

SOLANO 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 6, 2015

Jay Speck
Superintendent of Schools
Solano County Office of Education
5100 Business Center Drive
Fairfield, CA 94534

Dear Mr. Speck:

The State Controller's Office reviewed the Solano 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 disclosed that the Solano COE did not follow its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Solano COE was not in compliance with California Education Code section 41020.

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/gj

cc: Tommy Welch, Associate Superintendent
Solano County Office of Education
Sherry Beatty, Director Business Services
Solano 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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Dan Troy, Principal Program Budget Analyst
Education Systems, California Department of Finance

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Review Report

Summary

The State Controller's Office (SCO) reviewed the Solano 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 Solano COE did not follow its audit resolution process for FY 2011-12 and FY 2012-13.

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 Solano COE provides coordination of educational programs and professional and financial supervision for six 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 Solano 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 Solano 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 Solano COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the Solano 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 Solano COE notified LEAs that they must submit completed corrective action forms to the Solano 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 Solano 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 Solano COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the Solano COE followed up with unresolved prior year audit exceptions the SPI required the Solano COE to conduct; and
- Verifying whether the Solano 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 Solano COE did not follow its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the Solano COE was not in compliance with California Education Code section 41020 for FY 2011-12 and FY 2012-13. We made no additional determination regarding the Solano 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 Solano COE for review in a draft report issued February 10, 2015. The Solano COE's response is included as an attachment. Sherry Beatty, the Director of Business Services, Solano COE, generally agreed with the conclusion and review finding presented in the report. According to Ms. Beatty, a staff member at the COE who handles the corrective action forms retired, resulting in the failure to update the due date on the template that was sent to the LEAs. However, the COE has corrected the issue for audits ending June 30, 2014.

Restricted Use

This report is intended solely for the information and use of the Solano 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 6, 2015

Finding and Recommendation

**FINDING—
COE letter to LEA
contained incorrect
response date**

We noted that the letters provided by the Solano County Office of Education (COE) requesting its local education agencies (LEAs) to provide a certification of correction or plan of correction for the LEAs' fiscal year (FY) 2011-12 and FY 2012-13 audit findings required a response no later than April 1, 2013, and April 1, 2014, respectively. Per California Education Code section 41020(j)(2), LEAs are required to provide this information to the COE no later than March 15 of each year.

The Solano COE's management stated that the staff person responsible for sending out the letters to the LEAs modified the template. The new person responsible for sending out the letters was not aware that the date was changed; therefore, the letters were sent out indicating an incorrect date. Although the LEAs were given a late response date, the COE's certification of the correction actions to the Superintendent of Public Instruction and the State Controller's Office was submitted by the May 15th deadline for 2013 and 2014.

California Education Code section 41020(j)(2) states, in part:

If a description of the correction of plan of correction has not been provided as part of the audit required by this section, then the county superintendent of schools shall notify the local educational agency and request the governing board of the local educational agency to provide to the county superintendent of schools a description of the corrections or plan of correction by March 15th.

Recommendation

The Solano COE should ensure compliance with the California Education Code section 41020(j)(2) by modifying the template sent to the LEAs to reflect the due date of March 15th for submission of its certifications of correction or plans of correction.

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



Jay Speck, Superintendent of Schools
5100 Business Center Drive, Fairfield, CA 94534-1658
707.399.4400 * www.solanocoe.net

February 5, 2015

Staci Bates
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Good Afternoon Staci:

I would like to thank both you and Joel for your time during the process of auditing Solano County Office of Education's (SCOE) Audit Resolution Process for 2011-12 and 2012-13 years.

Per our conversation during our exit conference yesterday, please see our response below to the audit finding in the draft report:

- After further research it was discovered that our established due dates for LEA's corrective action forms in response to audit findings was by March 15th through year ending 2010. In year ending 2011, this date was changed to April 1st; retirement of a staff member that handled this task presented challenges and we were later than usual in asking our LEA's for the documentation; we then extended the due date to April 1st. We were disappointed to find we did not go back and change this due date in our established template back to March 15th and continued with the incorrect date of April 1st. This oversight will be corrected with audits ending June 30, 2014. We are pleased to report there was no delay in our certification of the corrective actions to the Superintendent of Public Instruction and the State Controller's Office.

If you have any further questions please do not hesitate to contact me at (707) 399-4420 or via email at sbeatty@solanocoe.net.

Sincerely,

Sherry Beatty,
District Business Services Director

Board of Education

Michelle Coleman, President Dana Dean, Vice President Mayrene Bales Douglas J. Ford Ray Sliva Vacant (Area 5) Vacant (Area 7)

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