

KINGS 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

February 2015



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California State Controller

February 18, 2015

Tim Bowers, Superintendent
Kings County Office of Education
1144 W. Lacey Boulevard
Hanford, CA 93230

Dear Mr. Bowers:

The State Controller's Office reviewed the Kings 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 Kings COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Kings COE was in compliance with California Education Code section 41020, except for late submission of the FY 2012-13 certifications 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/kw

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Kings 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 Kings COE followed its audit resolution process for FY 2011-12 and FY 2012-13, except for late submission of the FY 2011-12 certifications 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 Kings COE provides coordination of educational programs and professional and financial supervision for 13 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 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 Kings 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 Kings 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 Kings COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Kings 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 Kings COE notified LEAs that they must submit completed corrective action forms to the Kings 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 Kings 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 Kings COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;

- Verifying whether the Kings COE followed up with unresolved prior year audit exceptions the SPI required the Kings COE to conduct; and
- Verifying whether the Kings 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 Kings COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Kings 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 certifications of corrective action. The Kings COE submitted its FY 2011-12 certification of corrective action to the SPI on July 8, 2013. We made no additional determination regarding the Kings COE's audit resolution process beyond the scope of the review outlined above.

Views of Responsible Officials

Our findings and conclusion were provided to the Kings COE for review in a draft report issued January 13, 2015. The Kings COE's response is included in this report's finding.

Tim Bowers, Superintendent, Kings COE, generally agreed with the conclusion and review finding presented in the report. The Kings COE has developed a process and checklist to ensure that submission of the annual certification is completed by May 15 of each year.

Restricted Use

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

February 18, 2015

Finding and Recommendation

FINDING 1— COE certifications submitted late

We noted that the Kings County Office of Education (COE) certification of corrective action form for FY 2011-12 was not provided to the Superintendent of Public Instruction and the State Controller's Office (SCO) by May 15, 2013, as required. The form was certified July 8, 2013.

We noted that all corrective action plans for audit findings the COE is responsible for were submitted by the respective districts to the COE prior to the March 15, 2013 due date. The COE's subsequent year certification, FY 2012-13, was submitted by the May 15 due date. We concluded that the COE's audit resolution process did not include controls to enable the COE to consistently meet the May 15 COE certification 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 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

The COE should ensure compliance with California Education Code section 41020(k) by enhancing its certification process and procedures to meet the applicable due dates.

COE Response

As noted in the audit report, the following fiscal year report for 2012-13 was submitted timely. Following the late reporting for 2011-12, we have developed a process and checklist of to ensure the timely submission of the annual certification is completed by May 15 of each year. The Kings County Office of Education will work diligently to maintain the calendar and checklist to avoid any future late reporting of the audit certification.

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