



## STATE OF COLORADO

SALLY SYMANSKI, CPA  
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200 East 14th Avenue  
Denver, Colorado 80203-2211

August 7, 2006

## MEMORANDUM

TO: Members, Legislative Audit Committee

FROM: Sally Symanski, State Auditor

RE: Status of Recommendations from Career and Technical Education Programs, Performance Audit, December 2005, Colorado Community College System

The Legislative Audit Committee heard the Career and Technical Education Programs performance audit at its February 2006 meeting. At that time, the Committee requested a three-month follow-up on four of the audit's recommendations. The Colorado Community College System (System) provided the attached letter describing the implementation status of the four recommendations. (The letter mentions Attachment 2 which relates to the Private Occupational Schools performance audit. Attachment 2 was provided to the Committee and discussed during the July 2006 hearings.) The System's responses are summarized below.

**Recommendation No. 7.** The System should ensure that federal matching requirements are met for Perkins administrative costs.

*Proposed Implementation Date:* January 2006

*Status:* IN PROCESS. The System has developed procedures for assigning costs in accordance with Perkins' federal matching requirements. The System submitted an indirect cost plan for federal approval in May 2006. The plan would assign indirect System administrative costs to the Perkins grant appropriately.

**Recommendation No. 8.** The System should ensure that salaries charged to the federal Perkins grant and the non-federal administrative match are accurate and properly substantiated.

*Proposed Implementation Date:* January 2006

*Status:* IN PROCESS. The System now requires timesheets from all employees working on the Perkins grant. The System will compare actual time worked on the grant to amounts charged to the grant and make adjustments if necessary.

**Recommendation No. 9.** The System should establish oversight over career and technical student organization (CTSO) expenditures.

***Proposed Implementation Date:*** July 2006

***Status:*** IN PROCESS. The System will establish separate cost centers within the agency fund. The System will ensure that CTSO expenditures follow state fiscal rule requirements and that disbursements and receipts are processed according to existing policies and procedures.

**Recommendation No. 14.** The System should improve the Credentialing Office's cash controls.

***Proposed Implementation Date:*** January 2006

***Status:*** IN PROCESS. The System has established periodic reconciliations of cash receipts and segregation of duties in the Credentialing Office. The System will analyze whether collected credentialing fees properly reflect the number of credentials issued.



COLORADO COMMUNITY  
COLLEGE SYSTEM

Dr. Nancy J. McCallin, President

May 17, 2006

Joanne Hill, CPA  
State Auditor  
State of Colorado  
Office of the State Auditor  
Legislative Services Building  
200 East 14<sup>th</sup> Avenue  
Denver, Colorado 80203-2211

Dear Ms Hill:

We are responding to your letter dated April 20, 2006 regarding the status of our responses to the December 2005 Performance Audit of the Career and Technical Education Programs at the Colorado Community College System (System). In your letter, you requested specific information and supporting documentation regarding the actions taken by the System to respond to audit recommendations 7, 8, 9, and 14. Please see Attachment 1 which provides the implementation status and specific actions taken to date for each recommendation.

You also requested an update on changes being implemented in the System's instructor credentialing processes. Secondary credentialing will be transferred to the Department of Education in fall 2006, with a transitioning period during summer 2006. A Task Force comprised of Community Colleges' deans is presently reviewing standards for post secondary credentialing to ensure compliance.

We also received your second letter dated April 20, 2006 regarding the status of our responses to the performance audit of Private Occupational Schools as presented at the hearing in June 2005. In your letter, you requested specific information and supporting documentation regarding the actions taken by the System to respond to recommendations 2 and 12 referenced in your letter. Please see Attachment 2 which provides the System's implementation status and specific actions taken to date for each recommendation.

Please feel free to contact us with any questions or requests for additional information.

Sincerely,

A handwritten signature in cursive script that reads "McCallin for Nancy McCallin".

Nancy McCallin  
President

Attachments

cc: Dr. Linda Bowman, Vice-President, Academic and Student Services

## Attachment 1

**Recommendation 7.** The Colorado Community College System should ensure that matching requirements are met for Perkins administrative costs by designing and implementing a process that assigns Perkins administrative costs equally between Perkins and non-federal cost centers.

**Proposed Implementation date:** January 2006

CCCS reviewed all Perkins administrative expenditures to address the non-federal administrative matching requirement discrepancy. Procedures were developed to assign costs in accordance with federal program's match requirements for all employees who work under the federal program. Upon approval of the indirect cost recovery rate plan, indirect costs will be charged to the non-federal match. Additionally, direct charges in accordance with federal guidelines will be charged to the non-federal match. Monthly time sheets are collected for all personnel directly expensed to the grant who are not 100% grant-funded. The expenses charged to the non-federal match will be determined once the indirect cost recovery plan is negotiated with the federal government. If the federal government permits the indirect cost rate to be used in the current year, we will adjust the expenses put toward the non-federal match accordingly. Implementation was begun in January 2005, and the indirect cost rate plan was submitted for federal approval in May 2006. IN PROCESS

**Recommendation 8.** The Colorado Community College System should ensure salaries charged to the Perkins grant and the Perkins non-federal administrative match are accurate, properly substantiated and reported by:

- a. Requiring that employees whose salaries are partially charged to cost centers associated with the Perkins grant or the Perkins non-federal administrative match submit time reports in accordance with OMB Circular A-87.
- b. Reviewing the time reports periodically and adjusting the amount of salaries charged to Perkins, as appropriate, in accordance with OMB Circular A-87.

**Proposed Implementation date:** January 2006

- a. Timesheets are now required from all employees in accordance with OMB Circular A-87, including reporting actual time worked by grant category. The Budget Analyst compared actual time worked to the amounts charged per grant, and adjustments were made as of December 2005 so that we accurately reflect the time spent by personnel in the grant. The Administrative Assistant to Program Directors has been collecting timesheets since December 2005, and will compare actual time worked per timesheets to time charged to the grant based on budget for the final two quarters of fiscal year 2006. The Administrative Assistant to Program Directors will send changes to the accounting and budget staff to make appropriate changes to actuals and budget. IN PROCESS
- b. Timesheets will be forwarded to the Grants Officer for final review of comparisons made in part a. above and related support document. IN PROCESS

## Attachment 1

**Recommendation 9.** The Colorado Community College System should establish oversight over career and technical student organization (CTSO) expenditures by:

- a. Requiring that all CTSO expenditures overseen by System staff comply with State Fiscal Rules.
- b. Evaluating and implementing the most prudent method for the CTSOs to contract for goods and services
- c. Annually reviewing all CTSO financial records for compliance with State Fiscal Rules.
- d. Recording the receipt and disbursement of CTSO funds on the System's financial system.
- e. Reassigning staff duties to ensure an adequate segregation of duties.

**Proposed Implementation date:** July 2006

- a. & d. CCCS will ensure that a separate cost center exists for each individual CTSO within the agency fund. Fiscal policies and procedures for CTSOs will be established and formal State Procurement training will be attended by six CTSO Advisors and the CTSO Accountant in May 2006. Subsequently, all other staff will be trained accordingly by June 30, 2006. IN PROCESS
- b. CCCS will ensure that CTSOs will contract for goods and services following established State fiscal rules. IN PROCESS
- c. CTSOs' financial transactions will be recorded in CCCS agency funds and will be subject to review by internal audit, as well as the annual external audit. IN PROCESS
- d. See a. above. IN PROCESS
- e. Beginning July 1, 2006, all CTSOs' disbursements and receipts will be processed consistent with the existing System policies and procedures currently in place with established segregation of duties. CCCS will ensure that all CTSOs' funds are deposited as agency funds with the State Treasury. CTSO payments will be processed by State warrant under existing CCCS disbursement procedures, also with established segregation of duties. IN PROCESS

**Recommendation 14.** CCCS should improve the Credentialing Office's case controls by:

- a. Performing a periodic reconciliation of its cash receipts by comparing cash received with amounts deposited as reported by the System Accounting Office. The System should also periodically reconcile cash receipts for credentialing fees to the number of credentials issued and follow up on any discrepancies. It should ensure that the person performing the reconciliation is not otherwise responsible for handling cash.

## Attachment 1

- b. Ensuring that adequate segregation of duties exist within its cash handling processes by separating cash receipt and recording functions.

### **Proposed Implementation date: January 2006**

- a. Reconciliation of cash receipts and segregation of duties between the Administrative Assistant of Credentialing Officer and the Credentialing Officer were implemented effective January 2006. An analytic review will be performed to ensure credentialing fees collected properly reflect the number of credentials issued. IN PROCESS
- b. Segregation of duties within cash handling processes were effective January 2006 such that the cash receipt process is carried out by the Administrative Assistant and the recording functions are carried out by the Credentialing Officer.  
IMPLEMENTED



## STATE OF COLORADO

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200 East 14th Avenue  
Denver, Colorado 80203-2211

## MEMORANDUM

TO: Members of the Legislative Audit Committee

FROM: Sally Symanski, CPA  
State Auditor

DATE: February 26, 2007

RE: Status of Implementation of Recommendations from Career and Technical Education Programs, Performance Audit, December 2005, Colorado Community College System

The Legislative Audit Committee heard the Career and Technical Education Programs performance audit at its February 2006 meeting. This audit reviewed career and technical education programs funded through the federal Perkins Vocational and Technical Education Act (Perkins Act) and the Colorado Vocational Act, which are administered by the Colorado Community College System (System). In Fiscal Year 2005, the System distributed about \$20 million in CVA funds and about \$13.7 million in Perkins funds to school districts, community colleges, area vocational schools, local district colleges, and one 4-year college that offer career and technical education programs. The System was asked to provide a one-year status report. The System's report is attached and describes the implementation status of the recommendations.

The recommendations addressed the quality of career and technical education programs approved for federal and state funding, the System's management of the Perkins grant, the process for credentialing instructors of career and technical education programs, and the System's sub-recipient monitoring. Overall, the System reports it has fully implemented 6 of the 21 recommendations and is making progress on the remaining 15. The System reports that full implementation of the outstanding recommendations has been delayed by several factors:

- Congress reauthorized the Perkins Act in 2006, which requires the System to develop a new state plan for career and technical education programs. Some recommendations asked the System to reconsider the methods it uses to administer these programs and to consider seeking statutory change to update the Colorado Vocational Act. The System indicates it will develop its new Perkins plan first and then determine how the audit recommendations fit with the plan. The System anticipates completing a one-year transitional plan in April 2007 and a full five-year plan

completed in April 2008. The System expects to fully implement recommendations in this area by the end of 2008 Session in May 2008.

- The System has convened a task force to work on implementing our recommendations related to credentialing instructors to teach career and technical education classes. The System expects the task force to complete work in Calendar Year 2007 and may seek related statutory changes during the 2008 Session. Therefore, recommendations in this area may not be fully implemented until the end of the 2008 Session in May 2008.
- The System has reorganized the division that manages career and technical education programs. As part of this process, the System has created a new position, expected to be filled in February 2007, that will be responsible for improving the System's compliance monitoring of subrecipients receiving federal and state career and technical education funding. Subrecipient monitoring was the focus of several recommendations. The System expects to fully implement recommendations in this area by December 2007.

Finally, the audit found that the System was charging fees to individuals who applied to become credentialed instructors for career and technical education programs. However, statutes do not specifically authorize the System to charge fees for this purpose. Part of Recommendation 16 asked the System to consider seeking statutory authority for charging credentialing fees. Although the System agreed with the recommendation at the time of the audit, the System's status report indicates that it does not believe it needs specific statutory authority to charge credentialing fees because the credentialing office is an auxiliary function of the System. We have sought guidance from Legislative Legal Services on this issue and will continue to work with the System to resolve this question.





COLORADO COMMUNITY  
COLLEGE SYSTEM

Dr. Nancy J. McCallin, President

February 20, 2007

Senator Stephanie Takis  
Chairman  
Legislative Audit Committee  
Office of the State Auditor  
Legislative Services Building  
200 East 14<sup>th</sup> Avenue  
Denver, Colorado 80203-2211

Dear Senator Takis:

Enclosed you will find the CCCS responses to the one-year audit status review on the CVA/Perkins Audit conducted by the Office of the State Auditor. This is an updated review with clarifications and additional information from the 9-month audit status review submitted on November 28, 2006. We appreciate the opportunity to provide you with this update. We are excited about the changes we have already implemented and the upcoming changes to our Career and Technical Education programs.

As a result of the system-wide strategic planning efforts for CCCS, we have re-organized the Educational Services Division of CCCS in which CTE programs are managed. The CTE team at CCCS has launched a statewide strategic planning effort for Career and Technical Education in the State of Colorado. Over the next two years, we will improve the way in which we administer the funds and support the CTE programs in Colorado. Our federal guide in this process is the newly reauthorized Carl D. Perkins Career and Technical Education Act of 2006. This will be a 4-step process that includes:

1. Re-evaluation of all of the standards, rules and regulations that guide CTE and adoption of new standards, rules and regulations. This may include proposals for new legislation to upgrade CTE to the 21<sup>st</sup> century.
2. Building new business processes around the new standards, rules, regulations and proposed legislation.
3. Further automation of the interaction between CCCS and its CTE constituents as well as the internal processes at CCCS.
4. Training CCCS staff and its CTE constituents on the new policies, procedures, processes and tools.

We have just kicked off the development of a working group that will have representatives from the school districts, community colleges, the Colorado Association of CTE Educators (CACTE), the Colorado Association of CTE Administrators (CACTA), the Area Vocational Schools, the Colorado Department of Education, the Colorado Department of Labor and

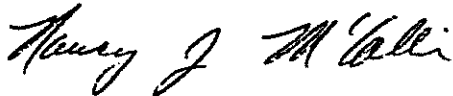
Page Two  
February 20, 2007

Employment, four-year institutions of higher education and business and industry and many others. This group will guide the strategic planning process for CTE and will develop the CTE New State Plan for Fiscal Year 2006-07 through Fiscal Year 2011-12. This New State Plan is required by the federal government because of the Perkins reauthorization and we must follow federal guidelines in creating and developing this plan. As a result of the CTE strategic planning, we plan to request to the General Assembly changes to the Colorado Vocational Act during Session 2008. These changes will be in line with the results of the CTE New State Plan.

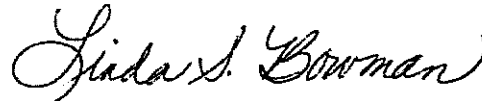
As you will note, we have delayed the full implementation of some of these audit recommendations due to the timing of our strategic planning for CTE and the resulting changes that we plan to request to the Colorado Vocational Act during Session 2008. We hope that you will support these changes during Session 2008 as we address these audit recommendations.

We look forward to your participation and support as we launch these exciting changes in CTE in Colorado. CCCS is dedicated to the success of its students. These planning efforts will help to align our CTE programs with the demands of Colorado's economy thus helping to produce the new workforce of the 21<sup>st</sup> century.

Sincerely,



Nancy McCallin, PhD.



Linda Bowman, PhD.



# **CVA/Perkins One-Year Audit Status Review**

**February 20, 2007**

**Please note: Any proposed Implementation Date that has been updated to May 2008 reflects a potential change in the Colorado Vocational Act statute and that will be proposed in Session 2008.**

**Recommendation 1.** The Colorado Community College System (CCCS) should improve its evaluation of new and renewal program applications by ensuring that programs provide students with entry-level skills, job readiness skills, or the ability to articulate to further training. This should include reevaluating the appropriateness of current statutory and regulatory criteria for approving career and technical education programs and seeking changes as necessary. The System should establish supervisory reviews to ensure staff document compliance with established criteria prior to approving programs for funding.

**Proposed Implementation Date:** December 2006. Full implementation of this recommendation will be delayed until May 2008 after the CVA statute has been considered by the General Assembly. (In Progress)

- a. CCCS reviewed O NET data from the US Department of Labor for Colorado and determined that a labor demand exists for completers of these approved programs. A new website has been created to ensure primary selection of "entry level" occupations while providing students the ability to articulate to further training.
- b. To improve the evaluation of new and renewal program applications, supervisory review has been enhanced to ensure that all programs are compliant with established criteria.
- c. Colorado Vocational Act (CVA) managers at CCCS have reviewed the need for statutory language to allow programs to include careers that require additional education. The reviewers concluded that no changes are necessary at this time but over the next year we will work to align the CVA with the CTE vision and will work with the General Assembly during Session 2008 on ways in which we can adapt the CVA to the updated CTE vision.

**Recommendation 2.** The Colorado Community College System should ensure that programs whose approvals have expired do not receive Colorado Vocational Act or Perkins funding by:

- a. Prohibiting reimbursement for programs that are expired, as determined by Board criteria.
- b. Routinely monitoring the status of programs using the Expired Programs report before processing CVA and Perkins reimbursement requests.
- c. Reevaluating its regulations to ensure that programs do not receive continued CVA and Perkins funding without being renewed timely.

**Proposed Implementation Date:** July 2007 (In Progress)

- a. - c. CCCS has revised its processes to ensure proper monitoring and prohibit reimbursement of CVA and Perkins funds for expired programs.

## Audit Responses

- Program Directors and the Legal Affairs Office met and clarified policy that aligns with Section 23-8-102(1)(b), C.R.S. The policy states “As vocational education program support, the state shall provide, to each school district conducting an approved vocational education program for each twelve-month period beginning July 1” CVA funds. Based on the policy language, CCCS will review the status of each program at the beginning of the fiscal year to ensure that programs have not expired. If programs are not renewed before the next 12-month period, reimbursement will be prohibited.
- Local administrators were advised of the policy and process changes by the Program Directors at the Colorado Association of Career and Technical Administrators’ Mid-Winter Conference in February 2006. The policies were clarified and local administrators were advised of the local program renewal dates. To ensure that all administrators received the information regarding local program renewal dates, all hand-out materials for this workshop were also mailed to each Perkins subrecipient contact person following the February conference. Additionally, CCCS staff will present at the CACTE Summer Conference in July 2007 regarding these changes.
- CCCS monitors the online program approval process and notifies the Perkins Director and the local directors of program status. The Perkins on-site monitoring checklist has been revised to ensure that program status is reviewed. The Perkins annual local improvement plan format has been revised to require that local personnel provide evidence that they have reviewed program renewal submittal dates before planning Perkins expenditures.
- For CVA, the programs being reported will be checked against the Expired Active Programs Report. The Administrators’ Handbook will be revised to clarify that funding will not be granted to programs that have expired. In addition, the Administrators’ Handbook will be updated annually and approved by the State Board of Community Colleges and Occupational Education (SBCCOE).

**Recommendation 3.** The Colorado Community College System should clarify whether school districts may receive CVA and/or Perkins reimbursement for academic courses such as English, Biology, and American History offered through ACE programs. If the system concludes funding is appropriate, it should ensure that all school districts are aware of this policy and establish guidelines for determining which academic courses are reimbursable. If not, then the system should ensure that CVA and Perkins funds are not used to reimburse school districts for academic courses.

**Proposed Implementation Date:** July 2006 (Implemented)

The purpose of ACE programs is to prepare disadvantaged and/or disabled students with entry-level job skills to enter the Colorado labor force as well as provide related

classroom instruction to meet the individual needs of the student. Accordingly, CCCS deemed funding appropriate.

- a. CCCS ensured that school districts do not receive funding for academic courses offered through ACE programs such as English, biology, and American History. Funding will only be provided for classes that comply with program standards and meet the following criteria:
  - Demonstration of relevancy to CTE
  - Demonstration of rigor, relevance and relationship
  - Demonstration of Colorado general workplace competencies
  - Demonstration of Colorado Model Content Standards
  - Demonstration of integration of academics
  - Demonstration of entry-level job skills
- b. Notification of the policy was shared at the May and June CVA workshops and at the Colorado Association of Career and Technical Education (CACTE) Summer Conference in Ft Collins the week of July 24. In addition, all ACE program directors were notified via e-mail following the CACTE Conference.

**Recommendation 4.** The Colorado Community College System should improve the reliability of accountability data for career and technical education programs by:

- a. Developing and implementing a risk-based approach to conducting on-site data reliability testing.
- b. Ensuring that staff review appropriate sample sizes at each site.
- c. Requiring subrecipients with identified data reporting errors to develop and implement a corrective action plan, subject to System review and approval, that identifies the causes of the errors and minimizes future errors. The System should monitor the plan as necessary to ensure that the accuracy of the subrecipient's data improves.

**Proposed Implementation Date:** December 2006. Full implementation of this recommendation will be delayed until December 2007 when a compliance officer is hired (expected in February 2007) and implements new monitoring processes. (In Progress)

- a. CCCS has developed a monitoring team comprised of Program Directors and Internal Audit, Accounting, Credentialing, CVA, and Perkins personnel to develop a risk-based approach to monitoring. In addition, CCCS is actively pursuing the hiring of a compliance officer to oversee and implement the entire monitoring process.

## Audit Responses

- b. CCCS is developing a risk-based criteria matrix in order to select appropriate data sample sizes as part of data monitoring visits. We will use, among other factors, the total CTE enrollment per subrecipient to determine sample size.
- c. Specific corrective action plan procedures will be developed for subrecipients with data monitoring findings. These procedures will include written documentation of findings, suggestions to improve data reporting, a timeline for subrecipients to improve data reporting errors, and a follow-up with subrecipients to validate data improvement processes. The new Part VI of the revised Colorado Perkins Improvement Plans will serve as a model for data monitoring follow-up.

**Recommendation 5.** The Colorado Community College System should improve the completeness and consistency of accountability data for career and technical education programs by:

- a. Working with the General Assembly to determine if the System should collect employment outcome data for all participants, including wage information, or just for completers and revising its data collection procedures accordingly to meet the intent of the General Assembly.
- b. Using cohort data to calculate program completion rates.
- c. Reviewing completer definitions for consistency with subrecipients' approved program proposals as part of its on-site data reliability testing.
- d. Determining if providing students with the skills to obtain "family-supporting" wages is an attainable goal and, if not, eliminating the goal from the state Perkins plan.

**Proposed Implementation Date: July 2007.** Full implementation of this recommendation will be delayed until May 2008 after the CVA statute has been considered by the General Assembly. (In Progress)

- a. CCCS has historically collected placement data on just program completers, not on all participants (all enrolled) given that student skills are not fully developed until program completion. CCCS agrees to work with the General Assembly during the CVA discussions in Session 2008 to determine if CCCS should collect employment outcome data for all participants. This data would be of limited usefulness, since many students take one CTE course in high school rather than a series of CTE courses (i.e. a CTE program) that leads to a skill demanded by the workforce. CCCS interprets the CVA as requiring the reporting of employment data for students who complete a CTE program. A statute change to CVA to change program participants to program completers for placement data collection requirements will be pursued by CCCS. If a statute change is not or cannot be made, CCCS will investigate the need for additional personnel and data collection system resources in order to ensure compliance with data collection requirements.
- b. At this time, CCCS will continue to use snapshot cohort data to calculate program completion rates. Completion rates are calculated using the number of program completers at the end of each academic year compared to the number of program participants for the entire academic year. As we work through the next year-and-a-half on the CTE Strategic Planning process, we will engage the field, CCCS, CDE and policy makers in a discussion regarding the State's interest in investing in cohort

tracking at the secondary and post-secondary levels for CTE. We will also investigate how other states handle this data issue. While the data would be helpful at the post-secondary level, we need to consider the cost of developing the IT systems (hardware and software at CDE and CCCS) and the personnel resources needed to collect, maintain and analyze this data. Our preliminary estimates are that these costs are in the millions of dollars. We do not believe the resulting value of the data would justify the cost. Please note: the reauthorization of the Perkins Act does not require cohort data for its accountability measures.

- c. CCCS defines a secondary completer as a student who has completed a minimum of two standard semesters or other units equivalent in length and completed a minimum of 135 clock hours depending on the program area as approved by CCCS. To ensure consistency, the above criteria are a required part of the secondary program approval process. Secondary programs vary in length from two to eight semesters. The completion percentage is based on the total number of courses in each program thus will vary from program to program.
- e. Colorado submitted a state-plan revision request to eliminate the “family-supporting” wages by April 13, 2006. Colorado can only receive the federal fiscal year 2006 (Colorado fiscal year 2007) Perkins funds if the state-plan revision request is approved. Notice of approval from the federal government was received July 3, 2006; thus we have removed the “family-supporting” wages for federal fiscal year 2007.

**Recommendation 6.** The Colorado Community College System should improve its oversight of Perkins grant subrecipients by developing and implementing a more systematic process for using local improvement plans. The process should include:

- a. Establishing criteria for which subrecipients would be subject to these plans, determining the plan’s objectives, and ensuring that subrecipients fulfill these objectives.
- b. Determining whether subrecipients should target their Perkins funding toward activities designed to improve performance deficiencies.

**Proposed Implementation Date:** July 2007 (Implemented)

- a. For Fiscal Year 2006-07, CCCS requires each sub-recipient to complete a local improvement plan along with its submission of the local plan and funding request. Each subrecipient is required to submit a local plan that includes its new career and technical education objectives and a narrative report of the achievement of the previous year’s objectives. The Perkins Director monitors fulfillment of local objectives by reviewing the previous year’s achievements and/or reviewing the coordination of previous year objectives with the new local plan objectives.
- b. As mentioned above, the local plan also includes a performance improvement plan. To identify performance deficiencies, CCCS has provided each subrecipient with a Perkins



Sub-Indicator Performance Actual Data Results report, including performance data results disaggregated per program and per subpopulation. This report now also includes three-year trend data for each subrecipient's sub-indicator performance data results.

The Perkins Director analyzes each subrecipient's performance indicator data results and works with each sub-recipient to finalize the improvement plan so that it focuses on strategies to address the performance indicators that have deficiencies.

Each subrecipient must prepare the improvement plan, if any one of three types of identified deficiencies exist:

- Subrecipient's subindicator performance results did not meet state performance level goal,
- subrecipient's subpopulation subindicator performance results did not meet state performance level goal or
- subrecipient's trend performance results for each subindicator indicate a declining trend.

The year-end narrative report must address the results of the previous year's improvement plan strategies and include a new analysis of the current performance data results. These are reviewed by the Perkins Director to determine if subrecipients need to further target their Perkins funding toward activities designed to improve performance deficiencies and are compared to the new strategies indicated in the current year's improvement plan.

Additionally, CCCS uses the year-end narrative reports to assess the educational needs that are required to overcome local performance deficiencies. CCCS provides on-site workshops throughout the year providing technical assistance to the faculty and teachers of sub-recipients on how to interpret and analyze their program performance data.

The newly designed Colorado Perkins Local Funding Application and Improvement Plan will not be approved until all sections meet these noted requirements. These plans help CCCS know where to direct on-site technical assistance for subrecipients' faculty, teachers and staff.

**Recommendation 7.** The Colorado Community College System should ensure that matching requirements are met for Perkins administrative costs by designing and implementing a process that assigns Perkins administrative costs equally between Perkins and non-federal cost centers.

**Proposed Implementation Date:** January 2006 (Implemented)

CCCS reviewed all Perkins administrative expenditures to address the administrative matching requirement discrepancy. Procedures were developed to assign costs in accordance with federal program match requirements for all employees who work under the federal program. The indirect cost recovery rate plan was approved for application beginning May 1, 2006, at which time indirect costs were charged to the match. For

## Audit Responses

fiscal year 2006-07, the Indirect Cost Recovery expenses and salary expenses, as well as other direct charges for the administration of the grant, will be equally split between the State match and the Carl Perkins Administration funds. Monthly time sheets are collected for all personnel directly expensed to the grant and on a quarterly basis the time sheets are reviewed and journal entries are made to accurately reflect the costs that should be placed into each cost center.

**Recommendation 8.** The Colorado Community College System should ensure salaries charged to the Perkins grant and the Perkins non-federal administrative match are accurate, properly substantiated and reported by:

- a. Requiring that employees whose salaries are partially charged to cost centers associated with the Perkins grant or the Perkins non-federal administrative match submit time reports in accordance with OMB Circular A-87.
- b. Reviewing the time reports periodically and adjusting the amount of salaries charged to Perkins, as appropriate, in accordance with OMB Circular A-87.

**Proposed Implementation Date:** January 2006 (Implemented)

Monthly timesheets are now required from all employees in accordance with OMB Circular A-87, including reporting actual time worked by funding category. The Budget Analyst compared actual time worked to the amounts charged per grant, and adjustments to accurately reflect time spent by personnel on all aspects of the grant were made in June 2006 and for the close of the books for fiscal year 2005-06. For fiscal year 2006-07, we have implemented a quarterly review process for all time sheets and each quarter, Accounting will make journal entries to properly reflect the salary costs as a result of the time spent by each person on all aspects of the grant. The timesheets are used to capture the actual time worked per funding category. Any required adjustments resulting from the analysis will be made by the Compliance and Technical Support and Accounting staff in accordance with OMB Circular A-87.

Timesheet training was provided by the Compliance and Technical Support staff for all Perkins-paid staff in October 2006. The timesheet was updated to more accurately reflect the work completed by Perkins staff.

**Recommendation 9.** The Colorado Community College System should establish oversight over career and technical student organization (CTSO) expenditures by:

- a. Requiring that all CTSO expenditures overseen by System staff comply with State Fiscal Rules.
- b. Evaluating and implementing the most prudent method for the CTSOs to contract for goods and services.
- c. Annually reviewing all CTSO financial records for compliance with State Fiscal Rules.

## Audit Responses

- d. Recording the receipt and disbursement of CTSO funds on the System's financial system.
- e. Reassigning staff duties to ensure an adequate segregation of duties.

**Proposed Implementation Date:** July 2006. Implementation of this recommendation will be delayed until June 30, 2007 in order to establish and fill a position in CCCS's Accounting Department created specifically to process and monitor CTSO related transactions in the existing Financial Reporting System (FRS). (In Progress)

- a. & d. CCCS will ensure that separate cost centers exist for each individual CTSO within the agency fund. Fiscal policies and procedures for CTSOs will be established to ensure compliance with State fiscal rules and formal State Procurement training was attended in May 2006 by two CTSO Advisors and the CTSO Accountant in May 2006. Subsequently, all other staff will be trained accordingly by June 30, 2007.
- b. CCCS will require CTSOs to follow established policies and procedures that ensure CTSOs enter into contracts for goods and services following established State fiscal rules.
- c. CTSOs' financial transactions will be recorded in CCCS agency funds and will be subject to review by internal audit, as well as the annual external audit.
- d. See a. above.
- e. We will strive to have by July 1, 2007, all CTSOs' disbursements and receipts will be processed in a manner consistent with the existing CCCS policies and procedures currently in place with an established segregation of duties. CCCS will ensure that all CTSOs' funds are deposited as agency funds with the State Treasury. CTSO payments will be processed by State warrant under existing CCCS disbursement procedures, also, with an established segregation of duties. In addition, a new position within the CCCS Accounting Department is being created to provide fiscal processing and monitoring of CTSO transactions. While we expect at this time to have this transition complete by July 1, 2007, all of our finance resources are dedicated to meeting a statutory requirement for CCCS to put in place a new IT system. The financial portion is also set to go live on July 1, 2007. This statutory requirement may affect our ability to complete this.

**Recommendation 10.** The Colorado Community College System should reevaluate its use of Perkins leadership funds to maximize their effectiveness. The reevaluation should ensure that the System uses leadership funds on activities that benefit the majority of career and technical education students or fulfill required uses of Perkins funds. The reevaluation should include a workload analysis to determine if current CTSO staffing levels at the System office are necessary to adequately support the CTSOs.

**Proposed Implementation date:** July 2007. Full implementation of this recommendation will be delayed until May 2008 after the CVA statute has been considered by the General Assembly. (In Progress)

To reevaluate its use of Perkins leadership funds, CCCS will:

- a. Determine the amounts spent on all leadership activities and the number of students who benefit from those activities;
- b. Use the resulting data to prioritize those activities that benefit the greatest number of students;
- c. Use this information to ensure compliance with the required use of Perkins funds;
- d. Conduct a workload analysis of CTSO advisors.

As part of the strategic planning work we are doing to adapt statewide activity in CTE to the updated standards of the reauthorized Perkins Act, we will be reconsidering all aspects of Leadership expenditures. We hope to have this complete by the end of our strategic planning process which will culminate in a 5-year Plan to the federal government in April 2008 and a request for an adaptation of the Colorado Vocational Act to these new goals in Session 2008.

**Recommendation 11.** The Colorado Community College System should ensure instructor credentialing standards are met by:

- a. Considering revising the standards to ensure they meet current needs for competent career and technical education instructors.
- b. Adhering to all established standards when evaluating credentialing applications, issuing credentials, and recording credential issue dates.
- c. Instituting a formal supervisory review to ensure that all required information for credential applications has been collected, documented and analyzed.

**Proposed Implementation Date:** December 2006. Full implementation of this recommendation will be delayed until July 2007 given the timeline of the CTE Credentialing Task Force as described below. (In Progress)

- a. CCCS has established a CTE Credentialing Task Force comprised of secondary and post secondary personnel and is working in conjunction with Colorado Department of Education to review the credentialing standards for updates and revisions. The Credentialing Task Force Kick-Off Meeting was held on November 17<sup>th</sup> and the Task Force plans to present to the State Board for Community Colleges and Occupational Education (SBCCOE) recommendations for changes in the March 2007 Board Meeting. CCCS will update standards again in late 2007 after the Program Directors have established the career pathways for Colorado so that the occupational experience standards are aligned with the career pathways determined in the CTE strategic planning process.

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- b. CCCS will adhere to all established standards. If exceptions are needed before we have completed the work of the Task Force, the credentialing officer will have back-up documentation to substantiate any exceptions and the documentation will be reviewed and signed by the AVP of Compliance and Technical Support and the VP of Education Services.
- c. CCCS has developed and implemented a supervisory review process in which all credential application are reviewed on a daily basis to ensure compliance with credentialing standards prior to the credential being issued. The reviews are documented and feedback is provided to staff.

**Recommendation 12.** The Colorado Community College System should strengthen credentialing standards for public career and technical education teachers by developing and publishing a single set of standards for all public credentials as discussed in Recommendation 11. The standards should ensure that all applicants meet the same standards regarding verified occupational experience, educational qualifications, and career and technical education course work prior to being issued a credential. As part of this effort, the System should develop and implement a transition plan for moving all credentialing activities for public instructors to the State Board for Community Colleges and Occupational Education (SBCCOE). Approval of the Board should be sought as appropriate.

**Proposed Implementation Date:** December 2007 (In Progress)

The current credentialing standards are being thoroughly reviewed by the CTE Credentialing Task Force. The Task Force is made up of secondary, post-secondary, CCCS and CDE representation and will make recommendations for the 4 secondary and 3 post-secondary credentialing tracks by early February 2007. Specifically, each track team leader will provide recommendations for improvement in the track processes, educational qualifications, occupational experience and course content needed prior to the issuance of a standard credential. CCCS and CDE will work with the Credentialing Task Force to find consistency across each track within secondary tracks and within post-secondary tracks and then also consistency across the secondary and post-secondary tracks. Recommended changes will be taken to the SBCCOE in March 2007 and if there are changes in the rules and regulations, we will complete the rule changing process by the end of the current fiscal year.

The Task Force will be reconvened later in 2007 to specifically address the occupational experience needed for each career pathway as determined by the Program Directors and the Perkins IV Task Force. Given that we do not have this information available now, the Task Force will not be able to provide detailed recommendations by early-February for the career pathways. This will need to be a continuous effort as the CTE strategic planning continues through 2007. Through this Task Force process we will work toward having all credentialing activities for public instructors be processed through the SBCCOE.

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In general, it is the philosophy of the system office that all institutions are given a central option for vocational credentialing and if an institution wants to manage its own credentialing, it would need to follow Board-approved processes and adhere to the standards established by CCCS. The intent would be that any credential issued outside of CCCS would maintain the same standards so that the credential would apply toward CCCS CTE program approval.

**Recommendation 13.** CCCS should immediately discontinue the practice of performing evaluations for CTE applicants. Staff should direct potential applicants to all available tools for self-evaluating their qualifications for an occupational credential.

**Proposed Implementation Date:** January 2006 (Implemented)

CCCS discontinued the practice of performing evaluations for CTE applicants effective January 2006.

**Recommendation 14.** CCCS should improve the Credentialing Office's cash controls by:

- a. Performing a periodic reconciliation of its cash receipts by comparing cash received with amounts deposited as reported by the System Accounting Office. The System should also periodically reconcile cash receipts for credentialing fees to the number of credentials issued and follow up on any discrepancies. It should ensure that the person performing the reconciliation is not otherwise responsible for handling cash.
- b. Ensuring that adequate segregation of duties exists within its cash handling processes by separating cash receipt and recording functions.

**Proposed Implementation Date:** January 2006. Full implementation of this recommendation will be delayed until fall 2007. CCCS has accomplished a simple segregation of duties and will further enhance this process with automated tools scheduled for programming in fall 2007.

- a. Reconciliation of cash receipts and segregation of duties between the Administrative Assistant of Credentialing Officer and the Credentialing Officer were implemented effective January 2006. The next step will be an analytic review performed by a cross-sectional team to ensure credentialing fees collected properly reflect the number of credentials issued. Finally we will automate as much of this process as possible to ensure strict segregation of duties.
- b. Segregation of duties within cash handling processes were effective January 2006. A revision to the duties will be the cash receipt and documentation process to be carried out in the Credentialing Department while cash deposits and verification of the number of credential applications received (by way of a database query) will be carried out in the Accounting Department. To be fully implemented fall of 2007.

**Recommendation 15.** CCCS should ensure that its credentialing fees are reasonable and appropriate by:

- a. Working with the Division of Private Occupational Schools to ensure that the System recovers the full cost of processing credential applications for instructors at private occupational schools.
- b. Reevaluating its fee schedule periodically to determine if current fees reflect the actual cost of providing credentialing services. Based upon this evaluation, the System should readjust fees accordingly.
- c. Prohibiting staff from charging fees not specifically authorized in the SBCCOE's Colorado Vocational Education Credentialing Standards.

**Proposed Implementation Date:** July 2006. Full implementation of this recommendation will be delayed until July 1, 2007 given the timeline of the CTE Credentialing Task Force. (In Progress)

- a. Effective March 1, 2006, the Colorado Community College System Credentialing Office no longer processes private occupational instructor and administrator credentials for the Private Occupational Schools Board.

House Bill 06-1046, passed by the General Assembly and signed by the Governor does not refer to the Colorado Community College System or the SBCCOE in connection with the credentialing of private occupational schools instructional staff by the Private Occupational Schools Board.

- b. After the CTE Credentialing Task Force has made recommendations and the SBCCOE has approved changed business processes for CTE credentialing, CCCS staff will re-evaluate the workload associated with credentialing and for fiscal year 2007-08 will adjust credentialing fees to reflect the estimated cost of providing credentialing services.
- c. CCCS has prohibited staff from charging fees not specifically authorized in the SBCCOE's Colorado Vocational Education Credentialing Standards.

**Recommendation 16.** CCCS and the Department of Education should work together to determine the most cost-effective method for credentialing career and technical education teachers and seek statutory change, as appropriate. As part of this effort, the System and the Department should consider proposing statutory change to give the System and/or the Department authority as necessary to set, impose, and collect credentialing fees, and to establish a cash fund for the deposit of fees.

**Proposed Implementation date:** December 2006. Full implementation of this recommendation will be delayed until May 2008 after the CVA statute has been considered by the General Assembly. (In Progress)

CCCS and the Department of Education (CDE) have met consistently through 2006. CCCS and CDE are working together to manage the CTE Credentialing Task Force. CCCS and CDE will work together to establish an efficient, cost effective method for delivering CTE credentials to secondary and post-secondary CTE instructors. CCCS and CDE plan to have all changes in standards, rules, regulations and processes implemented by June 30, 2007. Automation of these business processes will begin in the fall 2007. Statutory changes that may be necessary as a result of the outcomes of the Credentialing Task Force, CDE and CCCS discussions or the CTE strategic planning process will be incorporated in the proposed CVA changes in Session 2008. As a self-supporting auxiliary function of the enterprise of the Colorado Community College System, the credentialing office may charge fees to cover the cost of issuing credentials.

**Recommendation 17.** The Colorado Community College System should improve its on-site subrecipient monitoring of Perkins grant expenditures by:

- a. Including specific steps in its monitoring process to test the allowability and appropriateness of Perkins grant expenditures made by subrecipients.
- b. Improving the technical skills of on-site reviewers through additional training and considering using the System's internal audit staff to supplement the monitoring review teams.
- c. Defining documentation requirements for subrecipients to support the allowability and appropriateness of Perkins grant expenditures. These criteria should then be included in the System's grant agreement with the subrecipients as an assurance.

**Proposed Implementation Date:** December 2006. Full implementation of this recommendation will be delayed until June 2007 given that CCCS is currently in the hiring process for a compliance officer.

CCCS has developed a monitoring team comprised of Program Directors and Internal Audit, Accounting, Credentialing, CVA, and Perkins personnel to develop a risk based approach to monitoring. In addition, CCCS is actively pursuing the hiring of a compliance officer to oversee and implement the entire monitoring process. Below we address the specific items in this recommendation:

- a. CCCS has established new documentation requirements of Perkins sub-recipients to test the allowability and appropriateness of Perkins grant expenditures. For example, the following items were required for all Final Fiscal Year 2005-06 Perkins vouchers:
  - The sub-recipient must provide account transaction details for all paid expenses that are claimed for reimbursement
  - The sub-recipient must provide all payroll expenses and must indicate the name of the person paid or a payroll register must be provided that reconciles to the payroll transaction detail.
  - Secondary sub-recipients must provide copies of purchase orders and invoices or purchase requisitions and invoices for each account



transaction that is \$5,000 or more. (The threshold will be \$1,000 for Fiscal Year 2006-07)

- Post-secondary sub-recipients must provide copies of purchase orders and invoices or purchase requisitions and invoices for each account transaction that is \$5,000 or more.
- Sub-recipients claiming reimbursement for indirect costs must provide a copy of their approved restricted indirect cost rate.
- Sub-recipients must agree to provide any other source documents if requested by CCCS. CCCS currently has two reviewers from two different departments reviewing each voucher and the sub-recipient may need to answer questions from both reviewers.
- Sub-recipients must sign the following statement included on each voucher: "I certify that all expenditures reported are for appropriate purposes and in accordance with the provisions of our CCCS approved Perkins Improvement Plan, EDGAR, OMB Circulars and the Grant Recipient Award documents."

Please note that these new steps have added many months of additional work to the funding distribution process and it has required the hiring of one permanent FTE and a temporary contractor to implement these changes. We are currently about five months behind in our Perkins distribution processes due to these changes.

During Perkins on-site monitoring visits, a sample of transactions will be selected and source documents will be reviewed for:

- Proper authorization and signatures
  - Thorough explanation of purpose of expenditures
  - Identification of programs where items purchased are used and located
  - Reasonableness and allowability of costs, and
  - Agreement of expenditures to reimbursement requests.
- b. Initially, fiscal year 2006-07 on-site subrecipient monitoring teams will include a fiscal staff member to assist in the establishment of proper monitoring procedures and provide necessary training to on-site monitoring teams. Additionally, the compliance officer, when hired, will provide the monitoring teams with specific guidance in proper monitoring procedures.
- c. All subrecipients were notified of the revised documentation requirements at the May and June 2006 Perkins workshops, and an email was sent to all subrecipients state-wide. Beginning in fiscal year 2006-07, the Perkins grant agreement defines documentation requirements necessary to support transactions and receive reimbursement. In addition, the annual final report completed by each secondary or post-secondary institution receiving Perkins funding now includes a statement that

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must be signed by an appropriate school official certifying that documentation is available to support transactions for which reimbursement was requested.

**Recommendation 18.** The Colorado Community College System should improve its Perkins administrative and program processes by:

- a. Considering reassigning staff duties so that more resources are devoted to monitoring activities or revising monitoring procedures to focus on those areas of greatest risk.
- b. Requiring staff to complete monitoring checklists and issue formal reports of findings and recommendations.
- c. Instituting a supervisory review to ensure that monitoring checklists and reports have been completed sufficiently.
- d. Following up on all monitoring recommendations to ensure they have been implemented.
- e. Establishing time frames in its monitoring procedures for the timely completion of monitoring reports, supervisory reviews, and follow-up on recommendations.

**Proposed Implementation Date:** December 2006. Full implementation of this recommendation will be delayed until June 2007 given that CCCS is currently in the hiring process for a compliance officer.

- a. The Vice President of Academic and Student Affairs has effected an organizational change to enhance monitoring activities and establish quality control procedures. As part of this re-organization, a Grant Compliance Officer/Accountant conducts more rigorous oversight of transactional data to enhance the monitoring process. The AVP of Compliance and Technical support is actively pursuing the hiring of a compliance officer to oversee and implement the entire monitoring process.

Additional processes have been developed to continue to coordinate program monitoring, Perkins monitoring and civil rights monitoring as a State staff team approach. The State staff team that attends the on-site visit will meet prior to the visit to share points of concern in order to provide targeted technical assistance during the visit.

- b. Staff will be required to complete the monitoring checklists as documentation of the monitoring procedures, and formal reports of findings and recommendations will be issued.
- c. A supervisory review will be performed to ensure that checklists are properly completed and reports are sufficiently and timely completed.
- d. The newly designed Perkins continuation/improvement plan includes a section for reporting follow-up to a monitoring recommendation. This section will be reviewed and follow-up will be documented.
- e. Time frames for completion of monitoring reports, supervisory reviews and follow-up on recommendations will be developed.

**Recommendation 19.** The Colorado Community College System should improve its monitoring process for the federal Perkins program by:

- a. Reassessing its monitoring schedule to ensure that it meets its commitment to monitor each subrecipient once every five years as provided in the State's Perkins Plan. The reassessment should include formalizing risk criteria for selecting subrecipients for audit and considering using desk audits in lieu of site visits for lower risk entities. If the system decides to use a different cycle, it should update the State's Perkins plan.
- b. Expanding monitoring policies to include written policies that outline the number of schools and programs required for review during each program monitoring visit.
- c. Ensuring that consortium administrators complete on-site monitoring visits in accordance with established procedures.

**Proposed Implementation Date:** July 2007 (In Progress)

CCCS has developed a monitoring team comprised of Program Directors and Internal Audit, Accounting, Credentialing, CVA, and Perkins personnel to develop a risk based approach to monitoring. This team will review and update the current monitoring schedule along with guidance from a compliance officer (once hired). CCCS is actively pursuing the hiring of a compliance officer to oversee and implement the entire monitoring process.

- a. The Perkins monitoring process will ensure that onsite monitoring will occur once every five years at each site. CCCS will consider the use of desk audits in lieu of site visits for lower risk entities if the five year cycle cannot be accomplished with present resources.
- b. Monitoring policies will be reviewed and expanded as necessary to include written policies outlining the number of schools and programs required for review during each program monitoring visit.
- c. The Perkins Director will evaluate the efficiency and effectiveness of consortia on-site audits with consortia administrators. During fiscal year 2006-07, a required meeting of all consortia administrators will be held to establish procedures and follow-up reports for monitoring purposes.

**Recommendation 20.** The Colorado Community College System should ensure that Perkins subrecipients comply with OMB Circular A-133 audit requirements by:

- a. Implementing a process to help identify subrecipients subject to OMB Circular A-133 audit requirements.

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- b. Amending the Perkins grant agreement to include a provision requiring all subrecipients to submit either their annual OMB Circular A-133 audit or a statement attesting that they are not subject to OMB Circular A-133 audit requirements.

**Proposed Implementation Date:** July 2006 – Full implementation of this recommendation will take place in the second half of Fiscal Year 2006-07 when CCCS obtains the current CDE listing, relevant A-133 reports and audited financial statements. (In Progress)

- a. CCCS will monitor secondary recipients by obtaining the list of Districts subject to OMB Circular A-133 audits from the Colorado Department of Education. This list will be obtained at the beginning of each fiscal year, and will be compared to the Certificates of Exemption and copies of A-133 single audit reports received with the annual Grant Recipient Agreements. All colleges comprising CCCS are subject to the annual OMB Circular A-133 audit of CCCS. Colleges that do not comprise CCCS must sign a Certification of Exemption if they did not receive an OMB Circular A-133 audit in the prior year. In that situation, CCCS will obtain a copy of the institution's audited financial statements to verify the amount of federal awards received.
- b. A separate document has been added to the Perkins Grant Award packet to include a provision requiring submittal of the annual OMB Circular A-133 audit or a signed statement attesting that the applicable institution is not subject to OMB Circular A-133 audit requirements.

**Recommendation 21.** The Colorado Community College System should improve the auditing process for the CVA by:

- a. Developing and implementing a reasonable, risk-based audit cycle and considering alternative methods, such as desk audits, to increase audit coverage.
- b. Issuing reports to school districts on audit results that include recommendations aimed at improving districts' CVA reporting.
- c. Implementing a formal process to follow up on and resolve audit findings.
- d. Analyzing district reporting errors and targeting technical assistance at common problems.

**Proposed Implementation Date:** July 2006 (Implemented)

- a. Internal Audit has evaluated the audit schedule and are performing desk audits where possible. Starting on September 1, 2006, after the completion of the audits on hand, a risk-based approach will be used to identify school districts for audit. This approach will balance factors such as amount granted, timeliness and condition of requested materials, and the number and types of errors found in the information submitted.

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- b. The audit report format has been updated as of April 2006 and does include recommendations focused on improving the districts' reporting. An additional report will be developed and provided to the CCCS accounting and program staff to facilitate training and support to the school districts.
- c. Follow up and resolution of audit findings will be performed by program personnel, and the number and type of findings will be taken into consideration in assessing risk. School districts with significant findings will be placed on a more frequent audit schedule.
- d. Internal audit has identified common reporting errors. Three workshops were held across the state in May and June 2006. The reporting errors were communicated at the workshops, and technical assistance was provided to address common problems.

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