

# **ANNUAL REPORT TO THE FIRST 5 CALIFORNIA COMMISSION**

## **RESULTS OF AUDIT OVERSIGHT OF COUNTY COMMISSIONS**

*For the Period of July 1, 2015, through June 30, 2016*



**BETTY T. YEE**  
California State Controller

October 2017



**BETTY T. YEE**

**California State Controller**

October 20, 2017

Camille Maben, Executive Director  
First 5 California  
2389 Gateway Oaks Drive, Suite 260  
Sacramento, CA 95833

**SUBJECT: Annual Report to the First 5 California Commission  
Results of Audit Oversight of County Commissions**

Dear Ms. Maben:

I am pleased to submit our annual report to the First 5 California Commission. The report summarizes the results of our review of the independent audits of the First 5 county commissions for fiscal year 2015-16. This report also summarizes the results of our review of the audit findings identified in the independent auditor's report to the county commissions.

This is the tenth report submitted in accordance with Senate Bill 35 (Chapter 243, Statutes of 2005), which mandated an expanded audit of every county commission funded by the California Children and Families Act of 1998. Each commission was required to adopt a range of policies including contracting and procurement, administrative expenditure limits, conflict of interest, staff compensation, and long-range financial planning. Each county commission is required to have an annual independent audit that is reviewed by the State Controller's Office.

Our review focused on the county commissions' compliance with program requirements (as reported by their independent auditors) specified in the California Health and Safety Code. We also verified the independent auditors' compliance with audit standards and the expanded audit guidelines when performing the county commission audits. The audit findings and audit finding follow-up section of our report provide information related to the findings from each county commission's independent audit report. Lastly, where applicable, our report contains comparative statistics from the results of our desk reviews of the independent audits for fiscal years: 2015-16, 2014-15, and 2013-14.

Camille Maben, Executive Director  
October 20, 2017  
Page 2

I hope our report will be useful to you in assessing the county commissions' activities and compiling your annual report to the California State Legislature. Please direct any comments regarding the content of the report to Lisa Hughes, Chief of the Controller's Community-Related Audits Bureau, at [lhughes@sco.ca.gov](mailto:lhughes@sco.ca.gov) or (916) 322-8489.

Sincerely,

*Original signed by*

GEORGE LOLAS  
Chief Operating Officer

GL/ljs

Enclosure

cc: Sierra Losh, Director, Fiscal Services Office, First 5 California Commission  
George Halvorson, Commission Chair, First 5 California Commission  
Joyce Iseri, Commission Vice Chair, First 5 California Commission  
Conway Collis, Commissioner, First 5 California Commission  
Muntu Davis, Commissioner, First 5 California Commission  
Alejandra Campoverdi, Commissioner, First 5 California Commission  
Lupe Jaime, Commissioner, First 5 California Commission  
Shana Hazan, Commissioner, First 5 California Commission  
Diana Dooley, Ex Officio Member, First 5 California Commission  
Jim Suennen, Designee, First 5 California Commission

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## **Executive Summary**

The California Children and Families Act was created in 1998 by the passage of Proposition 10. The California Children and Families Act was amended in 2005, giving the State Controller's Office (SCO) oversight responsibility for audits of the First 5 county commissions. The objective of the amendment was to provide the First 5 California Commission with independently verified fiscal and state compliance information obtained from audits performed in accordance with applicable standards and requirements.

SCO oversight responsibility includes providing audit guidelines, reviewing county commissions' annual audit reports for compliance with applicable audit standards and guidelines, and following up on findings contained in the audit reports to ensure compliance with policies and practices specified in the Health and Safety Code (HSC). SCO approves and makes substantive changes to the audit guide as necessary after consultation with an audit guide committee composed of representatives from the First 5 California Commission and county commissions.

Each year, SCO performs its oversight activities in a cycle of receiving, reviewing, and reporting on the auditors' reports for each county commission. This report summarizes the results of our review of independent auditors' reports for compliance with applicable standards and requirements. This report also summarizes the results of our review and follow-up on audit findings identified in the independent auditors' reports to the county commissions.

This is the tenth report submitted in accordance with the expanded audit statutes chaptered into law in 2005; therefore, this report includes comparative results. Our report contains the following key observations we made during our review of the county commissions' independent audit reports:

- Of the 58 independent audit reports, 47 (81%) independent auditors complied with audit guide requirements and/or audit standards, a decrease compared to prior reporting periods. In fiscal year (FY) 2014-15, 97% of the independent audit reports submitted complied with all standards and/or requirements, whereas in FY 2013-14, 88% were in compliance.

- Of the 58 counties, 45 (78%) submitted the required audit reports by the November 1 deadline. In comparison, 78% of the audits in FY 2014-15 and 93% of the audits in FY 2013-14 were submitted by the deadline.

In addition to the observations we made during our review of the reports, the independent auditors identified a total of four audit findings at four county commissions; three of the audit findings were categorized as “internal control” and one was categorized as “state compliance.” In comparison, seven of the FY 2014-15 audit reports contained a total of seven audit findings (six internal control and one state compliance). In FY 2013-14, eight of the audit reports contained a total of ten audit findings—eight internal control and two state compliance.

Additionally, we noted that the independent auditors for two of the 58 county commissions issued qualified opinions on local commissions’ Governmental Activities. During the review cycle for FY 2014-15, one local commission’s independent auditor issued a qualified opinion. In FY 2013-14, no qualified opinions were issued.

Lastly, for FY 2015-16, SCO did not recommend withholding funding allocations from any commission for failure to correct (or provide a viable plan to correct) audit findings.

# Introduction

## Overview

SCO's Division of Audits is responsible for performing the oversight activities for independent audits of county commissions administering the First 5 program authorized by the California Children and Families Act. Oversight activities consist of:

- Developing an audit guide based on the HSC and applicable auditing standards;
- Verifying (via desk reviews/analysis) that independent audit reports contracted for by the county commissions complied with auditing standards and the audit guide; and
- Verifying county commission compliance with policies and practices (specified in the HSC) by reviewing and following up on audit findings reported in the independent audits.

HSC section 130151 (added by Chapter 243, Statutes of 2005) requires that SCO issue guidelines for annual expanded audits<sup>1</sup> that require independent auditors to review county commission compliance with policies and practices related to:

- Contracting and procurement
- Administrative costs
- Conflict of interest
- County ordinance
- Long-range financial plans
- Financial condition of commission
- Program evaluation
- Salaries and benefits policies

HSC section 130151 also requires that SCO:

- Determine, within six months of the state or county commission's response pursuant to subdivision 130151(d), whether the county commission has successfully implemented corrective action in response to the findings contained in its audit report;
- Recommend that the First 5 California Commission withhold funding allocations for county commissions unable to provide SCO with a viable plan to correct identified audit findings; and

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<sup>1</sup>*Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5).*



- Submit to the First 5 California Commission, by November 1 of each year, a report summarizing the results of the reviews of the county commissions' audits for the preceding reporting cycle.

## **Background**

### ***First 5 Program***

The California Children and Families Act authorized the First 5 program. The California Children and Families Act requires that the First 5 program be funded by surtaxes imposed on the sale and distribution of cigarettes and tobacco products. The California Children and Families Act further requires that the funds be deposited into the California Children and Families Trust Fund, for the implementation of comprehensive early childhood and smoking-prevention programs.

### ***SCO Oversight***

SCO oversight and reporting requirements (HSC section 130151) were added by Senate Bill 35 (Chapter 243, Statutes of 2005). Prior to SB 35, existing law already included a fiscal/audit reporting component; therefore, the addition of SCO oversight was considered to be an expansion of those requirements. Consequently, the county commissions refer to SCO audit guidelines as “expanded” audit guidelines.

SCO—along with a committee composed of representatives from the First 5 California Commission, county commissions, the Government Finance Officers Association, county auditor-controllers, and independent auditors—developed the initial audit guide based on statutory requirements enumerated in HSC section 130151(b). The guide is updated as necessary by a committee composed of representatives from SCO, the First 5 California Commission, and the county commissions. The scope of the independent audits is specified in HSC section 130151(b).

***Independent Audit  
Report Requirements***

HSC requires the auditors for county commissions, or county commissions themselves<sup>2</sup>, to submit an independent audit report to both SCO and the First 5 California Commission each year by November 1. The fiscal year ended June 30, 2016, was the tenth year that the 58 county commissions were subject to SCO's expanded audit guidelines; the resulting audit reports were due by November 1, 2016.

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<sup>2</sup>The submission deadline is based on two statutory codes, one requiring the submission and one specifying the deadline:

- HSC section 130151(c) requires that “the auditor for the state commission or the county commission shall submit each audit report, upon completion, simultaneously to both the Controller and to the state commission or applicable county commission.”
- HSC section 130150(a) requires that “. . . on or before November 1 of each year, each county commission shall submit its audit and report to the state commission. . . .”

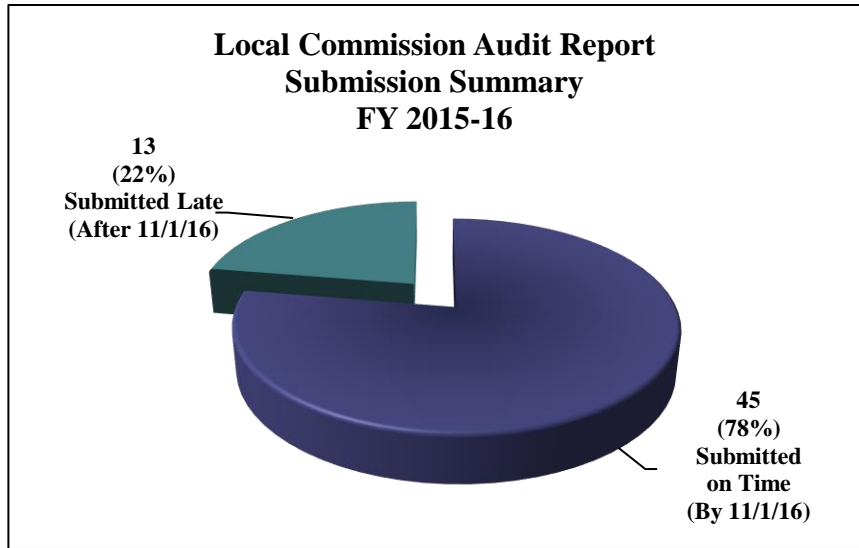
# Results of Oversight Activities

## Audit Report Submissions

Independent auditors' reports for each county commission for the preceding fiscal year must be submitted to SCO by November 1 of the current fiscal year. As noted in Figure 1, for FY 2015-16, 45 of 58 (78%) county commission audit reports were submitted by the required deadline, while 13 (22%) were submitted after the required deadline. Of the 13 reports submitted after the required deadline, six (10%) were submitted within 30 days of the deadline, while the remaining seven audit reports (12%) were submitted more than 30 days late.

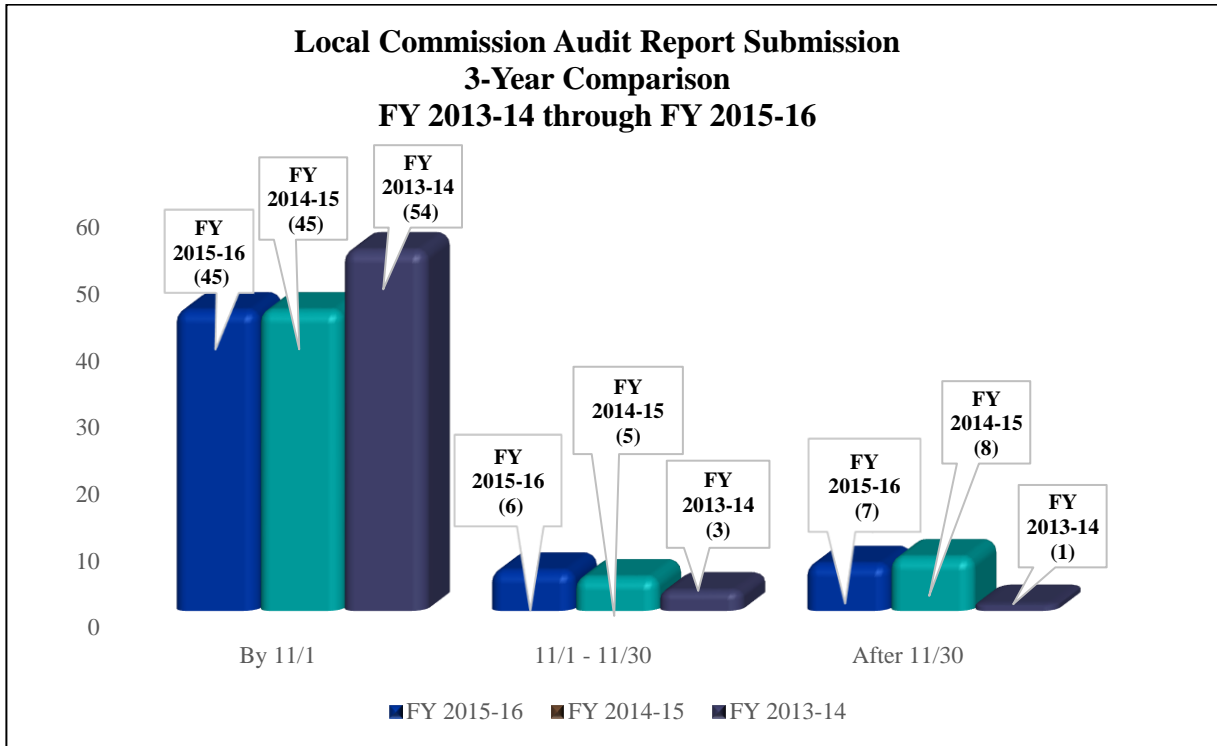
Six of the seven county commissions stated that the reports were more than 30 days late due to the reporting requirements in Statement No. 68 of the Governmental Accounting Standards Board (GASB 68). These county commissions experienced delays in obtaining the required financial documentation from the agency that manages pension benefits. One of the seven county commissions submitted its report more than 30 days late due to commission staff changes coupled with the reporting requirements of GASB 68.

Figure 1



The same number of reports (45) were submitted on time during both the FY 2014-15 and FY 2015-16 audit review cycles. However, for the FY 2013-14 reporting cycle, 54 (93%) of the independent auditors' reports were submitted on time. For the FY 2015-16 review cycle, seven audit reports were submitted more than 30 days late. Eight audit reports were submitted more than 30 days late for the FY 2014-15 review cycle. See Figure 2 for comparative data on report submissions.

Figure 2



### Audit Review and Certification Process

In accordance with HSC section 130151, SCO reviews and certifies the annual independent audit reports issued by the auditors for each county commission for compliance with applicable auditing standards and the audit guidelines set out in the *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act – First 5* (First 5 Audit Guide).

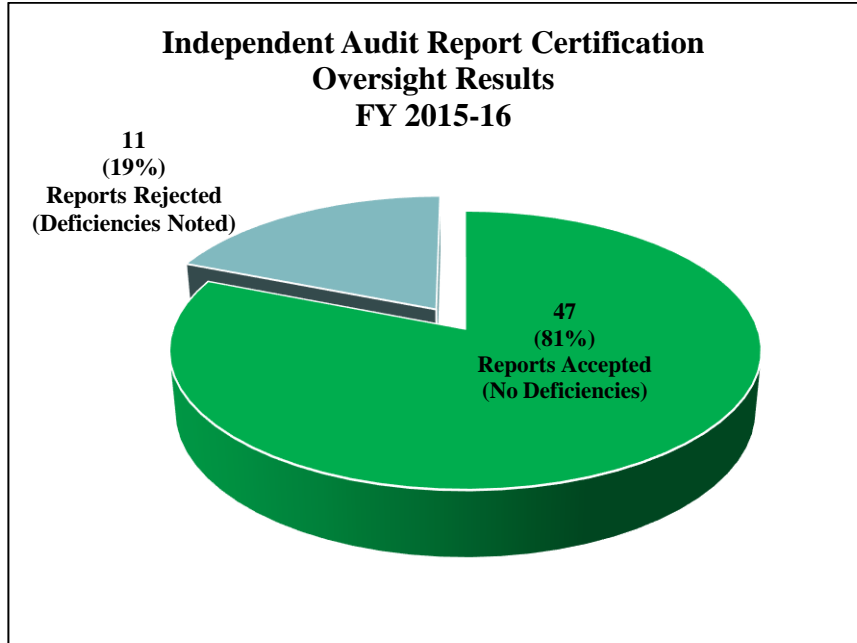
To facilitate the consistent review and certification of each audit report, SCO created a comprehensive desk review checklist that details and categorizes the program requirements specified in the First 5 Audit Guide. The desk review checklist also includes the required components of an audit report based on auditing standards generally accepted in the United States and *Government Auditing Standards*. The desk review checklist is also annually updated in response to changes in auditing standards and program requirements. This report summarizes the instances of non-compliance we found within the independent auditors’ reports.

### Audit Report Deficiencies

A deficiency is an instance of an independent auditor’s non-compliance with auditing standards and/or the First 5 Audit Guide issued by SCO. Independent auditors, not county commissions, are responsible for addressing deficiencies in their reports on the county commissions. Based on our desk reviews of the FY 2015-16 county commission audits, we found that 11 of the 58 independent audits (Figure 3) contained deficiencies. SCO

notified each independent auditor and county commission in writing that the audit report required correction(s). The rejection letters identified the deficiency/deficiencies noted during our review, and the criteria used to determine non-compliance.

**Figure 3**



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***Notable Audit Report Deficiencies***

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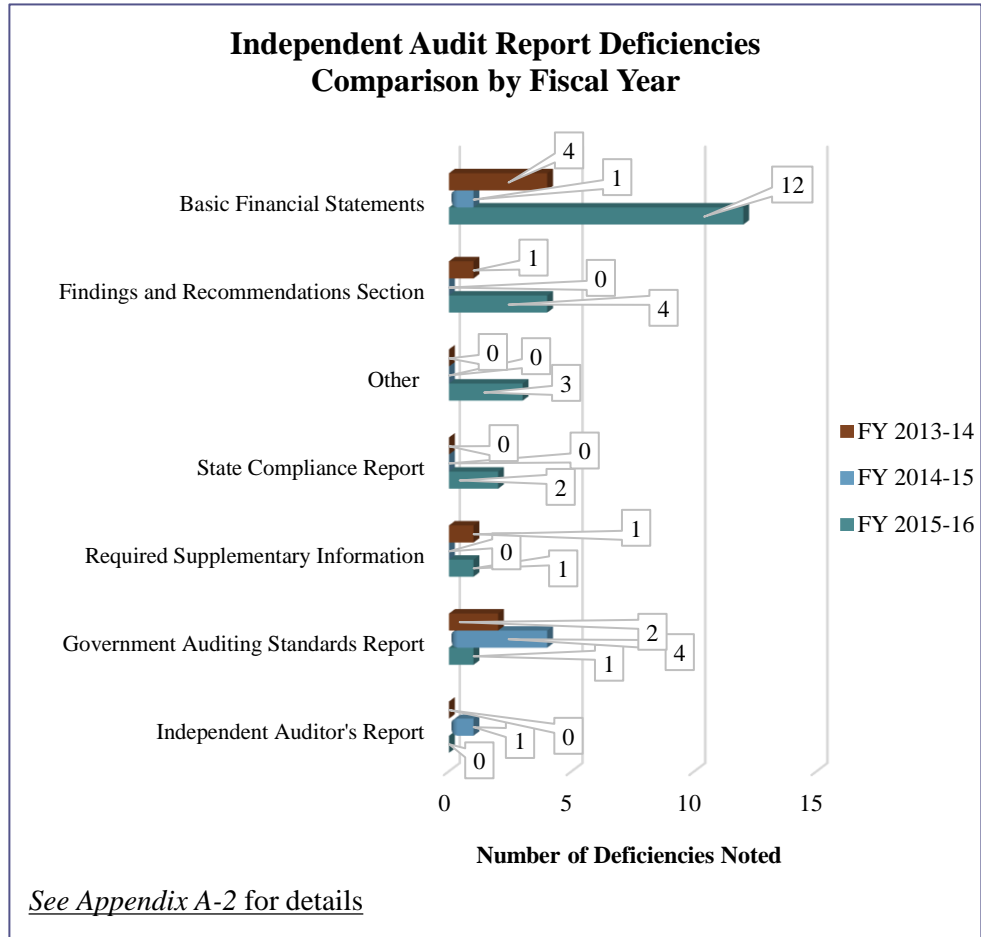
As detailed in Figure 4, during this review and certification cycle SCO identified 23 deficiencies in the 11 rejected reports. The audit report deficiencies were related to basic financial statements, required supplementary information, the government auditing standards report, the state compliance report, and findings and recommendations. Other reports were missing the auditor's signature on the report, or the reports did not follow the Governmental Accounting and Financial Reporting Standards. The majority of the deficiencies that we identified during our review pertained to financial statements that did not total correctly (due to possible rounding). Deficiencies that we identified during our review are described in detail in Appendix A-1 and comparatively in Appendix A-2.

Other notable deficiencies we identified were:

- The State Compliance Report included a list indicating an incorrect number of procedures that the independent auditor was required to review for compliance;
- The Government Auditing Standards (GAS) Report did not include the statement that identifies whether the results of tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*; and

- The audit report did not include the auditee’s corrective action plan to eliminate noncompliance with state and federal laws or internal control weaknesses.

**Figure 4**



***Comparison of  
Independent Audit  
Report Deficiencies  
by Fiscal Year***

During this review cycle (FY 2015-16), we found 11 independent audit report deficiencies (see Appendix 1-A for detailed category breakdown). This represents an increase from both prior years: there were six deficiencies in FY 2014-15, and eight in FY 2013-14. Of the 23 independent audit report deficiencies identified for FY 2015-16, 12 (52%) were related to the Basic Financial Statements. Three of the county commission’s basic financial statements were not prepared in accordance with auditing standards generally accepted in the United States, which addresses relevant ethical requirements relating to financial statement audit engagements.

During this review cycle, SCO did not identify any independent audit reports that contained recurring deficiencies previously identified during the FY 2014-15 review cycle. There were also no recurring deficiencies in FY 2014-15; in FY 2013-14, one

independent audit report contained one recurring audit report deficiency.

Figure 5 provides a breakdown by category of independent audit report deficiencies for the current and previous reporting periods. Appendix A-2 provides additional detail for each category for the three audit fiscal years.

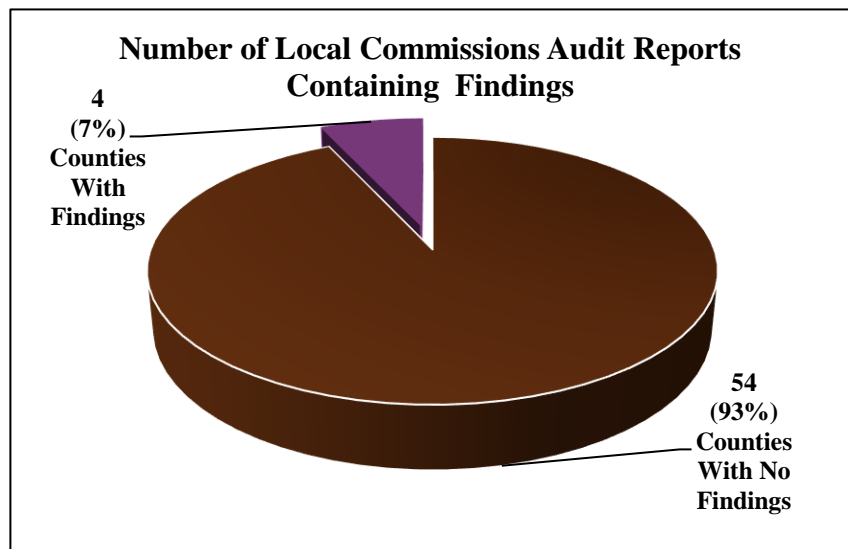
**Figure 5  
Independent Audit Report Deficiencies – Comparison by Fiscal Year**

Category	Number of Occurrences		
	FY 2015-16	FY 2014-15	FY 2013-14
Independent Auditor’s Report	0	1	0
Basic Financial Statements	12	1	4
Required Supplementary Information	1	0	1
Government Auditing Standards Report	1	4	2
State Compliance Report	2	0	0
Findings and Recommendations Section	4	0	1
Other	<u>3</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>23</u></b>	<b><u>6</u></b>	<b><u>8</u></b>

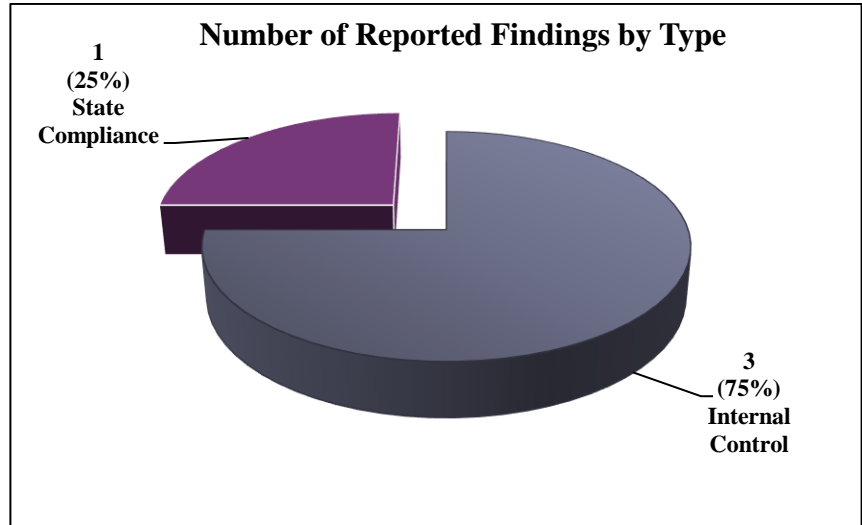
**Findings Reported by the Independent Auditors**

The independent auditors for four of the 58 county commissions reported a total of four audit findings (Figure 6A): three categorized as internal control, and one categorized as state compliance (Figure 6B).

**Figure 6A**



**Figure 6B**



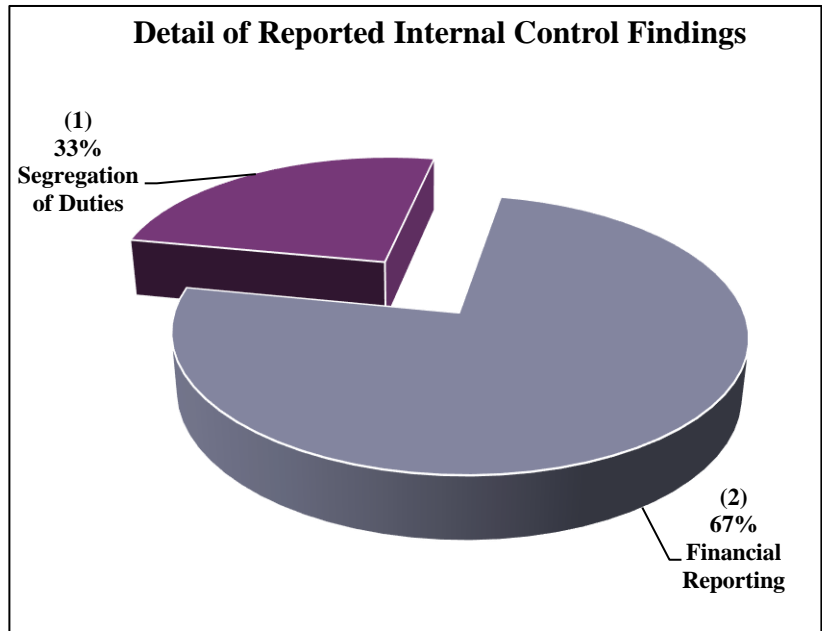
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***Breakdown of  
Reported Internal  
Control Findings***

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During the FY 2015-16 review cycle, we identified two functional areas represented in the three internal control findings reported for FY 2015-16, as summarized in Figure 7.

**Figure 7**



Two of the three internal control findings are in the financial reporting category, and are related to a recurring situation that is not readily corrected in one reporting cycle. Specifically, these findings address the county commissions' reliance on their independent auditors to draft financial statements and/or accompanying notes to the financial statements.



Consistent with Statements of Auditing Standards No. 122, section AU-C 200.05, management has acknowledged responsibility for financial statements and accompanying notes. Therefore, when an independent auditor prepares (or significantly assists in preparing) these documents, it must be reported as an internal control finding under auditing standards applicable to FY 2015-16. However, one county commission’s report contained a finding of this nature indicating that the commission does not have the resources and/or does not find it feasible to hire staff to prepare financial statements and/or accompanying notes.

Based on our audit finding follow-up, our review of corrective action plans included in commission meeting minutes, and the county commissions’ responses to audit findings, we noted that:

- One of the two county commissions indicated that it is cost-prohibitive to hire staff or retain a public accountant to prepare the financial statements, but that they are working with their county’s auditor-controller to prepare the financial statements and/or accompanying notes.
- One of the two county commissions has hired an accounting firm to reconcile and review financial statements.

Our review of county commissions’ board meeting minutes indicated that one county commission apprised its governing commission of attempts to take corrective action or implement mitigating procedures. This issue is not easily remedied due to a number of factors, including limited resources and options on the part of smaller or remote county commissions. The repeat finding from FY 2014-15 is a result of the county commission relying on its auditors to prepare financial statements and accompanying notes.

***Breakdown of  
Reported State  
Compliance Findings***

For FY 2015-16, there was one state compliance finding; there was also one state compliance finding for FY 2014-15. During the review cycle for FY 2013-14, there were two state compliance findings. Fiscal-year comparison by year is summarized in Figure 8.

**Figure 8**

<b>Comparative Detail of Audit Findings–State Compliance</b>			
	<u>FY 2015-16</u>	<u>FY 2014-15</u>	<u>FY 2013-14</u>
Policies and Procedures	1	0	0
Contracting and Procurement	0	0	2
Conflict of Interest	0	1	0
<b>Total Findings</b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>2</u></b>

**Qualified Opinion on  
Governmental Activities**

For FY 2015-16, the independent auditors for two of the 58 county commissions issued qualified opinions on the local commissions' Governmental Activities. Specifically, neither of the two local commissions has complied with reporting requirements per GASB 68. Except for the effects of these qualified opinions, the independent auditors for the two local commissions issued unmodified opinions on the basic financial statements and the respective financial positions of the local commissions' governmental activities. During the review cycle for FY 2014-15, one local commission's independent auditor issued a qualified opinion due to failed implementation of GASB 68. During FY 2013-14, no qualified opinions were issued.

**SCO Follow-up of  
Reported Audit  
Findings**

In addition to performing our desk review of the county commission audits, SCO is required to follow up on findings reported in the county commission audits. Specifically, HSC section 130151(e) requires:

Within six months of the state or county commission's response pursuant to subdivision (d), the Controller shall determine whether a county commission has successfully corrected its practices in response to the findings contained in the audit report. The Controller may, after that determination, recommend to the state commission to withhold the allocation of money that the county commission would otherwise receive from the California Children and Families Trust Fund until the Controller determines that the county commission has a viable plan and the ability to correct the practices identified in the audit.

In accordance with HSC section 130151(d) and *Government Auditing Standards* paragraphs 4.33 through 4.36, county commissions are required to submit responses to findings in their audit reports. Audit finding follow-up is accomplished in three ways:

1. Review of evidence that the county commission has adopted a corrective action plan and/or resolved any findings. Evidence reviewed includes commission minutes, signed commission meeting agenda item documentation, and commission-approved audit finding responses;
2. Review of the subsequent fiscal year financial and compliance audit. Audit standards require that the independent auditor or auditor-controller determine the status of previously reported audit findings; and
3. Onsite visits or telephone conference by SCO staff with county commissions with audit findings.

For the FY 2015-16 audit review cycle, SCO performed audit finding follow-up via telephone conference with two of the four county commissions whose independent audit reports contained findings. Our follow-up resulted in a review of 50% of the total reported findings for all four county commissions. The two county commissions provided corrective action plans and other documentation to substantiate resolution of their FY 2015-16 audit findings.

Based on our desk reviews of commission meeting minutes and telephone conference follow-up of audit findings, SCO did not recommend withholding funding allocations from any commission for failure to correct or to provide a viable plan to correct audit findings.

**Compliance with Requirement for Public Discussion of Reported Audit Findings**

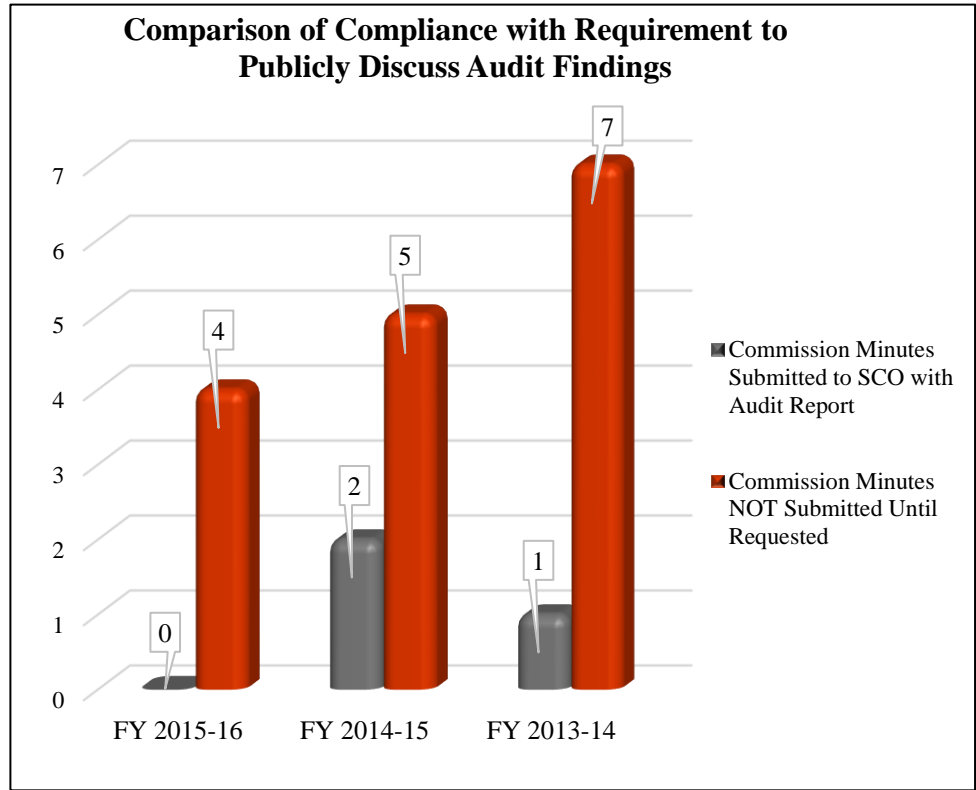
The county commissions are required to discuss their audit findings in a public hearing. Specifically, HSC section 130151(d) states, in part, that:

. . . each respective county commission shall schedule a public hearing within two months of receipt of the audit to discuss findings within the report and any response to the findings. Within two weeks of the public hearing, the state or county commission shall submit to the Controller a response to the audit findings.

In September 2009, SCO issued an advisory requesting that county commissions submit evidence (e.g., commission minutes and signed commission meeting agenda item documentation) of public discussion of audit findings and any related corrective action plans with their independent audit reports. However, for the last ten review cycles, many county commissions failed to submit the required documentation until requested to do so by SCO (Figure 9).

For FY 2015-16, all four county commissions whose independent audits contained findings failed to submit public discussion-related documentation to SCO with their audit reports. Upon request, all four county commissions submitted the required documentation. Based on the SCO review of the documentation submitted, all four county commissions with audit findings held public hearings discussing the findings and related corrective action plans as required by HSC section 130151(d).

Figure 9



**Appendix A-1**  
**Summary of Independent Audit Report Deficiencies**  
**Fiscal Year 2015-16**

Description of Audit Report Deficiency	Number of Occurrences
<u>Basic Financial Statements</u>	
The Basic Financial Statements – The <i>Statement of Net Position</i> did not total correctly.	1
The Basic Financial Statements – The <i>Statement of Activities</i> did not total correctly.	2
The Basic Financial Statements – The <i>Balance Sheet – Governmental Funds</i> did not total correctly and/or the auditor submitted the incorrect version of the financial statements.	2
The Basic Financial Statements – <i>The Reconciliation of Governmental Funds Balance Sheet</i> to the <i>Statement of Net Position</i> did not total correctly and/or the auditor submitted an incorrect version of the financial statements.	2
The Basic Financial Statements – <i>The Governmental Statement of Revenues, Expenditures, and Changes in Fund Balance</i> did not total correctly and/or the auditor submitted an incorrect version of the financial statements.	3
The Basic Financial Statements – <i>The Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities</i> did not total correctly and/or the auditor submitted an incorrect version of the financial statements.	2
	<u>12</u>
<u>Required Supplementary Information</u>	
The Required Supplementary Information – The schedule of budgetary comparison data for the general fund and any major special revenue funds that have legally adopted budgets did not total correctly.	1
	<u>1</u>
<u>Government Auditing Standards Report</u>	
The GAS Report did not include the statement that identifies whether the results of tests disclosed instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i> .	1
	<u>1</u>

**Appendix A-1 (continued)**

Description of Audit Report Deficiency	Number of Occurrences
<u>State Compliance Report</u>	
The State Compliance Report included an incorrect number of procedures that the independent auditor was required to review for compliance.	2
	<u>2</u>
<u>Findings and Recommendations</u>	
The audit report did not include the views of responsible officials for the auditee concerning findings, conclusions, recommendations, and planned corrective actions.	1
The audit report did not include the auditee’s corrective action plan to eliminate noncompliance with state and federal laws or internal control weaknesses.	1
The audit report did not include a Schedule of Prior Audit Findings and/or the status of these findings.	2
<u>Other</u>	
One or more of the auditor’s reports did not include the manual or printed signature of the auditor’s firm, the firm’s city and state, and the date of the auditor’s report.	2
The sequence of the independent audit report did not follow the Governmental Accounting and Financial Reporting Standards (GASB 34) reporting model.	1
	<u>3</u>
Total	<u><u>23</u></u>

**Appendix A-2**  
**Summary of Independent Audit Report Deficiencies**  
**Three-Year Comparison**

Description of Audit Report Deficiency	Number of Occurrences		
	FY 2013-14	FY 2014-15	FY 2015-16
<u>Independent Auditor's Report</u>			
The Independent Auditor's Report contained an inaccurate or inconsistent reference to a separate report.	0	1	0
<u>Basic Financial Statements</u>			
The <i>Statement of Net Position</i> title and/or line items did not conform with the requirements set forth by GASB and/or did not total correctly.	3	0	1
The <i>Statement of Activities</i> was not included with the financial statements as required by GASB, did not total correctly, and/or the auditor submitted an incorrect version of the financial statements.	1	0	2
The <i>Balance Sheet – Governmental Funds</i> did not total correctly, and/or the auditor submitted an incorrect version of the financial statements.	0	0	2
The <i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</i> did not conform to GASB requirements, did not total correctly, and/or the auditor submitted an incorrect version of the financial statements.	0	0	2
The <i>Governmental Statement of Revenues, Expenditures, and Changes in Fund Balance</i> did not total correctly and/or the auditor submitted an incorrect version of the financial statements.	0	1	3
The <i>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities</i> did not total correctly and/or the auditor submitted an incorrect version of the financial statements.	0	0	2

**Appendix A-2 (continued)**

Description of Audit Report Deficiency	Number of Occurrences		
	FY 2013-14	FY 2014-15	FY 2015-16
<u>Required Supplementary Information</u>			
The Required Supplementary Information of budgetary comparison data for the general fund and any major special revenue funds did not total correctly.	1	0	1
<u>Government Auditing Standards Report</u>			
The GAS Report included erroneous dates that result in ambiguity in the independent auditor’s opinion.	1	1	0
The GAS Report did not include a section with the heading “Response to Findings” where material weaknesses, significant deficiencies, or reportable instances of noncompliance or other matters are identified.	0	1	0
The GAS Report did not include the required heading “Internal Control Over Financial Reporting,” and/or included an incomplete or incorrect statement that the auditor’s consideration of the internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might lead to significant deficiencies or material weakness.	1	0	0
The GAS Report did not include a statement that identifies whether the results of tests disclosed instances of noncompliance or other matters that are required to be reported under <i>Government Auditing Standards</i> .	0	0	1
The GAS Report did not include a section with the heading “Response to Findings” where material weaknesses, significant deficiencies, or reportable instances of noncompliance or other matters are identified.	0	1	0
The GAS Report did not include a statement that the audited entity’s response to the findings identified in the audit are described in the accompanying schedule or in the body of the report.	0	1	0



## Appendix A-2 (continued)

Description of Audit Report Deficiency	Number of Occurrences		
	FY 2013-14	FY 2014-15	FY 2015-16
<u>Auditor's Report on State Compliance (State Compliance Report)</u>			
The State Compliance Report's reference to the list of procedures (by compliance area) as required by the audit guide was incorrect.	0	0	2
<u>Findings and Recommendations</u>			
The audit report did not include the views of responsible officials representing the auditee concerning findings, conclusions, recommendations, and planned corrective actions.	0	0	1
The audit report did not include the auditee's corrective action plan to eliminate noncompliance with state and federal laws or internal control weaknesses.	0	0	1
The audit report did not include a Schedule of Prior Audit Findings and/or the Status of Findings.	1	0	2
<u>Other</u>			
One or more of the auditor's reports did not include the manual or printed signature of the auditor's firm, the firm's city and state, and the date of the auditor's report.	0	0	2
The sequence of the independent audit report did not follow the Governmental Accounting and Financial Reporting Standards (GASB 34) reporting model.	0	0	1
Total	8	6	23

**State Controller's Office  
Division of Audits  
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