



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

2006-07 Award Year

**North Valley Consortium
Program Review ID#60800000012**

**2088 N. Beale Road
Marysville, CA 95901**

Program Review Date:	November 17 – 24, 2008
Auditor:	Nati DeGroot (916) 464-6413
Report Approved by:	Charles Wood, Manager Program Compliance Office (916) 464-8912

TABLE OF CONTENTS

	<u>Page Number</u>
AUDITOR'S REPORT	
SUMMARY.....	3
BACKGROUND	3
OBJECTIVES, SCOPE AND METHODOLOGY.....	4
CONCLUSION.....	5
VIEWS OF RESPONSIBLE OFFICIALS.....	5
FINDINGS AND REQUIRED ACTIONS	6

AUDITOR'S REPORT

SUMMARY We reviewed North Valley Consortium's administration of California Student Aid Commission (Commission) California Student Opportunity & Access Program (Cal-SOAP) for the 2006-07 award year.

The consortium's records disclosed the following:

- Unallowable Food Expense
- In-Kind Contribution Amounts Not Reported to the Commission
- Final/Actual In-Kind Contribution Amounts Not Accurate

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: Yvette Santana-Soto
- Board Chairperson: Carmen Beno
- Fiscal Agent: Yuba College
- Membership: Yuba Community College District
CSU, Chico Work Force Investment Act
Butte Community College Biggs Unified School District
Chico Unified School District Colusa Unified School District
Corning Union High School District Durham Unified School District
District
East Nicholas Joint Union High District Gridley Unified School District
District
Hamilton Elementary School Hamilton Union High School District
District
Live Oak Unified School District Los Molinos Unified School District
Marysville Joint Unified School District Maxwell Unified school District
District
Migrant Education Orland Joint Unified school District
Oroville City Elementary School District Oroville Union High School District
District
Palermo Union School District Pierce Joint Unified School District
Red Bluff Joint Union High School District Sutter Union High School District
School District

AUDITOR'S REPORT (continued)

Thermalito Union Elementary School District	Wheatland Union High School District
Williams Unified School District	Willows Unified School District
Yuba City Unified School District	CSU, Sacramento

B. Consortium Persons Contacted

- | | |
|------------------------|---------------------|
| • Yvette Santana-Soto: | Project Director |
| • Rita Ordiway: | Secretary |
| • Raminder Bains: | Database Technician |
| • Barbara Forkey: | Outreach Specialist |

C. Project Information

- | | |
|---|---|
| • Date of Prior Commission Program Review: | September 2003 |
| • Branches: | CSU, Chico, Work-Force Investment, Butte College and Sutter Unified School District |
| • Size of Student population in the service area: | 29,346 |
| • Number of Students Served | |
| General: | 9,170 |
| Intensive: | 1,575 |
| • Cal-SOAP Programs: | Transfer Making It Happen |
| I'm Going to College | Cash for College Workshops |
| Cal-SOAP Career Fair | Summer Programs |
| College Campus Visits | Financial Aid Workshops |
| College Preparation Services | College Application Workshops |
| Writing Workshops | Technology Workshops |
| Mentoring/Tutoring Services | Test Taking Workshops (ACT, SAT, PSAT) |
| Vocational Career Workshops | Parent 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 Program Requirements
- B. Fiscal Accountability
- C. Observations and Recommendations

AUDITOR'S REPORT (continued)

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.
- 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 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.

The names and social security numbers of the sample of student tutors reviewed have been excluded from the body of this report and have been replaced by identifying numbers.

CONCLUSION

In conclusion, except for the issues described in the Findings and Required Actions section of this report, the consortium administered 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.

November 24, 2008

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

B. FISCAL ACCOUNTABILITY: **FINDING 1: Unallowable Food Expense**

A review of one of the Consortium's invoice revealed that the Consortium used State funds to cater a Board Meeting.

DISCUSSION:

According to the Agreement between the Commission and the Consortium, funds may not be used for the purchase of food or beverages for staff or Governing Board meetings or other items that are ineligible for reimbursement as indicated in Chapter III, section 5.7 of the Cal-SOAP Policies and Requirements Manual.

A review of 20 expenditures invoices revealed 1 case in which Cal-SOAP funds were used for an unallowable expense. According to Purchase Order #19261, \$68.85 of State funds were used to pay for catering services for a Cal-SOAP Board Meeting held on the February 13, 2007.

REFERENCES:

North Valley Cal-SOAP Consortium Agreement, G-06-012
Cal-SOAP Policies and Requirements Manual, Chapter III

REQUIRED ACITON:

The return of ineligible funds will not be required as it appears to be an isolated incident. During the on-site review, the Consortium was reminded that food and beverage purchases for staff and/or Governing Board Members are NOT permitted. No further action is required of this Finding.

CONSORTIUM RESPONSE:

The North Valley Cal-SOAP Board will not purchase food and Beverages for staff and/or Governing Board Members in accordance with Cal-SOAP Policies & Requirements Manual, as well as the North Valley Cal-SOAP Consortium Agreement.

AUDITOR REPLY:

The Consortium's action is deemed acceptable.

FINDINGS AND REQUIRED ACTIONS (continued)

B. FISCAL ACCOUNTABILITY: **FINDING 2: In-Kind Contribution Amounts Not Reported to the Commission**

A review of the Consortium's in-kind documentation and discussions with staff revealed that not all in-kind contribution amounts are being reported to the Commission.

DISCUSSION:

The funding provided by the Commission to a Consortium for the operation of a Cal-SOAP project shall be matched by other sources of funds. Matching funds are contributions either in cash or in-kind which are used to match the funds provided through the Cal-SOAP agreement. Matching contribution may come from federal, state, local, or private resources, members of the sponsoring Consortium, or education related institutions.

A Consortium may consider the following resources as a direct fund match so long as the contribution is directed towards Cal-SOAP eligible student as defined by Cal-SOAP law and meets the goals and objectives for the Cal-SOAP project:

- Salaries and fringe benefits for student employees to provide services through the Cal-SOAP project
- Salaries for institutional employees who are assigned to the Cal-SOAP project
- Cost of supplies of Cal-SOAP related activities, i.e., duplication, printing, office supplies, etc.
- Mileage for student and institutional employees to provide services through the Cal SOAP project
- Cost of institutional space donated to the project
- Cost of institutional furniture donated to the project

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 and reported to the Commission.

A review of the in-kind matching documentation and discussions with Project Director revealed that not all contributions are being account for from its sponsoring members. During institutional sites visits it was disclosed that not all of the cost of supplies, mileage, space, furniture and salaries for Cal-SOAP related activities were account for during the 2006-07 award year.

Further discussions with Project Director indicated that since the Consortium exceeded the minimum 1:1 ratio requirement, it did not require its members to fully report all of its in-kind contributions.

FINDINGS AND REQUIRED ACTIONS (continued)

During the on-site review, Consortium staff and its member were reminded of the importance of reporting all eligible in-kind contributions to the Commission as it provides for accurate reporting.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Policies and Requirements Manual, Chapter III

REQUIRED ACTIONS:

In response to this Finding, the Consortium is required to submit quality control measures that will be implemented to ensure that all eligible matching funds are documented and reported to the Commission as required.

CONSORTIUM RESPONSE:

The North Valley Cal-SOAP Consortium created the attached In-Kind Document Form. During the February 2009 Board Meeting, this form was reviewed and adopted by the North Valley Cal-SOAP Board to use to document, thus report to the Commission the In-Kind Contributions provided by the North Valley Cal-SOAP Consortium. Policy and procedures were developed.

AUDITOR REPLY:

The Consortium's action is deemed acceptable.

B. FISCAL ACCOUNTABILITY:

FINDING 3: Final/Actual In-Kind Contribution Amounts Not Accurate

A review of the Consortium's Year-End Report, Matching Resource Contribution Summary Report and discussions with staff revealed that final/actual in-kind contribution amounts are inaccurate.

DISCUSSION:

At year-end, the Commission requires that each Consortium submit four budget-related reports, one of which is the Matching Resource Contribution Summary Report. This Report details the contributions toward the operations of the Cal-SOAP project the Consortium partners have provided for the fiscal year. Typically, this Report is submitted twice a year, the first details the pledges from the partners which are submitted along with the Annual Program Plan and the second is submitted 90 days from the end of the fiscal year which details the actual and final contribution amounts.

FINDINGS AND REQUIRED ACTIONS (continued)

It is imperative that each Consortium maintains complete and accurate records of matching funds by supporting institutions. The Consortium is required to match funds provided by the Commission by a minimum of 1:1. However, the Consortium is strongly encouraged to increase its matching resources to at least 1:1.5. Failure to accurately report matching funds can possibly result in underestimating/overestimating actual in-kind contribution amounts.

A review of the Consortium's Year-End Report, Matching Resource Contribution Summary Report and discussions with staff revealed that final/actual in-kind contribution amounts were incorrectly reported at year-end. During the on-site audit, the Consortium provided supporting documentation to substantiate the amounts reported however, upon examination of the documentation it was discovered that the final/actual were amounts were different than those reported as illustrated in the table below:

Sponsoring Member	In-Kind Amount Reported	Correct In-Kind that should have been Reported
Work Force Investment Act	\$100,00	\$100,285
Yuba Community College District	\$563,449	\$585,595
Butte Community College District	\$100,00	*
Migrant Education	\$15,000	\$34,966

*Supporting documentation solely revealed percentage of salaries

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Policies and Requirements Manual, Chapter III
Cal-SOAP Policies and Requirements Manual, Chapter IV
Cal-SOAP Policies and Requirements Manual, Chapter V

REQUIRED ACTION:

In response to this Finding, the Consortium must create a method of calculating, tracking and documenting the final/actual in-kind match amounts provided by its sponsoring members that is subsequently reported to the Commission. The institutions may use a time study where all in-kind costs tracked for a reasonable period or periods of time and extrapolated over a year to determine their actual in-kind match for the award year.

Additionally, the Consortium must submit quality control measures that will be implemented to ensure that each sponsoring member is accurately reporting final and actual amounts at year-end.

FINDINGS AND REQUIRED ACTIONS (continued)

CONSORTIUM RESPONSE:

The North Valley Cal-SOAP Consortium created the attached In-Kind Document Form. During the February 2009 Board Meeting, this form was reviewed and adopted by the North Valley Cal-SOAP Board to use to document, thus to accurately report to the Commission the In-Kind Contributions provided by the North Valley Cal-SOAP Consortium. Policy and procedures were developed.

AUDITOR REPLY:

The Consortium's action is deemed acceptable.