Board of Education Executive Summary

Administrative Services

Independent Audit Report for the Fiscal Year Ended June 30, 2011, Submitted by Crowe Horwath LLP

January 12, 2012

I. Overview/History:

Each year, districts are required to conduct an annual audit of funds under the jurisdiction of the Governing Board. The intent of the annual audit is to encourage sound fiscal management practices for the most efficient and effective use of public funds for the education of children in California by strengthening fiscal accountability at the district, county and state levels. The annual audit report is used by various agencies to review the fiscal status of the district.

The firm of Crowe Horwath LLP (formerly Perry-Smith LLP) audited the financial statements of the district for the year ended June 30, 2011. The audit is conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Findings and recommendations are reviewed by district staff with corrective action responses provided in the audit report. In addition, the prior year findings and recommendations section of the audit report reflects the status of previously identified corrective actions.

II. Driving Governance:

- Education Code section 41020 outlines the requirements for the annual audit; scope of examination; licensing requirements and other limitations; contents of auditor's report; corrections; certification.
- Education Code section 41020.3 states that by January 31 of each year, the governing body of each local education agency shall review, at a public meeting, 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.

III. Budget:

The cost of the annual audit for the year ending June 30, 2011 was $66,500. This is a General Fund expenditure.

IV. Goals, Objectives and Measures:

Meet required timeline for annual audit report review by the Board.

V. Major Initiatives:

Use findings and recommendations as a guide to ensure continuous improvement.

VI. Results:

Work towards the preparation of the annual audit will continue throughout the year. The initial audit starts in the spring of each year.

VII. Lessons Learned/Next Steps:

- Continue working with external auditors to review processes and procedures.
- Ensure recommendations and corrective actions are implemented.