

# **SISKIYOU COUNTY OFFICE OF EDUCATION**

Report of Review

## **AUDIT RESOLUTION PROCESS**

*Fiscal Year 2013-14 and Fiscal Year 2014-15*



**BETTY T. YEE**  
California State Controller

March 2017



**BETTY T. YEE**  
California State Controller

March 14, 2017

Kermith R. Walters, Superintendent  
Siskiyou County Office of Education  
609 South Gold Street  
Yreka, CA 96097

Dear Mr. Walters:

The State Controller's Office reviewed the Siskiyou County Office of Education's (COE) audit resolution process for local educational agency exceptions noted in the annual audit reports. The review covered fiscal year (FY) 2013-14 and FY 2014-15.

Our review found that the Siskiyou COE followed its audit resolution process for FY 2013-14 and FY 2014-15. As a result, the Siskiyou COE was in compliance with California Education Code section 41020, except for the following instances of non-compliance.

Our review found that:

- For FY 2013-14 and FY 2014-15, the Siskiyou COE did not provide written notification to its local educational agencies that the certifications of correction or plans of correction are required to be submitted to the Siskiyou COE by March 15.
- The Siskiyou COE did not approve the certifications of corrective action for Junction Elementary School District and Montague Elementary School District for FY 2014-15.

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

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD, CPA**  
Chief, Division of Audits

JVB/rg

cc: Debbie Pendley, Associate Superintendent, Business Services  
Siskiyou County Office of Education  
Peter Foggiato, Director  
School Fiscal Services Division  
California Department of Education  
Raquel Tucker, Education Fiscal Services Consultant  
School Fiscal Services Division  
California Department of Education  
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# Contents

## Review Report

<b>Summary</b> .....	1
<b>Background</b> .....	1
<b>Objectives, Scope, and Methodology</b> .....	2
<b>Conclusion</b> .....	3
<b>Views of Responsible Officials</b> .....	3
<b>Restricted Use</b> .....	4
<b>Finding and Recommendation</b> .....	5

# Review Report

## Summary

The State Controller's Office (SCO) reviewed the Siskiyou County Office of Education's (COE) audit resolution process for local educational agency (LEA) exceptions noted in the annual audit reports for fiscal year (FY) 2013-14 and FY 2014-15.

Our review found that the Siskiyou COE followed its audit resolution process for FY 2013-14 and FY 2014-15 except that:

- For FY 2013-14 and FY 2014-15, the Siskiyou COE did not provide written notification to its LEAs that the certifications of correction or plans of correction are required to be submitted to the Siskiyou COE by March 15.
- The Siskiyou COE did not approve the certifications of corrective action for Junction Elementary School District and Montague Elementary School District for FY 2014-15.

## 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 Siskiyou COE provides coordination of educational programs and professional and financial supervision for 25 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 California Education Code section 42238.02, as implemented by section 42238.03, and independent study (California Education Code section 41020(j)(1));

- If a description of the correction or plan of correction has not been provided, then 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));
- 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)).

## **Objectives, 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 Siskiyou 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 Siskiyou 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 Siskiyou COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Siskiyou 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 Siskiyou COE notified LEAs that they must submit completed corrective action forms to the Siskiyou COE by March 15, 2015, and March 15, 2016, for FY 2013-14 and FY 2014-15, respectively. Our review did not include an assessment of the LEAs' progress with respect to taking corrective action;

- Verifying whether the Siskiyou 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, 2015, and May 15, 2016, that the Siskiyou COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the Siskiyou COE followed up with unresolved prior year audit exceptions the SPI required the Siskiyou COE to conduct; and
- Verifying whether the Siskiyou 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 Siskiyou COE followed its audit resolution process for FY 2013-14 and FY 2014-15. As a result, the Siskiyou COE was in compliance with California Education Code section 41020 for FY 2013-14 and FY 2014-15, except that:

- For FY 2013-14 and FY 2014-15, the Siskiyou COE did not provide written notification to its LEAs that the certifications of correction or plans of correction are required to be submitted to the Siskiyou COE by March 15.
- The Siskiyou COE did not approve the certifications of corrective action for Junction Elementary School District and Montague Elementary School District for FY 2014-15.

We made no additional determination regarding the Siskiyou COE's audit resolution process beyond the scope of the review outlined above.

## **Views of Responsible Officials**

We discussed our conclusion and review finding with Deborah Pendley, Associate Superintendent, Business Services, Siskiyou COE, at a telephone exit conference held on January 25, 2017. Ms. Pendley agreed with the conclusion and review finding, 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 Siskiyou 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 14, 2017



# Finding and Recommendation

## **FINDING 1— Deficiencies in submission and approval of LEA certifications of correction or plans of correction**

As a result of the SCO's review of the Siskiyou COE's audit resolution process for LEA exceptions noted in the annual audit reports for FY 2013-14 and FY 2014-15, we noted the following exceptions:

- For FY 2013-14 and FY 2014-15, the Siskiyou COE did not provide written notification to its LEAs that the corrections or plans of correction for their audit findings are required to be submitted to the Siskiyou COE by March 15.
- The Siskiyou COE did not approve the certifications of corrective action for Junction Elementary School District and Montague Elementary School District for FY 2014-15.

California Education Code section 41020, states, in part:

- (j) Upon submission of the final audit report to the governing board of each local educational agency and subsequent receipt of the audit by the county superintendent of schools having jurisdiction over the local educational agency, the county office of education shall do all of the following:
  - (1) Review audit exceptions related to attendance, inventory of equipment, internal control, and other miscellaneous exceptions. Attendance exceptions or issues shall include, but not be limited to, those related to local control funding formula allocations pursuant to Section 42238.02, as implemented by Section 42238.03, and independent study.
  - (2) If a description of the correction or plan of correction has not been provided as part of the audit required by this section, then the county superintendent of schools shall notify the local educational agency and request the governing board of the local educational agency to provide to the county superintendent of schools a description of the corrections or plan of correction by March 15.
  - (3) Review the description of correction or plan of correction and determine its adequacy. If the description of the correction or plan of correction is not adequate, the county superintendent of schools shall require the local educational agency to resubmit that portion of its response that is inadequate.

### Recommendation

We recommend that the Siskiyou COE:

- Ensure compliance with the California Education Code section 41020 by providing written notification to its LEAs that the corrections or plans of corrections for their audit findings are required to be submitted to the Siskiyou COE by March 15.
- Ensure that the LEA corrections or plans of corrections are reviewed for adequacy and approved.

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