August 16, 2011

Mr. Peter Goldstein, Vice Chancellor
City College of San Francisco
Finance and Administration
33 Gough Street
San Francisco, CA 94103

Dear Mr. Goldstein:

REQUEST FOR ADDITIONAL INFORMATION AND DOCUMENTATION
CASE NUMBER 2009-SA-002
SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010
SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

On February 3, 2011, the Employment Development Department's Compliance Review
Office (CRO) received the Single Audit Report (SAR) for the San Francisco Community
College District (the District), for the fiscal year ended June 30, 2010. Vavrinek, Trine,
Day & Co., LLP, Certified Public Accountants (the Auditors), performed the audit that
disclosed four findings that pertain to the Workforce Investment Act.

Finding 2010-9

The Auditors noted that the District did not prepare a complete Schedule of
Expenditures of Federal Awards (SEFA) in a timely manner. Moreover, the SEFA was
not reviewed by someone other than the preparer. It was also noted that the District
does not have procedures in place to identify contracts and grants. As a result, the
original SEFA submitted contained the following errors and incorrect information:

- Pass-through numbers and/or other identification numbers were not
  included;
- Federal awards had incorrect Catalog of Federal Domestic Assistance
  (CFDA) numbers;
- Federal revenue was reported in the incorrect program; and
- Two Federal programs were recorded as Federal revenues, but were not
  included in the original SEFA.

The Auditors noted that each of these items were corrected as a result of the audit
procedures applied to the SEFA.
The Auditors recommended that an appropriate level of management within the District should analyze and review all data to be reported within the SEFA. This would ensure that all required information is presented in the SEFA. This process should be completed along with the closing process for the financial activity of the District, as the delay in completion may cause adjustments to the reported financial activity. The District concurred with the finding.

Although the District acknowledged and agreed with the Auditors’ finding, the District did not provide a Corrective Action Plan (CAP) and/or information to address Finding 2010-9. On March 1, 2011 CRO requested that the district provide CRO with a CAP and information to address Finding 2010-9.

On June 8, 2011, CRO received the District’s CAP. The CAP stated that the District planned to hire a College Controller before June 30, 2011. The College Controller would be responsible for reviewing all data that is reported in the SEFA.

The CRO reviewed the District’s CAP and requests that the District provide additional information and documentation to address Finding 2010-9. The CRO requests that the District provide a position statement for the College Controller that outlines the duties of reviewing the SEFA, and the date the College Controller was hired.

**Finding 2010-10**

The Auditors noted that the District does not maintain adequate supporting documentation for journal entries. Moreover, the supporting documentation does not always include the initial of the preparer and reviewer. Additionally, the supporting documents do not always clearly support or define the reason for the entry.

The Auditors recommended that the District maintain adequate supporting documentation for journal entries. This supporting documentation should be attached to the journal entry and filed together. The supporting documentation should also be provided to the reviewer prior to their approval. The District concurred with the finding.

Although the District acknowledged and agreed with the Auditors’ finding, the District did not provide a CAP and/or information to address Finding 2010-10. On March 1, 2011, CRO requested that the district provide CRO with a CAP to address Finding 2010-10.

On June 8, 2011, CRO received the District’s CAP to address Finding 2010-10. The CAP stated that the District held training sessions on January 19th and 26th, 2011 for accounting staff to explain the importance of journal entry documentation and outlined specific procedures to be followed by staff. The District also stated that follow-up training sessions will be conducted as necessary in the future.
The CRO reviewed the District's CAP and requests that the District provide additional information and documentation to address Finding 2010-10. The CRO requests that the District provide documentation that the training sessions occurred on January 19th and 26th, along with a copy of the procedures that were outlined in the training sessions.

**Finding 2010-11**

The Auditors noted that the District is not certifying actual time spent working within the various Federal programs. Time studies have not been completed for individuals who work either full-time or part-time on the programs. The District's procedures and controls over compliance do not clearly specify how the time certification process should be completed. As a result, program managers are unable to effectively monitor individuals charged to Federal grants.

The Auditors recommended that the District have all individuals working on any Federal program certify their time. In response to the Auditors' recommendation, the District developed a new time and effort reporting form that will satisfy the requirements established by the Office of Management and Budget (OMB) A-87 appendix B section (8)(h)(4). The District also stated that it will be conducting in-service training for all affected supervisors and timekeepers.

The CRO reviewed the District's response to Finding 2010-11, and requested that the District provide CRO with a copy of the time and effort reporting form as well as verification or documentation that in-service training has or will be conducted.

On June 8, 2011, CRO received the District's response to Finding 2010-11. The District provided a copy of the new time and effort reporting form. The District also stated that two training sessions have been completed and additional training sessions have been scheduled. The District provided a list of attendees to date and provided CRO with a copy of a blank attendance sheet to provide evidence of the training.

The CRO reviewed the District's response and has determined that additional information and documentation is required to address Finding 2010-11. The CRO requests that the District provide copies of signed attendance sheets to verify that two training sessions have been conducted along with any other training sessions that were conducted.
Finding 2010-15

During the Auditors' review of subrecipient contracts, it was noted that not all of the contracts included all of the minimum required award information. Specifically, all eight contracts with subrecipients did not include the CFDA number. In addition, the District does not have procedures in place to ensure that subrecipients are properly reporting the grant information and are having single audits performed.

The Auditors recommended that the District revise its subrecipient contracts to include the required Federal award information. Additionally, procedures should be implemented to monitor subrecipients ensuring proper reporting of the grant and that single audits are being performed.

In response to the Auditors' recommendation, the District stated that subrecipient contracts will be reviewed for revisions and updates that meet current standards. The District also stated that it will notify its Audit Committee to determine an action plan to meet the required subrecipient monitoring and contract requirements.

The CRO reviewed the District's response to Finding 2010-15 and requested that the District provide CRO with documentation that all eight subrecipient contracts have been revised to reflect the required Federal award information as stated in OMB Circular A-133 Section_.400(c)(1). The CRO also requested that the District provide documentation that all subrecipients are being monitored and are having a single audit performed as required by both OMB A-133 Section_.200(a) and Title 20 Code of Federal Regulations (20 CFR) Section 667.410(a).

On June 8, 2011, CRO received the District's response. The District stated that its Chief Legal Counsel will be contacted and asked to review and update the District's subrecipient contracts. The District also stated that at this time the District does not have the necessary resources to perform site audits for its subrecipients given the current State budget, and are unable to determine the timing of correction and compliance with this audit finding. However, the District stated it will seek and review appropriate audit reports from its subrecipients.

The CRO reviewed the District's response to Finding 2010-15 and has determined that additional information and documentation is required to address Finding 2010-15. The CRO requests that the District provide verification that the contracts with the District's subrecipients have been updated to include all required Federal award information. The State budget should not affect the District's ability to monitor and review its subrecipient SARs and ensure that the required Federal award information is being included in its subrecipient contracts. The CRO requests that the District provide verification that policies and procedures are in place to review and monitor its subrecipients' SARs, and that the procedures are being performed.
In accordance with 20 CFR, Section 667.500(a), the CRO requests that the District provide the requested additional information and documentation no later than 30 days from the receipt of this letter. Please send your response to:

Employment Development Department  
Compliance Review Office  
P.O. Box 826880, MIC 22  
Sacramento, CA 94280-0001  
Attention: Nicholas Mayer

Should the District need technical assistance, please contact your assigned Workforce Services Division Regional Advisor. If you have any questions, please contact Mr. Nicholas Mayer, Resolution Analyst, at (916) 653-4569, or Nicholas.Mayer@edd.ca.gov.

Sincerely,

[Signature]

JESSIE MAR, Chief  
Compliance Review Office  
Policy, Accountability and Compliance Branch