



Los Angeles Community College District

Basic Financial Statements and Supplemental Information

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



FS-14-001: Information Technology

Condition and Context

During our review of the District's information technology controls during the fiscal year 2007 audit, we identified control weaknesses in the areas of security and change management. These included the sharing of user accounts, extensive super user access, and informal change management processes. These issues were determined to be significant deficiencies in the District's system of internal controls. During the fiscal year 2014 audit, we evaluated the progress of the controls implemented to remediate the weaknesses identified during the audit.

The District has continued to make progress in remediating the previously identified issues, however control weaknesses have not been fully remediated to a level where general internal controls can be relied upon for audit purposes and the significant deficiencies continued to exist during fiscal year 2014.

The District implemented the Security Weaver tool to control access to the SAP environment, and a formal process for change management and the Mercury Quality Center application to manage its change management process. The District's IT further limited access to super user accounts identified in the last review however, certain legacy control weaknesses, continue to exist. The sharing of user accounts in the database environment and operating system underlying SAP, extensive administrative access in SAP and weaknesses in the change management process were found during the 2014 audit.

Cause and Effect

During 2006–07, LACCD completed post implementation activities for a new Enterprise Resource Planning System (SAP). In addition, in September 2013, the District implemented an SAP wide update. During both the implementation and the update, certain access controls were not fully implemented and certain duties needed to be shared. While not ideal from a control standpoint, this also is not unusual for organizations that must continue to support business operations as complex systems implementations are being completed. However, weaknesses in the IT controls can significantly compromise both the security and accuracy of the data within a system and it is important that adequate controls are implemented.

With regard to change management, once a system is operational, further changes to the system are usually required to meet the business' developing needs. Such changes should be subjected to controls as formal as those used in the development or implementation of a new system. If there are weaknesses in managing system changes, the benefits originally gained by controlling the system's implementation can be quickly lost as subsequent changes are made.

Criteria

A significant deficiency in internal controls is the result of a deficiency in internal controls, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. Generally Accepting Accounting Principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. We believe the control deficiencies described above continue to represent a significant deficiency in internal controls.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

(1) Summary of Auditors' Results

Financial Statements

- (a) The type of report issued on the financial statements: **Unmodified**
- (b) Internal control over financial reporting:
 - Material weakness(es) identified: **None Noted**
 - Significant deficiencies identified that are not considered to be material weaknesses: **Yes. See item FS-14-001 on page 82**
- (c) Noncompliance, which is material to the basic financial statements: **No**

Federal Awards

- (d) Internal control over major programs:
 - Material weakness(es) identified: **No**
 - Significant deficiencies identified that are not considered to be material weaknesses: **Yes. See items F-2014-01 to F-2014-05.**
- (e) The type of report issued on compliance for major programs:
 - Student Financial Assistance Cluster – **Unmodified**
 - Child and Adult Care Food Programs (CCFP) – **Unmodified**
 - Workforce Investment Act (WIA) Cluster – **Unmodified**
 - Temporary Assistance for Needy Families (TANF) – **Unmodified**
- (f) Any audit findings, which are required to be reported under Section 0.510(a) of Office of Management and Budget Circular A-133: **Yes**
- (g) Dollar threshold used to distinguish between Type A and Type B programs: **\$941,691**
- (h) Major programs:
 - U.S. Department of Education
 - Student Financial Assistance Cluster:
 - 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - 84.033 Federal Work Study (FWS)
 - 84.038 Federal Perkins Loan (FPL)
 - 84.268 Federal Direct Student Loan (Direct Loan)
 - 84.063 Federal Pell Grant (PELL)

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

U.S. Department of Agriculture

- Child and Adult Care Food Program (CACFP) – CFDA 10.558

U.S. Department of Labor

- Workforce Investment Act (WIA) Cluster:
 - 17.258 Biomedical Sector Initiative Program
 - 17.258 Compton WorkSource Center/Comm Career Development
 - 17.259 Boyle Heights Youth Opportunity
 - 17.258 Entertainment Industry Sector Grant
 - 17.259 Youth Worksource Center
 - 17.259 Teacher Pathways
 - 17.278 Biomedical Sector Initiative Program
 - 17.278 Compton WorkSource Center/Comm Career Development
 - 17.278 Entertainment Industry Sector Grant

U.S. Department of Health and Human Services

- Temporary Assistance for Needy Families (TANF) – CFDA 93.558

(i) Auditee qualified as a low-risk auditee under Section 0.530 of OMB Circular A-133: No

(2) Summary of Current Year Findings and Questioned Costs Relating to Federal Awards

	Finding number
1. Student Financial Assistance Cluster- Special Tests and Provisions – Verification	F-2014-01
2. Child and Adult Care Food Program (CACFP) – Eligibility – Enrollment Records	F-2014-02
3. Temporary Assistance for Needy Families (TANF) – Procurement – Procurement Records	F-2014-03
4. Workforce Investment Act (WIA) Cluster – Eligibility – Participant Eligibility	F-2014-04
5. Workforce Investment Act (WIA) Cluster - Earmarking – 95% Requirement for Disadvantaged Low Income Youth	F-2014-05

Finding F-2014-01 – Special Tests and Provisions Verification

Federal Program Information

Federal Catalog Number: 84.063

Federal Program Name: Federal Pell Grant

Federal Agency: U.S. Department of Education

Pass-Through Entity: N/A

Campus: Los Angeles Southwest College

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Federal Award Number and Award Year: OPE ID No. 00704700, July 1, 2013 to June 30, 2014

Federal Pell Grant ID: P063P135261

Criteria or Requirement

Title 34, Education, Chapter VI – Part 668 – Student Assistance General Provisions – Subpart E – Verification and Updating of Student Aid Application Information, Section 668.53 – Policies and Procedures for Free Application for Federal Student Aid (FAFSA) states the following:

- (a) An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with the provisions of this subpart.

The District's verification policy states that if an application has been selected for verification, a verification worksheet must be completed and signed by the student.

Identified Condition

During our testing for compliance with special tests and provisions requirements for verification, we noted that for 1 out of 20 students sampled from Los Angeles Southwest College, the verification worksheet was incomplete and not signed by the student.

Questioned Costs

\$424

Possible Asserted Cause and Effect

Adequate procedures do not appear to be in place to ensure that verification of applicant's FAFSA is completed in accordance with the District's verification policy.

Recommendation

We recommend that the District implement stricter controls to ensure that verification of FAFSA selected by the DOE is completed in accordance with the federal guidelines and the District's verification policy.

Views of Responsible Officials and Planned Corrective Actions

Los Angeles Southwest College

During the fiscal year 2013-2014 the College did not have the proper level of staffing for its Financial Aid office, which also included the position of the Financial Aid Supervisor. This position is very critical since it handles the internal quality control functions that determine the areas of additional training and review. Southwest College has now hired a Financial Aid Supervisor to oversee these functions.

Internal controls will be addressed prior to disbursement of any financial aid funds. The supervisor will be responsible to review all files that are to be disbursed funds on a weekly basis. In addition to the Financial Aid Supervisor review of student files prior to disbursement, staff will also be trained on the importance of the in-taking complete documents at each weekly staff meeting. This will be a permanent agenda item.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding F-2014-02 – Eligibility – Enrollment Records

Federal Program Information

Federal Catalog Number: 10.558

Federal Program Name: Child and Adult Care Food Programs (CACFP)

Federal Agency: U.S. Department of Agriculture

Pass-Through Entity: California Department of Education

Campus: Los Angeles Valley College
Los Angeles Mission College

Federal Award Number and Award Year: 04056-CACFP-19-CC-CS, October 1, 2012 to September 30, 2013 and October 1, 2013 to September 30, 2014

Criteria or Requirement

Title 7, Agriculture – Part 226 – Child and Adult Care Food Program – Subpart E – Operational Provisions, Section 226.15 – Institution Provisions states the following:

- (e) Recordkeeping. Each institution shall establish procedures to collect and maintain all program records required under this part, as well as any records required by the State agency. Failure to maintain such records shall be grounds for the denial of reimbursement for meals served during the period covered by the records in question and for the denial of reimbursement for costs associated with such records. At a minimum, the following records shall be collected and maintained:
 - (1) Copies of all applications and supporting documents submitted to the State agency;
 - (2) Documentation of the enrollment of each participant at centers (except for outside-school-hours care centers, emergency shelters, and at-risk afterschool care centers). All types of centers, except for emergency shelters and at-risk afterschool care centers, must maintain information used to determine eligibility for free or reduced-price meals in accordance with §226.23(e)(1). For child care centers, such documentation of enrollment must be updated annually, signed by a parent or legal guardian, and include information on each child's normal days and hours of care and the meals normally received while in care.

Identified Condition

During our testing for compliance with eligibility requirements, we noted that 1 out of 15 participants sampled from Los Angeles Valley College and 1 out of 15 participants sampled from Los Angeles Mission College did not have an application documenting enrollment at the child care centers.

Questioned Costs

None

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Possible Asserted Cause and Effect

Adequate procedures do not appear to be in place to ensure that enrollment documentation which is required for eligibility in the Child Care Food Program is properly retained by the child care centers.

Recommendation

We recommend that the District implement stricter controls to ensure that enrollment documents required for determining eligibility are retained by the child care centers.

Views of Responsible Officials and Planned Corrective Actions

Los Angeles Valley College

Going forward on future grant programs, we will deploy a series of document-saving protocols, which includes, but is not limited to the following:

Implement the process of scanning all participant files as a “back-up” in case files get lost or misplaced. This will provide us with a duplicate copy of required participant program documentation for audit and program-related purposes.

Los Angeles Mission College

In response to the audit findings, we are setting up the system to maintain all the documents in the file. Two people will be checking the child’s file when a child is terminated from the program to make sure that all the documents are in place.

Finding F-2014-03 – Procurement – Procurement Records

Federal Program Information

<i>Federal Catalog Number:</i>	93.558
<i>Federal Program Name:</i>	Temporary Assistance for Needy Families (TANF)
<i>Federal Agency:</i>	U.S. Department of Health and Human Services
<i>Pass-Through Entity:</i>	State of California Department of Public Health
<i>Campus:</i>	Los Angeles Southwest College
<i>Federal Award Number and Award Year:</i>	4362501711014, July 1, 2013 to June 30, 2014

Criteria or Requirement

Title 2, Grants and Agreements – Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Subpart D – Post Federal Award Requirements, Section 200.318 – General Procurement Standards states the following:

- (i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Title 45, Public Welfare – Part 74 – Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations – Subpart C – Post-Award Requirements, Section 74.46 – Procurement Records states the following:

Procurement records and files for purchases in excess of the simplified acquisition threshold shall include the following at a minimum: (a) Basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

Identified Condition

During our testing for compliance with procurement requirements, we noted that 1 procurement transaction sampled at Los Angeles Southwest College did not document the rationale for its contract selection and the basis for not selecting the vendor with the lowest bid. The other procurement transactions at East Los Angeles College (1) and Los Angeles Trade Tech College (1) contained proper documentation.

Questioned Costs

\$4,873 of \$7,500 procurement transactions sampled.

Possible Asserted Cause and Effect

Adequate procedures do not appear to be in place to ensure that the basis or rationale for procurement actions is sufficiently documented.

Recommendation

We recommend that the District implement stricter controls to ensure that the basis or rationale for procurement actions is sufficiently documented.

Views of Responsible Officials and Planned Corrective Actions

Los Angeles Southwest College

The CalWORKs/TANF Program submitted all of the required paperwork and supporting documents to the college procurement specialist and the District including the required number of bids for the transaction. The vendor with the highest bid of the three was selected because they provided the best value for the quality of service, number of services included and the overall aesthetics of the venue, in comparison to the other two venues.

For future transactions of this scope, the CalWORKs/TANF Program will ensure that all procurement actions are properly documented as per the Federal guidelines. We will seek clarification from the District regarding where this documentation officially needs to occur at the initial phase of the transaction.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Finding F-2014-04 – Eligibility – Participant Eligibility

Federal Program Information

Federal Catalog Number: 17.259

Federal Program Name: Workforce Investment Act (WIA Cluster) – Youth Worksource Center

Federal Agency: U.S. Department of Labor

Pass-Through Entity: City of Los Angeles

Campus: Los Angeles Harbor College

Federal Award Number and Award Year: 123422, July 1, 2013 to June 30, 2014

Criteria or Requirement

Title 20, Employees' Benefits – Part 664 – Youth Activities under Title I of the Workforce Investment Act – Subpart B – Eligibility for Youth Services, Section 664.200 and the contract with the City of Los Angeles states that eligibility for services shall be limited to low-income residents of the City of Los Angeles between the ages of 17-21 and have one or more of the following barriers to employment:

- (i) Reading, writing or computing at or below eighth-grade level based on assessment;
- (ii) School dropout or at risk of dropping out;
- (iii) Homeless, runaway and foster youth or aging out of foster care;
- (iv) Offender and those at risk of court involvement;
- (v) Children of incarcerated parents;
- (vi) Pregnant or a parent;
- (vii) Requires additional assistance to complete an education program or to secure and hold employment, due to barriers such as emancipated youth, youth with a disability, limited English Proficiency, youth with a family history of chronic unemployment including long term public assistance; or
- (viii) Migrant and Native American youth.

Identified Condition

During our testing for compliance with eligibility requirements, we noted the following:

- 2 out of 60 participants sampled from Los Angeles Harbor College contained documentation showing residency outside the city limits of Los Angeles and therefore the participants were not eligible to participate in the program.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- 2 out of 60 participants sampled from Los Angeles Harbor College did not contain documentation to verify the age, residency, income and legal right to stay in the United States.

Questioned Costs

None

Possible Asserted Cause and Effect

Adequate procedures do not appear to be in place to ensure that documents for determining eligibility are carefully reviewed and properly retained by the Youth Worksource Center.

Recommendation

We recommend that the District implement stricter controls to ensure that documents for determining eligibility are carefully reviewed and properly retained by the Youth Worksource Center.

Views of Responsible Officials and Planned Corrective Actions

Los Angeles Harbor College

Los Angeles Harbor College will implement new controls that will allow for additional verifications to be made that will ensure that participant eligibility is determined correctly.

Los Angeles Harbor College will ensure that new program policies and procedures are implemented that will include stricter controls to ensure that documentation for determining eligibility is reviewed prudently and properly retained.

Finding F-2014-05 – Earmarking – 95% Requirement for Disadvantaged Low Income Youth

Federal Program Information

Federal Catalog Number: 17.259

Federal Program Name: Workforce Investment Act (WIA Cluster) – Youth Worksource Center

Federal Agency: U.S. Department of Labor

Pass-Through Entity: City of Los Angeles

Campus: Los Angeles Harbor College

Federal Award Number and Award Year: 123422, July 1, 2013 to June 30, 2104

Criteria or Requirement

Title 20, Employees' Benefits – Part 664 – Youth Activities under Title I of the Workforce Investment Act – Subpart B – Eligibility for Youth Services,

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Section 664.220 and the contract with the City of Los Angeles states that up to five percent (5%) of youth participants served may be individuals who do not meet the income criteria for eligible youth, provided that they are between the ages of 17-21, residents of the City of Los Angeles and have one or more of the following barriers listed below:

- (i) School dropout;
- (ii) Basic skills deficient;
- (iii) Are one or more grade levels below the grade level appropriate to the individual's age;
- (iv) Pregnant or parenting;
- (v) Possess one or more disabilities, including learning disabilities;
- (vi) Homeless or runaway;
- (vii) Offender; or
- (viii) Face serious barriers to employment.

Identified Condition

During our testing of compliance with earmarking requirements, we noted that Los Angeles Harbor College did not have monitoring procedures in place to ensure compliance with 95% earmarking requirements for disadvantaged low income youth. In addition, during our testing of eligibility requirements, we noted that 3 out of 60 participants sampled exceeded the low-income threshold.

Questioned Costs

None

Possible Asserted Cause and Effect

Adequate procedures do not appear to be in place to ensure compliance with earmarking requirements.

Recommendation

We recommend that the District implement stricter controls to ensure that procedures are in place to comply with earmarking requirements.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Views of Responsible Officials and Planned Corrective Actions

Los Angeles Harbor College

Los Angeles Harbor College seeks to enroll the majority of its program participants as disadvantaged low income participants and has income scales provided by the City in order to comply with low income thresholds. Participant data is captured into a funder managed database. There may be a report that can be generated to confirm compliance with 95% earmarking requirements for disadvantaged low income youth; however this report is provided by external sources and was not available at the time of testing.

Los Angeles Harbor College will implement new controls that will allow for verifications to be made that will ensure that participant income eligibility is determined correctly and complies with earmarking requirements.

SCHEDULE OF STATE FINDINGS AND RECOMMENDATIONS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

(1) Summary of State Findings and Recommendations

	<u>Section</u>	<u>Finding number</u>
1. To Be Arranged Hours – Attendance Documentation	479	S-2014-01
2. To Be Arranged Hours – Course Outline of Record	479	S-2014-02
3. Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) – Eligibility	474	S-2014-03
4. Disabled Student Programs and Services (DSPS) – Eligibility	475	S-2014-04

S-2014-01 – To Be Arranged Hours (Section 479) – Attendance Documentation

State Criteria or Requirement

TBA Definition: Some courses with regularly scheduled hours of instruction have “hours to be arranged” (TBA) as part of the total contact hours for the course. The TBA portion of the course uses an alternate method for regularly scheduling a credit course for purposes of applying either the Weekly or Daily Census Attendance Accounting Procedures pursuant to California Code of Regulations (CCR), title 5, sections 58003.1 (b) and (c), respectively.

Districts need to track TBA hours per participating student carefully to ensure that apportionment is not claimed for TBA hours of students who have documented zero course hours as of census point.

References

- To Be Arranged (TBA) Hours Compliance Advice (Legal Advisory 08-02), October 1, 2008
- Second TBA Hours Follow-up Memorandum, June 10, 2009
- TBA Hours Follow-up Memorandum, January 26, 2009
- Education Code sections 84040 and 88240

Identified Condition

During the test work performed to ensure that apportionment claimed for TBA courses is adequately supported, we noted that 4 of the 75 TBA courses sampled did not have census rosters or similar attendance forms. The finding occurred at Los Angeles City College.

There appeared to be a lack of procedures in Los Angeles City College to ensure that the designation of a course as TBA is communicated to instructors, and that attendance rosters for TBA courses at these campuses are distributed to the instructors at the beginning of the class and returned to Admissions and Records when completed.

Full-Time Equivalent Students (FTES) Impact

3.22 FTES exceptions of the 37.93 FTES sampled, or 8.49% of the total sample at Los Angeles City College.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

Questioned Costs

\$14,699 (3.22 FTES exceptions x \$4,564.83 credit FTES reimbursement rate)

Extrapolated Finding

Based on the schedule of FY 2014 FTES claimed for the TBA portion of credit courses of those campuses where the samples were obtained, the following are the extrapolated FTES for the above finding:

10.91 FTES (8.49% x 128.45 total FTES claimed for the TBA business courses at Los Angeles City College.

These findings have not been adjusted in the Annual Apportionment Report submitted for the year ended June 30, 2014.

Recommendation for Corrective Action

We recommend that the District strengthen controls to ensure that TBA course designations are timely communicated to the instructors and attendance documentation supporting apportionment is distributed and collected for all TBA courses in accordance with the State requirements.

District Response:

Los Angeles City College

As a corrective measure, now that the District Office has online TBA rosters, the Admissions Office will train the department on its use. The department will be asked to use the online TBA roster instead of submitting a paper TBA roster. The Dean of Enrollment will conduct the training workshop with the Psychology Department during the Fall 2014 semester.

S-2014-02 – To Be Arranged Hours (Section 479) – Course Outline of Record

State Criteria or Requirement

Some courses with regularly scheduled hours of instruction have “hours to be arranged” (TBA) as part of the total contact hours for the course. A clear description of the course, including the number of TBA hours required, must be published in the official schedule of classes or addenda thereto.

Specific instructional activities, including those conducted during TBA hours, expected of all students enrolled in the course are included in the official course outline. All enrolled students are informed of these instructional activities and expectations for completion. Failure of the District to comply with the course approval requirements, including having a course outline of record, could result in termination of course approval.

References

- To Be Arranged (TBA) Hours Compliance Advice (Legal Advisory 08-02), October 1, 2008
- Courses with To Be Arranged (TBA) Hours, Memorandum from the California Community Colleges Chancellor’s Office dated March 8, 2013

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

- Education Code sections 84040 and 88240
- CCR, Title 5, Sections 58102 and 58104

Identified Condition

During the test work performed to ensure that the TBA courses are included in the official course outlines, we noted that 2 of 17 TBA courses sections sampled at Los Angeles Southwest College did not have an approved course outline.

There appeared to be a lack of procedures in Los Angeles Southwest College to ensure that there are official course outlines supporting the TBA portion of the courses offered in its campus.

Full-Time Equivalent Students (FTES) Impact

10.33 FTES exceptions of the 36.38 FTES sampled, or 28.39% of the total sample at Los Angeles Southwest College.

Questioned Costs

\$47,155 (10.33 FTES exceptions x \$4,564.83 credit FTES reimbursement rate).

Extrapolated Finding

38.06 FTES (28.39% x 134.06 total FTES claimed based on the schedule of FY 2014 FTES claimed for the TBA portion of credit courses at Los Angeles Southwest College).

This finding has not been adjusted in the Annual Apportionment Report submitted for the year ended June 30, 2014.

Recommendation for Corrective Action

We recommend that the District strengthen controls to ensure that all TBA courses have an approved course outline that describes specific instructional activity in accordance with the State requirement.

District Response:

Los Angeles Southwest College

Each course outline contains the total number of hours that subject material will be taught. We will continue to make sure that we comply with all State mandated policies with regards to offering our classes at the appropriate number of hours and minutes.

S-2014-03 – Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) (Section 474) – Eligibility

State Criteria or Requirement

For the purpose of allocating CARE funds, conducting audits and evaluations, a student served by CARE is defined as a person who fulfills all EOPS/CARE eligibility criteria as specified in Title 5 regulations and CARE Program Guidelines and for whom, at minimum:

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

1. The EOPS program has the following documentation in the student's file:

- a) EOPS application
- b) Student education plan
- c) EOPS Mutual responsibility contract

The documents above are to be developed in accordance with local EOPS policies and procedures.

2. The EOPS program has reported the student as being served in district end-of-term MIS reports during the academic year.

Eligibility for CARE student participation shall be limited to individuals who meet all EOPS and CARE eligibility criteria as specified:

1. The CARE participant is currently receiving assistance from CalWORKs/TANF.

- a) CARE application (or combined EOPS/CARE application)
- b) EOPS Mutual Responsibility Contract (or combined EOPS/CARE contract)
- c) Students who currently receive CalWORKs cash aid for themselves and/or their child(ren) may be eligible for and receive assistance and services from CARE.
- d) Students receiving Medi-Cal, SSI or food stamps assistance only, but not CalWORKs/TANF cash aid for themselves, are eligible for CARE only if a dependent child in their family unit currently receives CalWORKs cash aid.
- e) Students not receiving CalWORKs/TANF cash aid due to a prior drug felony conviction, sanctions or time-limited status, are eligible for CARE only if a dependent child in their family unit currently receives CalWORKs cash aid.

2. The participant has at least one child under fourteen years of age at the time of admission into the CARE program.

3. The participant is at least 18 years old, a single head of household and has been determined to lack marketable employment skills.

Section 56220, (c) Eligibility for Programs and Services states that to receive programs and services, a student must not have completed more than 70 units of degree applicable credit course work in any combination of post secondary higher education institutions.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

Section 56236, Counseling and Advisement, states that Programs that receive funding for this area are required to provide at least three (3) counseling and/or advising contacts per semester (two per quarter) for each student.

References

- CCR, Title 5, Section 56220
- CARE Program Guidelines, revised August 1, 2010

Identified Condition

During our testing of 67 EOPS/CARE student files to determine compliance with eligibility requirements, we noted the following exceptions for 8 out of 20 student files tested at Los Angeles Southwest College:

Exceptions	Number of students					
	1	1	1	2	2	1
Participant exceeded the limit of 70 units of degree applicable coursework	X					
Student files did not show evidence of at least 3 counseling and/or advising contacts during the selected term	X	X	X	X	X	
No evidence that participant attended at least one class	X					
CARE application was not signed by the student or CARE Coordinator		X				
No evidence that the participant was single head of household		X				
Participant not receiving CalWORKs/TANF support		X	X			
No completed Student Educational Plan			X	X		
File could not be located						X

The remaining 47 student files sampled at Los Angeles Valley College (20 samples), Los Angeles City College (20 sample) and Los Angeles Pierce College (7 samples) contained documentation demonstrating that the students were eligible.

During our testing of 15 EOPS student files to determine compliance with eligibility requirements, we noted that 1 of 5 student files tested at Los Angeles Southwest College did not contain a completed Student Educational Plan.

The remaining 10 student files sampled at Los Angeles Valley College (5 samples) and Los Angeles City College (5 sample) contained completed Student Education Plans.

Questioned Costs

Amount of benefits received by the 9 students served cannot be quantified.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

Extrapolated Finding

Los Angeles Southwest College

CARE: 42 students served (8 exceptions / 20 samples x 106 students in the List of Students Served through CARE & EOPS for the fiscal year by the campus)

EOPS: 131 students served (1 exception / 5 samples x 657 students in the List of Students Served through EOPS for the fiscal year by the campus)

These findings have not been deducted from the List of Students Served reported by these campuses for FY 2014.

Recommendation for Corrective Action

We recommend that the District strengthen controls at these campuses to ensure that the colleges maintain adequate documentation to support compliance with the eligibility requirements of CCR Title 5, Section 56220 and the CARE Program Guidelines.

District Response

Los Angeles Southwest College

The District will strengthen controls and implement new processes and procedures to ensure that the Colleges maintain adequate documentation to support compliance with eligibility requirements. Examples of such as follows:

- All EOPS/CARE student files must have a Checklist form to ensure all required documentation for eligibility is verified by the appropriate Administrator.
- EOPS/CARE has developed an EOPS/CARE verification of Class Attendance Form to assure EOPS/CARE students are attending their first class each semester.
- The Dean of Student Services or Vice President of Student Services will review all EOPS/CARE participant files using the EOPS/CARE Eligibility Checklist form before students can be awarded a book voucher.
- A new CARE application was updated to reflect EOPS/CARE eligibility. The form will indicate if a participant is eligible for both EOPS and CARE or just one of the programs based on eligibility criteria.
- Files with missing documentation will be returned to EOPS/CARE staff who will attempt to retrieve missing documentation from student or counselor and files with missing eligibility forms will not be entered as EOPS/CARE participants.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

S-2014-04 – Disabled Student Programs and Services (DSPS) (475) – Eligibility

State Criteria or Requirement

A student with disability or a disabled student is a person enrolled at a community college who has a verified impairment which limits one or more major life activities as defined in 28 CFR 35.104, and which imposes an educational limitation as defined in Section 56004. For purposes of reporting to the Chancellor under Section 56030, students with disabilities shall be reported in the categories described in Sections 56032-44.

Documentation that students meet these criteria should be available in their files. These files should include but are not limited to the following: (i) a signed application for services and verification of enrollment at the community college; (ii) verification of disability and identification of educational limitation(s) due to disability; (iii) a Student Educational Contract; and (iv) documentation of services provided.

A Student Educational Contract (SEC) is a plan to address specific needs of the student. A SEC must be established upon initiation of DSPS services and shall be reviewed and updated annually for every student with disability participating in DSPS. The SEC specifies those regular and/or special classes and support services identified and agreed upon by both the student and DSPS professional staff as necessary to meet the student's specific educational needs. The SEC shall be reviewed annually by a DSPS professional staff person to determine whether the student has made progress towards his/her stated goals. Whenever possible the SEC shall serve as the educational plan and shall meet the requirements set forth in Section 55525 of this division.

The *Student Educational Contract* (SEC) is designed to serve as an educational contract between the DSPS program and the student. It should contain the following information:

- 1) An outline of the specific instructional and educational goal(s) of the student with a description of the objectives and activities needed to achieve these goal(s);
- 2) A measurement of the student's progress in completing the objectives and activities leading to their goal(s); and
- 3) A list of the services to be provided to the students to accommodate their disability-related educational limitations.

Section 56062 outlines the criteria for which students must meet in order to be counted as students with disabilities who are receiving services or instructions funded through the DSPS program. According to these criteria a student with disability must be enrolled in either special class or a regular class at the college. If the student with disability is enrolled in a regular class, the student must receive four or more service contacts during the academic year. A service contract is defined as each time a service, as defined in Section 56026, is provided to the student.

References

- Education Code Section 67310-12, 70901 and 84850

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

- Title 5 Disabled Student Programs and Services (DSPS) Implementing Guidelines

Identified Condition

During our testing of 85 DSPS student files to determine compliance with eligibility requirements, we noted the following:

- 1 of 20 student files sampled at Los Angeles City College showed that the student was enrolled in a regular course only but received less than 4 contacts during the year.
- 1 of 20 student files sampled at Los Angeles City College showed that the student was not enrolled in the college during the year. Furthermore, the student did not have a Student Educational Contract and Student Educational Plan.
- 1 of 10 student files sampled at Los Angeles Pierce College showed that the student was not enrolled in the college during the year.

The remaining 55 student files sampled at Los Angeles Valley College (20 samples), Los Angeles Southwest College (20 samples), Los Angeles Mission College (9 samples), West Los Angeles College (6 samples) contained documentation demonstrating that the students were eligible.

Questioned Costs

Amount of benefits received by the 3 students served cannot be quantified.

Extrapolated Finding

Los Angeles City College – 71 students served (2 exceptions / 20 samples x 708 students the List of Students Served for the fiscal year by the campus)

Los Angeles Pierce College – 129 students served (1 exception / 10 samples x 1,293 students in the List of Students Served for the fiscal year by the campus)

These findings have not been deducted from the List of Students Served reported by these campuses for FY 2014.

Recommendation for Corrective Action

We recommend that the District strengthen controls at these campuses to ensure that the colleges maintain adequate documentation to support compliance with the eligibility requirements of Education Code Sections 67310-12, 70901 and 84850, and the Title 5 DSPS Implementing Guidelines.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of State Findings and Recommendations

Year ended June 30, 2014

District Response

Los Angeles City College

1. We are implementing a new “paper” contact tracking system that will ensure that all allowable service contacts are inputted into the DEC. We are also exploring a technological solution to this issue.
2. All student OSS (DSPS) enrollments and student service contacts will be checked mid semester and at the end of each semester with college enrollment status. If the student is not enrolled in LACC, even though they may have been enrolled during the previous semester, and they have not received at least four service contacts they will not be submitted for DSPS funding.
3. All student OSS (DSPS) student service contact records (paper and DEC) will be reviewed mid-semester (with follow-up) and at the end of each semester. Students who are not enrolled in a special course or have fewer than four service contacts at the end of the academic year will not be submitted for DSPS funding.

Los Angeles Pierce College

Pierce College will inform the professional staff of the audit findings and requirements. Counselors who see students who are not currently enrolled in classes and plan on adding will be flagged so follow up can occur to determine if the student successfully added a course(s). If the student did not enroll in any courses during that current FY, regardless of service contacts, the student will not be included in the weighted count reported.

SCHEDULE OF PRIOR YEAR FEDERAL AND STATE FINDINGS

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

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 and of any other as yet unresolved audit finding from previous years:

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
F-13-01	Student Financial Assistance – Eligibility	We recommend that the District implement stricter controls to ensure that information used in the calculation of Federal Pell grant payments is accurate.	Implemented	Not applicable
F-13-02	Strengthening Minority – Serving Institutions – Passage Program – Allowable Costs/Cost Principles, Time, and Effort Documentation	We recommend that the District implement stricter controls to ensure that that payroll charged to the program is supported by signed and approved time and effort and effort documentation.	Implemented	Not applicable

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
S-13-01	State General Apportionment Funding (Section 424) and Concurrent Enrollment of K-12 Students in Community College Credit Courses (Section 427) – Board Approvals	We recommend the District work with its colleges to review the course approval dates and affect the necessary corrections in the current Protocol system so that the District can have an accurate and readily verifiable support for its credit course approvals. Moving forward, we recommend that the District strengthen its controls to ensure that records of Board agenda course approvals are properly maintained.	Implemented	Not applicable

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
S-13-02	To Be Arranged Hours (Section 479) -- Attendance Documentation	We recommend that the District strengthen controls to ensure that TBA course designations are timely communicated to the instructors and attendance documentation supporting apportionment is distributed and collected for all courses in accordance with the State requirements.	Partially implemented. Implemented at Los Angeles Pierce College. See Finding S-2014-01	Los Angeles Southwest College in the process of implementing their corrective action plan by having: 1) Both the Admissions Office and the Office of Academic Affairs to communicate with faculty on a regular basis about TBA sections and requirements for collecting, maintaining, and reporting TBA hours and rosters; and 2) Currently the College does not have a written process and plans to develop one in the current fiscal year.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
S-13-03	To Be Arranged Hours (Section 479) – Course Outline of Record	We recommend that the District strengthen controls to ensure that all TBA courses have an approved course outline that describes specific instructional activity in accordance with the State requirement.	Not implemented at Los Angeles Southwest College See Finding S-2014-02.	The College is making sure that all of the courses, including those courses with TBA sessions, have updated course outlines; and that not only illustrate how many of the hours will be lab or lecture hours, but also what the instructional activity or course material will be taught. The College will continuously review the course outline update schedule; and review the list of courses that we generally offer a TBA session.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
S-13-04	Concurrent Enrollment of K-12 Students in Community College Credit Courses (Section 427) – Teacher Minimum Qualifications	We recommend the District strengthen the controls to ensure that qualifications of instructors are carefully reviewed prior to issuing course assignments.	Implemented	Not applicable
S-13-05	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) (Section 474) – Eligibility	We recommend that the District strengthen controls at these campuses to ensure that the colleges maintain adequate documentation to support compliance with the eligibility requirements of CCR Title 5, Section 56220 and the CARE Program Guidelines.	Partially implemented. Implemented at Los Angeles Pierce College See Finding S-2014-03	Since the audit finding, the College has implemented the following: 1) Prior to new students orientation, students will receive a checklist of require documents for CARE; 2) during the mandatory new student orientation session for CARE, a two semester Educational Plan is completed for each student and recorder in DEC and file; 3) Follow-up is made to ensure that all continuing CARE students have a comprehensive Educational Plan;

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
S-13-06	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) (Section 474) – Advisory Committee Meetings	We recommend that the District implement stricter controls to ensure that all colleges comply with the EOPS/CARE advisory meeting requirements. For practicality, we recommend that each college consider establishing or maintaining a joint advisory committee for both EOPS and CARE programs as permitted by the State.	Implemented	4) All information for the program is submitted prior to acceptance into CARE program; 5) CARE students who do not complete the educational plans will not be counted on MIS; and 6) Students are processed as a CARE participant after all the above has been turned in and documented in the file. Not applicable

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
S-13-07	Disabled Student Programs and Services (DSPS) (475) – Student Eligibility	We recommend that the District strengthen controls at these campuses to ensure that the colleges maintain adequate documentation to support compliance with the eligibility requirements of Education Code Sections 67310-12, 70901 and 84850, and the Title 5 DSPS Implementing Guidelines.	Partially Implemented. Implemented at West Los Angeles College, and Los Angeles Mission College. See Finding S-2014-04	Since, the audit finding, the DSPS has implemented the following at the end of each semester: DSPS reconciles MIS reporting date. A staff member updates the accommodation form to more readily identify the counselor's notations of educational limitations, and audits and updates all active student files to ensure educational limitations are noted from the disability verification and are readily visible on the form listing approved reasonable accommodations. Additionally, the DSPS staff ensures all new students sign the Student Educational Contract (SEC) and it is placed in file.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

<u>Finding reference</u>	<u>Finding description</u>	<u>Recommendation</u>	<u>Current status</u>	<u>Explanation if not fully implemented</u>
				Currently, the DSPS office is in the process of hiring a new DSPS Counselor/Coordinator to oversee the implementation and compliance of the DSPS office. The new position will be required to attend the state DSPS training to ensure our DSPS office is in compliance with the eligibility criteria.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Schedule of Prior Year Federal and State Findings

Year ended June 30, 2014

Finding reference	Finding description	Recommendation	Current status	Explanation if not fully implemented
FS-13-001	Information Technology	During the view of the District's information technology controls a control weakness was identified in the areas of security and change management. These included the sharing of user accounts, extensive super user access and informal change management processes. These issues were determined to be significant deficiencies in the District's system of internal controls. Certain legacy control weaknesses continue to exist. The sharing of user accounts in the database environment and operating system underlying SAP, extensive administrative access in SAP and weaknesses in the change management process were found during the 2013 audit.	Partially Implemented See Finding FS-14-001	Management continues to limit access whenever appropriate and conducts a full review system of IT system access on quarterly basis. Security Weaver continues to be the tool to monitor and control high level access to SAP and has been updated to include security, operations and other personnel allowing management oversight of access and monitoring capability of such access. Additional restrictions and changes to security roles were implemented including the removal of access roles determined not required for the task at hand and escrowing of key passwords. Access to the root accounts were also restricted as much as possible given the current organization resource limitations.