

CONTRA COSTA COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year 2014-15 and Fiscal Year 2015-16



BETTY T. YEE
California State Controller

March 2018



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California State Controller

March 22, 2018

Karen Sakata, County Superintendent of Schools
Contra Costa County Office of Education
77 Santa Barbara Road
Pleasant Hill, CA 94523

Dear Ms. Sakata:

The State Controller's Office reviewed the Contra Costa 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) 2014-15 and FY 2015-16.

Our review found that the Contra Costa COE followed its audit resolution process for FY 2014-15 and FY 2015-16. As a result, the Contra Costa COE was in compliance with California Education Code section 41020, except for the Contra Costa COE's failure to submit the FY 2015-16 certification of corrective action.

If you have any questions, please contact Jim L. Spano, CPA, Assistant Division Chief, by telephone at (916) 323-5849.

Sincerely,

Original signed report

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

cc: Bill Clark, Associate Superintendent
Business and Administrative Services
Contra Costa County Office of Education
Caryn Moore, Director
School Fiscal Services Division
California Department of Education
Thi Huynh, Administrator
School Fiscal Services Division
California Department of Education
Thomas Todd, Assistant 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 Contra Costa 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) 2014-15 and FY 2015-16. Our review found that the Contra Costa COE followed its audit resolution process for FY 2014-15 and FY 2015-16, except for the Contra Costa COE's failure to submit the FY 2015-16 certification of corrective action.

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 Contra Costa COE provides coordination of educational programs and professional and financial supervision for 18 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 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));

- 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)).

Objective, Scope, and Methodology

The objective of our review was limited to determining whether or not the Contra Costa 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 Contra Costa COE to address each exception, nor did it assess the degree to which each exception was addressed.

The review period was FY 2014-15 and FY 2015-16.

To achieve our objective, we:

- Verified that the Contra Costa COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Contra Costa 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;
- Verified whether the Contra Costa COE notified LEAs that they must submit completed corrective action plans to the Contra Costa COE by March 15, 2016, and March 15, 2017, for FY 2014-15 and FY 2015-16, respectively. Our review did not include an assessment of the LEAs' progress with respect to taking corrective action;

- Verified whether the Contra Costa 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, 2016, and May 15, 2017, that the Contra Costa COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verified whether the Contra Costa COE followed up with unresolved prior year audit exceptions that the SPI required the Contra Costa COE to conduct; and
- Verified whether the Contra Costa 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 Contra Costa COE followed its audit resolution process for FY 2014-15 and FY 2015-16. As a result, the Contra Costa COE was in compliance with California Education Code section 41020 for FY 2014-15 and FY 2015-16, except for the Contra Costa COE's failure to submit the FY 2015-16 certification of corrective action. We made no additional determination regarding the Contra Costa 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 Bill Clark, Associate Superintendent with the Contra Costa COE's Business and Administrative Services, at an exit conference held on October 31, 2017. Mr. Clark agreed with the conclusion and review finding presented at the exit conference. We provided our findings and recommendation to the Contra Costa COE for review in a draft report issued January 26, 2018. The Contra Costa COE did not respond to the draft report.

Restricted Use

This report is intended solely for the information and use of the Contra Costa 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 22, 2018

Finding and Recommendation

**FINDING—
COE certification
not delivered**

The Contra Costa COE’s certificate of corrective action form for the FY 2015-16 audit findings of its LEAs was not provided to the SPI and the SCO by May 15, 2017.

The Associate Superintendent with the Contra Costa COE’s Business and Administrative Services stated that because a new e-mail server in use at that time limited the size and number of documents, the form was not delivered to its intended recipients. The Contra Costa COE staff did not receive a message delivery failure notice and was not aware the form had not been transmitted. While conducting this review, the Contra Costa COE provided the SCO with a copy of the form dated May 17, 2017 (two days late).

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.

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

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