

## CHAPTER 4. AUDIT ACCOUNTABILITY

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## CHAPTER 4

### AUDIT ACCOUNTABILITY

#### General

1. Education Code Section 84040 requires the governing board of each community college district to provide for an annual audit of the financial records of the district. The audit must be made by a certified public accountant or a public accountant licensed by the State Board of Accountancy and performed in accordance with The California Community Colleges Contracted District Audit Manual. A verification of compliance with Education Code and Title 5 attendance accounting regulations is included in the scope of the audit. It is the responsibility of the Chancellor to make any adjustments in apportionments of state funds to correct any discrepancies revealed by the annual audit.

Reference: ECS 84040, T5 59350ff

2. Each district governing board is required to adopt procedures for course enrollment, attendance and disenrollment documentation, including rules for retention of support documentation which would enable independent determination regarding accuracy of data submitted by the district as a basis for state support. Adopted procedures shall be so structured as to provide for adequate internal controls.

When multiple documents are used to support claimed attendance, administrative procedures need to be explained to auditors. Whether multiple documents are used to support claimed attendance or not, the responsibility to document enrollment, attendance, and disenrollment procedures in accordance with this section remains with the district.

Reference: T5 59350, Admin.

3. Suggested information to supplement the documentation of each course as described below should include, but is not necessarily limited to, the following:
  - a. Signature of the instructor on all primary attendance accounting documents as a certification of a true and accurate accounting.
  - b. A statement of residency for each student, as appropriate. (See Chapter 2.)
  - c. Any pertinent information concerning courses which have atypical characteristics relative to the contact hours claimed (e.g., lab hours, hours to be arranged [TBA], intercollegiate athletics, field trips, etc.).

Reference: Admin.

4. Each community college district shall maintain an official procedure to ensure compliance with Article 1, Subchapter 1 (commencing with Section 58000) of Division 9 of Title 5 of the California Code of Regulations:
  - a. **Census Day or Date.** (See Chapter 1.)

Reference: T5 58003.1(b),(c)

- b. Drop Date. (See Chapter 1.)

Reference: T5 58004

- c. **Inactive Enrollment** in a course is defined as follows:

- (1) As of each census day or date: any student who, according to published college regulations, has
  - (a) Been identified as a no show, or
  - (b) Officially withdrawn from course, or
  - (c) Been dropped from course. A student shall be dropped if no longer participating in the course, except if there are extenuating circumstances. Definitions of nonparticipation shall include, but not be limited to, excessive unexcused absences as specified in procedures adopted by each local governing board pursuant to Title 5 Section 58030. (See Note, below)

Reference: T5 58004

- d. Extenuating circumstances are verified cases of accidents, illness, other circumstances beyond the control of the student, and other conditions defined by the local governing board and published in college regulations.
- e. Minimum requirements of the procedure adopted by the local governing board pursuant to Title 5 Section 58030 for adds and drops shall be:
  - (1) Identification of student by name and number
  - (2) Type and date of transaction
  - (3) Documentation of origin of transaction by means of:
    - (a) Signature of student, or
    - (b) Signature or initials of instructor or other authorized person, or
    - (c) Other record identifying originator of transaction.

**Note:** An earlier decision, regarding one of the conditions of inactive enrollment, listed above, made by either a student or his/her instructor will determine when the student ceased to be actively enrolled. Title 5 Section 58004(c) gives equal weight to both student withdrawals and instructor drops. Districts cannot give preference to one type of determination.

Deadlines used to submit attendance forms for processing have no effect on drop dates. Determining that students are actively enrolled and submitting that information for processing are two independent activities. Consequently, changing the time period when faculty should submit attendance forms does not change when students become inactive. Districts are responsible for developing the administrative attendance procedures, including when information should be submitted for processing.

Reference: T5 58004, Admin.

### **Audit Resolution Process**

1. The Chancellor shall review each district's annual audit to determine whether the reports contain citings which may warrant further investigation.

Reference: ECS 84040, T5 59350ff

Further investigation is warranted when the district has:

- a. Failed to comply with attendance accounting standards, or
- b. Violated rules and regulations defining limitations on state support, or
- c. Failed to comply with any standard monitored by means of a compliance question.

Reference: T5 59350ff

2. Prior to action to recover funds or other corrective measures, a district shall be given the opportunity to respond by presenting information which might mitigate or refute any audit citing selected by the Chancellor for further investigation.

Reference: T5 59350ff

3. If, upon reviewing a citing, the district's response and any other available information, there is a need for corrective action to resolve a citing, the Chancellor may require the district to do one or more of the following:
  - a. Submit a corrected apportionment claim,
  - b. Implement procedures to ensure future compliance with rules and regulation in question, or
  - c. Report periodically to the Chancellor on the status of actions taken to comply with rules and regulations.

4. If, upon reviewing a citing, the district's response and any other available information, the Chancellor finds there is no need for corrective action to resolve the citing, the district shall be informed as expeditiously as possible.

Reference: T5 59350ff

5. A district shall be held harmless against any audit citing not resolved within five years of the time the citing was first presented to the district governing board. Until that time, the district shall retain all primary and support documentation which might need to be reviewed by the Chancellor to verify any claim for apportionment.

Reference: T5 59350ff

### **Required Documentation Tabulations**

1. For each reporting period defined in California Code of Regulations Section 58003.4, a separate tabulation is required for each course section. Requirements vary for each of the following course categories:

- a. **Census procedures:**

- (1) Weekly Census: Regularly scheduled credit courses scheduled coterminously with the primary term.

Reference: T5 58003.1(b), T5 58782

- (2) Daily Census: Regularly scheduled credit courses, five or more days in length, and not scheduled coterminously with the primary term.

Reference: T5 58003.1(c), T5 58782

- (3) Independent Study: Credit and noncredit distance education courses and work experience education courses scheduled coterminously with the primary term or short term courses.

Reference: T5 58003.1(f)

- b. Actual hours of attendance procedure courses (FTES generating).

Reference: T5 58003.1(g), T5 58003.2

- c. Apprenticeship classes of related and supplemental instruction.

Reference: T5 58020ff, T5 58024, CCFS-321

2. Each tabulation shall include a summary of hours claimed by residency category as specified on Form CCFS-320 and a grand total.

- a. For courses subject to census procedures, a separate course section tabulation is required for each of the census categories. Each tabulation shall provide a

detailed listing (in one cohesive document) for each census day or date as follows:

- (1) Identification for either weekly census or daily census:
  - (a) Static course identifier code
  - (b) Section identifier code
  - (c) Title
  - (d) Method of instruction code
- (2) Number of days the daily census course is scheduled to meet or number of weeks the weekly census course is scheduled to meet.
- (3) Number of class hours each daily census course section is regularly scheduled to meet (including TBA) on the census day, or the number of class hours (including TBA hours) each weekly census course is regularly scheduled to meet during the census week.
  - (a) For courses other than independent study (distance education) and work experience education, each listing will include:
    - Regularly scheduled contact hours
    - Hours to be arranged (TBA)
    - Total contact hours scheduled per day or week
  - (b) For courses of credit independent study (distance education) and work experience education, each listing will include the range of units of credit enrolled as of the census day or date.
  - (c) For noncredit distance education courses, each listing will include the calculated WSCH factor for students enrolled as of each census day (2 for each course).
- (4) Beginning and ending dates of course section.
- (5) Date of census days.
- (6) An alphabetical list of each student actively enrolled in each course section indicating:
  - (a) Name (last, first, initial)
  - (b) Student identification code
  - (c) Residency category as specified on Form CCFS-320

- (d) Scheduled contact hours per week or per day (or units of credit for which each student is enrolled in independent study (distance education) and work experience education courses)
- b. Each tabulation shall also provide a grand total of student contact hours generated by residency category.

Reference: T5 58003.1 (f), T5 58020, T5 58782, ECS 68040

- 3. For actual hours of attendance procedure courses each course section tabulation shall provide a detailed listing (in one cohesive document) as follows:
  - a. Identification:
    - (1) Static course identifier code
    - (2) Section identifier code
    - (3) Title
    - (4) Method of instruction code
  - b. Number of days the course section is scheduled to meet.
  - c. Number of class hours the course section is scheduled to meet.
  - d. Beginning and ending dates of course section.
  - e. An alphabetical list of each student enrolled at any time during the course section indicating:
    - (1) Name (last, first, initial)
    - (2) Student identification code
    - (3) Residency category as specified on Form CCFS-320
    - (4) Actual student hours of attendance

Reference: T5 58022

- 4. For independent study(distance education) and work experience education courses each course section tabulation shall provide a detailed listing as follows:
  - a. Identification:
    - (1) Static course identifier code
    - (2) Section identifier code

- (3) Title
  - (4) Method of instruction code
- b. Number of weeks the course section is scheduled to meet.
- c. Beginning and ending dates of course section.
- d. Census day or date.
- e. An alphabetical list of each student actively enrolled in each course section indicating:
  - (1) Name (last, first, initial)
  - (2) Student identification code
  - (3) Residency category as specified on Form CCFS-320
  - (4) Scheduled units of credit for which student is enrolled at the census day or date

Reference: T5 58003.1(f), T5 58020

- 5. For apprenticeship courses of related and supplemental instruction pursuant to Labor Code, Section 3074, each course section tabulation shall provide a detailed listing as follows:
  - a. Identification:
    - (1) Static course identifier code
    - (2) Section identifier code
    - (3) Title
    - (4) Method of instruction code
  - b. Number of days the course section is scheduled to meet.
  - c. Number of hours of 50 through 60 minutes each course section session is scheduled to meet.
  - d. Beginning and ending dates of course section.

- e. An alphabetical list of each student enrolled during the course section indicating:
  - (1) Name (last, first, initial)
  - (2) Student identification code
  - (3) Actual hours of 50 through 60 minutes of attendance
- f. A grand total of actual hours of 50 through 60 minutes of attendance.

Reference: Budget Act, T5 58024, CCFS-321

### **Record Retention and Destruction of Records**

- 1. Each college district shall establish an annual review procedure by which documents and papers received or produced during the prior academic year are classified as Class 1-Permanent, Class 2-Optional, or Class 3-Disposable.
- 2. Records originating during a current academic year shall not be classified during that year.
- 3. Records of a continuing nature, i.e., active and useful for administrative, legal, fiscal, or other purposes over a period of years, shall not be classified until such usefulness has ceased.

Reference: T5 59022

### **Class 1-Permanent Records**

The following records have been classified as Class 1-Permanent Records, and as such, shall be retained indefinitely unless photographed, microphotographed, or otherwise reproduced on film:

- a. Annual Reports
  - (1) Official budget
  - (2) Financial report of all funds, including cafeteria and student body funds
  - (3) Audit of all funds
  - (4) Full-time equivalent student (FTES), including First Period, Second Period, Annual and all corrections
  - (5) Other major annual reports, including:
    - (a) Those containing information relating to property, activities, financial condition, or transactions
    - (b) Those declared by board minutes to be permanent.

- b. Student records consisting of the following:
- (1) The records of enrollment and scholarship for each student. Such records of enrollment and scholarship may include but need not be limited to:
    - (a) Name of student;
    - (b) Date of birth;
    - (c) Place of birth;
    - (d) Name and address of a parent having custody or a guardian, if the student is a minor;
    - (e) Entering and leaving date for each academic year and for any intersession;
    - (f) Subjects taken during each year, half year, intersession or quarter;
    - (g) If grades or credits are given, the grades and number of credits toward graduation allowed for work taken.
  - (2) All records pertaining to any accident or injury involving a student for which a claim for damages has been filed as required by law, including any policy of liability insurance relating thereto, except that these records cease to be Class 1- Permanent Records one year after the claim has been settled or after the applicable statute of limitations has run out.

Reference: T5 59023

### **Class 2-Optional Records**

Any record worthy of further preservation, but not classified as Class 1-Permanent, may be classified as Class 2-Optional and shall then be retained until reclassified as Class 3-Disposable.

Reference: T5 59024

### **Class 3-Disposable Records**

All records, other than Continuing Records, not classified as Class 1-Permanent or Class 2-Optional, shall be classified as Class 3- Disposable. Generally, a Class 3-Disposable record, unless otherwise specified in this Chapter, should be destroyed during the third school year after the school year in which it originated (e.g., 1992-93 plus 3 = 1995-96).

Reference: ECS 84040, T5 59025

The following descriptions of records are classified as Class 3-Disposable Records:

- a. Records Basic to Audit, including those relating to attendance, full-time equivalent student (FTES), or a business or financial transaction (purchase orders, invoices, warrants, ledger sheets, canceled checks and stubs, student body and cafeteria fund records, etc.), and detail records used in the preparation of any other report.
- b. Periodic Reports, including daily, weekly, and monthly reports, bulletins and instructions.

### **Retention Period for Records Basic to an Audit**

A Class 3-Disposable record shall not be destroyed until after the third July 1 succeeding the completion of the audit required by Education Code, Section 84040 requirement for annual audit or of any other legally required audit, or after the ending date of any retention period required by any agency other than the State of California, whichever date is later.

Reference: T5 59026

### **Microfilm Copy**

Whenever an original Class 1-Permanent record is photographed, microphotographed, or otherwise reproduced on film, the copy thus made is hereby classified as Class 1-Permanent. The original record, unless classified as Class 2-Optional, may be classified as Class 3-Disposable, and may then be destroyed in accordance with this chapter if the following conditions have been met:

- a. The reproduction was accurate in detail and on film of a type approved for permanent, photographic records by the United States Bureau of Standards.
- b. The chief executive officer, or the designee of that officer, has attached to, or incorporated in, the microfilm copy or system a signed and dated certification of compliance with the provisions of Section 1531 of the Evidence Code, stating in substance that the copy is a correct copy of the original, or a specified part thereof, as the case may be.
- c. The microfilm copy was placed in an accessible location and provision was made for preserving permanently, examining and using same.

Reference: T5 59022

### **Destruction of Fiscal Records**

For the destruction of records please refer to the California Code of Regulations, Title 5, Chapter 10, Article 3 the Procedures for Destruction, commencing with Section 59027.

Reference: T5 59027ff