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DISTRICT BUSINESS SERVICES

To: Chief Business Officials
Contra Costa County School Districts
Charter Schools

From: 
Bill Clark
Associate Superintendent, Business Services

Date: March 17, 2014

Subject: **Annual Audit Contract 2013-14**

Education Code Section 41020 requires that each LEA must contract with an audit firm for their fiscal year audit by April 1st of each fiscal year. **A copy of the audit contract of each school district is to be filed with our office.** If the Governing Board of your school district is unable to make satisfactory arrangements for the annual audit, your district must make arrangements with CCCOE no later than May 1st to provide for the audit. The cost of the audit will be charged back to the district.

Districts with Negative Certification:

E.C. code section 41020 also states: "A contract to perform the audit of a local education agency that has a disapproved budget or has received a negative certification on any budget or interim financial report during the current fiscal year or either of the two preceding fiscal years, or for which the county superintendent of schools has otherwise determined that a lack of going concern exists, is not valid unless approved by the responsible county superintendent of schools and the governing board."

Also, be aware of the additional guidelines and limits prescribed in E.C. 41020(f)(2) as to the length of time an audit firm and/or audit partner can perform the audit for an LEA. The firm or audit partner must be rotated at least every six years. The Education Audit Appeals Panel (EAAP) may waive this requirement if the panel concludes that no other auditor is available to perform the audit.

Please advise your auditing firm that the audit report is due in our office and in other agencies by December 15th. There is no legal provision to permit filing beyond that date.

Also, please keep in mind that Education Code 14505 requires "the governing board of each school district and each office of the County Superintendent of Schools shall include in their contracts for audits a provision to withhold ten percent of the audit fee until the Controller certifies that the audit report conforms to the reporting provision of the audit guide." The State Controller will notify the district directly when to release the ten percent that has been withheld.

Should you have any questions please contact me at 925-942-3418.

BC:tf

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