



December 20, 2022

**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  
Division of School Financial Services

**SUBJECT:** 2021-22 Annual Financial Audits

Under Education Code (EC) Sections 41020 through 41020(h), all school districts must file their annual audit reports for the 2021-22 fiscal year by December 15, 2022 as noted previously, 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 2021-22 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. Detailed explanations are provided in the following sections of this bulletin.

### **Audit Contracts**

Please review the County Office Informational Bulletin No. 5495, issued February 17, 2022, 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 Christina Hill at (562) 401-5336 or [Hill\\_Christina@lacoed.edu](mailto:Hill_Christina@lacoed.edu).

Please refer to the "Los Angeles County K-12 School Districts, Regional Occupational Centers/Program Joint Powers Authorities List of Auditors 2021-22 Fiscal Year" and "Community College Districts List of Auditors 2021-22 Fiscal Year" (Attachment No. 2).

## **Audit Report Filing**

Audit reports for fiscal year 2021-22 must be filed with the required agencies by December 15, 2022. Please see Attachment No. 3 for additional details.

## **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 March 15, 2023;
- review the information provided for adequacy, request any additional information needed, and certify to the Superintendent of Public Instruction and the SCO by May 15, 2023, that the staff has:
- reviewed all school district audits under her/his/their jurisdiction for the 2021-22 fiscal year;
- verified 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 the 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;
- accuracy of information reported on the School Accountability Report Card per EC Section 33126 (EC Section 41344.4).

### Responsibilities Required of School Districts

By January 31, 2023, 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.

The audit reports for fiscal year 2021-22 submitted to the County Office by December 15, 2022 (EC Section 41020(h)(2)) will require the Corrective Action Plans (CAPs) for each of the audit findings and the recommendation(s) discussed in the audit report and the management letter. This will include items listed in the body of the management letter and/or as an attachment. The “Standards and Procedures” issued by the SCO requires that the management letter and the associated plans of correction be submitted as part of the audit report.

The CAPs should be specific about the district's actions and should include the following:

- ✓ What has been (or will be) done?
- ✓ Who has done (or will do) what?
- ✓ When was it (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 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 book the appropriate adjustment entries to the district's financial accounting records, as specified in the "Reconciliation of Annual Financial and Budget Report with Audited Financial Statements" 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 question 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 year 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).

## **Recording Audit Adjustments Resulting from 2021-22 Audit**

The 2021-22 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 2021-22 ending fund balance for each fund, and on the 2022-23 beginning fund balances.

Differences that impact the beginning balance for each fund require two separate adjustments:

- budget revisions, and
- audit adjustments.

The required audit adjustments will change the district’s beginning fund balance for the 2022-23 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.

**Audit adjustments** must be entered by January 31, 2023, in the BEST Advantage System-FIN. 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 the SFS General Ledger Unit at [SFSGLGroup@lacoedu](mailto:SFSGLGroup@lacoedu).

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

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

<https://www.lacoedu/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 the SFS Audit team at [SFSAudit@laco.edu](mailto:SFSAudit@laco.edu), or your Business Services Consultant listed in Attachment No. 4.

Approved:  
Karen Kimmel, Chief Financial Officer  
Business Services

OC/CH:lt  
Attachments

SFS-A25-2022-2023

## LOS ANGELES COUNTY OFFICE OF EDUCATION

### 2021-22 Audit Timelines

The timelines for the 2021-22 annual financial audit process are as follows:

Due Date <sup>1</sup>	Responsible Party	Requirement
March 20, 2023	District	Select audit firm from the SCO directory for 2022-23 annual financial audit and submit audit contract, Board minutes and required information to the County Office (EC Section 41020(b)(3))
April 1, 2023	County	Provide for annual audit, if district has not done so (EC Section 41020 (b)(3)).
December 15, 2022	District	Extension request for audit completion due date must be received by the County Office for processing to the SCO (EC Section 41020 (h)(3)).
December 15, 2022	Auditor	Audit report, management letter and the associated corrective action plan, if any, submitted to the SCO, CDE, and County Office (EC Section 41020(h)(2)). Coordination between district and auditor may be required.
January 31, 2023	District	Audit adjustments in the BEST Advantage System – Financial (FIN) must be recorded by closing of Period 7 (January 2023)
January 31, 2023	District	Governing Board review of audit report, exceptions, adjustments made, recommendations, findings, or management letter points, and corrective action plan (EC Section 41020.3(b)).
March 15, 2023	District	Corrections made and plan of correction sent to County Office in response to County Office’s request (EC Section 41020(j)(2)(B)).
April 15, 2023	County	Send letters, if necessary, regarding audit exceptions, corrections made, and plan of correction to district for response (EC Section 41020(j)(3)).
May 15, 2023	County	Certification sent to the CDE and the SCO (EC Section 41020(k)(2)).

**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)).

<sup>1</sup> In accordance with Government Code (GC) 6700, GC 6707, and GC 6803, 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  
Audit Firms Contact Information**

District Auditor	Auditor Address	Phone No.	Email Address	Website
Christy White Associates	348 Olive St., San Diego, CA 92103	619-270-8222	cwhite@christywhite.com	<a href="http://www.christywhite.com">www.christywhite.com</a>
Clifton, Larson, Allen, LLP	2210 E. Route 66, Suite 100, Glendora, CA 91740	888-529-2648	taylor.ulrich@claconnect.com	<a href="http://www.claconnect.com">www.claconnect.com</a>
Cossolias, Wilson, Dominguez & Leavitt, (CWDL) CPAs	5151 Murphy Canyon Road, Suite 135,	858-565-2700	jdominguez@cwdl.com	<a href="http://www.cwdl.com">www.cwdl.com</a>
Eide Bailly LLP	10681 Foothill, Suite 300, Rancho Cucamonga, CA 91730	909-466-4410	brauch@eidebailly.com	<a href="http://www.eidebailly.com">www.eidebailly.com</a>
Gilbert Associates, Inc.	2880 Gateway Oaks Dr., Ste. 100, Sacramento CA 95833	916-646-6464	info@gilbertcpa.com	<a href="http://www.gilbertcpa.com">www.gilbertcpa.com</a>
Harshwal and Company, LLP	11405 W Bernardo Ct., Ste A, San Diego, CA 92127	858-939-0017	Rohini.Raghavendra@harshwal.com	<a href="http://www.harshwal.com">www.harshwal.com</a>
Jeanette L. Garcia & Associates	202 E Airport Dr, Ste. 160, San Bernardino, CA 92408	909-763-2100	jgarcia@jlgcpa.net	<a href="http://www.jlgcpa.net">www.jlgcpa.net</a>
Moss, Levy & Hartzheim, LLP	5800 Hannum Avenue, Suite E, Culver City, CA 90230	310-670-2745	hhui@mlhcpas.com	<a href="http://www.mlhcpas.com">www.mlhcpas.com</a>
Nigro & Nigro, PC	25220 Hancock Ave., Suite 400, Murrieta, CA 92562	951-698-8783	pglenn@nncpas.com	<a href="http://www.nncpas.com">www.nncpas.com</a>
Silva & Silva CPAs, Certified Public Accountants	3040 Saturn Street Suite 107, Brea, CA 92821	714-529-7707	silvacpas@msn.com	<a href="http://silvasilvacpas.com">http://silvasilvacpas.com</a>
Simpson & Simpson, LLP	633 W. 5th St., Suite 3320, Los Angeles, CA 90071	213-736-6664	msimpson@simpsonllp.com	<a href="http://www.simpsonllp.com">www.simpsonllp.com</a>
Wilkinson Hadley King & Co. LLP	218 West Douglas Avenue, El Cajon, CA 92020	619-447-6700	info@whllp.com	<a href="http://www.whllp.com">www.whllp.com</a>

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**School Financial Services**

**2021-22 Audit Report Filing**

In accordance with Education Code Section 40120(h), 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 audit report and the management letter with the agencies listed below by December 15, 2022:

<p style="text-align: center;">Audit &amp; Review Unit School Financial Services Los Angeles County Office of Education 9300 Imperial Highway, Room 219 Downey, CA 90242-2890 (562) 922-6416</p>	<p style="text-align: center;">1 PDF via email to:  <a href="mailto:SFSAudit@lacoed.edu">SFSAudit@lacoed.edu</a></p>
<p style="text-align: center;">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</p>	<p style="text-align: center;">1 PDF via email to:  leaaudits@sco.ca.gov</p>
<p style="text-align: center;">California Department of Education School Fiscal Services Division Audit Resolution Staff 1430 "N" Street, Suite 3800 Sacramento, CA 95814 (916) 323-8068</p>	<p style="text-align: center;">1 PDF via email to:  leaaudits@cde.ca.gov</p>

Please provide your audit firm with this mailing information.

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

<b>Abrar Alam (562) 922-6133</b>	<b>Dio Brache (562) 922-6802</b>	<b>Steven Choi (562) 940-1768</b>
Arcadia USD Antelope Valley Sch. Trans Agcy. Antelope Valley Joint Union HSD El Rancho USD Keppel Union SD Las Virgenes USD Little Lake City SD Montebello USD Walnut Valley USD William S. Hart Union HSD	Azusa USD Beverly Hills USD Centinela Valley UHSD Inglewood USD Lynwood USD PINCO San Gabriel USD Saugus Union SD Sulphur Springs Union SD	El Monte Union HSD Glendale USD Glendora USD Lawndale Elementary SD Pasadena USD Rosemead SD Rowland USD San Antonio ROP San Marino USD Temple City USD
<b>Kathy Connell (562) 922-6184</b>	<b>Belinda Martinez (562) 922-8739</b>	<b>Sean Lewis (562) 922-6779</b>
Castaic Union SD East San Gabriel Valley ROP Eastside Union SD Hacienda La Puente USD Hawthorne SD La Cañada USD Mountain View SD South Pasadena USD Westside Union SD Wilsona SD	Baldwin Park USD Claremont USD Culver City USD El Monte City SD El Segundo USD Long Beach USD Los Nietos SD Monrovia USD Pupil Transportation Co-op Torrance USD	ABC USD Bellflower USD East Whittier City SD Palmdale SD Palos Verdes Peninsula USD Santa Monica-Malibu USD South Whittier SD Tri-Cities ROP Whittier City SD Whittier Union HSD
<b>Demetra Moore (562) 401-5497</b>	<b>Andrew Surendranath (562) 922-6743</b>	<b>Hoyt Yee (562) 940-1705</b>
Alhambra USD Bassett USD Burbank USD Compton USD Downey USD Los Angeles USD Redondo Beach USD Santa Clarita Valley Food Services Wiseburn USD	CALAPS JPA Hermosa SD Gorman Joint SD Hughes-Elizabeth Lakes SD Lancaster SD Manhattan Beach SD Newhall SD Norwalk-La Mirada USD Paramount USD Valle Lindo SD	Acton-Agua Dulce USD Bonita USD Charter Oak USD Covina-Valley USD Duarte USD Garvey SD Lennox SD Pomona USD SCROC West Covina USD