

# **CONTRA COSTA COUNTY OFFICE OF EDUCATION**

Review Report

## **AUDIT RESOLUTION PROCESS**

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



**MALIA M. COHEN**  
CALIFORNIA STATE CONTROLLER

August 2025



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

August 18, 2025

The Honorable Lynn Mackey, Superintendent  
Contra Costa County Office of Education  
77 Santa Barbara Road  
Pleasant Hill, CA 94523

Dear Ms. Mackey:

The State Controller's Office reviewed the Contra Costa County Office of Education's (COE) audit resolution process for local education agency (LEA) exceptions noted in the annual audit reports. The review covered fiscal year (FY) 2021-22 and FY 2022-23.

Our review found that the Contra Costa COE followed its audit resolution process for FY 2021-22 and FY 2022-23. However, the audit resolution process was deficient because the Contra Costa COE did not follow up on two LEAs' attendance-related audit exceptions and did not request that the LEAs submit the appropriate reporting forms, as required by Education Code section 41020(k)(1). Except for the deficiencies noted above, the Contra Costa 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

KAT/am

Attachment

Ms. Lynn Mackey

August 18, 2025

Page 2 of 2

Copy: Daniela Parasidis, Deputy Superintendent  
Business Services  
Contra Costa County Office of Education  
Melissa Guzman, Director  
External Business Services  
Contra Costa County Office of Education  
Reema Popli, Manager  
External Business Services  
Contra Costa County Office of Education  
Elizabeth Dearstyne, Director  
School Fiscal Services Division  
California Department of Education  
Keith Smith, Administrator  
School Fiscal Services Division  
California Department of Education  
Jessica Holmes, Program Budget Manager  
Education Systems Unit  
California Department of Finance

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# Review Report

## Summary

The State Controller's Office (SCO) reviewed the Contra Costa 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 Contra Costa COE followed its audit resolution process for FY 2021-22 and FY 2022-23. However, the audit resolution process was deficient because the Contra Costa COE did not follow up on two LEAs' attendance-related audit exceptions and did not request that the LEAs submit the appropriate reporting forms, as required by Education Code (EC) section 41020(k)(1). Except for the deficiencies noted above, the Contra Costa COE complied with EC section 41020.

## Background

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 Contra Costa COE provides coordination of educational programs, and professional and financial supervision for 18 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**

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**

The objective of our review was limited to determining whether the Contra Costa 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 Contra Costa 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 Contra Costa COE addressed all attendance, inventory of equipment, internal control, and miscellaneous exceptions. In addition, we verified that the Contra Costa 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 Contra Costa COE notified LEAs that they must submit completed corrective action forms to the Contra Costa 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 Contra Costa 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 Contra Costa COE sent to the SSPI and the SCO regarding any resolved and unresolved audit exceptions.
- We verified that the Contra Costa COE followed up with unresolved prior-year audit exceptions that the SSPI had required the Contra Costa COE to conduct.
- We verified that the Contra Costa 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 Contra Costa COE followed its audit resolution process for FY 2021-22 and FY 2022-23. However, the audit resolution process was deficient because the Contra Costa COE did not follow up on two LEAs' attendance-related audit exceptions and did not request that the LEAs submit the appropriate reporting forms, as required by EC section 41020(k)(1). Except for the deficiencies noted above, the Contra Costa COE complied with EC section 41020. We made no additional determination regarding the Contra Costa COE's audit resolution process beyond the scope of the review outlined in this report.

## **Views of Responsible Officials**

We issued a draft review report on April 29, 2025. The Contra Costa COE's representative responded by letter dated May 12, 2025. The Contra Costa COE agreed with the review results. This final review report includes the Contra Costa COE's response as an attachment.

## **Restricted Use**

This report is solely for the information and use of the Contra Costa COE, 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

August 18, 2025



# Finding and Recommendation

**FINDING—  
Deficiencies in the  
review of local  
educational agency  
audit exceptions**

Based on our review of the Contra Costa 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 29 LEA audit exceptions for FY 2021-22 and FY 2022-23. Of the 29 audit exceptions, we found two instances in which the Contra Costa COE did not follow up with LEAs to submit the appropriate reporting form to correct the audit exceptions related to units of average daily attendance noted in the LEAs' annual audit reports for FY 2022-23. Additionally, the Contra Costa COE certified in the FY 2022-23 Certificate of Corrective Action Resolution, submitted to the SCO on May 15, 2024, that the COE followed up with these LEAs to submit appropriate reporting forms to resolve attendance-related audit exceptions. However, our review found that the Contra Costa COE did not request the revised annual attendance reports from LEAs to resolve these exceptions. The Contra Costa COE indicated that this was an oversight for one instance. The Contra Costa COE was also not aware of the required adjustments presented in the Schedule of Average Daily Attendance.

At an exit conference conducted on February 28, 2025, the Contra Costa COE informed us that it has certified the revised annual attendance report for one of these LEAs in the Principal Apportionment Data Collection Web Application.

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 Contra Costa COE:

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

**Attachment—  
Contra Costa County Office of Education's Response to  
Draft Review Report**

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## Contra Costa County Office of Education

77 Santa Barbara Road, Pleasant Hill, CA 94523 • (925) 942-3388  
Lynn Mackey, Superintendent of Schools

May 12, 2025

State Controller's Office  
Division of Audits  
Joel James Chief, Financial Audits Bureau  
P.O. Box 942850  
Sacramento, California 94250

Subject: Response to Audit Findings – FY 2022–23 Annual Attendance

Dear Joel James,

This letter is in response to the recent audit conducted by the State Controller's Office and the two findings regarding the lack of follow-up on the submission of revised annual attendance reports for the 2022–23 fiscal year.

The Contra Costa County Office of Education concurs with the findings and acknowledges the importance of timely and accurate submission of revised reports. We will take the necessary steps to ensure that all required revisions are completed and submitted promptly when a material difference in Average Daily Attendance (ADA) is identified.

We appreciate the diligence of the State Controller's Office in performing this audit and its continued efforts to promote compliance, transparency, and accountability within school district operations.

Please feel free to contact our office should you require any additional information or follow-up.

Sincerely,

Melissa Guzman  
Contra Costa County Office of Education  
Director of External Business Services

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250**

**[www.sco.ca.gov](http://www.sco.ca.gov)**