

# **CONTRA COSTA COUNTY OFFICE OF EDUCATION**

Report of Review

## **AUDIT RESOLUTION PROCESS**

*Fiscal Year (FY) 2005-06 and FY 2006-07*



**JOHN CHIANG**  
California State Controller

June 2009



**JOHN CHIANG**  
California State Controller

June 24, 2009

Joseph A. Ovick, Ed.D.  
County Superintendent of Schools  
Contra Costa County Office of Education  
77 Santa Barbara Road  
Pleasant Hill, CA 94523

Dear Dr. Ovick:

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) 2005-06 and FY 2006-07.

Our review disclosed that the Contra Costa COE followed its audit resolution process for FY 2005-06 and FY 2006-07. As a result, the Contra Costa COE was in compliance with Education Code section 41020.

If you have any questions, please contact Casandra Moore-Hudnall, Chief, Financial Audits Bureau, at (916) 322-4846.

Sincerely,

*Original signed by*

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

JVB/vb

cc: Ellen Elster  
Deputy Superintendent County Office of Education  
Contra Costa County Office of Education  
Bill Clark, Associate Superintendent  
Contra Costa County Office of Education  
Scott Hannan, Director  
School Fiscal Services Division  
California Department of Education  
Arlene Matsuura, Education Fiscal Services Consultant  
School Fiscal Services Division  
California Department of Education  
Dan Troy, Principal Program Budget Analyst  
Education Systems, 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 exceptions noted in the annual audit reports for fiscal year (FY) 2005-06 and FY 2006-07. Our review disclosed that the Contra Costa COE followed its audit resolution process for FY 2005-06 and FY 2006-07.

## Background

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 and the county superintendents of the schools that were reviewed.

Furthermore, 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 Superintendent of Public Instruction (SPI) can discern which exceptions they are responsible for ensuring correction of by a local education agency.

The Contra Costa COE provides coordination of educational programs and professional and financial supervision for 18 local education agencies 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 (Education Code section 41020(i));
- 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 (Education Code section 41020(j)(1));
- Notify the local education agency and request the governing board of the local education agency to provide to the county superintendent of schools a description of the correction or plan of correction by March 15 (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 local education agency to resubmit a portion of its response (Education Code section 41020(j)(3)); and

- By May 15, certify to the 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 local education agency to the county superintendent, except as noted in the certification. In addition, identify by local education agency any attendance-related exceptions or exceptions involving state funds, and require the local education agency to submit the appropriate reporting forms to the SPI for processing (Education Code section 41020(k)).

## **Objective, Scope, and Methodology**

Our review was conducted under the authority of Education Code section 41020(n). Our review scope was limited to determining whether or not the Contra Costa 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 local education agency and the Contra Costa 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 Contra Costa COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. 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 that the Contra Costa COE notified local education agencies that they must submit completed corrective action forms to the Contra Costa COE by March 15, 2006, and March 15, 2007, for FY 2005-06 and FY 2006-07, respectively. Our review did not include an assessment of the local education agencies' progress with respect to taking corrective action.
- Verifying that the Contra Costa COE required the local education agencies to submit the appropriate reporting forms to the SPI for any attendance-related exceptions that affect state funding.
- Reviewing the May 15, 2006, and May 15, 2007, letters of certification that the Contra Costa COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions.

## **Conclusion**

Our review disclosed that the Contra Costa COE followed its audit resolution process for FY 2005-06 and FY 2006-07. As a result, the Contra Costa COE was in compliance with Education Code section 41020 for FY 2005-06 and FY 2006-07. 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 with Ellen Elster, Deputy Superintendent, and Bill Clark, Associate Superintendent, Contra Costa COE, at an exit conference held on March 27, 2009. The COE representatives generally agreed with the conclusion and authorized issuance of the final 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  
Chief, Division of Audits

June 24, 2009

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

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