

Audit Status Report

Issue: #1, Oversight and Monitoring

Material Weakness:

Material Weakness:

Findings and recommendations noted in the prior years' audit reports have not been addressed through an implementation process. Material weaknesses and significant deficiencies have rolled forward through several years with no corrective action plan.

Recommendation

The District should establish a procedure to quickly identify an appropriate corrective action plan, assign individuals responsibility for the implementation, and provide updates and analysis to the Audit Committee and the staff of the District.

Action

Every carry-over item from prior audits is included in this report.

Specific corrective actions are delineated below and appropriate managers have been assigned each carry-over item for implementation.

Status: IMPLEMENTED

Completed items:

| | | | | | |
|---------------------------------------|---------------------------------------|--|--|--|--|
| <input checked="" type="checkbox"/> 1 | <input type="checkbox"/> 6 | <input checked="" type="checkbox"/> 11 | <input checked="" type="checkbox"/> 16 | <input checked="" type="checkbox"/> 21 | <input checked="" type="checkbox"/> 26 |
| <input type="checkbox"/> 2 | <input type="checkbox"/> 7 | <input checked="" type="checkbox"/> 12 | <input checked="" type="checkbox"/> 17 | <input checked="" type="checkbox"/> 22 | <input checked="" type="checkbox"/> 27 |
| <input type="checkbox"/> 3 | <input checked="" type="checkbox"/> 8 | <input checked="" type="checkbox"/> 13 | <input checked="" type="checkbox"/> 18 | <input checked="" type="checkbox"/> 23 | <input checked="" type="checkbox"/> 28 |
| <input checked="" type="checkbox"/> 4 | <input type="checkbox"/> 9 | <input checked="" type="checkbox"/> 14 | <input checked="" type="checkbox"/> 19 | <input type="checkbox"/> 24 | <input checked="" type="checkbox"/> 29 |
| <input type="checkbox"/> 5 | <input type="checkbox"/> 10 | <input checked="" type="checkbox"/> 15 | <input type="checkbox"/> 20 | <input checked="" type="checkbox"/> 25 | <input checked="" type="checkbox"/> 30 |

Audit Status Report

Issue #2: Oversight and Monitoring: Financial Accounting System Procedures

Material Weakness:

As noted in prior years' reports, the District implemented the PeopleSoft financial accounting system during the FY 2005-06 in response to significant weaknesses and deficiencies in the prior financial reporting system. Inadequate support from the software vendor, as well as delays in the implementation of certain modules of the system, have resulted in continuing deficiencies in the ability to post, review, reconcile, report and monitor the financial activity of the District. Financial reporting/ledger reports are not readily available to the users of the financial information to provide analysis and oversight of the financial activity. IT has been given access to all process activities and report writing in an effort to obtain financial information on a more timely basis. Posting of payroll transactions during the year was not completed on a timely basis. Reconciliations of the cash held in the county treasury to the general ledger was not completed on a monthly basis during the 2007-08 fiscal year and ultimately was not completed until January 2009.

Recommendation

☐ Continued training of the end users of the financial system on the functions, uses, and protocols of the PeopleSoft accounting software system must occur.

Training is in place and on- going

☐ Reports on financial activity must be prepared and accessible to the appropriate levels of management on a routine basis to provide the ability to analyze and reconcile accounts.

In-place

☐ Access by the Information Systems Department to process activity must be eliminated as soon as possible.

☐ Adequate internal controls over all modules which allow for the review, approval and monitoring of all activity must be reinstated to ensure that all transactions occurring during the accounting period have been properly posted in a timely manner to the proper account and program.

In-place (part of the PeopleSoft approval process.)

Action

1. Budget control errors corrected as a result of Position Control Module installation which now allows system users to view their budgets and expense reports.
2. We continue to develop customized queries, which makes it easier for people to access the information they need.
 - Customized queries are mostly business management queries to help them manage their budgets by fund and cost center:

IN PROCESS (CUSTOMIZATION)

Status:

Audit Status Report

Issue #3: Information Systems

Material Weakness:

Due to the implementation issues associated with the PeopleSoft accounting system, these key areas (Accounting, Purchasing and Payroll) have not been independently evaluated or tested to ensure the controls, approvals, procedures, and processes have been appropriately set up within the computer system and are functioning properly.

Recommendation

- ☐ The controls in place within the software system should be reviewed and tested by an independent service providing and evaluated to ensure the adequacy.
- ☐ This review should encompass the controls specific for the transactions processed through the system and should include the security settings.
- ☐ The review should provide recommendations to correct any weaknesses noted within the internal control environment.

Action

1. By July 1st, will have CIO in place. Paper screening of 26 applicantes currently underway)
2. New CIO will implement final phase of PeopleSoft implementation:

| | |
|--------------------------|--|
| • Business Intelligence | Up and running, continue to do programming necessary to review information |
| • Counseling Module | Have new proposal from Oracle to implement counseling module, in review |
| • Project Costing Module | On hold pending review of its value and necessity. |

These must be done first.

3. Then the District will hire audit firm to complete a SAS70 review to assess internal controls of IT system

*need 1 1/2
years
more
Academic Advising
Office*

Status: IN PROCESS

Audit Status Report

Issue #4: Retiree Health Benefit Investments

Material Weakness:

The District maintains investments from the issuance of the Taxable 2005 Limited Obligation OPEB Bonds, which are held separately by an Investment Manager employed by the District. The District recorded the initial proceeds from the sale of the bonds within a trust fund of the District; however, the activity subsequent to the initial investment has not been recognized within the system. During the year ended June 30, 2008, total investments recorded on the District's general ledger amounted to \$171,981,823 which did not agree to third party custodian's confirmation of asset valuations of \$160,148,670. Additionally, the Trust Fund has not recorded the corresponding debt related to the OPEB bonds which is required under generally accepted accounting principles.

Recommendation

- ☐ The District should review the requirements of the Trust Fund reporting and implement adequate accounting policies and procedures to account for and record all activity within the funds of the District in accordance with current standards.

Action

The auditor approved a memo entry to be completed during close to reflect district receivables and record unrealized gains and losses.

Status:

COMPLETED

vtd says partially completed, saying: Testing will continue through the 2008-09 annual audit, and the final results will be reported within the findings and recommendations section of the District's financial statements.

Audit Status Report

Issue #5: Capital Assets (2007-4) / Capital Asset Accounting (2008-5)

Material Weakness:

The District has not implemented a previously purchased software program to account for the maintenance, addition and deletion of the capital assets, and the created depreciation. Accounting records are incomplete and inadequate to provide sufficient support for an opinion on the fair presentation. The following areas are affected: Reporting, Construction in Progress Classification, Building/Site Improvements Classification, Equipment Physical Inventory, Disposals for Equipment and Current/Accumulated Depreciation Expense.

Recommendation

- ☐ The implementation of a fixed asset accounting software program should be a high priority for the District.
- ☐ Written procedures should be developed and disseminated to all Colleges and departments providing the requirements for notification of additional and deletions of equipment and assets owned by the District.
- ☐ Training should be conducted to provide for the application of the procedures.

Action

The District has a dedicated Cyber functional consultant working with senior accounting staff (Gali and Vin + Minh) to take June 30, 2006 beginning capital asset balances and to add the capital additions for 2007-2008, and for 2008 - 2009, and have hired a local CPA (Jong Lee) to oversee the project and to make sure appropriate level of detail and audit trail exist to eliminate the audit qualification for fixed assets.

This project is to be completed prior to the June 30, 2009 financial statement, expected to be released in December.

Completed role up to 2006. Finish '08-'09 in June. Posted to ledger in July.

On Sept 8th, auditors started auditing and we are in process of providing them with required information

*Stop by
end of audit
to be complete*

Status:

PARTIALLY IMPLEMENTED

Vtd says full implementation of the controls and recommendation is dependent upon the success of the reconciliation process.

Audit Status Report

Issue: #6: Balance Sheet Ledger Accounts, 07-5/Accrual Accts., 08-6

Material Weakness:

As noted in the prior year's audit report, poor implementation of the cut-off procedures associated with the accrual accounts within the fund financial statements resulted in audit adjustments being proposed and accepted for A/R, cash accounts, prepaid expense and A/P. The financial statements reported to the Board and the State System's Office through the CCFS-311 reporting did not reflect the proper accruals of both revenues and expenses.

Recommendation

- ☐ The District should institute adequate controls over the year-end closing process to ensure that all valid accruals have been included within the financial activity for the year in accordance with accounting principles.

Action

Finance will work closely with general services to review construction invoices to determine that costs get entered into correct fiscal year. (2008 - forward)

CFO met with Sediq to establish work plan.

Sediq is monitoring to insure invoices are attributed to correct year

Auditors will determine degree of compliance in the December 2009 audit. ✓

*Need to look
at balance sheet*

IN PROCESS

Status: _____

(CHECK TO SEE IF IT HAS STALLED; NO TRANSFER OF CASH OR RECONCILIATION OF REVENUES HAS OCCURRED YET.)

Audit Status Report

Issue: #7 Enrollment Fee Revenue Reporting

Material Weakness (most serious relating to qualified opinion):

Due to the District conversion to a new student accounting system, the College campus business offices have not been able to determine the amount of student enrollment fees received and earned subsequent to the implementation date of May 2008.

Recommendation

- ☐ The District must request a program update to the current student accounting system that will permit the College Bursar's Office to identify the student enrollment fee revenue and forward to the District Business Office for posting to the financial accounting system.

Action

Cyber has completed programming necessary for the student administration system information to be transferred through account code leads to the general ledger. Currently we have completed April/May/June.

We posted the months of July, August and September 2008 and we are currently running the month of October 2008. (In FSUAT--test database.) Dettie continues to correct coding errors based on journal entries generated for each month directly in the PRODUCTION database.

Based on our progress this week, we should be able to run November 2008 through March 2009 next week (April 27 - 30) That would get us in line to do April on a timely basis in early May.

Business managers and bursars are reconciling with enrollment information and their college bank accounts.

Everything is in place; waiting for audit review to be completed.

Status:

IN PROCESS (CHECK TO SEE IF IT HAS STALLED)

Audit Status Report

Issue: #8: Bursar's Office and Trust Fund Activity Reporting

Material Weakness:

Revenue has been received by the Laney College Bursar's Office and recorded within the campus Trust Fund accounts from Federal categorical programs. These funds have not been reported to the District Business Office to ensure compliance with the terms and conditions of the grant and have not been included within the District's Schedule of Expenditures of Federal Awards.

Recommendation

- ☐ The Laney College Bursar's Office personnel should be trained on the types of funds to be deposited within the College Trust Fund.

Action

1. Restated district policy to college staff
2. Provided training to insure this will not occur again.

Status: _____

COMPLETED

Audit Status Report

Issue: #9: College Trust Fund Accounting and Activity

Material Weakness:

The financial accounting system used by the four college Bursar's offices for Trust Fund accounting does not provide the ability to separately identify revenues received and expenditures made. All activity for the Trust accounts is netted to show only the beginning and ending balances.

Recommendation

- ☐ The accounting software utilized by the College Trust Funds should be reviewed and upgraded to an appropriate software package that will allow for the segregation of revenues from expenditures, as well as appropriate training.

Action

1. Requested that John Walker see if he can program Legacy System to pull out revenue and expenditures by month, which would provide the details the auditors are seeking. We are currently testing the Legacy programming completed by John Walker. Should that not work,
2. The bursars are looking at the possibility of implementing Quick books for the Trust Accounting System.

Legacy worked but the reports are difficult to read.

The reports that John Walker wrote to meet the audit requirement and finding on the audit show each trust fund and it's deposits and expenditures (checks written) for any specified amount of time. The reports also show journal entries and voided checks. The reports are rudimentary and are printed on green bar paper with a dot matrix printer and are not "pretty" but they serve the purpose of meeting the audit finding.

Still using Legacy (until PCCD migrates to a new system.)

*major
improvements
have occurred
Hosni's have to be fixed
to PurpleSoft*

IN PROCESS

Status: _____

Audit Status Report

Issue: # 10 Internal Audit Function

Significant Deficiency:

As noted in the past several years' audit reports, the District's operations and functions are decentralized and take place at four College campuses, as well as the District Office. An internal audit function that provides an ongoing assessment of the District's accounting and financial operations is a valuable tool within the internal control function of the District.

Recommendation

An internal audit function should be established to provide assistance with monitoring and oversight of the approved policies and procedures throughout the year. A risk assessment of the various operations should be completed on an annual basis with review and testing of the key internal controls assessed and reported throughout the year.

Action

Trying to hire experienced Community College Internal Auditor

At this point, no internal auditor function at PCCD.

Status: **IN PROCESS**

VTD says Not Implemented: the district has not implemented the process to include an internal audit process or function.

Audit Status Report

Issue: #11 Accounts Payable/ Purchasing Functions

Significant Deficiency:

Accounts Payable Technicians have the ability to approve transactions within the purchasing module. This enables the "direct pay" of a vendor which effectively circumvents the purchasing function and eliminates the proper segregation of duties required by sound internal controls.

Recommendation

A review of the processes between the A/P and Purchasing functions should be made. Adequate segregation of duties should be re-established. A procedure manual for both departments should be written which provides guidance on the approved functions and responsibilities.

Action

Direct pay only done for utilities, travel and professional services, all other purchases routed through purchasing department.

Status: **COMPLETED**

Audit Status Report

Issue: # 12 Written Business Office Procedures

Significant Deficiency:

With the implementation of the software accounting system, many procedures and functions within the accounting, payroll, purchasing and business office have significantly changed and prior practices and procedures are no longer valid. There are no updated written procedures to support current practices and ensure all staff are aware of the approved practices related to the business office procedures.

Recommendation

Written procedures manuals should be developed for all functions within the Business Office to provide guidance as to the approved practices and procedures related to accounting, purchasing, payroll and other Business Office functions.

Action

District Office and College of Alameda have written procedures. Other three colleges in process of updating legacy procedures for PeopleSoft. (This, however, will take time.) COA procedures are being looked at as possible template for other colleges.

Former PCCD business manager has been hired who is creating a master business procedures manual. The consultant has completed a draft of procedures for bursars and cashiers. The draft is being reviewed by each college business manager, which will be completed by the week of June 29th.

The next portion to be drafted is for Associated Students.

Status: **• COMPLETED**

Audit Status Report

Issue: # 13 Journal Entries

Significant Deficiency:

Segregation of duties for processing transfers between funds and journal entries to post and correct activity has not been enforced. There are no updated written procedures to support current practices and ensure all staff are aware of the approved practices related to the business office procedures.

Recommendation

The process of recording transfers and journal entries should be reviewed and evaluated for proper internal control. Segregation of duties to eliminate the possibility of one individual being responsible for an entire accounting transaction should be reestablished. Written procedures should be established to provide guidance to staff on the proper controls and procedures.

Action

The Associate Vice Chancellor for Finance is the only person that can initiate fund transfers, journal entries or budget set-up (District Office). A form is processed for each transaction and must be approved by the CFO.

Status: _____

COMPLETED

Audit Status Report

Issue: # 14 Disaster Recovery and Strategic Planning

Significant Deficiency:

The District provided a draft of their Disaster Recovery Plan (DRP) for the Information Systems department; however, the key components of the DRP could not be demonstrated that they have been implemented. In the event of a disaster, the District may not be in a position to take the necessary steps to mitigate the effects of such a disaster.

Recommendation

The District should continue to review and implement the draft DRP. The DRP should cover all operating systems and be tested on an annual basis. The DRP should also include procedures that will ensure recovery and restoration of all systems to normal functioning within a timely manner in the event of an unforeseen disaster.

Action

The District has two systems of back up currently in place in the event of a disaster:

1. Out of state storage of daily information and data--every transaction--occurs daily. This is stored in Navato, CA.
2. A back system for all information is stored at Merritt College.

COMPLETED

Status: _____

Audit Status Report

Issue: # 15 CFSS-311 Reporting

Significant Deficiency:

The CCFS-311 report is due on or before September 30 of each fiscal year. The CCFS-311 report provided to the auditors was incomplete.

Recommendation

The District should ensure that all reporting requirements are included in the annual submission of the CCFS-311 report.

Action

The CCFS-311 report was issued with incomplete information due to programming issues, which have been corrected.

Status:

COMPLETED

Audit Status Report

Issue: # 16 Schedule Expenditures of Federal Awards (SEFA)

Significant Deficiency:

A complete SEFA was prepared by the District for both the Federal and State categorical programs; however, we noted the following errors and omissions in the initial SEFA. Two of the Federal programs were reported on the SEFA as Stage Categorical programs. On the State page, they were missing four categorical programs.

Recommendation

We recommend that the District review its procedures over the collection of data to be included in the SEFA and also review its existing format of its SEFA to ensure that it includes all above noted required elements.

Action

As soon as the error was discovered, staff made the correction.

Status:

COMPLETED

Audit Status Report

Issue: # 17

Significant Deficiency:

The District did not post prior year audit adjustments to the General Fund, Capital Outlay fund, or the Self-Insurance fund. The Deferred Comp Trust (OPEB) balance was off a dollar, which indicates that the significant adjustment to this fund was posted.

Recommendation

The District must post all approved audit adjustments.

Action

We were researching methods to post audit adjustments to the fund balance in a way that would leave a clear audit trail of the amount and purpose of the entries.

We now know how to post entries in PeopleSoft with proper audit trail.

Status:

COMPLETED

Vtd says: Unable to Determine. Due to the unavailability of certain staff, this finding was not reviewed for current status.

Audit Status Report

Issue: # 18 Merritt College Business Office Activity

Significant Deficiency:

Each of the College Bursar's Offices receive monies from students for enrollment fees, parking fees, and other assessments, as well as faculties rental fees and other amounts that are to be forwarded to the District Office on a timely basis. During our testing of activity subsequent to June 30, 2008, we noted Merritt had opened two accounts within the Associated Student accounts for deposit of facilities rental fees, as well as other receipts without forwarding these funds to the District Business Office.

Recommendation

The College should review the current guidelines for receipt and use of monies that are General Fund monies to be deposited within the District accounts.

Action

1. The College President has directed that the Bursar's office cease and desist from this practice and,
2. Board policy relating to facility rentals has been explained to the Business Managers

Status: COMPLETED

Audit Status Report

Issue: # 19 Swap Risk Management

Significant Deficiency:

The District has entered into various financial agreements related to the OPEB bond issuance. These agreements are sophisticated swap agreements with the purpose of minimizing the risks related to variable interest rates of the bonds. The District has hired outside consultants to provide for the management and direction of the swap agreements, however, has not accounted for the initial transaction or subsequent activity on the financial statements of the District.

Recommendation

Formal policies should be developed and approved. The District received a recommendation for the implementation of the Board approved policies which will provide the guidance needed to include all elements such as objectives, authority and approval mechanisms, including government code citations.

Action

The District has no plans to issue any derivative investments.

Status: **COMPLETED**

Audit Status Report

Issue: # 20 Student Financial Aid Eligibility Determination

Significant Deficiency:

Instances where aid was over- and under-awarded were found at all four campuses.

Recommendation

A report should be written within the student accounting system which will provide the registrars and the student financial aid office the ability to ensure enrollment information recorded is correct and no changes have been made that would impact the student financial aid award as required by Title IV.

Action

1. The District Office is checking *every* file from Merritt College, College of Alameda and Berkeley City College for 2007-2008. The preliminary check is due May 7th.
2. System instituted to prevent retro-active drops.
3. We are centralizing financial aid approval process at the district office.
4. Have switched over to SAFE system over Regent and centralization to be completed this semester.

*Monkey Matthews
Senior notes are
lower
movement of people*

**HAS BEEN IMPLEMENTED: CENTRALIZATION IS
IN PROCESS.**

Status:

Vtd says: unable to determine: ...Through inquiry with the College Financial aid supervisors, they are aware of the issues and have committed resources to correct any deficiencies.

Audit Status Report

Issue: # 21 Student Financial Aid - EZ Audit Filing

Significant Deficiency:

Agencies receiving Federal student financial aid are required to access and submit the requested information within nine months of the fiscal year end. E-Z Audit information was not submitted for the 2007 fiscal year end until after the 3/31/08 filing deadline.

Recommendation

The District should implement procedures to provide the College student financial aid offices with the required information and timelines to submit the appropriate reports to the DOE.

Action

The appropriate reports have been timely filed with Department of Education EZ Audit Filing for fiscal year ending 6-30-08.

Status:

COMPLETED

Vtd says: ...Unable to determine: The deadline for the filing of the EZ audit is March 31, 2009

Audit Status Report

Issue: # 22 Program Monitoring

Material Weakness:

The District did not furnish evidence verifying that it effectively monitored the grant's subrecipient for compliance with program performance.

Recommendation

The District should provide the subrecipients with a contract that includes all compliance requirements noted above. Periodic monitoring with assist in ensuring proper compliance.

Action

District Counsel was going to revise the MOU with the Tech Prep grant to cover rules monitoring sub-awards.

Status: **COMPLETED**

Audit Status Report

Issue: # 23 Procurement Policies

Significant Deficiency:

The District does not have policies and procedures in place for the certification of potential contractor or subcontractor relationships involving Federal program dollars. Contracts in excess of \$25,000 are subject to the compliance requirement that the status of the entity is verified against the suspension and debarment eligibility requirements.

Recommendation

The District should implement a procedure to verify all vendors who are providing services to federally funded programs in excess of \$25,000. This verification may be accomplished by checking the Excluded Parties List System (EPSL) maintained by the General Services Administration (GSA).

Action

District Counsel was going to revise the MOU with the Tech Prep grant to cover rules monitoring sub-awards.

Status:

COMPLETED

Audit Status Report

Issue: # 24 Procurement Policies

Significant Deficiency:

The District has not maintained an inventory control system that satisfies the compliance criteria noted above. A inventory has been taken within the past two years; however, that inventory listing has not been reviewed to determine if equipment purchased remains in use within the program.

Recommendation

A process to ensure the complete inventory listing of equipment purchased with Federal program funds should be implemented. Written procedures should be prepared that provide for the internal controls of all equipment purchased through the Federal programs. A process to ensure all equipment purchased through the program remains in use within the program.

Action

FY 2008-2009 Fixed Asset Modules are being implemented.

We plan to implement Bar Coding Software which Peralta owns after the end of the current fiscal year. The bar coding software is compatible with PeopleSoft asset Management and can be used to enable Peralta to conduct periodic inventories on a regular basis.

Jerry Kenney is currently backfilling fixed assests. '09 and '08 are done, '07 in process. Will be done by June 30. (302-521-7832

PCCD owns High Jump software for barcoding. It is compatible with Peoplesoft but is not up and running yet. Will be implemented after current backfilling is completed.

75% done. All data for three years is in place on spread sheets; needs to be uploaded to software. This will be done in next 4 ot 6 weeks.

IN PROCESS

Status: _____

Audit Status Report

Issue: # 25

Significant Deficiency:

Apportionment may only be given to students actively enrolled in a course section as of the census date. Drop date rosters are not consistently received from instructors. Instructors may back date student drops with no additional supporting documentation being received by the registrars office.

Recommendation

A report should be written within the student accounting system which will provide the registrars at the four campuses the ability to ensure all census date rosters have been completed and filed as required by Title 5 requirements.

Action

On-Line attendance system implemented

Status:

COMPLETED

Audit Status Report

Issue: # 26 Students Actively Enrolled

Significant Deficiency:

Community college districts are required to report the total enrollment fee revenue amounts for the purpose of calculating the components of the annual general apportionment. The enrollment fee revenue reported on the CCFS-311 does not agree with the amount reported on the CCFS-323.

Recommendation

Care should be taken when completing the required reporting forms for the State System's office. We noted the District had made the correction to the CCFS-323 report upon notification of the error.

Action

(Cyber has completed programming necessary for the student administration system information to be transferred through account code leads to the general ledger. Currently we have completed April/May/June.

We posted the months of July, August and September 2008 and we are currently running the month of October 2008. (In FSUAT--test database.) Dettie continues to correct coding errors based on journal entries generated for each month directly in the PRODUCTION database.

Based on our progress this week, we should be able to run November 2008 through March 2009 next week (April 27 - 30) That would get us in line to do April on a timely basis in early May.)

COMPLETED

Status: _____

Audit Status Report

Issue: # 27 Concurrent Enrollment

Significant Deficiency:

The District does not have a procedure to determine if the principal of the K-12 school has verified that no more than five percent of the school's student enrollment has been recommended for entry at the College.

Recommendation

The colleges should work with the local K-12 school districts to ensure principals are properly completing and signing the appropriate documentation to allow K-12 students to attend classes within the District.

Action

Draft appropriate letter to the superintendent of each school district within the College District advising them that they need to insure that their schools are complying with state law regarding concurrent enrollment.

Status: COMPLETED

Audit Status Report

Issue: # 28 CalWorks - Expenditures Report

Significant Deficiency:

The year end report for CalWorks expenditures were due August 31, 2008. None of the District's four colleges submitted their reports within the proper timeframe. Also, the expenditures on the reports could not be verified to the general ledger amounts.

Recommendation

The annual cost report filed with the State Chancellor should be prepared and supported by appropriate ledger reports and by evidence of review by supervisory individuals within the accounting office.

Action

Solution is tied to the implementation of Issue #2:

1. Budget control errors corrected as a result of Position Control Module installation which now allows system users to view their budgets and expense reports.
2. We continue to develop customized queries, which makes it easier for people to access the information they need

Status:

COMPLETED

Audit Status Report

Issue: # 29 CalWorks - Student Eligibility

Significant Deficiency:

A sample of students receiving program services through the CalWorks program was reviewed for each of the four colleges. In sample of 25 CalWorks recipients tested for eligibility requirements at each of the four campuses some discrepancies were found regarding documentation of proper eligibility.

Recommendation

Develop an independent internal tracking of student eligibility for all CalWorks and TANF-funded services to verify initial and continued eligibility from the County Welfare Department.

Action

Status: COMPLETED

Audit Status Report

Issue: # 30 Salaries of Classroom Instructors (50 % Law Calculation)

Controlled Deficiency:

The District has established a separate fund to account for the expenditures of lottery funds restricted for instructional materials, however, a separate account or subfund to account for the unrestricted expenses charged against the lottery revenues had not been established. Expenses are designated as Librarians and Counselors; however, the actual accounting in accordance with Education Code has not been maintained.

Recommendation

In accordance with Government Code Section 8880.5(k), the District should established a sub-fund or program to segregate and account for expenditures of unrestricted lottery funds.

Action

The sub-fund will be established by June 30.

Status: COMPLETED