



November 1, 2011

**ORANGE COUNTY
DEPARTMENT
OF EDUCATION**

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

From: Darren Dang, Director
Business Services

Subject: **Annual Audit Reports for 2010-11 and Audit Agreements for 2011-12**

This is a reminder that Audit reports for the fiscal year ending June 30, 2011 are due to various agencies no later than **December 15, 2011** per Education Code 41020(h). The address and distribution requirements are detailed on the enclosed Attachment I. Distribution of the copies of the reports is as follows:

County Superintendent of Schools	1 Copy and 1 Electronic Copy
California Department of Education	1 Copy
State Controller's Office	1 Copy
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 15th. 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.

We strongly recommend selection of an audit firm familiar with the audit requirements of California K-12 school districts. 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" manual.

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 41020(f)(1), shall be published by December 31st at the following website: <http://www.sco.ca.gov/cpads>.

Per Education Code 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.

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. Enclosed Attachment II lists firms that performed 2010-11 fiscal year audits for districts and JPAs in Orange County. A firm that appears on the list does not mean that our office endorses the firm.

We suggest that your district take 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. Submit to this office no later than April 1, 2012, the name, address, style (i.e. CPA, PA, etc.) and partner of the accounting firm selected to complete the 2011-12 annual audit. Please let us know if you are unable to meet this deadline, as our office is required to provide for an audit of your district by no later than May 1, 2012, per Education Code 41020.
4. Review the most recent "Standards and Procedures for Audits of California K-12 Local Educational Agencies" manual.
5. Ensure that all district sponsored/state approved charter schools have arranged for an audit by April 1, 2012, and the district has a plan to address any audit exceptions and deficiencies.

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

- 10% withholding, and
- 50% withholding if, any 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.

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 me at (714) 966-4176 or Chris Lombardo at (714) 966-4248.

Attachments

cc: Assistant Superintendents, Business

Distribution of Audit Reports

State Controller's Office – 1 Hard Copy

(Note – Independent Auditors may submit SCO's copy of the report electronically at leaaudits@sco.ca.gov or on a CD, providing the report is in a PDF file format and includes the independent auditor's electronic signature. All other entities require a hard copy of the report. The file size for electronic submission to the above e-mail address cannot exceed 7MB.)

Mailing Address:

State Controller's Office
Division of Audits
School District Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Private Carrier Delivery:

State Controller's Office
Division of Audits
School District Audits
3301 "C" Street, Suite 700
Sacramento, CA 95816

Telephone: (916) 322-4846

California Department of Education – 1 Hard Copy

California Department of Education
School Fiscal Services Division
Attn: Audit Resolutions Desk
1430 N Street, Suite 3800
Sacramento, CA 95814

Telephone: (916) 323-8068

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

Orange County Department of Education
Attn: Chris Lombardo, Coordinator, District Accounting
P.O. Box 9050
Costa Mesa, CA 92628-9050
E-Mail Address: clombardo@ocde.us

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

Federal Audit Clearinghouse
Bureau of the Census
1201 E. 10th 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 <http://harvester.census.gov/sac/>.

2010-11 Contracted Auditors

<p>Christy White Accountancy Corp. 2727 Camino Del Rio South, Suite 219 San Diego, CA 92108 (619) 270-8222</p> <p>Contracted by:</p> <ol style="list-style-type: none"> 1. Anaheim City SD 2. Buena Park SD 3. Magnolia SD 4. Garden Grove USD 	<p>Jeanette L. Garcia & Associates 225 W. Hospitality Lane, Suite 317 San Bernardino, CA 92408 (909) 890-0353</p> <p>Contracted by:</p> <ol style="list-style-type: none"> 1. La Habra City SD 2. Savanna SD
<p>Nigro & Nigro, PC 25090 Jefferson Avenue Murrieta, CA 92652 (951) 698-8783</p> <p>Contracted by:</p> <ol style="list-style-type: none"> 1. Cypress SD 2. Fullerton SD 3. Tustin USD 	<p>Vavrinek, Trine, Day, & Company, LLP 8270 Aspen Street Rancho Cucamonga, CA 91730 (909) 466-4410</p> <p>Contracted by:</p> <ol style="list-style-type: none"> 1. Centralia SD 2. Fountain Valley SD 3. Huntington Beach City SD 4. Ocean View SD 5. Westminster SD 6. Anaheim Union HSD 7. Fullerton Joint Union HSD 8. Huntington Beach Union HSD 9. Capistrano USD 10. Irvine USD 11. Laguna Beach USD 12. Los Alamitos USD 13. Newport-Mesa USD 14. Orange USD 15. Placentia-Yorba Linda USD 16. Santa Ana USD 17. Greater Anaheim SELPA 18. Capistrano-Laguna Beach ROP 19. Coastline ROP 20. North Orange County ROP 21. Orange County Department of Education
<p>Vicenti, Lloyd & Stutzman LLP 2210 E. Route 66, Suite 100 Glendora, CA 91740-4673 (626) 857-7300</p> <p>Contracted by:</p> <ol style="list-style-type: none"> 1. Brea Olinda USD 2. Saddleback Valley USD 	