



November 3, 2017

To: Directors/Managers of Business  
K-12 Districts, ROPs, and other JPAs

From: Chris Lombardo, Executive Director, Business Services

**Subject: 2016-17 Annual Financial Reports and 2017-18 Audit Agreements**

**ORANGE COUNTY  
DEPARTMENT  
OF EDUCATION**

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P.O. BOX 9050  
COSTA MESA, CA  
92628-9050

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**AL MIJARES, Ph.D.**  
County Superintendent  
of Schools

Pursuant to Education Code section 41020(h), audit reports for the fiscal year ending June 30, 2017 are due to various agencies no later than December 15, 2017. The address and distribution requirements are detailed on the enclosed Attachment I. The audit report must be distributed to the following recipients:

- |  |                                   |
|--|-----------------------------------|
| County Superintendent of Schools (OCDE)  | 1 hard copy and 1 electronic copy |
| California Department of Education (CDE) | 1 electronic copy                 |
| State Controller's Office (SCO)          | 1 copy (may be electronic)        |
| Federal Audit Clearinghouse              | See Attachment I                  |

Additionally, per Education Code Section 47605(m), charter schools are required to annually submit a copy of their audit report to the chartering entity, State Controller, County Superintendent of Schools in which the charter school is sited, and the State Department of Education by December 15, 2017. If the audit of the charter school is encompassed in the audit of the chartering entity pursuant to Education Code Section 41020, this requirement does not apply.

Local Educational Agencies (LEAs) need to engage an audit firm for the 2017-18 year no later than April 1, 2018, per Education Code 41020(b)(3). We strongly recommend selection of an audit firm familiar with the audit requirements of California K-12 LEAs. The selected firm should have accountants familiar with GASB/FASB pronouncements and statutory funding mechanisms. Firms that are considering an audit should review the "Standards and Procedures for Audits of California K-12 Local Educational Agencies" guide.

A directory of certified public accountants and public accountants deemed by the State Controller as qualified to conduct audits of local educational agencies per Education Code section 41020(f)(1), shall be published by December 31st at the following website: <http://cpads.sco.ca.gov>.

Under Education Code section 41020(f)(2), it is unlawful for a public accounting firm to provide audit services to an LEA if the lead partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that LEA in each of the six previous fiscal years.

**ORANGE COUNTY  
BOARD OF EDUCATION**

JOHN W. BEDELL, PH.D.

DAVID L. BOYD

REBECCA "BECKIE" GOMEZ

LINDA LINDHOLM

KEN L. WILLIAMS, D.O.

The audit firm selection process **does not require** a district to go to bid. Special services, including audits, are exempt from bid requirements pursuant to Government Code Section 53060. When selecting a firm, the district should consider the firm's ability to comply with the standards and procedures for audits, and other factors the district deems appropriate. The enclosed attachment lists the firms that are contracted to perform 2016-17 fiscal year audits for districts, charter schools, and JPAs in Orange County. A firm that appears on this list does not mean that our office endorses the firm.

We suggest that you perform the following actions:

1. Review Education Code Sections 14500 – 14508 (Financial & Compliance Audits), 41020 (Requirement for Annual Audit), and 41023 (Joint Powers Agreements).
2. Make the selection of a capable audit firm qualified to conduct, complete, and file the reports with our office and the various agencies.
3. Ensure that all district sponsored/state approved charter schools have arranged for an audit no later than April 1, 2018, and the district has a plan to address any audit exceptions and deficiencies.
4. Submit to this office no later than April 1, 2018, the name, address, style (i.e. CPA, PA, etc.), partner of the accounting firm selected to complete the 2017-18 annual audit as well as the contracted amount. Please let us know if you are unable to meet this deadline, as our office is required to provide for an audit of your LEA by no later than May 1, 2018, per Education Code 41020. This also applies to district sponsored/state approved charter schools.
5. Review the most recent "Standards and Procedures for Audits of California K-12 Local Educational Agencies" guide. The guide is available through the Education Audit Appeals Panel (EAAP) website at [www.eaap.ca.gov](http://www.eaap.ca.gov).

In agreement with Education Code Section 14505, all contracts must include a provision for:

- 10% withholding, and
- 50% withholding if, in a previous year of a multi-year contract, an audit report was not certified as conforming to the reporting standards of the State Controller's Audit Guide.

Additionally, If your district is responsible for providing the audit of a JPA, please send us a signed copy of the agreement. If you have any questions or concerns regarding this information, please contact Howard Marinier at (714) 966-4176.

Attachments

cc: Assistant Superintendents, Business Services  
Kelly Gaughran, Administrator, Charter Schools

## Distribution of Audit Reports

### **State Controller's Office – 1 Hard Copy or Electronic Copy**

For 2016-17, independent auditors must submit one copy of the report to the State Controller's Office either by U.S Postal Service, private carrier, or via File Transfer Protocol (FTP). FTP report instructions are posted on the SCO K-12 LEA web page at [http://sco.ca.gov/aud\\_k12\\_lea.html](http://sco.ca.gov/aud_k12_lea.html). The K-12 LEA Advisory Notification Letter, mailed out in September – October to CPA firms that are active on the Certified Public Accountants Directory Service to conduct LEA audits, provides the username and password needed to access the SCO FTP website. Due to security protocol the SCO cannot provide username and passwords by email or by phone.

**Mailing Address:**

State Controller's Office  
Division of Audits  
Financial Audit Bureau / LEA Unit  
P.O. Box 942850  
Sacramento, CA 94250-5874

**Private Carrier Delivery:**

State Controller's Office  
Division of Audits  
Financial Audit Bureau / LEA Unit  
3301 "C" Street, Suite 700  
Sacramento, CA 95816

Telephone: (916) 324-6442  
Email: [leaudits@sco.ca.gov](mailto:leaudits@sco.ca.gov)

### **California Department of Education – Electronic Copy**

Audit reports must be submitted to CDE in an electronic unsecured PDF file format or Word document and must include the independent auditor's electronic signature. The reports may be submitted electronically on CD by mail or via exFiles File Transfer System. If submitting electronic audit report files by CD, please mail to:

California Department of Education  
School Fiscal Services Division  
Audit Resolution Staff  
1430 N Street, Suite 3800  
Sacramento, CA 95814

The instruction packet containing the CDE's exFiles address, project code, and password will be mailed out to CPA firms that are active on the Certified Public Accountants Directory Service to conduct LEA audits. Due to security protocol the CDE cannot provide instructions containing the project code and password by phone. If you plan to use the exFiles option and do not have the instructions packet, please contact the CDE to request the exFiles instructions at [leaudits@cde.ca.gov](mailto:leaudits@cde.ca.gov) or leave a voicemail message at 916-323-8068.

### **County Superintendent of Schools – 1 Hard Copy and 1 Electronic Copy**

Orange County Department of Education  
Attn: Howard Marinier, Administrator, Business Services  
200 Kalmus Drive  
P.O. Box 9050  
Costa Mesa, CA 92628-9050  
E-mail Address: [hmarinier@ocde.us](mailto:hmarinier@ocde.us)  
Telephone: (714) 966-4176

### **Federal Audit Clearinghouse – Provides forms for federally-required audit reports**

Federal Audit Clearinghouse  
Bureau of the Census  
1201 E. 10<sup>th</sup> Street  
Jeffersonville, IN 47132  
Telephone: (800) 253-0696 (toll free)

The Federal Audit Clearinghouse, which operates on behalf of the Office of Management and Budget (OMB), provides the required forms for submission of federally-required audit reports and other information at its home page <https://harvester.census.gov/facweb/>.

| <b>2016-17 CONTRACTED AUDITORS</b>   |   |
|--|---|
| <p><b>Christy White Accountancy, Corp.</b><br/>           348 Olive Street<br/>           San Diego, CA 92103<br/>           (619) 270-8222</p> <p><i>Contracted by:</i></p> <ol style="list-style-type: none"> <li>1. Anaheim Elementary SD</li> <li>2. Buena Park SD</li> <li>3. Magnolia SD</li> <li>4. Garden Grove USD</li> <li>5. Orange USD</li> </ol>  | <p><b>Jeanette L. Garcia &amp; Associates</b><br/>           1980 Orange Tree Lane, Suite 280<br/>           Redlands, CA 92374<br/>           (909) 335-6100</p> <p><i>Contracted by:</i></p> <ol style="list-style-type: none"> <li>1. Savanna SD</li> </ol>  |
| <p><b>Vavrinek, Trine, Day &amp; Co., LLP</b><br/>           10681 Foothill Blvd. Suite 300<br/>           Rancho Cucamonga, CA 91730<br/>           (909) 466-4410</p> <p><i>Contracted by:</i></p> <ol style="list-style-type: none"> <li>1. Centralia SD</li> <li>2. Fountain Valley SD</li> <li>3. Huntington Beach City SD</li> <li>4. La Habra City SD</li> <li>5. Ocean View SD</li> <li>6. Westminster SD</li> <li>7. Anaheim UHSD</li> <li>8. Huntington Beach UHSD</li> <li>9. Irvine USD</li> </ol> | <ol style="list-style-type: none"> <li>10. Laguna Beach USD</li> <li>11. Los Alamitos USD</li> <li>12. Newport-Mesa USD</li> <li>13. Placentia-Yorba Linda USD</li> <li>14. Saddleback Valley USD</li> <li>15. Santa Ana USD</li> <li>16. Greater Anaheim SELPA</li> <li>17. North Orange County ROP</li> <li>18. Coastline ROP</li> <li>19. South Coast ROP</li> </ol> |
| <p><b>Nigro &amp; Nigro, PC</b><br/>           25220 Hancock Avenue, Suite 400<br/>           P.O. Box 1247<br/>           Murrieta, CA 92562<br/>           (951) 698-8783</p> <p><i>Contracted by:</i></p> <ol style="list-style-type: none"> <li>1. Capistrano USD</li> <li>2. Cypress SD</li> <li>3. Fullerton SD</li> <li>4. Tustin USD</li> </ol>  | <p><b>Clifton Larson Allen LLP</b><br/>           2210 E. Route 66, Suite 100<br/>           Glendora, CA 91740-4673<br/>           (626) 857-7300</p> <p><i>Contracted by:</i></p> <ol style="list-style-type: none"> <li>1. Brea-Olinda USD</li> <li>2. Fullerton Joint UHSD</li> <li>3. Orange County Department of Education</li> </ol>                             |