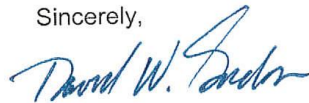
This letter is in response to the State Controller's review of the Sacramento County Office of Education's Audit Resolution Process for fiscal years 2012-2013 and 2013-2014. We agree with the conclusion and review finding presented in the report. Our response to the finding is noted below:

**Finding 1- Support for Filing the Certificate of Corrective Action with the State Controller's Office Not Maintained**

The Sacramento County Office of Education will implement the recommendations immediately and maintain support for its compliance with the annual May 15 filing date required by California Education Code section 41020, subdivision (k).

If further information is needed, please feel free to contact Assistant Superintendent, Tamara Sanchez at 916-228-2551 or [tsanchez@scoe.net](mailto:tsanchez@scoe.net).

Sincerely,



David W. Gordon  
Sacramento County Superintendent of Schools

DWG/TS/ds



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