



CERTIFICATION OF CORRECTIVE ACTION

2016-17 AUDIT FINDINGS AND RECOMMENDATIONS

District Name Santa Rosa City Schools
Sonoma County, California

- 2016-17 Certification of Corrective Action is hereby filed by the Governing Board of the school district.

Clerk/Secretary of the Governing Board

March 28, 2018
Date of Meeting

- 2016-17 Certification of Corrective Action

The Superintendent certifies that all corrective action(s) specified in the attached page(s) have been reviewed by the district's Governing Board and assures that corrective procedures have been implemented and will be used in the ensuing years.

District Superintendent

Date

For additional information

Contact: Diann Kitamura Phone: (707) 528-5181

Submit original of the Certification of Corrective Action together with each Audit Finding Corrective Action form and corresponding documentation by **April 1, 2018** to your **SCOE Accountant** at:
Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403

2016-17 AUDIT FINDING CORRECTIVE ACTION
due to SCOE by April 1, 2018

District: Santa Rosa City Schools

Finding Category: 20000 (see list at bottom of page)

Finding Number: 001 **Page Number:** 96

Criteria: Generally accepted accounting principles (GAAP) and Education Code Section 35168 require the District to maintain records that properly account for capital assets. Capital asset records serve as a management tool and have an important bearing on management decisions, such as long-range acquisition and abandonment projections.

Condition: During the audit of the District’s capital assets we noted deficiencies in the District’s performance of internal controls overseeing the tracking of capital assets as it relates to additions and deletions.

Effect: The District’s capital asset balance could incorrectly include or exclude capital assets.

Cause: Due to the high degree of personnel turnover and the limited District staffing, the District has been unable to oversee the tracking of capital assets throughout the year.

Recommendation: We recommend the District ensure that internal control procedures are followed throughout the year to adequately track additions and deletions in the District’s capital asset program. The District should investigate the need for additional staffing or training in the Business Office and ensure that an up-to-date capital asset listing of all assets of \$5,000 is maintained throughout each fiscal year.

District Response: The District agrees with the auditor’s recommendation and will implement policies and procedures during fiscal year 2017-18 to address the causes of the condition(s) noted.

<p>A. Did this finding require a corrective report? →</p> <p style="margin-top: 10px;">If yes, attach a copy of an acceptable plan of correction.</p>	No	
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AB 3627 Finding Category Types	
10000	Attendance
20000	Fixed Assets
30000	Internal Control
40000	State Compliance
50000	Federal Compliance
60000	Miscellaneous
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Finding Category: 30000 (see list at bottom of page)

Finding Number: 002 **Page Number:** 96

Criteria: According to General Accepted Accounting Principles (GAAP) all expenses should be recognized when incurred.

Condition: During our testwork over the District's accounts payable, we noted that the District was incorrectly excluding some invoices for work prior to June 30, 2017.

Effect: The accounts payable was understated by \$1,960,674.

Cause: The District was not adequately overseeing the accrual process at year end.

Recommendation: We recommend the District review the process of accounts payable with staff.

District Response: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2017-18 to address the causes of the condition(s) noted.

B. Did this finding require a corrective report? 

No

If yes, attach a copy of an acceptable plan of correction.

AB 3627 Finding Category Types	
10000	Attendance
20000	Fixed Assets
30000	Internal Control
40000	State Compliance
50000	Federal Compliance
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70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Finding Category: 30000 (see list at bottom of page)

Finding Number: 003 **Page Number:** 97

Criteria: According to GASB Statement No. 45, employers with 200 or more members in the OPEB plan are required to have an actuarial valuation done at least biennially.

Condition: The District's last OPEB plan actuarial valuation is more than two years old.

Effect: The District's OPEB liability and annual required contribution is based on assumptions that are not up to date which could lead to an OPEB liability and annual required contribution that is under or over stated.

Cause: The District was not properly monitoring the OPEB plan actuarial valuation requirements.

Recommendation: GASB Statement No. 75 replaced GASB Statement No. 45 effective for fiscal years beginning after June 15, 2017. We recommend the District obtain an OPEB plan actuarial valuation based on this new GASB Statement and ensure that procedures are in place to ensure deadlines noted in GASB Statement No. 75 are adhered to in the future.

District Response: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2017-18 to address the causes of the condition(s) noted.

C. Did this finding require a corrective report? 

No

If yes, attach a copy of an acceptable plan of correction.

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Finding Category: 30000 (see list at bottom of page)

Finding Number: 004 **Page Number:** 97

Criteria: Sound accounting practices needed to reduce the risk of fraud and error include the timely and routine reconciliation of all bank accounts.

Condition: During our testing of the 2016-17 Associated Student Body (ASB) Accounts, we noted the following:

1. Bank statements were not reconciled within two weeks of the receipt of the bank statement.
2. Bank statements are not being reconciled correctly and deposits were made in incorrect accounts and/or missing from the general ledger.

Effect: The District's Fiduciary Associated Student Body cash balance may be misstated.

Cause: The District's Associated Student Body reconciliations were not being thoroughly reviewed.

Recommendation: We recommend the District continue to provide training at each site specifically related to the areas identified above. The District's Business Office should monitor the ASB accounts at each site to ensure that the custodians are following procedure and offer any training or assistance that may be necessary to ensure that controls are operating an acceptable level.

District Response: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2017-18 to address the causes of the condition(s) noted.

D. Did this finding require a corrective report? 

No

If yes, attach a copy of an acceptable plan of correction.

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Finding
Category: 40000 (see list at bottom of page)

Finding Number: 005 **Page Number:** 98

Criteria or Specific Requirements: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the FRPM applications and the CALPADS reporting, we noted students who were reported as FRPM eligible who were either incorrectly classified in meal status or were missing an application in the program. This resulted in an overstatement of FRPM by eligible students. As well as students reported as English learners who no longer qualified according to the student's file.

Questioned Costs: The dollar impact of this finding is as follows:

School	High	Elementary	Total
Herbert Slater Middle	\$ 660	\$ -	\$ 660
Montgomery High	\$ 330	\$ -	\$ 330
Abraham Lincoln Elementary	\$ -	\$ 343	\$ 343
Total	\$ 990	\$ 343	\$ 1,333

Context: Controls should be in place to ensure accurate classification of students in CALPADS as of Census Day.

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted to decrease EL Eligibility at Herbert Slater Middle and Montgomery High by one student each and decrease FRM Eligibility at Herbert Slater Middle by one student.

No changes to enrollment were identified as a result of testing the unduplicated pupil counts.

Cause: The District did not review the CALPADS data for accuracy during the adjustment window annually and does not have a system of review that provides adequate oversight of this reporting process and ensures appropriate communication between the District Office and various sites.

Recommendation: The District should review all CALPADS data for accuracy during the adjustment window annually and establish a system of review that provide adequate oversight of this reporting process and ensures appropriate communication between the District Office and various sites.

District Response: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2017-18 to address the causes of the condition(s) noted.

<p>A. Did this finding require a corrective report? →</p> <p>If yes, attach a copy of an acceptable plan of correction.</p>	<p>Yes</p>
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Corrective Report submitted to the State and SCOE:

Certification

County: Sonoma	Fiscal Year: 2016-17
District: Santa Rosa High	Annual
CDS CODE 49 70920	1C5FC3BD

School District Audit Adjustments to CALPADS Data

I hereby certify that, to the best of my knowledge, all data have been compiled and reported in accordance with all applicable laws, regulations and instructions.

School District Superintendent:  Date: 3/1/18

County Superintendent of Schools: _____ Date: _____

Any inquiries concerning this report should be directed to:

CONTACT NAME Michael Richmond
 PHONE (707)889-3839 *
 FAX _____
 E-Mail mrichmond@srcs.k12.ca.us

Finding Category: 40000 (see list at bottom of page)

Finding Number: 006 **Page Number:** 99

Criteria or Specific Requirements: Education Code Section 8484 requires submission of program attendance data. Proper controls should be designed and implemented to ensure that the attendance reported on the semi-annual attendance reports are accurate.

Condition: During our testing of attendance for the after school education and safety program, we noted that the District was unable to provide written documentation for 20 students listed in attendance for the entire first half of the semi-annual attendance.

Effect: The District's controls do not sufficiently limit risk of error related to attendance reporting for the after school education and safety program. There is no financial impact from the conditions noted since the program is not directly funded based upon attendance, however, a reduction in attendance may result in a future grant reduction. The effect on the attendance reported is as follow:

141,912	Total annual attendance reported Elementary
<u>(1,120)</u>	Less overstatement of attendance for missing written support
<u>140,792</u>	Adjusted annual attendance Elementary

Cause: The District does not have proper policies and procedures in place in order to ensure written documentation is kept for reported attendance of the after school education and safety program.

Recommendation: We recommend that the District establish policies and procedures to ensure that all sites have written support for student attendance.

District Response: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2017-18 to address the causes of the condition(s) noted.

B. Did this finding require a corrective report? →
 If yes, attach a copy of an acceptable plan of correction.

No	
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