

ANNUAL AUDITS  
OF THE  
EXTENDED OPPORTUNITY PROGRAMS  
AND SERVICES (EOPS)  
AND  
COOPERATIVE AGENCIES RESOURCES  
FOR EDUCATION (CARE)

PRESENTED BY:

CHRISTINE "TEENA" ATALIG, FISCAL SPECIALIST

CALIFORNIA COMMUNITY COLLEGE CHANCELLOR'S OFFICE

SEPTEMBER 19, 2017

# AUDIT TOPICS

- Role of the Fiscal Accountability Unit
- California Code of Regulations (CCR) and the Education Code (EC)
- CDAM Test 474 for EOPS/CARE
- Elements of an Audit Finding
- Audit Ready
- Common Audit Findings



# ROLE OF THE FISCAL ACCOUNTABILITY SECTION

- 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.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- Education Code Section (ECS) 84040 –
  - (a) It is the intent of the Legislature to encourage sound fiscal management practices among community college districts for the most efficient and effective use of public funds for the education of community college students by strengthening fiscal accountability at the district and state levels.
  - (b) The governing board of each community college district shall provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. The audit shall be made by certified public accountants licensed by the California Board of Accountancy.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59100 – General Authority of the Chancellor - The Chancellor is authorized as needed to have audits or reviews conducted or to investigate any audit review citing which indicates that the allocation of state moneys or applicable federal funding may have been in error, and where necessary, to require action to resolve any substantial error as provided herein.
- CCR, title 5, Section 59102 – Contracting For Annual Audits. – Arrangements for annual audits for any fiscal year as required by Section 84040 of the EC shall be made final no later than the May 1 preceding that fiscal year.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59104 – Review of Annual Audits.

Each district governing board shall review the annual audit prescribed pursuant to Section 84040 of the Education Code at a public meeting.

- CCR, title 5, Section 59106 – Annual Audit Report Due Date.

No later than December 31<sup>st</sup>, an audit report for each district for the preceding year required by Section 84040 of the EC shall be filed with the Board of Governors, the Department of Finance and other regulatory agencies in accordance with Section 84040.5 of the EC. The Chancellor may issue guidelines for use by districts in complying with his section.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59108 – Chancellor’s Review of Audit Citings.
  - (a) The Chancellor shall review the reports of audits conducted pursuant to Section 84040 of the Education Code, or any other audit or review assessing district compliance with audit responsibilities.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59108 – Chancellor’s Review of Audit Citings.
  - (b) Such review shall determine whether the audit or review reports contain citings which may warrant further investigation. Further investigation is warranted when there is a significant probability that the district has either:
    - 1) Failed to comply with attendance accounting standards, or
    - 2) Violated rules and regulations defining limitations on state support, or
    - 3) Failed to comply with any other standard which has been monitored by means of a compliance question devised by the Chancellor’s Office or the Department of Finance.



# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59110 – District’s Right to Respond.  
Pursuant to procedures established by the Chancellor, and prior to any actions to recover funds or to mandate other corrective measures, a district shall be given the opportunity to present information which might mitigate or refute any audit citing selected by the Chancellor for further investigation.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59112 – Audit Resolution Actions.
  - (a) If, upon reviewing a citing, the district's response and any other available information, the Chancellor finds that there is a need for corrective action to resolve a citing, the Chancellor may require the district to do one or more of the following:
    - (1) Submit a corrected apportionment attendance report,
    - (2) Implement procedures to ensure future compliance with the rules and regulations in question, or

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

- CCR, title 5, Section 59112 – Audit Resolution Actions.
  - (3) Report periodically to the Chancellor on the status of actions taken to comply with the rules and regulations in question.
  - (b) If, upon reviewing a citing, the district's response and any other available information, the Chancellor finds that there is no need for corrective action to resolve the citing, the Chancellor shall so inform the district as expeditiously as possible.

# CALIFORNIA CODE OF REGULATIONS AND THE EDUCATION CODE

CCR, title 5 Section 59114 – Apportionment Adjustments.

The Board of Governors shall make any adjustments necessary in future apportionments of all state funds to resolve errors identified through Chancellor audits or reviews under section 59100, and or to correct any audit exceptions revealed by audit reports filed in accordance with section 59106 or section 84040.5 of the Education Code or by Chancellor reviews under section 59108.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .01 Background

- Extended Opportunity Programs and Services were established "to encourage the enrollment of students handicapped by language, social, and economic disadvantages, and to facilitate the successful completion of their education goals and objectives." (Education Code § 69641).
- The program was authorized under Senate Bill 164 (Chapter 1579, Statutes of 1968), as amended by AB 3100 (Chapter 1010, Statutes of 1976), SB 2283 (Chapter 609, Statutes of 1984), and AB 3775 (Chapter 1178, Statutes of 1989).

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .01 Background

- State allocations for EOPS are awarded on the basis of need, as supported by data submitted by community college districts.
- The data are expected to reflect the number of documented, eligible EOPS students identified and served by the district.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .01 Background

- The Cooperative Agencies Resources for Education (CARE) program was established in 1982 as a supplemental component of EOPS to provide educational support services and activities for the academically under-prepared, welfare-dependent, single head-of-household student population.
- CARE was established to assist EOPS students who are at least 18 years old and single heads-of-household, current recipients of CalWORKs/TANF/AFDC (California Work Opportunities and Responsibility to Kids/Temporary Assistance for Needy Families/Aid to Families with Dependent Children), have one child under 14 years old at time of acceptance into CARE, and help students break the welfare-dependency cycle by completing college-level educational and training programs.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .01 Background

- EOPS and CARE programs are unique to the State of California and the California Community Colleges, where it is found on all 114 campuses.
- Program participants may be eligible to receive grants, allowances and or services for educationally-related expenditures for dependent care, transportation, and textbooks/school supplies which may be awarded as a means of strengthening their retention, persistence, graduation, transfer rates, and overall academic success.



# CDAM- 474 EOPS AND CARE AUDIT TEST

## .01 Background

Student participating in EOPS and CARE may choose vocational certificates or license, associate degree, or transfer program options. Their selection of educational or career choices is facilitated with the assistance of EOPS-CARE and/or college counselors.

EOPS and CARE are state-funded Proposition 98 categorical programs with two separate and distinct funding streams. Program funds must be:

- 1) Held in separate budget accounts;
- 2) Expended within the fiscal year in which they are allocated; and
- 3) Restricted for specific purposes that assist targeted student populations.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .02 Criteria

- Provisions that relate to the program requirements:
- Education Code Sections 69640-69656 (EOPS)
- CCR, title 5, sections 56200-56298 (EOPS)
- Education Code Sections 79150-79155 (CARE)
- CARE Program Guidelines
- CARE Auditing Guidelines

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .02 Criteria

- EOPS Implementing Guidelines
- EOPS Expenditure Guidelines
- Use of Categorical Program Funds for Administrative Fees and Indirect Costs Memorandum
- California Community Colleges Management Information System's Data Element Dictionary
- Management Information Systems Data Mart – EOPS reports

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .03 Compliance Requirement

- All criteria above can be tested by auditors.
- Districts are required to expend EOPS funds to provide services that are specifically designed to supplement the college's existing support programs and to help EOPS eligible students complete their educational goal.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .04 Suggested Audit Procedure

2. Verify that EOPS and CARE expenditures for Academic Salaries, Non-academic salaries and employee benefits are for positions approved in the EOPS and CARE budget annual plans.

Expenditures for salaries and benefits are allowable for active EOPS or CARE employees.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .04 Suggested Audit Procedure

1. Determine that the student eligibility for EOPS and CARE have been verified. EOPS documents required are:
  - 1) EOPS or EOPS/CARE application;
  - 2) EOPS student education plan;
  - 3) EOPS mutual responsibility contract.

In addition, for CARE: written verification of the student's or their dependent child(ren)'s CalWORKs/TANF cash aid status from the county welfare department, campus CalWORKs or Tribal TANF.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .04 Suggested Audit Procedure

3. Verify that EOPS and CARE funds were not used for the following expenditures:
  - a. College administrative support cost (e.g., staff of the business office, bookstore, reproduction, staff at the dean salary level and above.)
  - b. Indirect costs (e.g., heat, lights, power, janitorial services).
  - c. Political or professional association dues and/or contributions.

# CDAM- 474 EOPS AND CARE AUDIT TEST

## .04 Suggested Audit Procedure

- d. Costs of furniture (chairs, desks, coat hangers, etc.)
- e. Cost of construction, remodeling, renovation, or vehicles.
- f. Travel costs other than travel costs of EOPS/CARE staff and students for EOPS/CARE activities or functions

Except for items (a) through (c) above, waivers may be approved by the Chancellor on a case by case basis.



# CDAM- 474 EOPS AND CARE AUDIT TEST

4. Verify that EOPS/CARE funds that remain unexpended as of June 30 of the fiscal year in which the funds are allocated have been documented to be returned to the Chancellor's Office.
5. Verify that the EOPS Advisory Committee met at least once during each academic year and the CARE Advisory Committee met twice during each academic year.

# CDAM- 474 EOPS AND CARE AUDIT TEST

This state compliance test may affect the calculation of funding from the State, and must be performed using a statistically significant sample. To enable the required extrapolation of findings to the universe of transactions, a stratified sample is required wherever it will assist in an accurate extrapolation of sample results.

# CDAM- 474 EOPS AND CARE AUDIT TEST

The Chancellor's Office will use the fully extrapolated information provided as part of the finding to calculate a dollar amount relating to each finding. This is required regardless of funding levels. It is needed to adjust the reported information to actual, which may change a Districts funding levels for the coming year. Any findings from this test that do not report the extrapolated information required will be rejected by the Chancellor's Office and the audit report will be considered incomplete until amended.

# ELEMENTS OF AN AUDIT FINDING

1. Criteria
2. Condition
3. Cause and Effect
4. Questioned Cost
5. Auditor's Recommendation
6. District Response (Corrective Action)

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## Criteria:

Per guidelines set forth by the California State Chancellor's Office, the EOPS student eligibility should be verified and documented. Required documents are: 1) EOPS application; 2) EOPS student educational plan; 3) EOPS mutual responsibility contract.

(recent change- on-line EOPS student educational plans do no require “wet signatures” of the student and counselor)

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## Criteria:

The documentation in an EOPS student's file should have the necessary information cited above, and it should be signed by the appropriate college staff, i.e., EOPS director, EOPS counselor or regular college counselor, along with the signature of the student to whom services were provided.

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## Condition:

Sample selections were made from the detailed listing of students receiving EOPS support and services for the 201X-201X academic year. Out of 16 students selected for testing, 8 did not have an application or a mutual responsibility contract signed by the appropriate college staff.

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

Questioned Costs:

Not determinable

Effect:

The District is not in compliance with State requirements for EOPS. Based on the total of 148 students receiving EOPS support and services and an error rate of 50 percent, the extrapolated error of this finding is 66 students, which results in a total potential error of 74 students.



# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## Cause:

Adequate procedures are not in place to ensure EOPS documentation signed by the appropriate college staff and student are maintained in the student's file.

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## Recommendation:

The District should develop and implement procedures to ensure compliance with EOPS recordkeeping requirements.

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## District Response:

Following the discovery that all EOPS/CARE applications were not properly signed by the counselor, the two counselors met with the Sr. Office Assistant to review our processes. It was suggested that the opportunity to initial the application at the top of the document was felt to be sufficient by some.

# SAMPLE OF AN EOPS/CARE AUDIT FINDING

## District Response cont.

However, it was clarified that all applications **MUST** be signed at the end of the application to officially approve the student's eligibility for the program. This practice is now in place, and is double-checked by the Sr. Office Assistant.

# WHAT HAPPENS WHEN A DISTRICT HAS AN AUDIT FINDING?

Audit findings are forwarded to the Chancellor's Office program specialist for follow up with the college.

# WHAT HAPPENS WHEN A DISTRICT HAS AN AUDIT FINDING?

## CCR 59114. Apportionment Adjustments

The Board of Governors shall make any adjustments necessary in future apportionments of all state funds to resolve errors identified through Chancellor audits or reviews under section 59100, and/or to correct any audit exceptions revealed by audit reports filed in accordance with section 59106 or Section 84040.5 of the Education Code or by Chancellor reviews under section 59108.

# ARE YOU READY FOR THE AUDITORS?



# ARE YOU READY FOR THE AUDITORS?

- CYIA- Channel Your Inner Auditor
- Review the CDAM – clues on the audit test
- Test the programs Internal Controls – are the EOPS/CARE procedures being followed?
- Checklist - Review EOPS/CARE student files to ensure it contains all required documentation.



# ARE YOU READY FOR THE AUDITORS?

- Find out when auditors will be reviewing student files and have it readily available.
- Review previous years audit finding(s) and management's response for corrective action. Is the corrective action implemented?
- Pro-active vs Re-active
- Communication –share best practices

# COMMON AUDIT FINDINGS

## **EOPS Findings**

- No Annual Meetings
- No Student Education Plan in student file
- No Signed Contract

## **CARE Findings**

- No Annual Meetings
- Student Not Eligible
- Over reported number of students served

# FISCAL ACCOUNTABILITY STAFF CONTACT

Tracy Britten

(916) 323-6899 or [tbritten@cccco.edu](mailto:tbritten@cccco.edu)