



CalWORKs Compliance Audit

California Community Colleges Chancellor's Office

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Role of the Fiscal Accountability Unit

- Publish the Contracted District Audit Manual (CDAM)
- Resolve audit findings and respond to whistleblower complaints submitted to the Chancellor's Office.
- Audits of various programs of the Chancellor's office.
- Review and monitor the fiscal condition of community college districts.
- Acts as a liaison to external and other agencies regarding audits of community colleges.
- Participate in the Fiscal Standards Accountability Committee to establish guidelines for fiscal reporting.

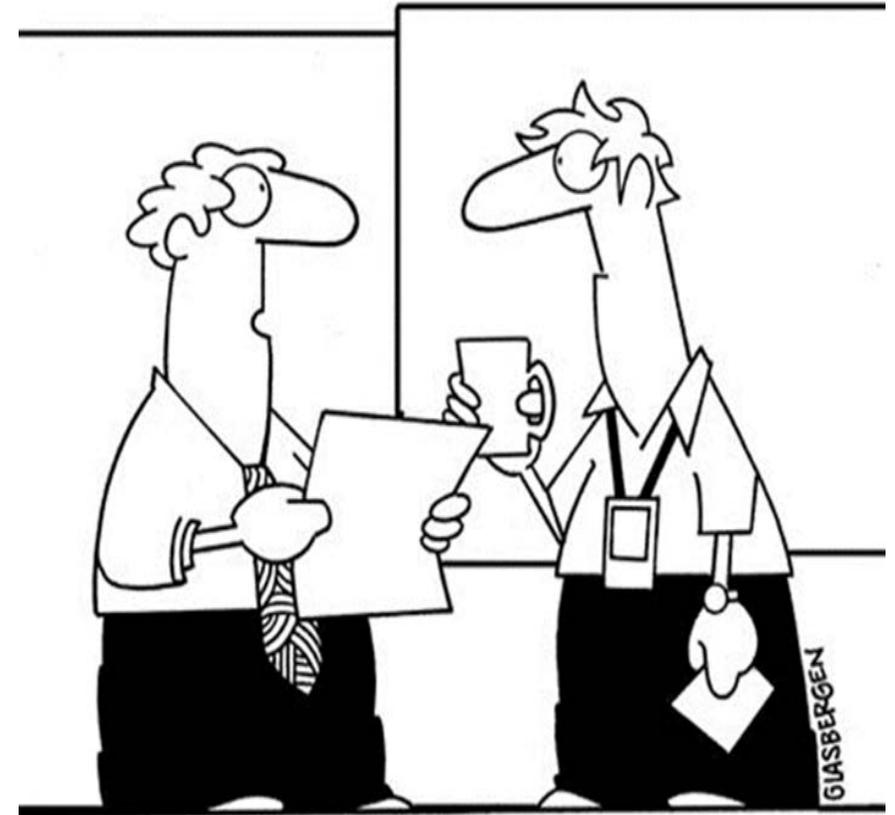
Why do we need an audit?

- Education Code 84040 requires annual audits of all community college districts
- Title 5- 59108 requires the Chancellor's Office to review the audit reports to assess district compliance
- Title 5-59110 allows a district to respond and refute audit findings before action is taken by the Chancellor's Office to recover funds
- Title 5-59112 requires a district to submit a corrected apportionment attendance report if necessary and implement procedures for corrective action
- Title 5-59114 gives authority to the Chancellor to make the apportionment adjustments

Preparing for the Audit

- Review the CDAM test for the CalWORKs program –particularly the suggested audit procedures
- Test your internal controls – are the CalWORKs procedural manual being followed?

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**“We need to prepare for our audit.
Organize a game of dodge ball!”**

Prepare for the Audit

- Find out when auditors will be reviewing records and have it readily available
- Review the previous years audit findings and determine if corrective action plans have been implemented.



CalWORKs Audit Test

433 - CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) – Use of CalWORKs State Funds and CalWORKs Federal Temporary Assistance for Needy Families (TANF) Funds

.01 Background Community College CalWORKs funds are appropriated through the annual State budget and consist of both State and Federal sources. These CalWORKs funds are allocated to provide assistance to welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges.

CalWORKs Audit Test

The Federal TANF funds are also used to fund additional fixed, variable, and one-time costs for providing support services and instruction for CalWORKs students.

CalWORKs funds may be used to provide: Work-Study, Child Care, Coordination, Job Development/Job Placement, Curriculum Design/Redesign, or Instruction.

CalWORKs Audit Test

Community College CalWORKs was first authorized in the State Budget Act of 1997 and is reauthorized each year in the annual Budget Act. Specific legal requirements for the use of CalWORKs State funds can be found in the Education Code and State Budget Act. In addition, the Chancellor's Office has issued clarifying guidelines on the appropriate use of fund and other program requirements through the CalWORKs Program Handbook. Colleges must submit an annual plan to the Chancellor's Office on how the funds will be utilized to provide specialized services to the CalWORKs student population.

CalWORKs Audit Test

Criteria:

- Education Code Sections 79200-79203 & 84759
- 2009-10 Final Budget Summary, Page 630, Item 6870-101-0001, Provision 15; and Page 646, Item 6870-111-0001, Provision 2.
<http://2009-10.archives.ebudget.ca.gov/>
- Chancellor's Office CalWORKs Program Handbook
Guidelines_Updated Nov 2010
- Clarification on CalWORKs Supplantation Prohibition, Chancellor's Office Letter, March 13, 2006 (See Appendix M)
- OMB A-133 Compliance Supplement

CalWORKs Audit Test

Compliance Requirement:

Districts are required to expend CalWORKs Program State and TANF funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKs students.

CalWORKs Audit Test

Suggested Audit Procedures:

1. Determine that CalWORKs program expenditures reported to the Chancellor's Office agree with district accounting records.
2. Select a sample of the reported State and Federal CalWORKs expenditures and verify:
 - a. Expenditures from the current year directly provide support to eligible CalWORKs recipient-students
 - b. Expenditures are related to at least one of the following CalWORKs program components: (a) Work Study, (b) Curriculum Development, (c) Coordination - includes case management and counseling, (d) Job Placement/Job Development, (e) Instruction, and (f) Child Care.

CalWORKs Audit Test

3. Obtain a listing of students served through the CalWORKs program and a select sample of students and determine whether the students were eligible for CalWORKs program services. Examine the CalWORKs student file and verify whether county welfare department eligibility is documented.
 - For any students served through the program whose files did not contain appropriate eligibility documentation, determine the amount of CalWORKs/TANF funds expended on the student(s) to quantify the potential funds that the district may have to repay to the Chancellor's Office.

CalWORKs Audit Test

Note: CalWORKs recipients are adult students who are receiving cash aid and have or are in the process of developing a welfare-to-work plan - eligibility must be documented through the County Welfare Department each academic term. Refer to the CalWORKs Program Handbook for additional eligibility criteria.

CalWORKs Audit Test

4. Verify that the colleges' declared dollar for dollar match for CalWORKs program State funds are from allowable sources and services. Matching funds must directly benefit the CalWORKs program and be a direct program cost.
5. Verify that any CalWORKs State funds used for instructional costs have written approval by the Chancellor's Office and are for courses specifically designed for CalWORKs students.

Un-Allowable Expenditures

- Construction Use of funds for new construction work is not allowed.
- Gifts, Grants, Scholarships Use of public funds for gifts, rewards, or monetary awards is prohibited.
- Stipends for Students Funds may not be used to pay stipends to students for attending CalWORKs program classes or workshops.
- Recreational or Entertainment Functions For example, music, holiday events, or a day at the zoo type of activities.
- Certain Child Care Expenses Includes fingerprinting fees for providers, TrustLine Registry fees, direct purchases of any kind for parents, and equipment or furniture for child care center.
- Office Furniture The cost of office furniture (e.g., desks, chairs, bookcases, etc.) is not allowed.

Un-Allowable Expenditures

- Administrative Salaries & Benefits Administrative salaries and benefits (e.g., budget office or business office staff), with the exception of the CalWORKs director/coordinator and staff who work directly on behalf of the CalWORKs program.
- Professional Dues or Memberships Expense not allowed.
- Rental of Off-Campus Space Use of funds to pay for off-campus space is not allowed.
- Legal & Audit Expenses Costs for legal matters, election campaigns, or audit expenses are not allowed.
- Library Books Expenses for books or other resource materials for the general or main library are not allowed.
- Indirect Costs Indirect costs, such as expenses for lights, heating, telephone,



CalWORKs Common Findings

- No Verification of Eligibility
- Expenditure reports are not submitted timely
- Unallowable expenditures
- Student served under CalWORKs was not entered into system therefore district did not get credit for student
- The district was unable to determine if expenditure reports were accurate due to the districts inability to finalize the general ledger.
- Student salaries were charged to the CalWORKs funds and were ineligible recipients
- The District accounting records do not match the Chancellor's Office CalWORKs expenditure report
- Over \$3000 for office furniture purchased was an unallowable expenditure
- Eligibility verification is done only once a year instead of each semester

