



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

2005-06 Award Year

**San Jose Consortium
Program Review ID#60700000008**

**3095 Yerba Buena Road, P101
San Jose, CA 95135**

Program Review Date:	October 2007
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AUDITOR'S REPORT

SUMMARY We reviewed San Jose 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:

- Incomplete Cal-SOAP procedures.
- Non-compliance with quorum requirement at Cal-SOAP governing board meeting.
- The 30% tutor requirement calculated incorrectly.

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: Sonia Ramos
- Board Chairperson: Pablo Reguerin
- Fiscal Agent: University California Regents at Santa Cruz
- Membership:
 - Schools and Districts
 - Alum Rock Union School District
 - East Side Union High School District
 - Franklin-McKinley School District
 - San Jose Unified School District
 - Santa Clara County Office of Education, Region V, AVID
 - California Community Colleges
 - San Jose Evergreen Community College District
 - San Jose City College
 - California Public Universities
 - San Jose State University
 - San Jose State Foundation
 - University of California, Santa Cruz
 - Independent College
 - National Hispanic University
 - Community Agencies
 - City of San Jose, Parks and Recreation
 - Opportunities Industrialization Center, West

B. Consortium Persons Contacted

- Felicia Nance Executive Director
- Pablo Reguerin Board Chairperson
- Maggie Collins Financial Manager, EPC, UCSC

AUDITOR'S REPORT (continued)

BACKGROUND (continued)

C. Project Information

- Date of Prior Commission Program Review: September 2002
- Branches: None
- Size of Student population in the service area: 17,205
- Number of Students Served
 - General: 2,700
 - Intensive: 1,975
- Cal-SOAP Programs:
 - I'm Going To College Academic Tutoring
 - College: Making It Happen Financial Aid Awareness
 - SAAGE/TES Data Analysis San Jose Area Cash for College
 - Academic, College & Career Advising Services Exposure to Career Options & Campuses
 - College-Going Initiative Family Members as College Advocates
 - Bridge to Transfer Partnerships Program

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.

AUDITOR'S REPORT (continued)

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

The procedures performed in conducting this review included: (continued)

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

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 administrated the Commission Cal-SOAP in accordance with the applicable laws, policies, contracts and consortium agreements as they pertain to the Commissions Cal-SOAP.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on October 12, 2007.

October 12, 2007

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL
ELIGIBILITY:

FINDING 1: Incomplete Cal-SOAP Procedures

San Jose CAL-SOAP (Consortium) written policies and procedures were incomplete.

DISCUSSION:

In order to measure the consortium's performance, it is necessary to evaluate and analyze the consortium's implemented internal controls (procedures) for safeguarding the operational and fiscal integrity of the Cal-SOAP. A routine procedure of the compliance review is to examine the consortium's written procedures.

It is imperative that consortiums have written procedures so that in the event staff was to leave their positions, written procedures would be available to direct new staff to continue the proper administration of the Cal-SOAP. The consortium is required to develop policies that outline what services will be provided and define each service level.

A review of the consortium's policy and procedures revealed that while the fiscal agent has policies and procedures concerning the fiscal operations, there are limited written procedures available at the consortium to govern the administration of the Cal-SOAP. The policy and procedures supplied by the San Jose Cal-SOAP consist of the Operations Handbook, California Student Opportunity and Access Program which is provided by the Commission. Consortium policies and procedures should include detail of daily operation of the Cal-SOAP office. Additionally, procedures should be developed that describe the operation of the governing board and its relationship to their staff and fiscal agent.

The consortium was previously cited for this finding in April 2002 program review report. Therefore, this finding is deemed as continuing noncompliance.

REFERENCE:

Cal-SOAP Policies and Requirements Manual, pages 11 & 55, August 2004

REQUIRED ACTION:

The San Jose Consortium **is required** develop written policies and procedures that govern the administration of the Cal-SOAP. In addition, please submit the policies and procedures that will be implemented.

FINDINGS AND REQUIRED ACTIONS

INSTITUTION RESPONSE #1:

The San Jose CalSOAP does not concur with the recommendation and requirement that we develop additional written policies and procedures to govern the administration of the program. We think this recommendation will engage us in violating our public duty to spend the public funds of which we are trustee in the most efficient and effective way to get the results that the public expects of us: prepare students to engage in post secondary education and eligible to enter the best universities and colleges in the land. By asking us to engage in additional burdensome administrative tasks, the audit is suggesting that we should spend precious staff time on administration of bureaucracy when we more usefully could spend that time addressing our student's needs. This is particularly true at a time when our resources for program delivery have been curtailed by budget cuts at the state and CSAC level which have reduced our resources by 25% over previous years.

In addition, we believe that the audit team may have overlooked the extensive policies and procedures provided by the University of California in the areas of finance, human resources, sponsored projects, and general institutional policies. We believe that these extensive policies and procedures that guide many of the functions of the San Jose CalSOAP operation are sufficient to govern the activities and operations of the program that require policies or procedures. Because these policies are primarily on-line in interactive and searchable data bases, and not available in paper form, we will create a summary page in the operations manual listing the various web sites with policy and procedure documents that relate to various functions. We will send a copy of this page to CSAC when it is developed.

Finally, all documented procedures and policies are organized on the CalSOAP server by fiscal year and can be easily accessed by staff. This has served as a successful practice increasing administrative and programmatic efficiencies.

AUDITOR REPLY #1:

Written policies and procedures to govern the administration of the program are critical to the operation of the San Jose Consortium. It is management's responsibility to ensure that controls are in place and operating effectively. That responsibility must ensure that internal controls are established, **properly documented**, and maintained. The CalSOAP Policies and Requirements Manual, Chapter VI, Section 3.0 states that the consortium is required to develop and maintain an adequate system of internal controls which ensure the fiscal integrity of the program requirements.

A program review evaluates the adequacy and effectiveness of controls encompassing the organization's governance, operations, and information systems. Without written consortium administrative controls we are not able to effectively evaluate the administrative capability of the San Jose Consortium.

FINDINGS AND REQUIRED ACTIONS

Oral policies and procedures can be interpreted differently from person to person and have the possibility to change over time without proper documentation.

Our review of the San Jose Consortium's policy and procedures revealed that while the fiscal agent has written policies and procedures concerning fiscal operations, **there are limited written procedures available at the consortium to govern the administration of the Cal-SOAP**. The policy and procedures supplied by the San Jose Consortium consist of the Operations Handbook, California Student Opportunity and Access Program which is provided by the Commission. Consortium policies and procedures should include detail of daily operation of the Cal-SOAP office.

The work of the consortium will be more easily accomplished and problems will be avoided if all involved understand what is expected of them and the limits of their authority. A comprehensive description of the consortium Governing Board and Project Director responsibilities should make clear the day-to-day activities of the organization and set forth exactly what information is expected by the board and when it must be communicated. For example, if the board expects monthly financial reports and bi-monthly programmatic reports, making those expectations clear from the beginning will avoid ambiguity and will clarify the responsibility for accountability. Likewise, all other employees should have written job descriptions and be advised of what is expected of them. If they do not understand their responsibilities or do not act professionally, the consortium could be at risk.

The San Jose Consortium **is required** develop written policies and procedures that govern the administration of the consortium. In addition, please submit the policies and procedures that will be implemented.

INSTITUTION RESPONSE #2:

We have reviewed your response and in consultation with our fiscal analyst and provide the attached documents addressing the areas noted:

1. UCSC Policies Toolkit: This document contains all the links to written policies, procedures and forms that govern much of the actions of the units of UC. For specific information on fiscal requirements, I would suggest reviewing the section titled University of California System Wide Financial Policies (page 2), also located at the following link (<http://www.ucop.edu/ucophome/policies/bfb/>).
2. Spending Authority: Written delegations of spending authority for all managers of UCSC EPC along with the approval limits for expenditures.
3. Scope of Work: Summary of areas of responsibilities for all staff provided during initial hire orientation and used to guide daily work.

FINDINGS AND REQUIRED ACTIONS

4. New Hire Orientation Plan: Upon initial hiring each new staff member is provided with an orientation plan that ensures all areas of employment are reviewed in detail with their supervisor.

Furthermore, during the audit conducted in October of 2007, our fiscal analyst provided the auditors with the statement that all the UC policies (which are in writing but are maintained on line and are not in printed form) apply to the Cal-SOAP/EAOP operation in San Jose. The operation in San Jose is an arm of UC which runs a Cal-SOAP program in concert with other programs operated under UC. The consortium governing board provides guidance and decision making within the context of the UCSC EPC programs and does not set separate policy on internal controls, purchasing, spending, human resources, etc., that are different from the UC policies.

AUDITOR REPLY #2:

Written policies and procedures to govern the administration of the program are required for the operation of the San Jose Consortium. The Consortium governing board is responsible for developing and implementing controls that are in place and operating effectively. That responsibility must ensure that internal controls are established, **properly documented**, and maintained.

Your response only references policies and procedures established by the fiscal agent, no written policies and procedures concerning the administration of the Consortium by the governing board have been provided.

These policies and procedures would involve the duties, responsibilities and interactions of the Consortium Governing Board and Project Director. They should address the areas discussed in the Cal-SOAP Policies and Requirements Manual Chapter II sections 1.2, 1.3, 1.6, 1.8, 2.0 and 2.1.

INSTITUTION RESPONSE #2:

During our audit there was some information provided that seem to address the items you outlined in the manual, Chapter II. I would like to get your input on the items listed below and make sure I'm addressing the items correctly.

Section 1.2

The Cal-SOAP Operations Manual was provided. Is this is not sufficient can you please be more specific on the exact information you would like to see?

Section 1.3 Responsibilities of the Consortium

These items are outlined in our APP, which is part of our Operational Manual. We also provide our consortium members with a job description (see attached) during all member orientations. Is there something additional needed? A sample board orientation agenda is attached.

FINDINGS AND REQUIRED ACTIONS (continued)

Section 1.6 Governing Board

During our audit the information regarding our the actions and management of the Consortium through our governing board meetings was shared. All meeting documentation, board orientation packet, meeting schedule, etc. are posted on our Governing Board webpage - The Cal-SOAP web site (see instructions below) will be updated with the available packet items for the meeting. Hard copies will be available at the time of the meeting if you are unable to print from the web site.

AUDITOR REPLY #2:

With the additional items supplied the Consortium's action is deemed acceptable.

A. GENERAL ELIGIBILITY:

FINDING 2: Non-Compliance With Quorum Requirement at Cal-SOAP Governing Board Meeting.

According to board meeting minutes, five out of seven meetings failed to have a quorum.

DISCUSSION:

The governing board of each project shall establish management policy, provide direction to the project, set priorities for budgetary decisions that reflect the specific needs of the project, and assume responsibility for securing the matching funds. A consortium is expected to operate within regularly adopted By-Laws. The consortium's By-Laws state,

"The Executive Committee shall develop and implement evaluation procedures for project activities. Decisions reached by this body by simple majority vote shall be submitted to the Governing Board for final ratification. Each member of the Executive Committee shall be entitled to one vote."

Furthermore, the business (voting) of the governing board shall be conducted under parliamentary procedures established by the Robert's Rule of Order. **In order for the Governing Board to conduct official business on behalf of the Consortium, a quorum of the membership must be present. A quorum of the membership is defined as fifty percent of the Governing Board plus one.** All matters submitted to a vote must be carried by a simple majority of a quorum of the voting members present. In the absence of a quorum, official Consortium business cannot be conducted. Proxy voting may be utilized by member institution once each fiscal year and must be authorized in writing.

According to the consortium's By-Laws, general meetings of the San Jose Cal-SOAP Governing Board and the Executive Committee shall be scheduled at least quarterly and preferably monthly.

FINDINGS AND REQUIRED ACTIONS (continued)

A review of the Consortium's 2005-06 members and the Governing Board meetings revealed that five out of seven meetings failed to have a quorum to conduct business as a result of members not attending the scheduled meetings.

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 members attend meetings and actively participate in the decision making process by exercising their voting privileges.

REFERENCES:

California Education Code, 69561 (h)
California Education Code, 69562
Cal-SOAP Policy and Requirements Manual, August 2004, Section 1.0 and 5.0
San Jose Cal-SOAP Consortium By-Laws, Article III, and VI
Robert's Rules of Order

REQUIRED ACTION:

In response to this finding, the consortium **must** provide a corrective action plan to ensure that all meetings (board & executive) are conducted according to Robert's Rules of Order and a **quorum is met**. In addition, please submit the corrective action plan that will be implemented.

INSTITUTION RESPONSE:

After facing challenges in meeting quorum during the 2004-2005 fiscal year, the San Jose Cal-SOAP Consortium has since taken steps to ensure that all meetings (board & executive) are conducted according to Robert's Rules of Order and a quorum is met. Since the 2005-2006 fiscal year, the following measures have been put in place

- Meeting email reminder is sent one week prior to each board and executive committee meeting
- Individual phone calls are made by the Governing Board Chair to each member to address any concerns and issues with attendance and involvement
- Reminder phone calls are made on the Thursday prior to each board and executive committee meeting to confirm attendance
- Each board member is required to assign a proxy to serve as an alternate representative when the board member is unable to attend
- A password protected Governing Board website has been created and regularly updated since July 2004
- The board website serves to maintain all records meeting minutes, agendas and actions taken by both the board and executive committee

FINDINGS AND REQUIRED ACTIONS (continued)

Additionally, the San Jose Cal-SOAP Consortium will implement the following actions in the 2008-2009 fiscal year to further strengthen involvement by all board and executive committee members:

- Revise bylaws to authorize board to conduct meetings by teleconference
- Implement the use of an 'action log' to document all board and executive committee actions taken and to serve as a historical reference.
- Establish call-in process and teleconference account to allow members to attend meetings when unable be present (according to Robert's Rules of Order)
- Provide board members with guidelines of the Robert's Rules of Order and make available at each board and executive committee meeting.
- Board roster sign-in sheets will be scanned and included in the minutes of each board and executive committee meeting, to serve as back-up documentation, and placed on the Cal-SOAP Board webpage
- Include 'Member Attendance' as a regular agenda item to be addressed when necessary

AUDITOR REPLY:

The Consortium's action is deemed acceptable.

B. PROGRAM ELIGIBILITY:

FINDING : **The 30% Tutor Requirement Calculated Incorrectly**

A review of the consortium's accounting documents and discussions with staff revealed that actual tutor cost was not accurately calculated.

DISCUSSION

According to the California Education Code, the consortium must focus on the employment of postsecondary students to provide information and tutorial help for target secondary students in the various projects. At least 30% or the equivalent of each project grant in a given year must be allocated for stipends to peer advisers and tutors.

This figure can be a combination of state funds and matching funds and may include the institution's portion paid toward college Work-study students. The only line items that can be counted towards this amount are Student Staff, Work-study, Student Benefits, and Student Mileage. Compensation to peer advisers and tutors for work other than advising and tutoring to secondary school students may not be counted in the peer advisor and tutoring allocation portion of a project's budget.

FINDINGS AND REQUIRED ACTIONS (continued)

A review of the consortium's Human Resources records revealed that student No. 1 performed administrative duties (coded as 4920) which were included in the 30% tutor allocation. When removing this student from the calculation the consortium still met the 30% tutor allocation requirement.

REFERENCES:

California Education Code, 69561 (I)
Cal-SOAP Policy and Requirements Manual, August 2004, Section 3.0 & 3.1

REQUIRED ACTION:

The consortium must **submit** written policies and procedures to ensure that the 30% stipend solely includes peer advisors and tutor.

INSTITUTION RESPONSE:

Prior to this finding the San Jose Cal-SOAP Consortium had worked with the fiscal agent to properly adjust expenditures reported in the 30% tutor budget allocation, for one student staff who was providing office assistance and not support to Cal-SOAP students. Since that time a separate activity account code have been assigned to any student staff providing office assistance.

AUDITOR REPLY:

The Consortium's action is deemed acceptable.