

California Community Colleges Chancellor's Office **2019-20 CDAM Updates**

Presented by:

College Finance and Facilities Planning Division
May 8, 2020



**BUILDING
HEROES
AT GCC**
**NURSES WEEK
MAY 6-12**



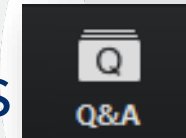
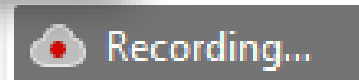
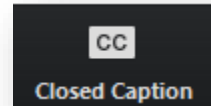
Happy National Student Nurse Day!

Housekeeping Announcements

- Brought to you by
- 2.0 CPE hours offered
- Polling questions
- Enter questions and suggest future webinar topics
- Click here to read Live Captions
- This presentation is being recorded
- Webinar will be available on CCCCCO CFFP Fiscal & Policy webpage



California
Community
Colleges



Panelists

Frances Parmelee, CPA, Assistant Vice Chancellor fparmelee@cccco.edu

Wrenna Finche, CPA, Director of Fiscal Standards & Accountability wfinche@cccco.edu

Keith Nezaam, Director of Fiscal Services knezaam@cccco.edu

Lorena Romero, Fiscal Health Specialist lromero@cccco.edu

Alex Jiral, Accountability Specialist ajiral@cccco.edu

John Mullen, Senior Consultant jmullen@cccco.edu

Agenda

- **Federal Updates** by Wrenna Finche
- **FEMA and CAREs Act Accounting Guidance** by Lorena Romero
- **2019-20 CDAM Revisions & New Procedure** by Wrenna Finche
- **COVID Allowances & Audit Impact** by Alex Jiral and Wrenna Finche
- **Emergency Conditions Allowance** by Keith Nezaam
- **Q & A Session**

Federal – Single Audit

Memo [M-20-11](#)

Provides flexibility to grant recipients performing essential research and services for COVID-19 emergency response

Memo [M-20-17](#)

Extends flexibility to an expanded scope of recipients

2019-20 Single Audit Submission

Initial Due Date: March 31, 2021

Extended Due Date: September 30, 2021

Financial Reporting - GASB

GASB 95 - Postponement of the Effective Dates of Certain Authoritative Guidance:

- GASB 84 – *Fiduciary Activities* - effective date of Dec 15, 2019 (12 month extension)
- GASB 87 – *Leases* –effective date of Dec 15, 2020 (18 month extension)
- GASB 83, 88, 89, 90, 91, 92, 93 (12 month extensions)

Effective Date Extended

- GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; now effective June 15, 2022

GAGAS CPE Update

COVID-19 GAGAS CPE Alert

Exceptions to GAGAS CPE Requirements:

- 6 month grace period for complete CPE
- Waiver of 20 hour annual CPE requirement
- Carryover of CPE earned in this period



First Polling Question



Federal Emergency Management Agency Public Assistance (FEMA)

- President declared a National Emergency
- FEMA funds to reimburse for emergency protective measures (EPM)
- Districts required to submit a Request for Public Assistance (RPA) by April 17, 2020
- RPAs are reviewed by FEMA and Cal OES to determine eligibility and amount of reimbursement

FEMA

Reimbursable Costs

- Training specific to the declared event
- Disinfection of public facilities
- Purchase and distribution of food, water, ice, medicine, and other consumable supplies.
- Personal protective equipment and hazardous material suits
- Security and law enforcement
- Operational costs such as force account overtime
- Reimbursement for materials pulled from inventory to help facilitate the emergency response (i.e. vehicle usage and laptops)

Coronavirus Aid, Relief and Economic Security (CARES) Act

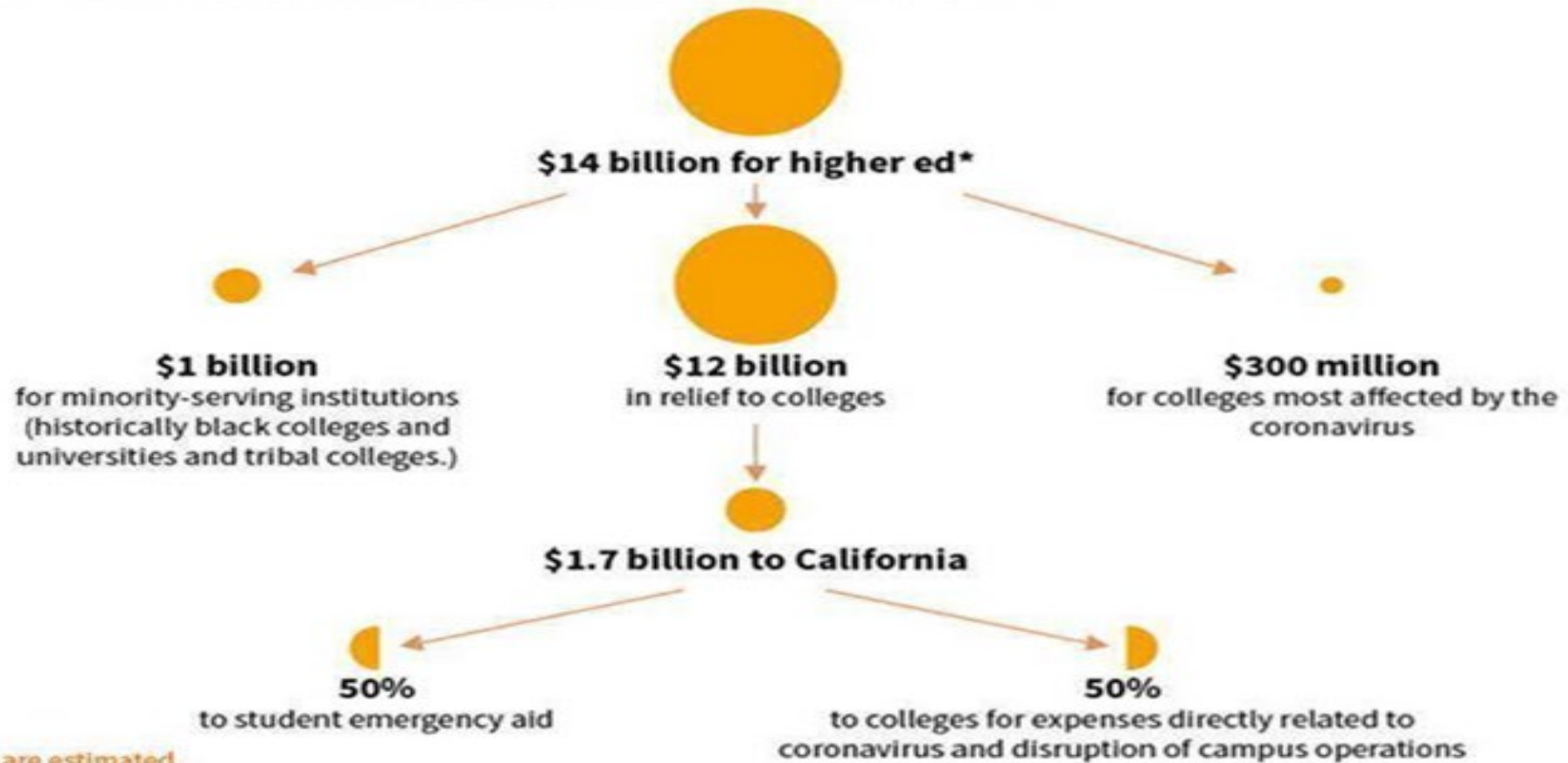
The CARES Act: Higher Education Emergency Relief Fund (HEERF) provides several different methods for distributing roughly \$14 billion in funds to institutions of higher education.

The most significant portion of that funding allocation provides \$12.56 billion split between emergency grants to students and money to institutions using a formula based on student enrollment.

These funds help cover expenses related to the disruption of campus operations due to coronavirus.

Breaking down the new stimulus law for California colleges

The \$2.2 trillion stimulus bill includes \$31 billion for education of which about \$14 billion will go to higher education. Here's how the funds will be spent nationally and in California:



*All numbers are estimated.

Source: Coronavirus Aid, Relief and Economic Security Act and the U.S. Department of Education.
Charts by Yuxuan Xie.

EdSource

HEERF by Allocation Type					
USDE Effective Date	Allocations Type	CDFA	Section	Amount	Certificate and Agreement Deadline
4/9/2020	Student Aid	CFDA: 84:425E	18004(a)(1)	\$289,839,564	9/30/2020
4/21/2020	Institutional Portion	CFDA: 84:425F	18004(a)(1)	\$289,839,564	9/30/2020
4/30/2020	Historically Black Colleges and Universities (HBCU)*	CFDA: 84:425J	18004(a)(2)	\$447,466,079	8/1/2020
4/30/2020	Tribal Controlled Colleges and Universities (TCCU)*	CFDA: 84:425K	18004(a)(2)	\$50,469,300	8/1/2020
4/30/2020	Minority Serving Institutions (MSI)*	CFDA: 84:425L	18004(a)(2)	\$265,066,148	8/1/2020
4/30/2020	Strengthening Institutions Program (SIP)*	CFDA: 84:425M	18004(a)(2)	\$145,618,692	8/1/2020
4/30/2020	Funds for Improvement of Postsecondary Education (FIPSE)*	CFDA: 84:425N	18004(a)(3)	\$321,687,169	8/1/2020
* Allocation amounts Include colleges and universities.					



CARES Act Eligible Expenses

- Financial Aid Grants to students*
- Shifting to Distance Education
- Technology Costs
- Student Enrollment Fee Reimbursement
- Professional Development
- Lost of Revenue (Campus bookstore, cafeteria, community
- To continue to pay employees and contractors to the greatest extent practicable

CARES Act Funds Accounting Guidance

CARES Act Revenue:

- Funding is restricted and must be accounted for as Federal Revenue following guidance in the [California Community Colleges Budget and Accounting Manual](#) (81xx).

CARES Act Expenditures:

- Each institution may develop its own system and process for how to allocate funds.
- Funds are restricted in nature and should be accounted for separately using a unique program code.
- All expenditures should follow the BAM classifications. Expenditure classification is dependent on the nature of the expenditure.
- Direct aid to students should be accounted for in other outgo (7xxx) object code.

Summary of California Community Colleges COVID-19 Response Expenses

On April 14, 2020, the Chancellor's Office requested estimates of
Community College District's Emergency COVID-19 Costs
(55 of 73 Districts Responded)

- Estimated Fiscal Year 2019-20:
 - System-wide unmet costs of over \$208 million
- Estimated Fiscal Year 2020-21 Costs of \$201 million

FEMA and CARES Resources

- For FEMAs Public Assistance Process and Eligible Emergency Protective Expenses [https://www.fema.gov/media-library-data/1525468328389-4a038bbef9081cd7dfe7538e7751aa9c/PAPPG 3.1 508 FINAL 5-4-2018.pdf](https://www.fema.gov/media-library-data/1525468328389-4a038bbef9081cd7dfe7538e7751aa9c/PAPPG_3.1_508_FINAL_5-4-2018.pdf)
- USDE CARES Act <https://www2.ed.gov/about/offices/list/ope/caresact.html>
- IRS FAQs for Higher Education Emergency Release Fund <https://www.irs.gov/newsroom/faqs-higher-education-emergency-relief-fund-and-emergency-financial-aid-grants-under-the-cares-act>

2019-20 Due Date – Extensions Proposed

Financial Reporting Requirement	Regulatory Due Date
Submit tentative budget to county officer.	July 1
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	September 15
Hold a public hearing on the proposed budget.	September 15
Adopt a final budget.	September 15
Complete its adopted annual financial and budget report and make public.	September 30
Submit an annual financial and budget report to Chancellor's Office.	October 10
Submit Annual Audit Report to Chancellor's Office	December 31

2019-20 CDAM Revisions

Section 424 – Retitled from “State General Apportionment” to “Student Centered Funding Formula Base Allocation: FTES”

Section 425 – Residency

- Noncredit students are not subject to residency classification requirements
- Residency classification and documentation for student-athletes should occur per the district’s policy and process

2019-20 CDAM Revisions, continued

Section 340 - Supplemental Information

The District Organization Schedule should include a list of Auxiliary Organizations in good standing to include:

- Auxiliary Name
- Establishment Date
- Current Master Agreement Date
- Auxiliary Director's Name

2019-20 CDAM – New Procedure

411 -SCFF Data Management Control Environment

Districts should demonstrate adequate oversight of data management practices:

1. Policies and Procedures
2. Responsibilities defined and assigned
3. Information Systems monitored and maintained

to ensure timely, accurate, and reliable data for planning, decision making, and budgetary control.

Why Test the Data Management Control Environment?

- Education Code section 84750.4 (m)(4)(c)
- Title 5 Section 58311 – Principles for Sound Fiscal Management

What's included in the audit test?

Districts should have processes to ensure SCFF metric data is accurate and complete when reported to the Chancellor's Office.

- Test audit procedure examples
- Use professional judgment – can district achieve and report accurate data?
- Are alternative processes sufficient?
- Modify or expand testing as warranted

Is Substantive Testing Required?

Not yet,
but....



Compliance Criteria

[Title 5 Section 58311](#)

Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* ([Green Book](#))

Inquiry and Evidence

AU-C 500 Audit Evidence

- Sources of Audit Evidence
- Audit Procedures for Obtaining Evidence

CCCCO Audit Plans Steps, Suggested Evidence, and Interview Questions
(coming soon to our website)

Evidence should be sufficient and appropriate per Auditor judgment

- Testimonial
- Documentary

Example of Evidence & Inquiry

Audit Test: Determine whether district has developed desk procedures that document the data flow and steps taken to complete reporting of financial aid data for MIS reporting.

1. Interview CBO, IT management and staff, and/or Financial Aid staff.
2. Ask: How do you know what to do when it's time to submit financial aid data to MIS? Do you have the steps written down or drawn out in flowcharts? Can I see a copy of that?
3. For Evidence, obtain a copy of desk procedures or flow charts.
Electronic document, photograph of document

Expectations of Shared Ownership of Data

For Student Success Allocation Audit Test

Examples of Evidence:

- Testimony corroborated by multiple staff
- Issuance of Policies and Procedures
- Official Memos
- Email from boss
- Observance of staff meeting



Appropriate Training and Professional Development Opportunities

For Student Success Allocation Audit Test

Examples of Evidence:

- Testimony corroborated by several staff
- Staff registration forms for workshops or conferences
- Observation of trainings scheduled on calendar
- Binders or Materials provided at trainings
- HR records of professional development



Significant Deficiency in Internal Control

CDAM states:

“A significant deficiency exists if policies and procedures over SCFF data management are nonexistent, outdated, or not implemented.”

CCCCO recommends communicating deficiencies that are not reported as findings in a Management Letter

Material Weakness in Internal Controls

- Fraud by senior management
- Restatement of previously issued financial statements for correction of a material misstatement due to fraud or error
- Material misstatement in financial statement under audit which indicate the misstatement would not have been detected or corrected by internal control

Determining and Reporting Deficiencies

- [AU-C Section 265 – Communicating Internal Control Related Matters Identified in an Audit](#)
- [AU-C Section 260 – The Auditor’s Communication With Those Charged With Governance](#)
- GAO’s *Government Auditing Standards*, or [2018 Yellow Book](#)
 - Section 6.39-44.

What Constitutes a Finding?

Any instance of noncompliance with elements of the CDAM procedure

Yellow Book section 6.19 states that findings may involve deficiencies in internal control.

Green Book includes a framework for internal controls for reference.

Additional Guidance for Districts

Yes, stay tuned....



Sample Audit Finding - Criteria

Title 5 section 58311 requires districts to implement and maintain effective internal controls to ensure that fiscal objectives are met. Internal control frameworks, such as the Government Accountability Office's Standards for Internal Control in the Federal Government, or Green Book, describe training as an essential component of (1) the principle of designing appropriate control activities related to the management of human capital and (2) the principle of demonstrating a commitment to competence through the development and retention of competent personnel capable of achieving the entity's objectives.

Sample Audit Finding: Condition

Training was not provided to staff assigned to submit SCFF Student Success data to the Chancellor's Office.



Sample Audit Finding - Cause

Management did not prioritize training due to lack of available resources. A training budget was not available and staff time was not approved for training.

Sample Audit Finding – Effect or Potential Effect

Weak or missing internal controls over data management, such as a lack of training, could cause the SCFF data metrics to be inaccurately reported to the Chancellor's Office, which would cause the district's total computational revenue (TCR) to be calculated incorrectly. The TCR is calculated by the Chancellor's Office to determine the maximum amount of funding for which a district is eligible. If a district's student enrollment fees and local property tax revenue do not meet or exceed the maximum TCR, state general apportionment is provided. Submission of incorrect data by a district will affect the state general apportionment revenue received by every district in the system.

Resources – Data Management Control Environment

- [FCMAT Data Management Practices Review](#)
 - [US DOE Privacy Technical Assistance Center Data Governance Checklist \(K-12\)](#)
- Coming soon to CCCCCO website:
 - FAQ
 - Audit Plans Steps, Suggested Evidence, and Interview Questions

Polling Question #2



COVID-19 Attendance Accounting Allowances

Executive Order

- [Temporary Suspension of Student Withdrawal Regulations](#)

COVID-19 Guidance

- [Clarification on Apportionments, Withdrawals, and Student Fee Refunds](#)
- [Attendance Accounting Implications and Guidance \(revised\)](#)
- [FAQ: Attendance Accounting – Emergency Conditions](#)
- [Protections for Apportionment Calculations](#)

Summary of COVID-19 Allowances

- Excused Withdrawals (EW) count toward apportionment
- Most courses in progress and converted to Distance Education (DE) retain original attendance accounting procedures
- Positive Attendance courses converted to Asynchronous DE
 - Courses in progress at March 13 may estimate contact hours
 - Courses starting after March 13 use Alternative Attendance Accounting Method
- May use 2019-20 P1 FTES for the Student Centered Funding Formula (SCFF) apportionment at P2 and Recal

COVID-19 – Student Withdrawals

- For Weekly and Daily Census, districts can claim FTES as of the course census date even if the student withdraws due to the COVID-19 outbreak and receives no evaluative symbol or EW
- Districts cannot claim FTES for apportionment purposes if the class did not start and was cancelled due to the COVID-19 outbreak.

COVID-19 – Converted Courses Attendance Accounting Procedures

Attendance Accounting Procedures

- Weekly and daily census courses converted to online instruction
 - Apply original attendance accounting method
- Positive Attendance course converted to Synchronous DE
 - Continue to apply positive attendance accounting
- Positive Attendance courses converted to Asynchronous DE
 - Courses in progress at March 13 may estimate contact hours
 - Courses starting after March 13 use Alternative Attendance Accounting Method
- Courses that did not start by March 13 and were cancelled do NOT count toward apportionment

Recommended Estimation Method for Positive Attendance Courses converted to Asynchronous DE

- Estimation is for courses that are in progress as of March 13, 2020
- Recommend using the Chancellor's Office estimation method
- FTES should be entered in CCFS-320 Part IV - Actual Hours of Attendance
- Retain supporting documentation used to develop the estimation
- Estimation and supporting documentation is subject to audit
- Chancellor's Office will request additional documentation for discrepancies from prior year calculations

Recommended Estimation Method for Positive Attendance Courses converted to Asynchronous DE

- For each course, use the average of the contact hours generated in the same course or a similar course in the last three course offerings
- For new courses or courses offered inconsistently
 - colleges can use data from a similar course and include a brief explanation of why the course was chosen.

CDAM Audit Procedures – 427 Dual Enrollment Non-CCAP 30-Day Notice of Publication

- Courses which are established or conducted after publication of the general catalog or regular schedule of classes shall be **reasonably well publicized**.
- No requirement that a schedule should be published in paper/hardcopy format.
- 30-day notification period for Community College Access Program (CCAP) courses offered to dual enrollment students on a high school campus.

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Internal Controls

Consider internal controls when developing procedures to determine basis for supporting documentation for state support.

- For 2019-20, there may be 3 sets of internal controls:
 - Before COVID-19
 - During transition to remote learning (mid-late March)
 - New “Normal”

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Signatures

- Signature of instructor on primary attendance accounting documents as evidence
- CA Secretary of State has certified both e-signatures and Adobe Sign as legally binding methods for document execution
- [Emergency Technology Resources for College Responses to COVID-19](#)

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Correct Attendance Accounting Procedure

Verify that the district uses the appropriate attendance accounting procedure for courses reported for apportionment and accurately reports the contact hours for classes in each procedure.

NO APPORTIONMENT FOR COURSES CANCELLED AFTER MARCH 13

- “Until further notice”, retain original procedure:
 - Weekly and Daily Census
 - Positive Attendance converted to Synchronous
 - Attendance may be taken online through Zoom

CDAM Audit Procedures – 424 SCFF Base: FTES - Estimations

Positive Attendance Courses in progress at March 13 and converted to Asynchronous Distance Ed may use estimation method.

All data and assumptions in estimation are **subject to** audit. You may choose to:

- Consider materiality when selecting a sample to test
- Analytical Procedures, compare to PY
- Recalculate, foot, crossfoot
- If substitute made – assess reasonableness
- Assess reasonableness of District method if deviates from Chancellor's Office recommended method

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Noncredit Converted to Correspondence

- Follow same guidance as positive attendance courses converted to asynchronous distance education
- Correspondence education is delivered asynchronously only
- Correspondence courses typically follow alternative attendance accounting procedures, so it would be rare to see the estimation method used

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

175 Day Rule

Verify that courses are appropriately scheduled and contact hours are computed in accordance with CCR, T5 regulations and the SAAM, including SAAM Addendum Concerning Academic Calendars, Course Scheduling, and Related Topics

- Can count any day with at least 3 hours of course instruction
- Saturday and Sunday
- Online courses also count toward the 175 day rule

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Compressed Calendars

Verify that courses are appropriately scheduled and contact hours are computed in accordance with CCR, T5 regulations and the SAAM, including SAAM Addendum Concerning Academic Calendars, Course Scheduling, and Related Topics

- No additional exemptions to compressed calendar districts at this time

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Flex Days and TLM

FTES computation must apply the state-established Term Length Multiplier (TLM)

If you see a change in TLM, double check that flex days were added and Chancellor's Office has revised the TLM.

- Traditional Academic Calendar Districts
 - No change to the TLM if they add flex days
- Compressed Academic Calendar Districts
 - TLM increases for each flex day added
 - Flex days need to be in addition to the hours scheduled in the primary term
 - If colleges have 16-week semesters, flex days need to be scheduled outside the primary term unless they are variable flex days to ensure 32 week minimum.

CDAM Audit Procedures – COVID-19

424 SCFF Base: FTES

Protection for Apportionments

If districts choose this option for P2 and Recal:

- Confirm COVID-19 Emergency Allowance Form was approved by either Board of Trustees, or if authority delegated to Chancellor, signed by Chancellor
- Test to P1 FTES only

CDAM Audit Procedures – 426 – Students Actively Enrolled

- Test for correct census dates
 - No changes – census dates cannot be moved, no exceptions
- Test disenrollment records
 - Some withdrawals now remain eligible for funding:
 - EW coded as COVID-19 related granted AFTER census date
 - Student who withdrew due to COVID-19 and received no evaluative symbol

2019-20 CDAM COVID-19 Addendum

- Because you've got that all memorized already, right?
- Under development, will be posted next to CDAM

Emergency Conditions Allowance Protection

- California Code of Regulations (CCR), title 5, section 58146 specifies the criteria for providing funding modifications due to emergency conditions including pandemics.
- Fiscal Services Memorandum FS 20-06 outlines our intention to offer districts this allowance to protect against FTES declines associated with COVID-19.

Emergency Conditions Allowance Protection

- Districts that submit the specified COVID-19 Emergency Conditions Allowance Form **by May 15th** shall receive SCFF funding using 2019-20 P1 FTES for the 2019-20 P2 and Recalculation apportionment periods.
- 2019-20 protection applies to subsequent fiscal year SCFF calculations, where applicable, and remain in effect until further notice.

Emergency Conditions Allowance Protection

- Districts may rescind their emergency allowance protection prior to the 2019-20 Recalculation apportionment period using the same form.
- If districts elect to forgo this protection they will receive funding based on P2 and R1 FTES at the P2 and R1 apportionment periods, and no further action is necessary.

Polling Question #3



Q & A Session

- Chat Box Q & A
- Visit our CFFP's Fiscal and Policy Updates Webpage for more information:

<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/College-Finance-and-Facilities-Planning/Fiscal-and-Policy-Updates>