



***Program Compliance Office  
California Student Opportunity & Access Program  
Review Report***

***2000-01 Award Year***

**East Bay Consortium  
Program Review ID#60200200001  
314 East 10th Street, Rm 9  
Oakland, CA 94606**

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**Program Review Dates:** 12/9/2002 to 12/13/2002

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## AUDITOR'S REPORT

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### SUMMARY

We reviewed the East Bay Consortium's administration of the California Student Aid Commission (Commission) California Student Opportunity & Access Program (Cal-SOAP) for the 2000-01 award year.

The consortium records disclosed the following:

- Consortium Governing Board Was Not Comprised of The Required Membership
- Actual In-Kind Match Amounts Were Not fully Documented
- A tutor Payment Evidenced Discrepant Calculation
- Cal-SOAP Funds Were Not Reconciled

### BACKGROUND

Through compliance reviews, the administration of the Cal-SOAP program is evaluated to ensure program integrity with applicable laws, policies, contracts and consortium agreements.

The following information, obtained from the consortium and Commission database, is provided as background on the consortium:

#### A. Consortium

- Type of Organization: Private, Non-profit
- Project Director: Monica Montenegro
- Board Chairperson: Sister Carol Sellman
- Certified Public Accountant: Richard Berger
- Membership: Albany High School  
Berkeley High School,  
Bishop O'Dowd High School,  
St. Elizabeth High School  
St. Mary's High School  
Oakland Unified School District  
West Contra Costa Unified School District  
CSU Hayward,  
UC Berkeley  
College of Alameda  
Contra Costa College  
Laney College  
Merritt College  
Vista College  
Holy Names College,  
Mills College  
Saint Mary's College  
Samuel Merritt College  
Stiles Hall

#### B. Consortium Persons Contacted:

- Project Director: Monica Montenegro
- Certified Public Accountant: Richard Berger

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**AUDITOR'S REPORT (continued)**

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## C. Project Information:

- Date of Prior Commission Program Review: None
- Size of Student population in the service area: 53,000
- Number of Students Served
  - General: 6,229
  - Intensive: 1,744
  - Activity Advisement: Advisement, Parent Outreach  
Employee Training  
Academic Monitoring  
College Enrollment  
Referrals  
College Day  
College Information  
Pre-Collegiate Academy  
I'm Going to College  
Transfer: Making it Happen  
Financial Aid/Cal Grant Entitlement  
Workshops  
College Representative Visits  
Recruitment  
PCA Saturday Program for Students  
Tutoring  
SAT Workshops

**OBJECTIVES,  
SCOPE AND  
METHODOLOGY**

The purpose of our review is to provide the Commission with assurance that the consortium adequately administered the Cal-SOAP program and that they are in compliance with applicable laws, policies, contracts and consortium agreements.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Program Eligibility
- C. Completion of Reports
- D. File Maintenance and Records Retention
- E. Review of Administrative and Accounting Controls

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that Cal-SOAP funds received by the consortium are secure.
- Administration systems have adequate controls to ensure that Cal-SOAP payments are accurate, legal and proper.
- Accounting requirements are being followed.

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## AUDITOR'S REPORT (continued)

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**OBJECTIVES,  
SCOPE AND  
METHODOLOGY**  
(continued)

The procedures performed in conducting this review include:

- Evaluation of the current administrative procedures through interviews and reviews of records, forms and procedures.
- Evaluation of the current payment procedures through interviews and reviews of records, forms and procedures.
- Review of the records and payment transactions from a sample of Cal-SOAP student tutors within the review period.
- Review of the records and payment transactions from a sample of Cal-SOAP expenditures within the review period. The program review sample was selected from the total population.

This review was conducted in accordance with **Government Auditing Standards** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the consortium's financial statements.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Cal-SOAP funds were administered according to the applicable laws, policies, contracts and consortium agreements. Accordingly, transactions were examined on a test basis to determine whether Cal-SOAP funds were expended in an eligible manner. The consortium's management controls were considered only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the consortium's administration of the Cal-SOAP program.

**CONCLUSION**

Except for the issues described in the Findings and Required Actions section of this report, the consortium administrated its portion of the Commission's Cal-SOAP program in accordance with the applicable laws, policies, contracts and consortium agreements.

**VIEWS OF  
RESPONSIBLE  
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on December 13, 2002.

December 13, 2002

Charles Wood, Manager  
Program Compliance Office

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## FINDINGS AND REQUIRED ACTIONS

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B. PROGRAM ELIGIBILITY: **FINDING 1: Consortium Governing Board Was Not Comprised of The Required Membership**

The East Bay Consortium governing board did not include a representative from at least one of the following agencies: non-profit educational, counseling, or community agency, or private accredited vocational or technical school.

**DISCUSSION:**

As directed in California Education Code 69561 (f) and (h): Each project shall be operated through a consortium that involves at least one secondary school district office, at least one four-year college or university, at least one community college, and at least one of the following agencies: a non-profit educational, counseling, or community agency, or a private, accredited vocational or technical school. Furthermore the governing board of each project must be comprised of at least one representative from each participating Consortium institution.

The East Bay Consortium of Educational Institutions is the East Bay Cal-SOAP Consortium governing board. The East Bay Consortium of Educational Institutions Bylaws state, "The Board of Directors shall have representation from the following segments: 2 directors from a 4-year public college/university, 1 director from a private 4-year college/university, 1 director from a 2-year public college, 1 director from a parochial school, 1 director from a public secondary school district, and 2 members-at-large, one whom is a non-profit educational, counseling, or community agency, or a private accredited vocational or technical school.

For the 2000-01 year, the governing board was missing the non-profit educational, counseling, or community agency, or private accredited vocational or technical school representative.

**REFERENCES:**

Cal-SOAP Program Operations Handbook, 12/6/96, Chapter 2, page 9  
Cal-SOAP Program Operations Handbook, 10/01, Section 2, page 1  
California Education Code, 69591(f) and (h)  
East Bay Consortium of Educational Institutions Bylaws, Section 7.02

**REQUIRED ACTIONS:**

In September 2002, the East Bay Consortium added Gianna Tran, Executive Deputy Director, East Bay Asian Youth Center to fill the non-profit educational, counseling, or community agency, or private accredited vocational or technical school position in order to meet the Cal-SOAP governing board requirements. No further action is required.

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## FINDINGS AND REQUIRED ACTIONS (continued)

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B. PROGRAM ELIGIBILITY: **FINDING 2: Actual In-Kind Match Amounts Were Not fully Documented**

A review Consortium member's in-kind match amounts revealed the institutions did not have sufficient documentation.

**DISCUSSION:**

State law requires a matching contribution of local resources for each Cal-SOAP project at a 1:1 ratio. The goal, however, is for the projects to exceed the 1:1 ratio and attain a 1:1.5 ratio. Each consortium, through its Director, is expected to systematically account for the receipt and expenditure of matching funds provided by supporting institutions. The expenditure of matching funds constitutes an integral part of each project's operation and its fiscal reporting to the Commission. "In-kind" funds, which are not included in a project's expenditure budget, are to be accounted for in a reasonable manner and reported to the Commission.

Although the Consortium In-Kind Contributor's submitted match amounts, the calculated amounts were not adequately documented. We selected a sample of Consortium member's inputs and reviewed their calculation of the in-kind match. It became obvious that the members did not realize in what detail they needed to provide and document actual amounts. As this matter was discussed with these Consortium members, it appeared that the actual in-kind match was higher than the amounts that were reported to the Consortium and the Commission.

**REFERENCES:**

California Education Code 69564  
Cal-SOAP Program Operations Handbook, 12/6/96, Chapter 4, page 22 & 24  
Cal-SOAP Program Operations Handbook, 10/01, Section 2 pages 2-4

**REQUIRED ACTIONS:**

The Consortium must create a more detailed method of **tracking** and **documenting** the actual in-kind match amounts supplied by the institutions. This match amount is subsequently reported to the Commission. If it appears reasonable, the institutions may use a time study where all in-kind costs are tracked for a reasonable period or periods of time and extrapolated over the year to determine their actual in-kind match for the award year.

**INSTITUTION RESPONSE:**

One on one training with member institutions and samples of how to document actual contributions will be provided to our member institutions to ensure that in-kind amounts reveal actual contributions.

**AUDITOR REPLY:**

The consortium's action is deemed acceptable and no further action is required.

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## FINDINGS AND REQUIRED ACTIONS (continued)

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C. Completion of Reports: **FINDING: Tutor Payment Discrepancy**

A review of 4 student employee records revealed 1 tutor who had a discrepancy in payment information.

**DISCUSSION:**

In order to participate in Cal-SOAP, an institution must enter into an agreement with the Commission, thereby acknowledging its willingness and ability to administer the program according to published rules and regulations and program guidelines. The institution agrees to monitor and maintain fiscal records documenting financial transactions that include salaries and fringe benefits of student employees who provide services through the Cal-SOAP project.

A comparison of student No. 1X's March 2001 payroll register and timesheet disclosed that the student worked 17.25 non-work-study hours but was paid for 15.25 hours. Therefore, the student was paid \$24.52 less than he earned as illustrated below.

17.25 Hours @ \$12.26 = \$211.49 Actual Hours Worked  
15.25 Hours @ \$12.26 = \$186.97 Hours Paid  
**\$ 24.52 Earned but not Paid**

*Attachment A displays student No. 1X by name and social security number.*

**REFERENCES:**

Cal-SOAP Program Operations Handbook, 12/6/96, Chapter 4, page 27  
Cal-SOAP Program Operations Handbook, 10/01, Section 4 page 3

**REQUIRED ACTION:**

East Bay Consortium is required to implement control measures to ensure that tutor timesheets are accurate prior to payment approval. Additionally, the Consortium must submit the procedures that will be implemented to ensure that all students are paid the correct amount.

**INSTITUTION RESPONSE:**

Tutor hours have always been reviewed for appropriateness. Since the completion our Program Compliance Review timesheets are maintained in a software spreadsheet to eliminate arithmetic errors.

**AUDITOR REPLY:**

The consortium's action is deemed acceptable and no further action is required.

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## FINDINGS AND REQUIRED ACTIONS (continued)

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E. REVIEW OF  
ADMINISTRATIVE  
AND ACCOUNTING  
CONTROLS:

**FINDING: Cal-SOAP Funds Were Not Reconciled**

During reconciliation of the Consortium's fiscal documents it was discovered that Cal-SOAP funds were not reconciled.

**DISCUSSION:**

The Commission allocates funds appropriated by the Legislature on the basis of annual proposals made by the Consortia operating projects. The Commission expects projects to maintain adequate fiscal and managerial controls to ensure proper expenditures of state appropriations. No state-apportioned funds may be carried over from one fiscal year to the next. Any unexpended funds at the end of the fiscal year must be returned to the Commission.

A reconciliation of the account for the 2000-01 fiscal year showed an unexpended balance of \$293.38 as shown below:

\$ 640,833.00	Program Funds
16,167.00	Loan Funds
324,670.00	Database Funds
<u>840,075.74</u>	Infrastructure Funds
\$1,821,745.74	Reimbursable Amount
\$2,007,670.00	CSAC Warrants LESS
<u>181,604.25</u>	Loan Funds EQUALS
1,826,065.75	CSAC Paid
\$1,826,065.75	CSAC Paid LESS
1,821,745.74	Reimbursable Amount LESS
<u>4,026.63</u>	Amount Returned to CSAC on 12/6/02 EQUALS
\$ 293.38	<i>Balance of Undisbursed Funds to Returned to CSAC</i>

**REFERENCES:**

Cal-SOAP Program Operations Handbook, 1996, Chapter 4, pages 24-25  
Cal-SOAP Program Operations Handbook, 10/01, Chapter 6, page 13

**REQUIRED ACTION:**

The Consortium returned **\$293.63** to the Commission in December 2002 with warrant No. 3648. Additionally, the Consortium must ensure that all reimbursements requested are expended during the appropriate fiscal/contract year and any unused funds are returned to the Commission.

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**FINDINGS AND REQUIRED ACTIONS (continued)**

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**INSTITUTION RESPONSE:**

Procedures have always been in place to ensure that all reimbursement requested are expended during the appropriate periods. The amount in question was the related administrative cost that was overlooked (\$293.63) when an unspent amount of \$4,026.63 was returned to CSAC at the end of the contract.

**AUDITOR REPLY:**

The consortium's action is deemed acceptable and no further action is required.

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**ATTACHMENT A – TUTOR PAYMENT**

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**FINDING C: Tutor Payment Discrepancy**

NO.	NAME	SSN
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