

COLUSA COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year (FY) 2011-12 and FY 2012-13



BETTY T. YEE
California State Controller

April 2015



BETTY T. YEE
California State Controller

April 13, 2015

Michael P. West
County Superintendent of Schools
Colusa County Office of Education
146 Seventh Street
Colusa, CA 95932

Dear Mr. West:

The State Controller's Office reviewed the Colusa 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) 2011-12 and FY 2012-13.

Our review found that the Colusa COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Colusa COE was in compliance with California Education Code section 41020, except for late submission of the FY 2011-12 certification of corrective action.

If you have any questions, please contact Carolyn Baez, Chief, Financial Audits Bureau, by phone at (916) 322-7656.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/tam

cc: Julie Tucker, Assistant Superintendent
Colusa County Office of Education
Debra Hinely, Director Business Services
Colusa County Office of Education
Peter Foggiato, Director
School Fiscal Services Division
California Department of Education
Arlene Matsuura, Education Fiscal Services Consultant
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Education Systems, California Department of Finance

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Colusa 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) 2011-12 and FY 2012-13. Our review found that the Colusa COE followed its audit resolution process for FY 2011-12 and FY 2012-13, except for late submission of the 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 to perform a follow-up review of the audit resolution process. Results of these reviews are 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 which exceptions they are responsible for ensuring that LEAs correct.

The Colusa COE provides coordination of educational programs and professional and financial supervision for 4 LEAs under its direct 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, the 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 instructional materials program funds, 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 exceptions or issues that shall include, but are not limited to, those related to revenue limits, adult education, and independent study (California Education Code section 41020(j)(1));
- Notify the LEA and request the governing board of the LEA to provide to the county superintendent of schools a description of the correction or plan of correction by March 15 (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 a portion of its response (California Education Code section 41020(j)(3)); and
- By May 15, 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 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 Colusa COE followed its audit resolution process in resolving audit exceptions. Our review did not include an evaluation of the sufficiency of the action taken by the LEA and the Colusa 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 Colusa COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Colusa 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 Colusa COE notified LEAs that they must submit completed corrective action forms to the Colusa COE by March 15, 2013, and March 15, 2014, for FY 2011-12 and FY 2012-13, respectively. Our review did not include an assessment of the LEAs' progress with respect to taking corrective action;
- Verifying whether the Colusa 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, 2013, and May 15, 2014, that the Colusa COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the Colusa COE followed up with unresolved prior year audit exceptions the SPI required the Colusa COE to conduct; and
- Verifying whether the Colusa 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 Colusa COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Colusa COE was in compliance with California Education Code section 41020 for FY 2011-12 and FY 2012-13, except for late submission of FY 2011-12 certification of corrective action. The Colusa COE submitted its FY 2011-12 certification of corrective action to the SPI on July 8, 2013. We made no additional determination regarding the Colusa COE's audit resolution process beyond the scope of the review outlined above.

Views of Responsible Officials

Our finding and conclusion were provided to the Colusa COE for review in a draft report issued February 10, 2015. The Colusa COE's response is included as an attachment. Debra Hinely, Director of Business Services, Colusa COE, generally agreed with the conclusion and review finding presented in the report. According to Ms. Hinely, there was a change in staff positions at the COE and the filing date to submit the certification of corrective action was overlooked. However, the COE has implemented procedures to reduce the chances of this issue occurring in the future.

Restricted Use

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

April 13, 2015

Finding and Recommendation

**FINDING—
Certification
submitted late**

Colusa County Office of Education’s (COE) certification of corrective action form for FY 2011-12 was not provided to the Superintendent of Public Instruction (SPI) and the State Controller’s Office (SCO) by May 15, 2013, as required. The form was submitted on July 8, 2013, subsequent to the May 15, 2013 due date.

California Education Code section 41020(k) states, in part:

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 education agencies under his or her jurisdiction of 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

The Colusa COE should ensure compliance with the California Education Code section 41020(k) by submitting its certification of corrective action to the SPI and the SCO by the May 15 due date.

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



Colusa County Office of Education

Michael P. West
COUNTY SUPERINTENDENT OF SCHOOLS

February 19, 2015

Carolyn Baez, Chief
Financial Audits Bureau
State Controller’s Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Dear Ms. Baez,

The Colusa County Office of Education concurs with the finding for the late submission of the certification of corrective action resolution of 2011-12 audit findings, which was due May 15, 2013, but submitted July 8, 2013.

In 2012-13, the COE had a change in a critical position, Assistant Superintendent Business Services, a position held by the same individual for approximately 20 years. As a result, the filing date to submit the certification of corrective action was missed, and an email was received from the State reminding the COE of the non-submission. The COE has created and implemented a process in which to reduce the chances of this occurring in the future with a calendar reminder and documents that will assist other staff in the event that key staff changes take place.

Colusa County Office of Education respectfully requests this response be included in the final report.

Sincerely,

Debra Hinely
Director Business Services

cc: Michael P. West, County Superintendent of Schools
Julie Tucker, Assistant Superintendent Administrative Services

**State Controller's Office
Division of Audits
Post Office Box 942850
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<http://www.sco.ca.gov>