



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

2005-06 Award Year

**Greater Long Beach Regional Consortium
Program Review ID#60700000017**

**6300 State University Drive, Suite 255
Long Beach, CA 90815**

Program Review Date:	February 26 – March 1, 2007
Auditor:	Nati DeGroot (916) 526-6413
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AUDITOR'S REPORT

SUMMARY

We reviewed Greater Long Beach Regional Consortium's administration of California Student Aid Commission (Commission) California Student Opportunity & Access Program (Cal-SOAP) for the 2005-06 award year.

The consortium's records disclosed the following:

- Consortium's By-Laws Not Implemented
- Actual In-Kind Match Not Properly Documented
- Equipment Not Identified

BACKGROUND

Through consortium 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: Coleen Maldonado
- Board Chairperson: Shirley Arceo
- Fiscal Agent: Mae DeBruin
- Membership: California State University Long Beach
Cerritos College Compton Community College
Compton Unified School District Educational Opportunity Center, CSULB
Long Beach City College Long Beach Unified School District
UC Irvine Whittier Union High School District
Youth Opportunity Center

B. Consortium Persons Contacted

- Project Director: Coleen Maldonado
- Board Chairperson: Shirley Arceo
- Fiscal Agent: Mae DeBruin
- Ex Officio Member/Principal Investigator: Valerie Bordeaux
- Board Member/Treasurer: Michele Scott

AUDITOR'S REPORT (continued)

BACKGROUND (Continued)

C. Project Information

- Date of Prior Commission Program Review: None
- Size of Student population in the service area: 48,113
- Number of Students Served
 - General: 9,568
 - Intensive: 2,212
- Cal-SOAP Programs:
 - Cash for College "I Am Going To College"
 - Peer Advising/Tutoring Transfer: Making It Happen
 - Financial Aid Workshops Intensive Workshop Series
 - College Fairs Parent Conferences
 - Career Conference Pre-Algebra & Algebra Tutoring

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. 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.

The procedures performed in conducting this review included:

- 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.
- Reviewing of the records and payment transactions from a sample of Cal-SOAP student tutors within the review period. The program review sample was selected from the total population.
- Reviewing 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.

AUDITOR'S REPORT (continued)

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

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 auditor considered the consortium's management controls 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

In conclusion, except for the issues described in the Findings and Required Actions section of this report, the consortium administrated the Commission Cal-SOAP program in accordance with the applicable laws, policies, contracts and consortium agreements as they pertain to the Commissions Cal-SOAP program.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on March 1, 2007.

March 1, 2007

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL
ELIGIBILITY:

FINDING 1: Consortium By-Laws Not Implemented

A review of the consortium's by-laws revealed that the Governing Board failed to adhere to the set of rules outlined in the By-Laws.

DISCUSSION:

The consortium is required to establish and follow a set of rules for governing its own meetings and affairs. These by-laws shall be based on the project's distinct structure, kept current and reflect the board's current practices.

In order to measure the consortium's performance, it is necessary to analyze the adequacy and enforcement of established internal controls for safeguarding the operational and fiscal integrity of the Cal-SOAP program. A routine procedure of the compliance review is to examine the consortium's by-laws.

Article VI, Section 1. Membership of the Consortium's by-laws states, "An institutional member must:

- A. Provide direct annual financial support of \$1,000 or more for activities,
OR
- B. Provide annual in-kind contributions of a value of \$1,000 or more to specific activities.

The total contribution in items A and/or B of \$1,000 or more each year may be a combination of the above.

- C. Provide appropriate documentation, referred to as Commitment of Fiscal and/or In-Kind Support: Form A and Summary of Actual Fiscal and/or In-kind Support: Form B, of support and contributions quarterly with the fourth quarter report due no later than July 30th of each year.
- D. Attend or assign a representative to attend Regional Collaboration Meetings.

Members who fail to meet the minimum commitments listed in items A, B, C and D above may have their membership in the Consortium terminated. All members are responsible for any additional written agreements or memorandum of understanding as deemed necessary by their respective institutions.

Additionally, Section 4. Termination of Membership states as follows:

- A. Grounds for Termination: An institution member may be terminated for the following reasons:
 - 1. Failure to meet minimal financial and/or in-kind contributions as listed in Article VI, Section 1.
 - 2. Members deemed out of compliance with submissions for Forms A and B.

FINDINGS AND REQUIRED ACTIONS (continued)

B. Process for Termination of Membership.

1. The Consortium Treasurer shall notify members in writing that they are out of compliance according to Article VI, Section 1.
2. The Treasurer will determine a deadline for members to gain compliance either by submitting Forms A and/or B or making financial or in-kind contributions for the year.
3. A final is sent to the highest level administration who is the most current signatory on Form A, notifying them of the institution's termination to the Consortium.
4. A simple majority vote of the Governing Board shall terminate institutional membership.

A review of the consortium's matching resources documentation and discussions with institutional staff revealed that UC Irvine failed to contribute \$1,000 of direct or in-kind support for the 2005-06 award year. Although, UC Irvine did submit a completed Form A indicating a \$1,000 contribution, a Form B was never submitted nor a cash contribution was made for the respective award year.

There was no documentation in the consortium's files indicating that UC Irvine was notify in writing of their out of compliance status as set forth in the by-laws.

REFERENCES:

Cal-SOAP Policies and Requirement Manual, Chapter 2, dated August 2004
Greater Long Beach Regional Consortium By-Laws
2005-06 Award Year In-Kind Match Documentation

REQUIRED ACTION:

The Greater Long Beach Consortium is **required** to submit enhanced policies and procedures that will be implemented to ensure compliance with the Consortium's by-laws.

CONSORTIUM RESPONSE:

Enhanced policies have been enacted to ensure compliance with the Consortium's Governing Board By-Laws, revised text is underlined above. In addition, the Consortium Treasurer's role has been altered to include enhanced responsibilities to track member submission of inkind contributions and documentation throughout the year and to promptly notify any members who are in non-compliance.

UC Irvine's membership in the Greater Long Beach Regional Education Consortium has been terminated effective April 1, 2007. It is our hope that UC Irvine will rejoin the Consortium at a later date when an appropriate representative can be identified per Article V, section 5 in our by-laws.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITOR REPLY:

The consortium's action is deemed acceptable.

A. GENERAL ELIGIBILITY:

FINDING 2: Actual In-Kind Match Not Properly Documented

A review of 2 consortium member's in-kind match documentation revealed that 1 institution did not have detailed documentation of the in-kind contribution amount.

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 attain a 1:1.5 ratio. Each consortium, through its Project 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.

A review of 2 consortium members in-kind match documentation revealed that one of the consortium members did not document their in-kind contributions adequately. Discussions with the Project Director revealed that the consortium members are aware of the requirement and have been notified of the specific details and retention of substantiating documentation needed when reporting the in-kind contribution amounts to the Commission.

During the on-site visit review, the Project Director and consortium members were made aware that the failure to properly report the actual in-kind contribution amount could result in an incorrect match amount being reported to the Commission, thus, affecting the ratio amount.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Policies and Requirements Manual, Chapter 3, dated August 2004
Greater Long Beach Regional In-Kind Documentation

REQUIRED ACTIONS:

The Consortium **must** create a method of calculating, tracking and documenting the actual in-kind match amounts provided by its members that is subsequently reported to the Commission. If it appears reasonable, the institutions may use a time study where all in-kind costs tracked for a

FINDINGS AND REQUIRED ACTIONS (continued)

reasonable period or periods of time and extrapolated over a year to determine their actual in-kind match for the award year. In response to this finding, please provide an example of an in-kind contribution by an institution that includes the method in which the amount was determined.

CONSORTIUM RESPONSE:

In addition to the Form B: Actual Inkind Contributions report required by Consortium members on a semi-annual basis, members will be expected to attach a completed spreadsheet documenting the cost breakdown of each category.

AUDITOR REPLY:

The consortium's action is deemed acceptable.

**D. ADMINISTRATIVE
AND
ACCOUNTING
CONTROLS:****FINDING: Equipment Not Identified**

A review of the Equipment Inventory Report for the 2005-06 Fiscal Year revealed that 3 items were not identified with CSAC ID tags.

DISCUSSION:

Equipment items to be purchased using state funds under the terms of the agreement shall be identified with an appropriate identification tag and the brand name, cost, date of purchase, identification/serial number, etc listed on an Equipment Inventory Report.

A review of the Equipment Inventory Report for the 2005-06 Fiscal Year and a physical inventory conducted by the auditor revealed that the following 3 items listed in the table below were purchased with state funds but were not identified with CSAC ID tags that were provided by the CSAC.

Description	CSAC ID Tag No.
2-drawer beige file cabinet	13361
2-drawer pressed wood file cabinet	13362
HP color LaserJet 3600DN	13363

During the on-site review, the Project Director indicated that they were unable to locate the CSAC ID tags for the aforementioned items.

REFERENCES:

Cal-SOAP Agreement, G-05-017
Cal-SOAP Policies and Requirement Manual, Chapter 3, dated August 2004
Greater Long Beach Regional Consortium's Equipment Inventory Report

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The consortium is **required** to notify the Commission about the missing CSAC ID tags and obtain new CSAC ID tags and affix them to the aforementioned items list above. Additionally, the consortium is **required** to submit written procedures that will be implemented to ensure all equipment purchased with state funds are promptly identified.

CONSORTIUM RESPONSE:

The missing Id tags were located and attached to identified equipment or furniture, consequently new Id tags are not necessary. Furthermore, a complete inventory was conducted to confirm that all equipment or furniture is properly tagged.

New Policy: Equipment items purchased with Cal-SOAP funds will be identified with a state issued identification tag. Our Office Manager will be responsible to contact CSAC to request a new identification tag(s) within 90 days of new purchase(s). Immediately upon receipt the CSAC id tag(s) will be placed on the appropriate item(s).

AUDITOR REPLY:

The consortium's action is deemed acceptable.

OBSERVATIONS AND RECOMMENDATIONS

G. OBSERVATIONS AND RECOMMENDATIONS: **The following are observations and recommendations based upon our review of the consortium's policies and procedures and the condition of the consortium's records.**

OBSERVATION 1: Board Member Not Attending Governing Board Meetings

A review of the Consortium's 2005-06 Members and the Governing Board Meetings revealed that not all members are attending the scheduled meetings as encouraged.

In order to maintain good stewardship of the Cal-SOAP program and to ensure that the mission, goals, and purpose is fulfilled, it is imperative that all members attend meetings and actively participate in the decision making process by exercising their voting privileges.

CONSORTIUM RESPONSE:

Our Governing Board has instituted a revision to our By-laws which states that board members must attend a minimum of 4 board meetings out of the scheduled 6 governing board meetings on an annual basis or they will be deemed out of compliance and may be subject to termination of membership.

OBSERVATION 2: Form B Not Submitted Quarterly

A review of the Consortium's By-Laws and the match documentation revealed that members are not submitting the Form B on a quarterly basis as recommended.

According to Article VI, Section 1.C. of the Consortium's By-Laws, states that members,

"Provide appropriate documentation, referred to as Commitment of Fiscal and/or In-Kind Support: Form A and Summary of Actual Fiscal and/or In-kind Support: Form B, of support and contributions quarterly with the fourth quarter report due no later than July 30th of each year."

Additionally, Article VII, Section 2.B. indicates that,

"Form B represents the actual money spend or in-kind support given during the fiscal year by each member institution. At a minimum each Consortium member must submit its Form B by the end of the year final due date of September 1st. Preferably Form Bs will be collected on a quarterly basis according to the schedule below. All Federal work-Study or Student Employee Earnings in-kind contributions must be certified by the appropriate personnel at each member institution".

OBSERVATIONS AND RECOMMENDATIONS (continued)

The Form B should be submitted by each member of the Consortium according to the time table below:

1 st Quarter	July 1 to September 30	Form B due by October 15
2 nd Quarter	October 1 to December 31	Form B due by January 15
3 rd Quarter	January 1 to March 31	Form B due by April 15
4 th Quarter	April 1 to June 30	Form B due by July 15

Currently, State law requires a matching contribution of local resources for each Cal-SOAP project at a 1:1 ratio. Failure to accurately report matching funds can possibly result in underestimating/overestimating actual in-kind contribution amounts.

During the on-site review, the Consortium was strongly encourage to require the submission of the quarterly Form B reports from its members as it promotes good business practices and helps promotes the Commission's goal for project obtaining a 1:1.5 ratio of the Consortium's award amount.

CONSORTIUM RESPONSE:

In order to provide the consortium with appropriate documentation of inkind and fiscal contributions our Consortium board members have decided to revise our documentation deadline for Form B: Actual Inkind Contributions reports and the required Supporting Documentation spreadsheet to a semi-annual basis based on the schedule below. This revised schedule will make it easier for members to collect supporting documentation and information to accurately report their inkind and fiscal contributions.