



December 18, 2020

TO: Business and Accounting Administrators
Los Angeles County School Districts,
Regional Occupational Centers/Programs (ROC/Ps),
Joint Powers Authorities (JPAs), and
Community College Districts

FROM: Octavio Castelo, Director
Business Advisory Services

Christina Hill, Assistant Director
School Accounting and Disbursements
School Financial Services

SUBJECT: 2019-20 Annual Financial Audits

Under Education Code (EC) Sections 41020 through 41020.8, all school districts must file their annual audit reports for the preceding fiscal year by March 31, 2021, with the Los Angeles County Superintendent of Schools (County Superintendent), the California Department of Education (CDE), and the State Controller's Office (SCO). This bulletin outlines various aspects of the 2019-20 annual financial audit process and timeline, and the responsibilities of school district auditors, school districts, and the Los Angeles County Office of Education (County Office).

This bulletin also outlines report filing deadlines (Attachment No. 1), the process for resolution of audit exceptions, and how to record audit adjustments. The responsibilities and required actions are listed and detailed explanations are provided in the remaining sections of this bulletin.

Audit Contracts

Please review the County Office Informational Bulletin No. 5142, issued February 12, 2020, for the annual audit contract requirements and required submission to School Financial Services. If you have questions relating to the annual audit contracts, please contact Gabriel Leung at (562) 922-6849.

Please refer to the "Los Angeles County K-12 School Districts, Regional Occupational Centers/Program Joint Powers Authorities List of Auditors 2019-20 Fiscal Year" and "Community College Districts List of Auditors 2019-20 Fiscal Year" (Attachment No. 2).

Audit Report Filing

Audit reports for fiscal year 2019-20 must be filed with the required agencies by March 31, 2021¹. Senate Bill (SB) 820 and EC 41020.9 extended the previous filing date from December 15, 2020 to March 31, 2021. (Attachment No. 3).

Audit Exceptions

EC Sections 41020 and 41020.3 specify the responsibilities of county superintendents of schools, school districts, and districts' independent auditors, as they relate to resolving audit exceptions.

County Superintendent Responsibilities

The County Superintendent must:

- review all audit exceptions in the district's audit report;
- request that the Governing Board of each school district provide the County Superintendent with a description of all corrections or plans of correction by May 15th;
- review the information provided for adequacy, request any additional information needed, and certify to the Superintendent of Public Instruction and the SCO by July 15th, that the staff has:
 - reviewed all school district audits under her/his/their jurisdiction for the prior fiscal year;
 - verified that all exceptions have been corrected or that the district has submitted an acceptable plan of correction; and
 - required all districts with attendance-related audit exceptions to prepare and submit appropriate amended attendance reports for transmission to the CDE.

The County Superintendent cannot certify reports of average daily attendance (ADA) if any of the ADA is from programs with "apportionment-significant noncompliance."

The County Superintendent may waive any audit exceptions which districts receive because of noncompliance with the reporting requirements for:

- sufficiency of Instructional Materials per EC Section 60119 (e.g., public hearing and board resolution);
- teacher misassignment per EC Section 44258.9;

¹ If the statutory due date occurs on a Saturday, Sunday or holiday, the reporting due date shall be on the following workday

- accuracy of information reported on the School Accountability Report Card per EC Section 33126 (EC Section 41344.4).

Responsibilities Required of School Districts

By April 30th of each year, the Governing Board of each school district must:

- review the annual audit report for the prior fiscal year at a public meeting. According to EC Section 41020.3, the review will include:

“ . . . the annual audit of the local education agency for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor, and any description of correction or plans to correct any exceptions or management letter issue.”

When describing corrections or plans of correction, include specific actions taken or planned. General comments such as “will implement,” “accepted the recommendation,” or “will discuss at a later date,” do not meet EC requirements. If inadequate descriptions such as these are used, additional information will be requested from districts, as required under the responsibilities of the County Superintendent.

The written description of corrections or plans of correction must address not only the items in the sections titled “Findings and Recommendations,” “Findings and Questioned Costs,” or similar headings, but also those comments provided in the management letter. The “Standards and Procedures for Audits of California K-12 Local Educational Agencies” (Standards and Procedures) specifies that the management letter is an integral part of the “Findings and Recommendations” section of the audit report. EC Section 41020.3 indicates that management letter comments have the same requirements for correction as items that appear in the findings section.

Beginning fiscal year 2019-2020 and thereafter, the annual financial audit report (“Audit Report”) submitted to the Los Angeles County Office of Education (“County”) by March 31st (per Ed Code EC § 41020[h] and SSC guidance from November 20, 2020) of each year, will require an attachment containing the Corrective Action Plans (CAPs) for each of the audit findings and the recommendation discussed in the Management Letter. This will include items in the body of the letter or as an attachment.

The CAPs should be specific about the district actions:

- ✓ What has been (or will be) done?
- ✓ Who has done (or will do) what?
- ✓ When was (or will be) done?
- ✓ How it was (or will be) done?

The audit report will be reviewed in conjunction with the CAPs. The audit report will be approved and submitted for certification only if the audit report meets the minimum audit standards and all CAPs are adequate.

Responsibilities Required of School District Auditors

School district auditors are required to:

- ensure accuracy of account balances, requiring districts to make the appropriate reconciling entries to the district's financial accounting records, as specified in the reconciliation section of the audit report.
- code all audit exceptions to indicate whether the State or the County Office has the responsibility of correction follow-up;
- quantify the dollar value (questioned costs) of the audit exceptions;
- evaluate whether there is any doubt about the district's ability to continue as a "going concern" for a reasonable period;
- review all corrections or plans of correction for the previous year's audit to determine if the exceptions have been resolved;
- notify the County Office and the CDE if prior year audit exceptions are not resolved, and restate the exceptions in the current audit report;
- include management improvement recommendations in the audit report; and
- upon request, provide the County Superintendent or the State Superintendent of Public Instruction with fiscal information on a district if the County Superintendent determines, under EC Section 42127.6, that the district may not meet its fiscal obligations in the current or subsequent fiscal year (EC Section 41020.8).

The "Standards and Procedures" issued by the SCO requires that management letters and reports be submitted as part of the audit report.

Recording Audit Adjustments Resulting from 2019-20 Audit

The 2019-20 annual financial audit, prepared by independent auditors, may differ from district-prepared unaudited financial information. The differences are usually listed in the audit report as supplementary information in the exhibit titled "Reconciliation of Annual Financial and Budget Report with Audited Financial Statements." This schedule shows the impact of the audit

adjustments on the 2019-20 ending fund balance for each fund, and on the 2020-21 beginning fund balances.

Differences that impact the beginning balance for each fund require two separate adjustments in 2019-20:

- budget revisions, and
- audit adjustments.

The required audit adjustments will change the district's beginning fund balance for the 2020-21 adopted budget. Therefore, the district must submit corresponding **budget revisions** increasing or decreasing the components of the fund balance. These budget revisions must be adopted by the district's Governing Board, entered directly through the BEST Advantage System by Wave 1 and 2 Agencies; and submitted to Business Advisory Services for approval by Wave 3 and 4 Agencies or those who have not transitioned to the BEST Advantage System.

Audit adjustments must be entered by April 30, 2021, in the BEST Advantage System-FIN (for Wave 1 and 2 Agencies) and in the PeopleSoft Financial System for Wave 3 and 4 agencies who have not transitioned to the BEST Financial System. This will ensure that April month end reports, which are used to prepare and satisfy legal requirements for the Second Interim Report, include audited beginning fund balance adjustments. Whether your audit adjustment has a positive or negative impact on the district, the corresponding budget adjustment should be filed simultaneously.

For detailed information and examples on how to post your audit adjustment journals, we recommend that you refer to Procedure 215, Audit Adjustments, which is in the California School Accounting Manual (CSAM). The manual is posted on this website:

<https://www.cde.ca.gov/fg/ac/sa/documents/csam2019complete.pdf>

If you have questions regarding posting audit adjustments, please contact Mr. Benjie Tamondong at (562) 922-6680, or Tamondong_Benjie@laoe.edu.

Charter schools should contact their authorizing agency, not the County Office, with questions regarding apportionments, timelines, forms, budget assumptions, or any other issues.

This bulletin and its attachments are posted on the County Office website at:

<https://www.laoe.edu/Bulletins.aspx>

Use the "Search" function to locate a specific bulletin by number or keyword.

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If you have questions regarding this bulletin, please contact Jennifer Kirk at (562) 922-6508, or the SFS Audit team at SFSaudit@laoe.edu, or your Business Services Consultant (Attachment No. 4).

Approved:
Patricia Smith, Chief Financial Officer
Business Services

OC/JY/CH:vb
Attachments

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services
2020-21 Audit Timelines

The timelines for the 2019-20 annual financial audit process are as follows:

<u>Due Date</u> ¹	<u>Responsible Party</u>	<u>Requirement</u>
April 1, 2020	District	2018-19 annual audit (select audit firm from the SCO directory), and submit contract to the County Office (EC Section 41020[b][3]).
July 31, 2020	County	Provide for annual audit, if district has not done so (EC Section 41020.9 (a))
March 17, 2021	District	Extension request for audit completion due date must be received by the County Office for processing to the SCO (EC Section 41020.2[a][i]).
March 31, 2021	Auditor	Audit completed.
March 31, 2021	Auditor	Audit report and management letter, if any, submitted to the SCO, CDE, and County Office (EC Section 41020[h]) and 41020.9(b). (Coordination between district and auditor may be required.)
TBD – No Updates Provided by CDE	District	Governing Board review of audit report, exceptions, adjustments made, and plan of correction (EC Section 41020.3).
TBD – No Updates Provided by CDE	District	Final day to input audit adjustments in the PeopleSoft Financial System (PSFS).
May 15, 2021	District	Corrections made and plan of correction sent to County Office in response to County Office letter.
June 17, 2021	County	Send letters, if necessary, regarding audit exceptions, corrections made, and plan of correction to district for response.
July 15, 2021	County	Certification sent to the CDE and the SCO (EC Section 41020.9(b)).

Note: The County Office must **approve** audit contracts for school districts that have had a disapproved budget, a negative interim report certification, or have been identified as “not a going concern” in the current or either of the two preceding fiscal years (EC Section 41020[b][2]).

¹ If the statutory due date occurs on a Saturday, Sunday or holiday, the reporting due date shall be on the following workday.

**Los Angeles County Office of Education
Los Angeles County K-12 School Districts,
Regional Occupation Centers/ Program, Joint Power Authorities
List of Auditors for Fiscal Year 2019-2020**

District Auditor	Auditor Address	District Name	Contract Fee
Christy White Associates	348 Olive St., San Diego, CA 92103	ACTON AGUA DULCE UNIFIED	\$21,500.00
		ALHAMBRA USD	\$52,000.00
		COMPTON USD	\$73,000.00
		CULVER CITY UNIFIED SD	\$30,000.00
		EAST WHITTIER CITY SD	\$31,200.00
		EASTSIDE UNION SD	\$15,537.00
		GLENDORA UNIFIED SCHOOL DIST	\$32,200.00
		LENNOX SD	\$29,225.00
		MONTEBELLO UNIFIED SD	\$81,000.00
		REDONDO BEACH USD	\$39,500.00
		SANTA CLARITA SCHL FOOD SERV	\$7,500.00
		SOUTH PASADENA USD	\$37,250.00
		WISEBURN SD	\$19,175.00
Clifton, Larson, Allen, LLP	2210 E. Route 66, Suite 100, Glendora, CA 91740	BASSETT USD	\$53,000.00
		BURBANK USD	\$72,500.00
		COVINA-VALLEY UNIFIED SD	\$50,820.00
		GLENDALE UNIFIED SCHOOLS	\$92,500.00
		LONG BEACH USD	\$137,000.00
		MERGE RISK MANAGEMENT JPA	\$14,600.00
		MOUNTAIN VIEW SD	\$42,500.00
		PARAMOUNT USD	\$69,200.00
		PASADENA UNIFIED SD	\$84,000.00
		SAN GABRIEL USD	\$35,000.00
		SAN MARINO UNIFIED S.D.	\$43,700.00
		TRI-CITIES ROP	\$10,800.00
		WHITTIER UNION HSD	\$70,000.00
		WEST COVINA USD	\$47,000.00
		WEST SAN GABRIEL BENEFITS	\$7,100.00
		WEST SAN GABRIEL LIAB PROP	\$9,100.00
		WEST SAN GABRIEL WORK COMP SIA	\$9,100.00
Cossolias, Wilson, Dominguez & Leavitt, (CWDL) CPAs	5151 Murphy Canyon Road, Suite 135, San Diego, CA 92123	CENTINELA VALLEY UHSD	\$98,826.00
		PUPIL TRANSPORT. COOPERATIVE	\$5,425.00
Eide Bailly LLP	10681 Foothill, Suite 300, Rancho Cucamonga, CA 91730	CASTAIC UNION SD	\$41,500.00
		EAST SAN GABRIEL VALLEY ROP/TC	\$10,500.00
		EL MONTE UNION HIGH SD	\$45,000.00
		HAWTHORNE SCHOOL DISTRICT	\$36,000.00
		HERMOSA BEACH CITY SCHL DIST	\$15,900.00
		LANCASTER SCHOOL DISTRICT	\$11,500.00
		LAWNDALE ELEM SCHOOL DISTRICT	\$42,100.00
		LITTLE LAKE CITY SD	\$30,500.00
		PALOS VERDES PEN. USD	\$36,000.00
		SAN GABRIEL VALLEY SIA	\$7,000.00
		SANTA MONICA-MALIBU USD	\$40,000.00
		SAUGUS UNION SCHOOL DISTRICT	\$44,500.00
		SOUTH WHITTIER SD	\$35,000.00
		WALNUT VALLEY USD	\$31,000.00

Attachment No. 2 to:
Informational Bulletin No. 5313

**Los Angeles County Office of Education
Los Angeles County K-12 School Districts,
Regional Occupation Centers/ Program, Joint Power Authorities
List of Auditors for Fiscal Year 2019-2020**

District Auditor	Auditor Address	District Name	Contract Fee
Gilbert Associates, Inc.	2880 Gateway Oaks Dr., Ste. 100, Sacramento CA 95833	ALLIANCE OF SCHOOLS FOR COOPERATIVE INSURANCE PROGRAM (ASCIP)	\$29,400.00
Harshwal and Company, LLC	16870 W Bernardo Dr., Ste 250, San Diego, CA 92127	EL SEGUNDO UNIFIED	\$20,980.00
Jeanette L. Garcia & Associates	202 E Airport Dr, Ste. 160, San Bernardino, CA 92408	WESTSIDE UNION SD	\$36,000.00
Moss, Levy & Hartzheim, LLP	5800 Hannum Avenue, Suite E, Culver City, CA 90230	BEVERLY HILLS USD	\$29,645.00
		GARVEY SD	\$29,500.00
		MANHATTAN BEACH USD	\$30,600.00
		ROSEMEAD SCHOOL DISTRICT	\$18,950.00
Nigro & Nigro, PC	25220 Hancock Ave., Suite 400, Murrieta, CA 92562	ABC USD	\$45,000.00
		ANTELOPE VALLEY SCHOOL TRANS AGENCY	\$11,000.00
		ARCADIA UNIFIED SCHOOL DIST	\$31,500.00
		BONITA USD	\$40,750.00
		EL MONTE CITY ELEMENTARY SD	\$44,700.00
		EL RANCHO USD	\$41,000.00
		HACIENDA LA PUENTE USD	\$67,500.00
		INGLEWOOD UNIFIED S.D.	\$79,500.00
		KEPPEL UNION SCHOOL DISTRICT	\$32,000.00
		LAS VIRGENES SCHOOL DISTRICT	\$41,000.00
		LOWELL JOINT SD	\$24,000.00
		MONROVIA USD	\$29,000.00
		ROWLAND USD	\$64,000.00
		TORRANCE USD	\$49,000.00
		VALLE LINDO USD	\$30,000.00
Simpson & Simpson, LLP	633 W. 5th St., Suite 3320, Los Angeles, CA 90071	L.A. UNIFIED SCHOOL DISTRICT	\$799,797.00
Vavrinek, Trine, Day & Co., LLP (Now Eide Bailly LLP)	10681 Foothill, Suite 300, Rancho Cucamonga, CA 91730	ANTELOPE VALLEY UNION HIGH SD	\$56,000.00
		AZUSA USD	\$35,500.00
		BALDWIN PARK USD	\$57,000.00
		CHARTER OAK USD	\$35,500.00
		CLAREMONT USD	\$41,900.00
		DOWNEY UNIFIED SD	\$49,000.00
		DUARTE UNIFIED SCHOOL DISTRICT	\$30,400.00
		GORMAN SD	\$7,500.00
		HUGHES ELIZABETH LAKES UNION SD	\$8,750.00
		LA CANADA UNIFIED SCHOOL DIST	\$34,000.00
		LA COUNTY OFFICE OF ED	\$191,000.00
		LOS NIETOS SCHOOL DISTRICT	\$17,000.00
		LYNWOOD USD	\$49,500.00
		NEWHALL SCHOOL DISTRICT	\$22,500.00
		NORWALK LA MIRADA USD	\$65,000.00
		PALMDALE SCHOOL DISTRICT	\$42,800.00
		PARTNERS IN NUTRITION COOP	\$6,900.00
		POMONA USD	\$58,000.00
		SAN ANTONIO ROP	\$6,000.00
		SCHOOLS LINKED FOR INS.MGMT (SLIM)	\$13,500.00
		SULPHUR SPRINGS UNION SD	\$31,500.00
		TEMPLE CITY USD	\$27,500.00

**Los Angeles County Office of Education
Los Angeles County K-12 School Districts,
Regional Occupation Centers/ Program, Joint Power Authorities
List of Auditors for Fiscal Year 2019-2020**

District Auditor	Auditor Address	Dsitrict Name	Contract Fee
		VALLEY INSURANCE PROGRAM JPA	\$6,000.00
		WHITTIER AREA SIA	\$10,000.00
		WHITTIER CITY SCHOOL DISTRICT	\$32,000.00
		WILLIAM S HART UHSD	\$54,000.00
		WILSONA SD	\$24,000.00
Wilkinson Hadley King & Co. LLP	218 W. Douglas Avenue, Suite 200, El Cajon, CA 92020	SOUTHERN CALIFORNIA ROC	\$15,700.00

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services
School Financial Services

2019-20 Audit Report Filing

In accordance with Education Code Section 40120(k), school districts are required to file their annual audit reports, management letter, if any, and the associated Corrective Action Plans (CAPs) for each of the audit findings and the recommendation discussed in the management letter with the agencies listed below.

Christina Hill, Assistant Director School Accounting and Disbursements School Financial Services Los Angeles County Office of Education 9300 Imperial Highway, Room 219 Downey, CA 90242-2890 (562) 922-8874	1 PDF via email to: SFSaudit@lacoed.edu Reyes_Hilda@lacoed.edu
California State Controller's Office Division of Audits – Financial Audit Bureau School District Audits P.O. Box 942850 Sacramento, CA 94250-5874 (916) 322-4846	1 copy
California Department of Education School Fiscal Services Division Audit Resolution Staff 1430 "N" Street, Suite 3800 Sacramento, CA 95814 (916) 323-8068	1 copy

Please provide your audit firm with this mailing information.

Attachment No. 3 to:
Informational Bulletin No. 5313

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services - Fiscal Monitoring District Assignments

Abrar Alam (562) 922-6133	Vo Chan (562) 922-6226	Rick Chau (562) 922-6505
Arcadia USD Antelope Valley Sch. Trans Agcy. Antelope Valley Joint Union HSD Beverly Hills USD Keppel Union SD Las Virgenes USD Little Lake City SD Paramount USD Walnut Valley USD William S. Hart Union HSD	ABC USD Baldwin Park USD Culver City USD El Segundo USD Hacienda La Puente USD Inglewood USD Palos Verdes Peninsula USD Pupil Transportation Co-op Redondo Beach USD Torrance USD	Azusa USD Bassett USD Centinela Valley UHSD El Monte City SD Lynwood USD Palmdale SD PINCO Rowland USD San Gabriel USD Saugus Union SD
Kathy Connell (562) 922-6184	Michael Jamshidi (562) 922-6802	Demetra Moore (562) 401-5497
Castaic Union SD East San Gabriel Valley ROP Eastside Union SD La Cañada USD Monrovia USD Mountain View SD Pasadena USD South Pasadena USD Westside Union SD Wilsona SD	Downey USD El Rancho USD Garvey SD Hawthorne SD Lennox SD Long Beach USD Lowell Joint SD Montebello USD Sulphur Springs Union SD Whittier Union HSD	Alhambra USD Burbank USD Compton USD East Whittier City SD Lawndale Elementary SD Los Angeles USD Santa Clarita Valley Food Services South Whittier SD Whittier City SD
Merle Ordonez (562) 940-1704	Andrew Surendranath (562) 922-6743	Hoyt Yee (562) 940-1705
El Monte Union HSD Glendale USD Glendora USD Lancaster SD Rosemead SD San Antonio ROP San Marino USD Temple City USD Tri-Cities ROP Wiseburn USD	Bellflower USD CALAPS JPA Gorman Joint SD Hermosa Beach City SD Hughes-Elizabeth Lakes Union SD Los Nietos SD Manhattan Beach USD Newhall SD Norwalk-La Mirada USD Valle Lindo SD	Acton-Agua Dulce USD Bonita USD Charter Oak USD Claremont USD Covina-Valley USD Duarte USD Pomona USD Santa Monica-Malibu USD SCROC West Covina USD