

**SAN LUIS OBISPO COUNTY
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007; 84.033; 84.063; 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Qualified</u>
Unmodified for all State programs except for the following State program which was qualified:	

<u>Name of State Program</u>
Section 424 - State General
<u>Apportionment Funding System</u>

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

None reported.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

2016-001 SECTION 424 - STATE GENERAL APPORTIONMENT FUNDING SYSTEM

Criteria or Specific Requirement

CCR, Title 5, Sections 58020-24, requires the District to maintain detailed documentation to substantiate the data reported on the "Apportionment Attendance Report" Form CCFS-320. FTES computation must apply the State-established Term Length Multiplier for the particular college.

Condition

The following were noted for the State General Apportionment Funding System:

Daily Contact Hours-Credit was overstated by 275.02 hours

- The District based one class hours on a term length multiplier of 18 rather than the actual number of days, which lead to an overstatement of 36.8 contact hours for the course tested.
- Two courses tested reported the wrong ending time. The District ended two courses at 12:29 pm rather than 12:30 pm and thus overstated their hours by 33.12. Course times are supposed to be based on five-minute increments for starting and ending times.
- One course's hours input was not in alignment with the course schedules. The hours were thus overstated by 205.8.

Positive Attendance-Non Credit was overstated by 1,440.58 hours

- One course tested was improperly claiming FTES for the class tutor's hours, thus overstating hours by 1,038.58.
- One class incorrectly calculated contact hours. Total hours for the class were calculated at 2,584 per the 320 report instead of 2,182 per the class syllabus/outline; thus overstating the hours by 402.

Questioned Costs

The District had six errors noted out of a sample of 75 tested for contact hours, which represents an error rate of eight percent. Thus, if the error rate held over the total population there would be an estimated overstatement of 47.79 FTES.

The District performed a recalculation of all courses to correct this error, as well as, other changes noted which resulted in an actual reduction of approximately 10 FTES.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Context

The District claimed a total of 411.42 FTES for Daily Contact hours and 185.97 Non Credit Hours FTES for a total of 597.39 FTES. The errors noted above combined reflect an overstatement of 1716.30 contact hours.

- Out of 25 daily hour students tested, there were four errors noted.
- Out of 25 positive hours students tested, there were two errors noted.

Effect

By not claiming the correct hours, the District is incorrectly stating their FTES.

Cause

This error appears to have been a result of input errors within the Banner System.

Recommendation

The District should review all data entry related to contact hours in order to prevent any errors from occurring in the future.

Management's Response and Corrective Action Plan

The District was made aware of these issues before the Recalc Apportionment Attendance Report was due. All the errors identified have been corrected and steps have been taken to ensure they won't occur again. Further, in addition to the courses identified above, all other courses that did not end on a five minute increment were truncated to next lower allowable increment. The attendance program used to track student tutor hours was modified so that the tutor's hours and not included in the total student contact hours reported. We determined that a modification was made to the program in Fall 2015 that caused this error. Reports submit prior to Fall 2015 did not include the tutor's hours. The corrected Recalc Apportionment Attendance Report was submitted to the Chancellor's Office on November 1, 2016.

To reduce the possibility of errors in the future, District staff created an edit check report that identifies courses that are not adhering to apportionment regulations. The report verifies the legal number of course hours are met, that partial clock hours are not 50 minutes, that courses are scheduled in five minute blocks, that classes scheduled as weekly attendance meet for the entire term, that daily courses meet for at least five meeting days, that there are at least 16 contact hours per unit, and that no weekly or daily sections have their hours manually overwritten. This edit check report continues to be updated as potential issues are found. Class schedulers and dean's assistants are responsible for running the report as the schedule is built and/or changes are made to the schedule.

The District is in the process of verifying all positive attendance non credit courses and daily attendance courses are coded correctly for the 2016-2017 academic year. The District plans to complete this work by January 31, 2017.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Audit Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.