

**SAN LUIS OBISPO COUNTY
COMMUNITY COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018**

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>Yes</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>Yes</u>
Identification of major Federal programs:	

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

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>Unmodified</u>
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SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

The following finding represents significant deficiencies and/or instances of noncompliance including questioned costs that are required to be reported by the Uniform Guidance.

2018-001 Special Test and Provisions - Return of Title IV

Program Name: Student Financial Assistance Cluster
CFDA Number: 84.007, 84.033, 84.063, 84.268
Direct funded by the U.S. Department of Education (ED)
Federal Agency: U.S. Department of Education (ED)

Criteria or Specific Requirement

34 CFR Section 668.173(b):

Return of Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic funds transfer initiated to ED as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew, or the date on the cancelled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew.

Condition

Significant Deficiency - The District's portion of the Return to Title IV funds were not returned within the 45 day requirement.

Questioned Costs

There are no questioned costs associated with this finding. The District did return the funds; however, they were not returned within the 45 day requirement.

Context

The District performed approximately 420 Return to Title IV calculations during the 2017-2018 year. There was one instance out of forty tested where the District's portion of the Return to Title IV funds were not returned within the 45 day requirement.

Effect

Without proper monitoring of Title IV returns, the District is at risk of noncompliance with the above referenced criteria.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

Cause

The District's internal controls associated with the Return to Title IV procedures failed to ensure that all required funds were returned in a timely manner.

Repeat Finding: No

Recommendation

The District should strengthen procedures to ensure that the Return to Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

Corrective Action Plan

The District concurs. Pell awards are automatically calculated and the system indicates if the student is eligible for a post withdrawal disbursement. However, the student in question was an incarcerated Second Chance Pell student. Incarcerated Second Chance Pell students are not eligible for a withdrawal disbursement and must be adjusted manually. In this case the manual adjustment did not happen within the 45 day requirement.

In order to ensure that funds are returned within the 45 day timeframe, protocols have been put in place to calculate Return to Title IV every two weeks rather than past practice of every four weeks. This gives the Financial Aid Director time to verify that the funds are returned for each student a week after the process is run.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

None reported.

SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

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.