

# **EL DORADO COUNTY OFFICE OF EDUCATION**

Report of Review

## **AUDIT RESOLUTION PROCESS**

*Fiscal Year (FY) 2011-12 and FY 2012-13*



**JOHN CHIANG**  
California State Controller

December 2014



**JOHN CHIANG**  
California State Controller

December 16, 2014

Jeremy M. Myers  
County Superintendent of Schools  
El Dorado County Office of Education  
6767 Green Valley Road  
Placerville, CA 95667

Dear Mr. Myers:

The State Controller's Office reviewed the El Dorado 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 El Dorado COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the El Dorado COE was in compliance with Education Code section 41020.

If you have any questions, please contact Carolyn Baez, Chief, Financial Audits Bureau, by telephone at (916) 322-7656.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/kw

cc: Robbie Montalbano  
Deputy Superintendent  
El Dorado County Office of Education  
Diane Lacombe  
Senior Director, External Business Services  
El Dorado County Office of Education  
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# Review Report

## Summary

The State Controller's Office (SCO) reviewed the El Dorado 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 El Dorado COE followed its audit resolution process for FY 2011-12 and FY 2012-13.

## 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 (SPI) 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 SPI can discern which exceptions they are responsible for ensuring that LEAs correct.

The El Dorado COE provides coordination of educational programs and professional and financial supervision for fifteen 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 (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 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 (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 (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 (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 Education Code section 41020(n). Our review scope was limited to determining whether or not the El Dorado 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 El Dorado 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 El Dorado COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified whether the El Dorado 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 El Dorado COE notified LEAs that they must submit completed corrective action forms to the El Dorado 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 El Dorado 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 El Dorado COE sent to the SPI and the SCO with respect to any resolved and unresolved audit exceptions;
- Verifying whether the El Dorado COE followed up with unresolved prior year audit exceptions the SPI required the El Dorado COE to conduct; and
- Verifying whether the El Dorado 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 El Dorado COE followed its audit resolution process for FY 2011-12 and FY 2012-13. As a result, the El Dorado COE was in compliance with Education Code section 41020 for FY 2011-12 and FY 2012-13. We made no additional determination regarding the El Dorado COE's audit resolution process beyond the scope of the review outlined above.

**Views of  
Responsible  
Officials**

We discussed our conclusion with Diane Lacombe, Senior Director, External Business Services, El Dorado COE, at an exit conference held on December 2, 2014. Ms. Lacombe 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 El Dorado 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

December 16, 2014

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