

# STANISLAUS COUNTY

# OFFICE OF EDUCATION

## Final Review Report

## AUDIT RESOLUTION PROCESS

*Fiscal Year 2021-22 and Fiscal Year 2022-23*



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

December 2025



## **STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS**

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MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

December 30, 2025

The Honorable Scott Kuykendall, Superintendent  
Stanislaus County Office of Education  
1100 H Street  
Modesto, CA 95354

Dear Superintendent Kuykendall:

The State Controller's Office reviewed the Stanislaus 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) 2021-22 and FY 2022-23.

Our review found that the Stanislaus COE followed its audit resolution process for FY 2021-22 and FY 2022-23. However, the audit resolution process was deficient because the Stanislaus COE did not follow up on three attendance-related audit exceptions for one local education agency and did not request that the local education agency submit the appropriate reporting forms, as required by Education Code section 41020(k)(1). Except for the deficiencies noted in this report, the Stanislaus COE complied with Education Code section 41020.

If you have any questions regarding this report, please contact Joel James, Chief, Financial Audits Bureau, by telephone at 916-323-1573 or email at [jjames@sco.ca.gov](mailto:jjames@sco.ca.gov). Thank you.

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

Mr. Scott Kuykendall

December 30, 2025

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Copy: Julie Betschart, Deputy Superintendent

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## SUMMARY

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The State Controller's Office (SCO) reviewed the Stanislaus 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) 2021-22 and FY 2022-23.

Our review found that the Stanislaus COE followed its audit resolution process for FY 2021-22 and FY 2022-23. However, the audit resolution process was deficient because the Stanislaus COE did not follow up on three attendance-related audit exceptions for one LEA and did not request that the LEA submit the appropriate reporting forms, as required by Education Code (EC) section 41020(k)(1). Except for the deficiencies noted in this report, the Stanislaus COE complied with EC section 41020.

## BACKGROUND

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EC section 41020(n) directs the SCO to require that auditors categorize audit exceptions in the audit report in such a manner that both the county superintendent of schools and the State Superintendent of Public Instruction (SSPI) can discern which exceptions it is their responsibility to ensure that the LEAs correct.

In addition, EC section 41020(n) requires the SCO to annually select a sample 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 SSPI and the county superintendents of the schools that were reviewed.

The Stanislaus COE provides coordination of educational programs, and professional and financial supervision for 24 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 (EC section 41020[i][1]);
- Review audit exceptions related to the use of program funds for instructional materials, 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 (EC 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 EC section 42238.02, as implemented by EC section 42238.03, and independent study (EC 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 (EC section 41020[j][2]);
- Review the description of the correction or plan of correction and determine its adequacy and, if the LEA's response was not adequate, require the LEA to resubmit that portion of its response that is inadequate (EC section 41020[j][3]);
- By May 15 of the subsequent year, certify to the SSPI 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 SSPI for processing (EC section 41020[k]);

- Review LEAs' unresolved prior-year audit exceptions when the California Department of Education (CDE) defers to the county (EC section 41020[l]); and
- Adjust subsequent local property tax requirements to correct audit exceptions relating to LEA tax rates and tax revenues (EC section 41020[o]).

## REVIEW AUTHORITY

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We conducted this review in accordance with EC section 41020(n), which authorizes the SCO to facilitate correction of the exceptions identified by audits issued pursuant to this section. In addition, Government Code section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

## OBJECTIVE, SCOPE, AND METHODOLOGY

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The objective of our review was limited to determining whether the Stanislaus COE followed its audit resolution process for FY 2021-22 and FY 2022-23 for resolving LEA audit exceptions in a manner consistent with EC section 41020. Our review did not include an evaluation of the sufficiency of the action taken by the LEA and the Stanislaus COE to address each exception, nor did it assess the degree to which each exception was addressed.

To achieve our objective, we performed the following procedures:

- We verified that the Stanislaus COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified that the Stanislaus COE addressed any findings on program funds for instructional materials, 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

the exception results were properly quantified and addressed at a districtwide or countywide level.

- We verified that the Stanislaus COE notified LEAs that they must submit completed corrective action forms to the Stanislaus COE by March 15, 2023, and March 15, 2024, for FY 2021-22 and FY 2022-23, respectively. Our review did not include an assessment of the LEAs' progress in taking corrective action.
- We verified that the Stanislaus COE required the LEAs to submit the appropriate reporting forms to the SSPI for any attendance-related exceptions that affected state funding.
- We reviewed the letters of certification due on May 15, 2023, and May 15, 2024, that the Stanislaus COE sent to the SSPI and the SCO regarding any resolved and unresolved audit exceptions.
- We verified that the Stanislaus COE followed up with unresolved prior-year audit exceptions that the SSPI had required the Stanislaus COE to conduct.
- We verified that the Stanislaus COE adjusted subsequent local property tax requirements to correct audit exceptions related to LEA tax rates and tax revenues.

## CONCLUSION

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Our review found that the Stanislaus COE followed its audit resolution process for FY 2021-22 and FY 2022-23. However, the audit resolution process was deficient because the Stanislaus COE did not follow up on three attendance-related audit exceptions for one LEA and did not request that the LEA submit the appropriate reporting forms, as required by EC section 41020(k)(1). Except for the deficiencies noted in this report, the Stanislaus COE complied with EC section 41020. We made no additional determination regarding the Stanislaus COE's audit resolution process beyond the scope of the review outlined in this report.

## **VIEWS OF RESPONSIBLE OFFICIALS**

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We issued a draft review report on August 14, 2025. The Stanislaus COE's representative responded by letter dated September 22, 2025. The Stanislaus COE agreed with the review results. This final review report includes the Stanislaus COE's response as an attachment.

## **RESTRICTED USE**

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This report is solely for the information and use of the Stanislaus COE, the CDE, 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 intended to limit distribution of this report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

December 30, 2025

## FINDING AND RECOMMENDATION

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### Finding—Deficiencies in the Review of Local Educational Agency Audit Exceptions

In our review of the Stanislaus COE's audit resolution process for LEA audit exceptions noted in the annual audit reports for FY 2021-22 and FY 2022-23, we identified deficiencies in the process to resolve and certify attendance-related audit exceptions.

We reviewed 37 LEA audit exceptions for FY 2021-22 and FY 2022-23. Of the 37 audit exceptions, we found three instances in which the Stanislaus COE did not follow up with one LEA and request that it submit the appropriate reporting form to correct the audit exceptions related to units of average daily attendance noted in the LEA's annual audit reports for FY 2021-22 and FY 2022-23. Additionally, the Stanislaus COE certified in the Certification of Corrective Action Resolution of 2022-23 Audit Findings submitted to the SCO on May 15, 2024, that it had followed up with this LEA to submit appropriate reporting forms to resolve attendance-related audit exceptions. However, our review found that the Stanislaus COE did not request the revised annual attendance reports from the LEA to resolve the exceptions. The Stanislaus COE indicated that the three instances were an unintentional oversight, and that it has made changes to its review process to ensure timely corrections.

EC section 41020(i)(1) states:

Commencing with the 2002–03 audit of local educational agencies pursuant to this section and subdivision (d) of Section 41320.1, each county superintendent of schools shall be responsible for reviewing the audit exceptions contained in an audit of a local educational agency under their jurisdiction related to attendance, inventory of equipment, internal control, and any miscellaneous items, and determining whether the exceptions have been either corrected or an acceptable plan of correction has been developed.

EC section 41020(k)(1) states:

Each county superintendent of schools shall certify to the Superintendent and the Controller, not later than May 15, that the county superintendent of schools' staff has reviewed all audits of local educational agencies under the county superintendent of schools' 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 Stanislaus COE:

- Comply with EC section 41020 by requiring LEAs to submit appropriate reporting forms for all attendance-related audit exceptions; and
- Review the Certification of Corrective Action Resolution for accuracy and completeness before submitting to the SCO and the CDE.

## ATTACHMENT—STANISLAUS COUNTY OFFICE OF EDUCATION'S RESPONSE TO DRAFT REVIEW REPORT

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Scott Kuykendall, Superintendent

1100 H Street • Modesto, CA 95354 • (209) 238-1700 • FAX (209) 238-4201

September 22, 2025

Office of the Controller, State of California  
C/o Kimberly A Tarvin, CPA  
PO Box 942850  
Sacramento, CA 94250

Dear Ms. Tarvin,

On behalf of the Stanislaus County Office of Education, I would like to thank the State Controller's Office for its thorough review of our audit resolution process for FY 2021-22 and FY 2022-23. We value the collaborative approach taken throughout this process, including the open dialogue during the exit conference.

We acknowledge the findings related to three attendance-related audit exceptions and appreciate the SCO's recognition that this was an unintentional oversight. While our office has built strong communication practices with our districts, often grounded in trust and frequent verbal dialogue, we understand the importance of ensuring that all required documentation is formally recorded to withstand the rigor of an audit review. We have already strengthened our procedures to ensure that corrective action and certification processes fully align with statutory requirements and are consistently documented.

We also note that Patterson Unified School District had experienced significant delays in completing two years of audits, even after receiving multiple extensions. Only after the county office intervened with direct support was the district able to finalize its audits. This underscores the importance of the county's active role in guiding LEAs to resolution and maintaining compliance with state requirements.

We remain committed to continuous improvement in our oversight role and will use the SCO's recommendations to reinforce both the accuracy of our certifications and the documentation of LEA corrective actions. Above all, we value the professional and respectful collaboration with your office, which strengthens accountability and supports our shared goal of ensuring the responsible use of public education resources.

Sincerely,

*Scott Kuykendall*

Mr. Scott Kuykendall  
Superintendent