

SCOE BIZ

Business Services

Bulletin No. 24-11



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January 18, 2024

To: District CBOs, Charter School CBOs & Directors
From: Sarah Lampenfeld, Director, External Fiscal Services
Subject: 2023-24 Auditor Selection

Please RETURN this form with copy of your LEA's audit contract no later than APRIL 1, 2024.
Scanned and emailed forms are acceptable. Send to slampenfeld@scoe.org

Education Code Section 41020 et seq "Requirement for an annual audit" states in part... "Not later than the first day in May of each fiscal year... the governing board of each local education agency shall provide for an audit of the books and accounts of the local education agency... or make arrangements with the county superintendent... to provide for that auditing... If the governing board... has not provided for an audit... **by April 1**, the county superintendent shall provide for the audit..."

For a list of auditors who can perform local education agency audits go to the State Controller's web page located at:

- https://www.sco.ca.gov/aud_k12_lea.html
- Under "Independent Auditors Resources", click on "Certified Public Accountants Directory Service (CPADS)"
- At the left, click on "CPA List"

NOTE: Audit contracts must contain language found in Education Code Section 14505 and Auditor rotation requirements found in Section 41020 (f) (2). Please see reverse.

Local Education Agency Name

Date

The governing board complies with Education Code Section 41020 (f)(2) regarding rotation of audit partners and has selected the certified public accounting firm of:

Name, Address, Telephone number

The fee for audit services for 2023-24 is \$_____.

A copy of the audit contract is attached (Required). Fees for multiple year contracts are as follows (include year and fee):

Signed: _____
Authorized Signature

Printed Name

Position

Education Code 14505.

The governing board of each school district and each office of the county superintendent of schools shall include the following two provisions in their contracts for audits:

- (a) A provision to withhold 10 percent of the audit fee until the Controller certifies that the audit report conforms to the reporting provisions of subdivision (a) of Section 14503.
- (b) A provision to withhold 50 percent of the audit fee for any subsequent year of a multiyear contract if the prior year's audit report was not certified as conforming to reporting provisions of subdivision (a) of Section 14503. This provision shall include a statement that a multiyear contract will be null and void if a firm or individual is declared ineligible pursuant to subdivision (c) of Section 41020.5. The amount withheld is not payable unless payment is ordered by the California Board of Accountancy or the audit report for that subsequent year is certified by the Controller as conforming to reporting provisions of subdivision (a) of Section 14503.
- (c) Within 30 days from the date of receipt of written notification that the Controller refuses to certify an audit report as conforming to reporting provisions of subdivision (a) of Section 14503, an auditor or audit firm having a portion of an audit fee withheld pursuant to these provisions may file an appeal in writing with the California Board of Accountancy. The board shall complete an investigation of the appeal within 90 days of the filing date and, on the basis of the investigation, do either of the following:
 - (1) Order the Controller to provide notification that the audit report conforms to reporting provisions of subdivision (a) of Section 14503.
 - (2) Schedule the appeal for a hearing, in which case the final action on the appeal shall be completed by the board within one year from the date of filing the appeal.
- (d) If the board orders the Controller to provide notification that the audit report conforms to reporting provisions of subdivision (a) of Section 14503, the Controller shall notify the contracting school district which shall then release the portion of the audit fee being withheld in accordance with this section.

(Amended by Stats. 2000, Ch. 1055, Sec. 11. Effective September 30, 2000.)

Education Code 41020 (f)(1)(2).

- (f) (1) The audits shall be made by a certified public accountant or a public accountant, licensed by the California Board of Accountancy, and selected by the local educational agency, as applicable, from a directory of certified public accountants and public accountants deemed by the Controller as qualified to conduct audits of local educational agencies, which shall be published by the Controller not later than December 31 of each year.
- (2) Commencing with the 2003–04 fiscal year and except as provided in subdivision (d) of Section 41320.1, it is unlawful for a public accounting firm to provide audit services to a local educational agency if the lead audit 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 local educational agency in each of the six previous fiscal years. The Education Audits Appeal Panel may waive this requirement if the panel finds that no otherwise eligible auditor is available to perform the audit.