



# PALISADES CHARTER HIGH SCHOOL

*Empowering Educational Excellence.*

**CHIEF BUSINESS OFFICER**

**COVER SHEET FOR AGENDA ITEMS**

**May 14, 2024**

**TOPIC/ AGENDA ITEM:**

VI. FINANCE

E. 2022-2023 Audit Corrective Action Plan

**PERSONNEL INVOLVED:**

Board of Trustees, Executive Director/Principal, Chief Business Officer, Finance, Audit committee, audit firm

**ISSUES INVOLVED/FISCAL IMPLICATIONS (IF ANY):**

The purpose of this action is to approve the 2022-2023 Audit Corrective Action Plan. As a result of one (1) audit finding, PCHS must discuss, review, and approve a corrective action plan.

The corrective action plan was previously discussed with the PCHS Audit Committee and independent audit firm. Both LAUSD Charter School Division (CSD) and the California Department of Education (CDE) will require an audit finding narrative and approved corrective action plan.

**IMPACT ON SCHOOL MISSION, VISION OR GOALS, (IF ANY):**

The action requested of the Board today will support the goal of ensuring compliance for PCHS.

**OPTIONS OR SOLUTIONS:**

The expectation is that the board approve the 2022-23 audit corrective action plan.

**CHIEF BUSINESS OFFICER'S RECOMMENDATION:**

The Chief Business Officer recommends that the Board approve the 2022-2023 audit corrective action plan.

**RECOMMENDED MOTION:**

“To approve the 2022-2023 audit corrective action plan.”

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Juan Pablo Herrera  
Chief Business Officer



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## **FINDING 2023-001: FINANCIAL CLOSING PROCESS (30000) – Significant Deficiency**

**Condition:** There was a delay in the year-end financial closing process that created the need for several client adjustments recorded after reporting of the unaudited actuals for the 2022-23 fiscal year. Extensions to the initial audit report deadline of December 15th were necessary as audit requests, including basic financial statements, were not provided for audit until well after December 15th.

### **a. Detailed explanation and/or root-cause analysis regarding the audit finding;**

The PCHS finance department experienced staffing shortage in 2023-24, which impacted the closing of the 2022-23 financials. As a result of the staffing shortage, PCHS requested an audit extension deadline from December 15, 2023, to February 16, 2024. Despite the extended deadline, the audit was not finalized until late March 2024. The CBO was under the impression that the audit items were submitted, and was notified in mid-February that many items from the interim-audit checklist were still missing. The CBO immediately provided the items, and the auditor then reviewed the submission and completed the report.

### **b. Corrective Action Plan - description of specific steps/plan to address the deficiency going forward and question costs, if applicable:**

PCHS has filled the vacant Director of Fiscal Services role, the finance department is back to normal staffing levels and will be able to meet critical deadlines. In addition, the Independent Auditor has opened the 2023-2024 audit portal (for next year's audit), and documents are being uploaded for review. The 2023-24 interim audit is set for May 20<sup>th</sup>. The CBO will also maintain a monthly call (at minimum) with the independent auditor to track the interim-audit and year-end audit checklists. To summarize, the 2023-24 audit process has begun and the CBO is closely monitoring the interim audit checklist and year-end audit checklists.

The CBO plans to share an update with the PCHS Board of Trustees in September 2024. The update will include the status of the interim audit and year-end audit checklists.