

ANNUAL REPORT TO THE FIRST 5 CALIFORNIA COMMISSION

RESULTS OF AUDIT OVERSIGHT OF COUNTY COMMISSIONS

For the Period of July 1, 2022, through June 30, 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

November 2024



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CALIFORNIA STATE CONTROLLER

November 15, 2024

Ms. Jackie Thu-Huong Wong, Executive Director
First 5 California Commission
2389 Gateway Oaks Drive, Suite 260
Sacramento, CA 95833

Dear Ms. Wong:

I am pleased to submit our annual report to the First 5 California Commission in accordance with Senate Bill 35 (Chapter 243, Statutes of 2005). The State Controller's Office oversight responsibility includes providing audit guidelines, reviewing county commissions' annual audit reports for compliance with applicable auditing standards and guidelines, and following up on findings contained in the audit reports to ensure compliance with policies and practices specified in the California Health and Safety Code.

This report summarizes the results of our review and certification of the independent annual audits of the First 5 county commissions submitted for fiscal year 2022-23. Additionally, this report summarizes our review of the audit findings disclosed in the independent annual auditor's reports on the First 5 county commissions and our follow-up on the status of the corrective actions.

I hope that 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 Joel James, Chief of the Controller's Financial Audits Bureau, at jjames@sco.ca.gov or 916-323-1573. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

KAT/ac

Ms. Jackie Thu-Huong Wong

November 15, 2024

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Copy: Marcia Thomas, Director
Fiscal Services Office
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 responsibilities include:

- Providing audit guidelines;
- Reviewing county commissions' annual audit reports for compliance with applicable auditing standards and guidelines; and
- Following up on findings contained in the audit reports to ensure compliance with policies and practices specified in the California Health and Safety Code.

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. Our review of the county commissions' independent audit reports for fiscal year (FY) 2022-23 identified the following:

- Of the 58 independent audit reports, 29 (50%) independent auditors complied with audit guide requirements and/or audit standards. In comparison, compliance was 22% in FY 2021-22 and 91% in FY 2020-21.
- Of the 58 counties, 41 (71%) submitted the required audit reports by the November 1 deadline. In comparison, 60% of the audits in FY 2021-22 and 76% of the audits in FY 2020-21 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 16 audit findings at eight county commissions; 14 of the audit findings were categorized as internal control and two were categorized as state compliance. In comparison, seven of the FY 2021-22 audit reports contained a total of seven audit findings (six internal control and one state compliance), and seven of the FY 2020-21 audit reports

contained a total of eight audit findings (seven internal control and one state compliance).

We also noted that the independent auditor for one of the 58 county commissions issued qualified opinions on the local commissions' Governmental Activities.¹ The local commission did not comply with the Governmental Activities reporting requirements. During the review cycles for FY 2021-22 and FY 2020-21, the independent auditor for one local commission issued a qualified opinion.

For FY 2022-23, SCO did not recommend withholding funding allocations from any commission; our decision was based on our audit finding follow-up reviews of the corrective action plans, commission meeting minutes, other documentation, and a telephone conference with county commission personnel. See the Findings Reported by the Independent Auditors and the SCO Follow-up of Reported Audit Findings sections of this report for additional details.

¹ The auditor expresses a qualified opinion when either: 1) the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements; or 2) the auditor is unable to obtain sufficient appropriate audit evidence on which to base an opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Introduction

Overview

First 5 California distributes funds to local communities through the state's 58 counties, all of which have a local First 5 county commission. SCO's Division of Audits is responsible for performing the oversight activities for independent audits of the county commissions. The oversight activities consist of:

- Developing an audit guide based on the Health and Safety Code and applicable auditing standards;
- Verifying (via desk reviews and/or 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 Health and Safety Code by reviewing and following up on audit findings reported in the independent audits.

Health and Safety Code (HSC) section 130151 (added by Chapter 243, Statutes of 2005) requires SCO to issue guidelines for annual expanded audits.² As part of these expanded audits, independent auditors are required to review county commissions' compliance with policies and practices related to:

- Contracting and procurement
- Administrative costs
- Conflict of interest
- County ordinance(s)
- Long-range financial plans
- Financial condition of the 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;

²*Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* (the First 5 Audit Guide).

- 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
- 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

Senate Bill 35 (Chapter 243, Statutes of 2005) requires SCO oversight and reporting on the independent audits of the First 5 county commissions. HSC section 130151(b) specifies the scope of the independent audits. In accordance with HSC section 130151(b), 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. This guide is updated as necessary by a committee composed of representatives from SCO, the First 5 California Commission, and the county commissions.

Independent Audit Report Requirements

HSC section 130151(c) requires the auditors for county commissions, or county commissions themselves, to submit an independent audit report to both SCO and the First 5 California Commission. Pursuant to HSC section 130150(a), the audit reports are due by November 1 of each year.

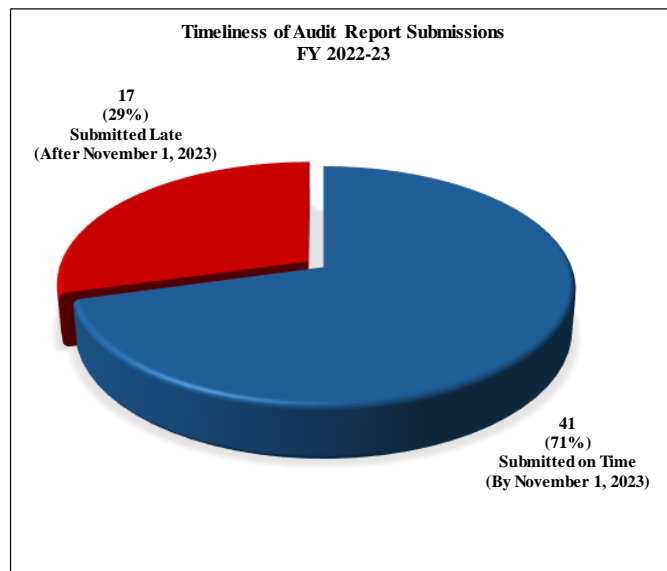
Results of Oversight Activities

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 2022-23, 41 of 58 (71%) county commission audit reports were submitted by the required deadline, while 17 (29%) were submitted after the required deadline. Of the 17 reports submitted after the required deadline, four (7%) were submitted within 30 days of the deadline, while the remaining 13 audit reports (22%) were submitted more than 30 days late.

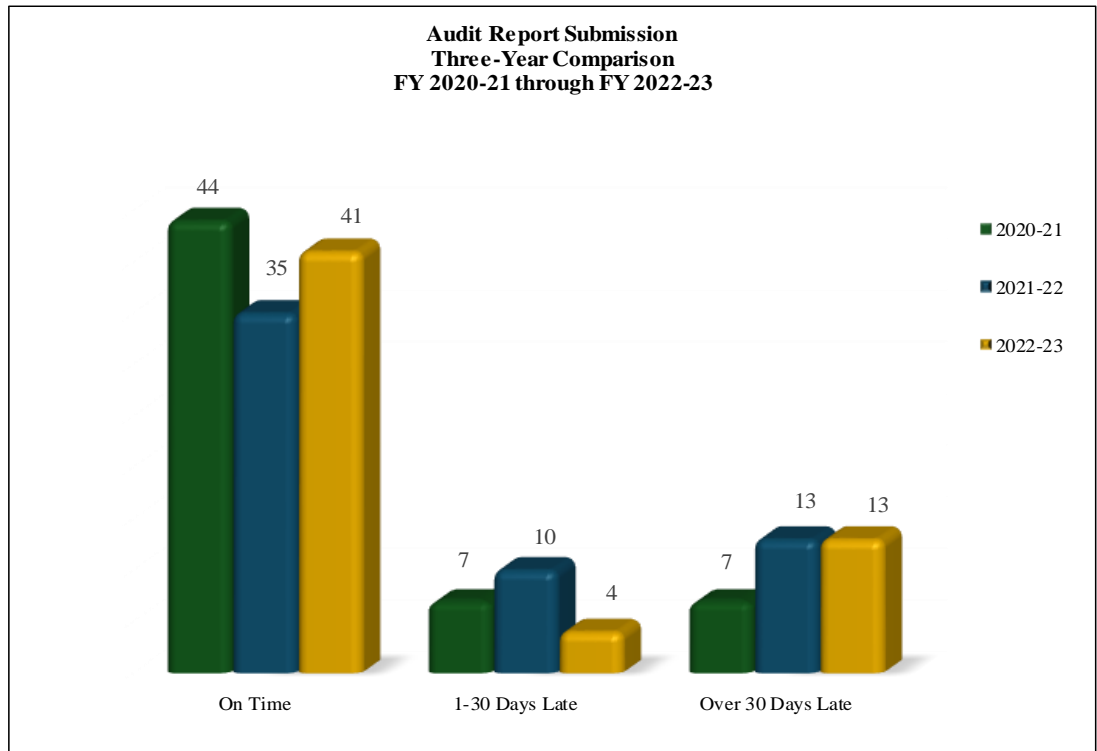
Five of the 13 county commissions stated that their reports were more than 30 days late because they experienced delays in obtaining financial documentation required by Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, from the agencies that manage their pension benefits. Six of the 13 county commissions submitted their reports more than 30 days late because the local commissions experienced loss of key personnel and/or unforeseen issues with staffing. One county commission submitted its report more than 30 days late because it was forced to hire a new independent auditor due to a conflict of interest with the county external auditor; the county's new Director of Finance was a former employee of the previous external auditor. The remaining county commission submitted its report more than 30 days late due to extenuating issues related to fiscal-support transitions, loss of key staff, and budget negotiations.

Figure 1



Compared with the FY 2021-22 and FY 2020-21 audit review cycles, in FY 2022-23 there was an increase in audit reports submitted on time (41). During the FY 2021-22 review cycle, 35 audit reports were submitted on time. For the FY 2020-21 review cycle, 44 audit reports were submitted on time. For the FY 2022-23 review cycle, 13 audit reports were submitted more than 30 days late. 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 forth in *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* (the First 5 Audit Guide). This report summarizes the instances of noncompliance that we found within the independent auditors’ reports.

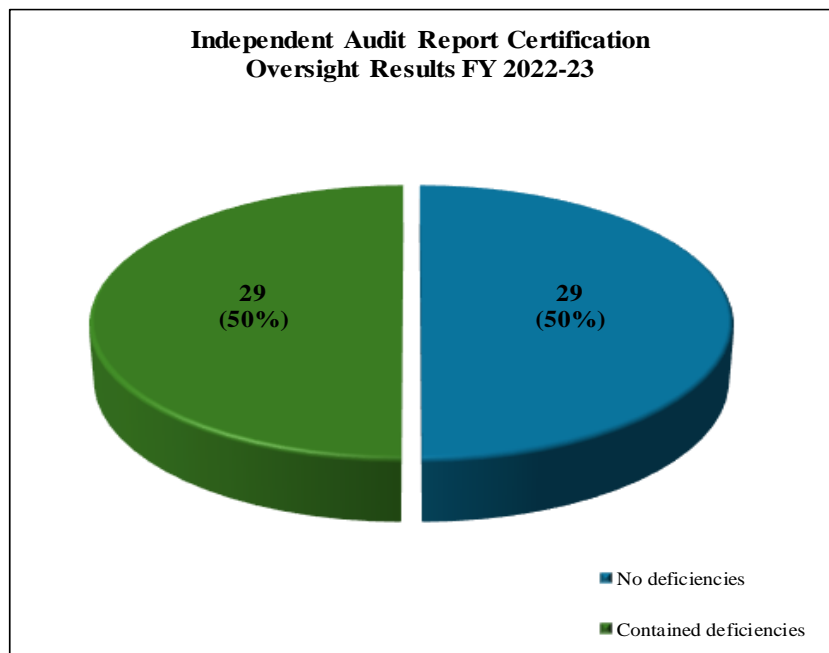
To facilitate the consistent review and certification of each audit report, SCO created a comprehensive desk review checklist that details and categorizes the program requirements specified in the First 5 Audit Guide. The desk review checklist also includes the required components of an audit report based on auditing standards generally accepted in the United States and the standards

applicable to financial audits set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States. The desk review checklist is updated annually, in response to changes in auditing standards and program requirements.

Audit Report Deficiencies

A deficiency is an instance of an independent auditor’s noncompliance 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 2022-23 county commission audits, we found that 29 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 deficiency notification letters identified the deficiency or deficiencies noted during our review, and the criteria used to determine noncompliance.

Figure 3



Notable Audit Report Deficiencies

As detailed in Figure 4, during our review and certification cycle, we identified 64 deficiencies in 29 audit reports with deficiencies. The majority of the deficiencies pertained to the Independent Auditor’s Report, State Compliance Report, and the Government Auditing Standards Report. Specifically, the reports were not updated to reflect the significant changes that affect the content of reports, implemented by the American Institute of Certified Public

Accountants. Deficiencies that we identified during our review are described in detail in the Appendix.

We also identified the following notable deficiencies:

- The Basic Financial Statements were not mathematically correct and/or they reported inconsistent account balances.
- The Notes to the Financial Statements did not include adequate disclosure for capital assets and depreciation and/or for other post-employment benefit plans, and/or they included erroneous information.
- The Audit Findings and Recommendations section included duplicate and erroneous information.

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

During this review cycle (FY 2022-23), we found 64 independent audit report deficiencies (see the Appendix for a description of the deficiencies by category). This represents a decrease from the prior year; there were 211 deficiencies in FY 2021-22. In FY 2020-21, we identified 12 deficiencies.

Of the 64 independent audit report deficiencies identified for FY 2022-23, 33 (52%) were related to non-implementation of the Statement of Auditing Standards Number 141, Amendment to the Effective Dates of Statement of Auditing Standards Numbers 134-140, issued by the American Institute of Certified Public Accountants. Thirteen of the 64 reports included deficiencies related to failure to update the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* with changes to the required report language. Nine of the 64 reports included deficiencies related to the Notes to the Financial Statements lacking sufficient disclosures in accordance with the requirements of Governmental Accounting Standards Board. Three deficiencies were related to Basic Financial Statements that were not calculated correctly or were not presented properly. Three of the 64 deficiencies were due to the Findings and Recommendations section lacking prior-year finding information and/or including duplicate or erroneous information. Two of the reports lacked the required schedule of the commission's defined-benefit Other Post-Employment Benefits plan contribution. The remaining deficiency was due to incorrect report dates in all of the auditor's reports included in the report package.

During this review cycle, SCO identified 10 independent audit reports that contained recurring deficiencies previously identified during the FY 2021-22 review cycle. For the FY 2021-22 review

cycle, there were no recurring audit report deficiencies; for the FY 2020-21 review cycle, there was one recurring audit report deficiency.

Figure 4 provides a summary by category of independent audit report deficiencies for the current and previous reporting periods.

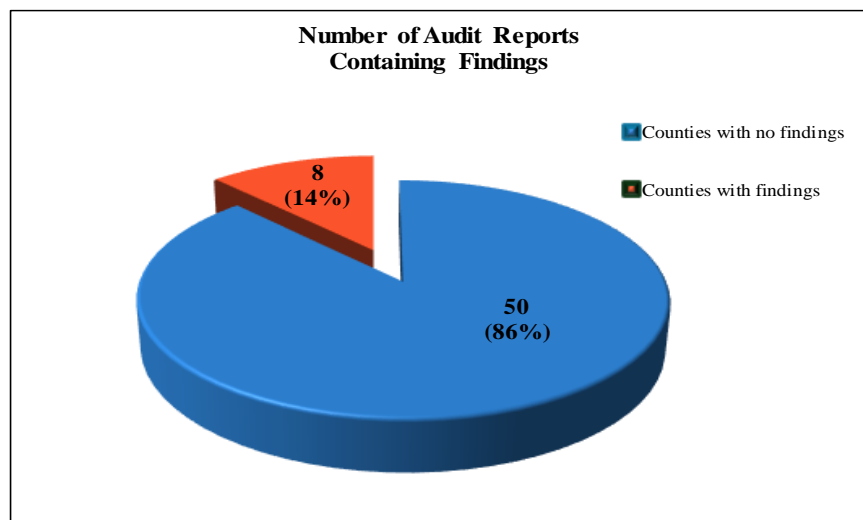
Figure 4

Independent Audit Report Deficiencies – Comparison by Fiscal Year			
Category	Number of Occurrences		
	FY 2022-23	FY 2021-22	FY 2020-21
Independent Auditor’s Report	23	30	3
Government Auditing Standards Report	13	55	1
Report on State Compliance	10	119	2
Notes to the Financial Statements	9	0	2
Required Supplementary Information	2	1	0
Basic Financial Statements	3	5	0
Findings and Recommendations Section	3	0	3
Other	1	1	1
Total	64	211	12

Findings Reported by the Independent Auditors

The independent auditors for eight of the 58 county commissions reported a total of 16 audit findings (Figure 5): 14 categorized as internal control, and two categorized as state compliance.

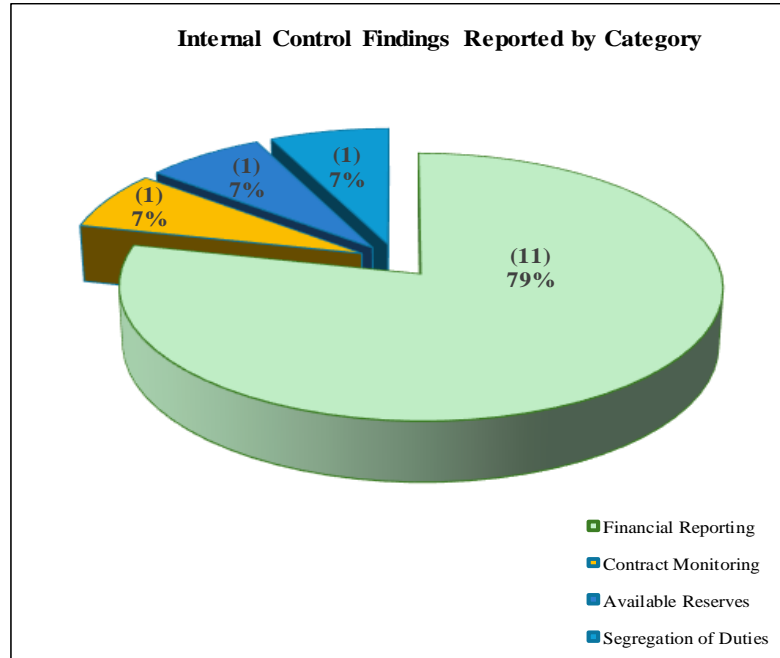
Figure 5



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

During the FY 2022-23 review cycle, we identified four functional areas in the 14 internal control findings, as summarized in Figure 6.

Figure 6



Eleven of the 14 internal control findings are in the financial reporting category, and one of the 14 is related to a recurring situation that is not readily corrected in one reporting cycle. Specifically, this finding addresses the county commission’s reliance on its independent auditor to draft financial statements and/or accompanying notes to the financial statements.

Consistent with Clarified Statements on Auditing Standards, 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 2022-23. This finding for the county commission’s report indicates that the commission does not find it feasible to hire additional staff, or to hire an additional independent auditor to prepare financial statements and/or accompanying notes.

Based on our follow-up of this audit finding, our review of the corrective action plan included in the commission meeting minutes, and the county commission’s response to the audit finding, the county commission has found it cost-prohibitive to hire staff or retain a public accountant to prepare the financial

statements. However, the county auditor-controller is assisting the county commission to prepare the financial statements and/or accompanying notes.

Our review of the county commission’s board meeting minutes indicated that the county commission apprised its governing commission of attempts to take corrective action or implement mitigating procedures. This issue with the preparation of financial statements is not easily remedied due to a number of factors, including limited resources and options for smaller or remote county commissions. The repeat finding from FY 2021-22 is a result of the county commission’s reliance on its auditor to prepare financial statements and accompanying notes.

Breakdown of Reported State Compliance Findings

For FY 2022-23, there were two state compliance findings. There was one state compliance finding for the FY 2020-21 and FY 2021-22 review cycles. Fiscal-year comparison by year is summarized in Figure 7.

Figure 7

Comparative Detail of Audit Findings - State Compliance			
<u>Audit Findings</u>	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>FY 2020-21</u>
Internal Control	2	0	0
Administrative costs	0	1	1
Total Findings	2	1	1

Qualified Opinion on Governmental Activities

For FY 2022-23, the independent auditor for one of the 58 county commissions issued a qualified opinion on the local commission’s Governmental Activities. Specifically, the local commission did not comply with the reporting requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Except for the effects of that qualified opinion, the independent auditor for the local commission issued unmodified opinions on the basic financial statements and the respective financial positions of the local commission’s governmental activities. The qualified opinions issued in FY 2021-22 and FY 2020-21 (one for each year) were also related to noncompliance with the reporting requirements of GASB Statement No. 68.

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) contains the following requirement:

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.

County commissions are required to submit responses to findings in their audit reports, pursuant to HSC section 130151(d) and *Government Auditing Standards* paragraphs 4.33 through 4.36. The SCO's audit finding follow-up is accomplished in three ways:

- 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;
- Review of the subsequent financial and compliance audit report, issued after the fiscal year with reported findings. Audit standards require that the independent auditor or auditor-controller determine the status of previously reported audit findings; and
- Onsite visits by SCO staff or telephone conferences between SCO staff and county commissions with audit findings.

The eight county commissions whose independent audit reports contained findings provided corrective action plans and other documentation to substantiate the resolution or progress toward resolution of their FY 2022-23 audit findings. Additionally, SCO performed follow-up of audit findings via telephone conference with five of the eight county commissions whose independent audit reports contained findings. Our follow-up resulted in a review of 63% of the total reported findings for the eight county commissions.

Based on our desk reviews of corrective action plans, commission meeting minutes, other documentation, and telephone conferences with county commissions to follow up on audit findings, SCO did not recommend withholding funding allocations from any commission.

Compliance with Requirement for Public Discussion of Reported Audit Findings

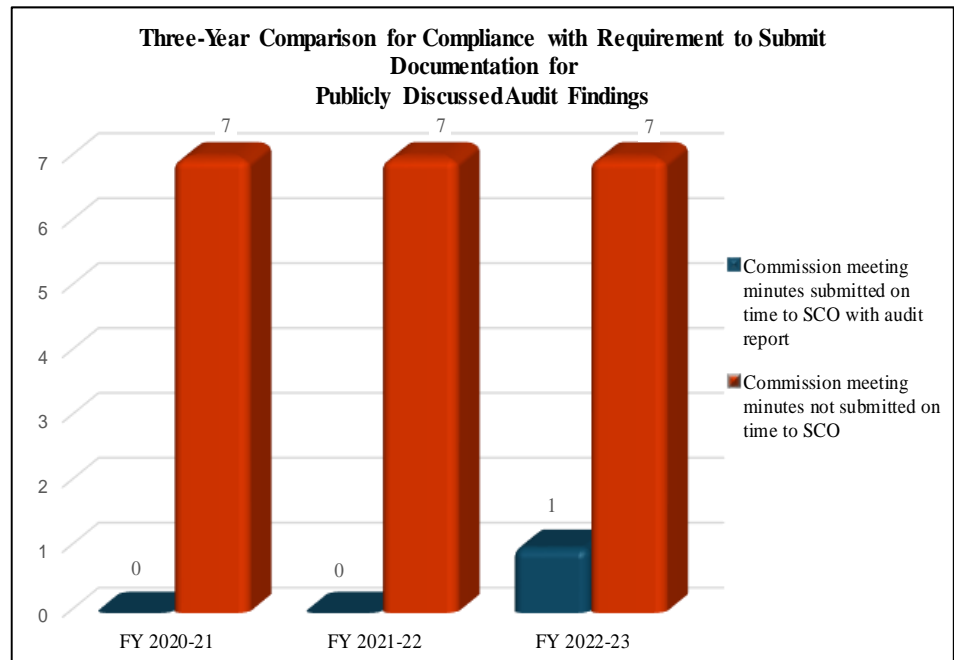
The county commissions are required to discuss their audit findings in a public hearing, and submit to the Controller a response to the audit findings. Specifically, HSC section 130151(d) states, in part, that:

...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 16 review cycles, multiple county commissions failed to submit the required documentation until requested to do so by SCO.

For FY 2022-23, one of the eight county commissions whose independent audits contained findings submitted public discussion-related documentation to SCO with their audit report (Figure 8). Upon request, the remaining seven county commissions submitted the required documentation. Based on our review of the documentation submitted, all eight county commissions with audit findings held public hearings discussing the findings and related corrective action plans as required by HSC section 130151(d).

Figure 8



Appendix— Summary of Independent Audit Report Deficiencies (Two-Year Comparison)

Description of Audit Report Deficiency	Number of Occurrences	
	FY 2021-22	FY 2022-23
<u>Independent Auditor’s Report on the Financial Statements</u>		
The auditor’s report did not include a section with the heading Report on the Audit of the Financial Statements.	3	3
The Auditor’s Opinion section includes erroneous information about the entity’s financial accountability.	1	2
The auditor’s report, Basis for Opinion section did not include the reference to the standards applicable to financial audits contained in <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States.	1	1
The auditor’s report did not include a section with the heading Responsibilities of Management for the Financial Statements.	1	0
The auditor’s report did not include the statement that management is required to evaluate the entity’s ability to continue as a going concern.	2	0
The auditor’s report, Auditor’s Responsibility section, objective paragraph did not include the reference to <i>Government Auditing Standards</i> .	0	1
The auditor’s report, Auditor’s Responsibility paragraph that further describes the auditor’s responsibilities did not include the reference to <i>Government Auditing Standards</i> .	3	1
The auditor’s report, Auditor’s Responsibility paragraph did not include the statement that describes the auditor’s required communication with those charged with governance.	2	0
The auditor’s report did not include a section with the heading Required Supplementary Information.	1	0
The auditor’s report contains incorrect or inaccurate page reference to the required supplementary information (RSI) section.	5	12
The auditor’s report did not include a section with the heading Supplementary Information that identifies the supplementary information accompanying the financial statements.	2	1
The auditor’s report did not include an opinion for all supplementary information included in the report.	6	1
The report did not include a section with the heading Emphasis of Matter and is missing the statement on whether the auditor’s opinion is or is not modified with respect to the matter emphasized.	2	0
Reference to a separate report on internal control over financial reporting and on compliance includes an erroneous date reference.	1	1
Subtotal	30	23

Appendix (continued)

Description of Audit Report Deficiency	Number of Occurrences	
	FY 2021-22	FY 2022-23
<u>Basic Financial Statements</u>		
The Statement of Net Position was not presented properly.	1	1
The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position statement was not presented properly.	1	1
The Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds statement was not presented properly.	1	1
The Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities statement was not presented properly.	2	0
Subtotal	<u>5</u>	<u>3</u>
<u>Notes to the Financial Statements</u>		
Measurement focus and basis of accounting used in the government-wide and fund financial statements included erroneous page number references.	0	2
The Notes did not disclose the policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.	0	1
The Notes did not include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation.	0	1
The Other Post-employment Benefits (OPEB) plan note did not include all of the required disclosures for the OPEB plan.	0	3
The OPEB note did not include the discount rate information.	0	1
The Notes include erroneous information about the amount spent on program evaluation.	0	1
Subtotal	<u>0</u>	<u>9</u>
<u>Required Supplementary Information</u>		
The schedule of budgetary comparison data for general fund and major special revenue fund(s) were not included as required supplementary information.	1	0
The schedule of the entity’s defined benefit OPEB plan contribution was not included.	0	2
Subtotal	<u>1</u>	<u>2</u>

Appendix (continued)

Description of Audit Report Deficiency	Number of Occurrences	
	FY 2021-22	FY 2022-23
<u>Government Auditing Standards Report</u>		
The report on internal control over financial reporting was not included.	1	0
The report on internal control over financial reporting and on compliance and other matters reference to the auditor’s report on the financial statements includes an erroneous date reference.	0	2
The report on compliance and other matters was not updated for the changes to the statement on the consideration of internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal control.	8	2
The report on internal control over financial reporting did not include the complete statement on the auditor’s consideration of internal control was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies.	28	2
The report on compliance and other matters was not updated for the changes to the statement of obtaining reasonable assurance about whether the entity’s financial statements are free of material misstatement, which could have a direct and material effect on the financial statements.	18	7
Subtotal	55	13
<u>Report on State Compliance</u>		
The Report on State Compliance (Report) was not included.	1	0
The Report did not include a title that includes the word “independent.”	0	1
The Report did not include a section with the heading Report on Compliance.	10	3
The Report did not include a section with the heading Opinion.	11	1
The Report did not include a statement that the entity’s compliance with the specified requirements has been audited.	5	0
The Opinion section of the Report did not include identification of the period covered by the report.	6	0
The Report did not include an opinion on whether the entity complied, in all material respects, with the state compliance requirements.	4	1
The Report did not include a section with the heading Basis for Opinion.	5	0
The Basis for Opinion section of the Report was deficient.	5	0

Appendix (continued)

Description of Audit Report Deficiency	Number of Occurrences	
	FY 2021-22	FY 2022-23
<u>Report on State Compliance (continued)</u>		
The Basis for Opinion section did not include a statement that refers to the section that further describes the auditor’s responsibilities for the audit of compliance.	5	1
The Basis for Opinion section did not include a statement that the auditor is required to be independent of the entity.	5	0
The Basis for Opinion section did not include a statement that the auditor believes the obtained evidence is sufficient and appropriate to provide a basis for the auditor’s opinion on compliance.	5	0
The Basis for Opinion section did not include a statement that the compliance audit does not provide a legal determination of the entity’s compliance.	5	0
The Responsibilities of Management for Compliance section of the Report did not include the required elements.	5	0
The Report did not include a section with the heading Auditor’s Responsibilities for the Audit of Compliance.	5	0
The Auditor’s Responsibilities section did not include the required elements.	5	1
The Auditor’s Responsibilities section did not include a statement that describes the auditor’s required communication with those charged with governance.	7	0
The Auditor’s Responsibilities section, other-matter paragraph included erroneous information on the auditor’s opinion.	0	1
The Report did not include a section with the heading Report on Internal Control Over Compliance.	5	0
The Report on Internal Control Over Compliance section did not include the required definitions.	5	0
The Report on Internal Control Over Compliance section did not include the statement of the auditor’s consideration of the entity’s internal control over compliance.	5	0
The Report on Internal Control Over Compliance did not include a statement on whether or not the auditor identified material weaknesses in internal control over compliance.	5	1
The Report on Internal Control Over Compliance section did not include a statement that the audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and accordingly, no such opinion is expressed.	5	0
The Report did not include an alert paragraph describing the purpose of the auditor’s report and that the report is not suitable for any other purpose.	5	0
Subtotal	119	10

Appendix (continued)

Description of Audit Report Deficiency	Number of Occurrences	
	FY 2021-22	FY 2022-23
<u>Findings and Recommendations</u>		
The audit finding was coded with an erroneous reference number.	0	1
The audit finding includes duplicate effect or potential effect.	0	1
Schedule of Prior Audit Findings was not included.	0	1
Subtotal	<u>0</u>	<u>3</u>
<u>Other</u>		
None of the auditor's report included the manual or printed signature of the auditor's firm.	1	0
The auditor's report included incorrect report date.	0	1
Subtotal	<u>1</u>	<u>1</u>
Total number of deficiencies	<u><u>211</u></u>	<u><u>64</u></u>

**State Controller's Office
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