

SACRAMENTO COUNTY OFFICE OF EDUCATION

Report of Review

AUDIT RESOLUTION PROCESS

Fiscal Year (FY) 2006-07 and FY 2007-08



JOHN CHIANG
California State Controller

October 2010



JOHN CHIANG
California State Controller

October 6, 2010

David W. Gordon
County Superintendent of Schools
Sacramento County Office of Education
P.O. Box 269003
Sacramento, CA 95826-9003

Dear Mr. Gordon:

The State Controller's Office reviewed the Sacramento 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) 2006-07 and FY 2007-08.

Our review disclosed that the Sacramento COE followed its audit resolution process for FY 2006-07 and FY 2007-08 except in two instances. We noted two exceptions in the documentation supporting the Sacramento COE's audit resolution process. As a result, the Sacramento COE was not in compliance with Education Code section 41020 in these two instances.

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: Tamara Sanchez, Assistant Superintendent of Business
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Review Report

Summary

The State Controller's Office (SCO) reviewed the Sacramento County Office of Education's (COE) audit resolution process for local education agency exceptions noted in the annual audit reports for fiscal year (FY) 2006-07 and FY 2007-08.

Our review disclosed that the Sacramento COE followed up on its respective local education agency audit exceptions for FY 2006-07 and FY 2007-08. However, some of the Certification of Corrective Action forms filed by the local education agencies were either not provided or were submitted late.

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 that a local education agency correct.

The Sacramento COE provided coordination of educational programs and professional and financial supervision for sixteen local education agencies under its direct jurisdiction for the time period of this review. In addition, the county superintendent of schools maintained 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)(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 (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 (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 Sacramento 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 Sacramento 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 Sacramento COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified that the Sacramento COE addressed any findings on Instructional Materials Program Funds, teacher misassignments, and school accountability report card. 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 district-wide or county-wide level;
- Verifying that the Sacramento COE notified local education agencies that they must submit completed corrective action forms to the Sacramento COE by March 15, 2008, and March 15, 2009, for FY 2006-07 and FY 2007-08, respectively. Our review did not include an assessment of the local education agencies' progress with respect to taking corrective action;
- Verifying that the Sacramento COE required the local education agencies to submit the appropriate reporting forms to the SPI for any attendance-related exceptions that affect state funding; and
- Reviewing the May 15, 2008 and May 15, 2009 letters of certification that the Sacramento COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions.

Conclusion

Our review disclosed that the Sacramento COE did not follow its audit resolution process for FY 2006-07 and FY 2007-08 in two instances as noted in the Finding and Recommendation section of this report. As a result, the Sacramento COE was not in compliance with Education Code section 41020 for FY 2006-07 and FY 2007-08 in these two instances. We noted exceptions in the Sacramento COE's audit resolution process in that the certifications from the local educational agencies were not provided or were filed late. The Sacramento COE submitted its FY 2006-07 and FY 2007-08 certifications of corrective action to the SPI on May 15, 2008, and May 6, 2009, respectively. We made no additional determination regarding the Sacramento COE's audit resolution process beyond the scope of the review outlined above.

**Views of
Responsible
Official**

Our conclusion and review finding were provided to the Sacramento COE for review in a draft report issued June 23, 2010. The Sacramento COE's response is included in the Finding and Recommendation section of this report.

Ms. Sanchez, Assistant Superintendent, generally agreed with the conclusion and review finding presented in the report.

Restricted Use

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

October 6, 2010

Finding and Recommendation

**FINDING—
Certification of
Corrective Action forms
for school districts not
provided or filed late**

The Sacramento County Office of Education (COE) was unable to provide written documentation of the Certification of Corrective Action form for the audit report findings of the San Juan Unified School District for the fiscal year (FY) 2007-08. In addition, one other district's Certification of Corrective Action form was filed after the March 15 due date. The Center Unified School District form for the FY 2006-07 audit was dated April 4, 2008.

Education Code section 41020(j) states:

(2) If a description of the correction or plan or 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 the county superintendent of schools a description of the corrections or plan of corrections by March 15.

(3) Review the description of correction or plan of correction and determine its adequacy. If a description of the correction or plan of correction is not adequate, the county superintendent of schools shall require the local educational agency to resubmit that portion of its response that is inadequate.

Recommendation

The Sacramento COE should:

- Revise its procedures to ensure that Certification of Corrective Action forms filed by the local education agencies are retained and can be readily located. The COE should maintain duplicative electronic copies of the forms in a centralized location; and
- Review follow-up activities (telephone calls, e-mails, etc.) and report upon the efforts to obtain the local education agencies' Certification of Corrective Action forms by the March 15 due date as required by Education Code section 41020(j). The Sacramento COE should maintain logs of telephone and e-mail activity, and review progress reports in obtaining the local education agencies' certifications.

County Office's Response

1. We will implement the recommendations immediately.
2. Future follow-up activities with districts regarding audit resolution will be conducted via email correspondence and hard copies of the correspondence will be maintained in the permanent files.

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