California Community Colleges
2010-11 Contracted District Audit Manual
State Compliance Requirements
Item No. 424:
State General Apportionment Funding System

<u>For the 2010-11 Audit Cycle</u>

Your firm is a California Community College District contracted audit firm responsible for the Annual Audit as required by Education Code Section 84040 and *California Code of Regulations*, title 5 section 59100 et seq. for fiscal years 2009-10 and/or 2010-11.

After you complete the fiscal year 2010-11 audit, and specifically the FTES audit contained in the *Contracted District Audit Manual* State Audit Compliance Item No. 424 and as clarified in this document, we request that an additional written confirmation be addressed to our office from your firm for each of your district clients separately for fiscal year 2009-10 and fiscal year 2010-11 as follows:

> **As it relates to State Compliance Item 424 (State General Apportionment Funding System) for the (*2009-10 or 2010-11, as applicable*) Annual Contracted Audit, please confirm the following two-part statement as it concerns Weekly or Daily Census Courses reviewed by auditors:**
>
> **1) Auditors reviewed detailed course section level documents (course section tabulations) rather than just summary documents. Yes:______ No:______**
>
> **and;**
>
> **2) Auditors confirmed the validity and accuracy of contact hours indicated in those documents, including verifying that the contact hours were scheduled class hours rather than catalog/course outline hours. Yes:______ No:______**

To certify these conditions for 2009-10, you will at a minimum need to review the existing work papers or other audit documentation to ensure that these conditions were satisfied.

<u>PLEASE NOTE</u>: If the 2009-10 audit in not able to be affirmed in this way, that audit will be deemed incomplete. Therefore, you will need to conduct as part of your 2010-11 review an FTES audit of the district for 2009-10 as outlined in this document, in addition to the similar review for 2010-11. If your firm was not responsible for the district's 2009-10 audit, then the district will need to arrange with the responsible firm OR your firm to redo the FTES audit for 2009-10 AND/OR provide the confirmation for 2009-10.

FTES calculations for the Annual Apportionment Attendance Report (CCFS-320) are to be tested by the auditors every year, and courses reported using each attendance accounting procedure are to be tested with a statistically significant sample. The results will be extrapolated to the entire population of each attendance procedure tested. Testing will trace records to detail documents, not summary documents.

Background

Effective Fiscal Year 2006-07, program based funding was replaced with the SB 361 funding model. Workload measures and related testing simplified as a result.

Full-Time Equivalent Student (FTES), credit and noncredit, are the workload measures for the SB 361 funding model.

CCR, Title 5, Sections 58020-24, continues to require the district to maintain detailed documentation to substantiate the data reported on the "Apportionment Attendance Report" Form CCFS-320. Each district governing board is required to adopt procedures to document all course enrollment, attendance and disenrollment as required by CCR, Title 5, Sections 58020-58024. Pursuant to Title 5, Section 58030, these procedures shall include rules for retention of support documentation that would enable independent determination of the accuracy of data submitted by the district as a basis for state support. Such procedures must be structured to provide for internal controls. Suggested information to supplement the documentation of each course should include, but is not necessarily limited to:

1. The signature of the instructor on all primary attendance accounting documents as a certification of a true and accurate accounting (this would include online or electronically submitted documents where instructors affirm or certify a written statement on the electronic class roster that says all inactive students, as defined by Title 5 Section 58004 and local board adopted procedures, have been dropped on the class roster as of the census date or that positive attendance hours are based upon an accurate count of students present at each course meeting), and

2. Any pertinent information concerning courses that have atypical characteristics or requirements (e.g., lab hours, hours to be arranged [TBA], intercollegiate athletics, field trips).

Thus, the evaluation of required documentation concerns not only the test of the validity of the information documented, but also of the system used to generate that information. For districts that have converted to online or electronic submission of census or positive attendance class rosters, it is important to confirm that sound security and accountability measures have been integrated into those processes (e.g., password based, internal controls, regular quality reviews of output data, and secure retention of records, either physical or electronic, that document each transaction). The burden is on the district to develop a system and related procedures that are consistent with applicable Title 5 requirements, including those provided by Sections 58000, 58004, and 58030.

Reference Documents Containing Audit Criteria

1. Contracted District Audit Manual (CDAM). Section 424 lists criteria related to state general apportionment funding, including pertinent Title 5 and Education Code sections.

2. Student Attendance Accounting Manual (including the *"Addendum Concerning Academic Calendars, Course Scheduling, and Related Topics*")

3. *Distance Education Guidelines (2008 Omnibus Version)*, which provide updated guidance on attendance accounting for distance education courses and the "Alternative Attendance Accounting Procedure," formerly referred to as "Independent Study/Work Experience Attendance Accounting Procedure."

4. Governing board-approved procedures adopted pursuant to Title 5 Sections 58004(c) and 58030 for documenting course enrollment, attendance, and disenrollment to be obtained from the district being audited

5. List of approved college Term Length Multipliers (Attachment 1)

6. CCFS-320 Apportionment Attendance Report – CATALOG HOURS vs. SCHEDULE HOURS (Attachment 2)

7. CCC Contact Hours Chart for the calculation of contact hours in five-minute increments (Attachment 3)

FTES Testing

1. Verify that the district maintains and follows required governing board adopted procedures and that those procedures are in accordance with applicable Title 5 and Student Attendance Accounting Manual (SAAM) requirements:

   a. Pursuant to Title 5 Section 58030, 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.

   b. Pursuant to Title 5 Section 58004(c), each district is required to adopt procedures for the clearing of inactive enrollment in census-based courses. Refer to Title 5 Section 58004 and SAAM for rules on clearing class rolls of inactive enrollment.

2. Verify that required tabulations are maintained for each course section and that attendance records are retained by the district for the required retention period:

    a. Pursuant to Title 5 Section 58020 et seq., a separate tabulation is required for each course section. Requirements vary for the various course categories (e.g., Weekly Census courses, Daily Census courses, Actual Hours of Attendance courses). Refer to Title 5 Section 58020 et seq. and the SAAM for specific requirements for each course category.

    b. Pursuant to Title 5 Section 59025, records relating to attendance and FTES are classified as Class 3-Disposable Records and records basic to audit. As such, verify that these records are retained by the district for the minimum applicable 3-year record retention period required by Title 5 Section 59026(b) and the SAAM.

3. Verify that the district uses the appropriate attendance accounting procedure for courses reported for apportionment in accordance with Title 5 Section 58003.1 et seq. and accurately reports the contact hours for classes in each procedure:

    a. Courses reported under the **Weekly Student Contact Hour Procedure** (Weekly Census) must possess the following attributes:
        i. Credit course offered during a primary term (a semester for semester-system colleges or a quarter for quarter-system colleges)
        ii. The course must be scheduled coterminously with the primary term.
            1. Course must begin when the term begins and end when the term ends, and must be scheduled to meet regularly during each instructional week of the term, exclusive of final examination scheduling.
            2. There must be at least three days of instruction and/or examination during each week of the primary term.
        iii. FTES computation must apply the State-established Term Length Multiplier for the particular college as listed in Attachment 1.
        iv. The course must be scheduled regularly with respect to the number of days of the week and the number of hours the course meets each week (including TBA hours).

    The weekly student contact hours reported for each class reported under the Weekly Student Contact Hour Procedure should be the product of the number of students actively enrolled at census times the total scheduled weekly contact hours of the class, including TBA hours.

    b. Courses reported under the **Daily Student Contact Hour Procedure** (Daily Census) must possess the following attributes:
        i. Credit course scheduled to meet for five or more days

ii. The course must be scheduled regularly with respect to the number of hours during each scheduled day, but not be scheduled coterminously with the primary term (can be offered during any term or intersession). For example, 6- or 8-week courses offered during a primary term, or during a summer or winter intersession.
iii. FTES calculation must apply the correct course length multiplier (the number of days the course is scheduled to meet; holidays are not counted)
iv. TBA hours per week cannot be a part of a Daily Census class schedule. A Daily Census course must meet the same number of hours each day it meets.

The total student contact hours reported for each class reported under the Daily Student Contact Hour procedure should be the product of the number of students actively enrolled at census times the scheduled daily contact hours of the class, times the number of scheduled meetings of the class. Holidays are not counted.

c. The **Actual Hours of Attendance Procedure** (commonly referred to as Positive Attendance) is based on an actual count of enrolled students present at each class meeting and applies to the following types of courses, among others:
   i. Short-term credit courses scheduled to meet fewer than five days
   ii. Credit courses scheduled irregularly with respect to the number of days of the week and the number of hours the course meets on the scheduled days
   iii. All open entry/open exit courses
   iv. All credit in-service training courses, regardless of length, for police, fire, corrections, and other criminal justice system occupations
   v. All noncredit courses except noncredit distance education courses and noncredit independent study courses
   vi. Apprenticeship classes of related and supplemental instruction; applies to students in these classes who are not indentured apprentices. A separate attendance reporting system is used for indentured apprentices in these classes.
   vii. Noncredit courses of individual student tutoring

Note: FTES for any credit course, with certain exceptions, may, at the option of the district, be computed using the Actual Hours of Attendance Procedure. The exceptions are: (1) independent study and work experience education courses, and (2) distance education and hybrid courses that, in most cases, must be reported using the Alternative Attendance Accounting Procedure.

The total student contact hours reported for each class reported under the Actual Hours of Attendance Procedure should be the sum of the individual attendance hour totals for each student in the class as reported by the instructor.

d. The **Alternative Attendance Accounting Procedure** (formerly called the Independent Study/Work Experience Education Procedure) applies to the following types of courses:
   i. All independent study courses
   ii. All cooperative education/internship/work experience courses
   iii. All distance education and hybrid courses (a combination of distance education and classroom/laboratory instruction) that do not qualify for the Weekly Student Contact Hour Procedure or the Daily Student Contact Hour Procedure. See the Distance Education Guidelines and related supplementary publications for the special requirements for distance education and hybrid courses to qualify for WSCH or DSCH reporting.

   Alternative Attendance Accounting Procedure – Weekly Census: The weekly student contact hours reported for each class should be the product of the number of students actively enrolled at census times the number of units of academic credit associated with the class. (In special cases, laboratory hours can be added; see Item 3 in the Audit Criteria section above for details.)
   Alternative Attendance Accounting Procedure – Daily Census: The total student contact hours reported for each class should be the product of the number of students actively enrolled at census times the number of units of academic credit associated with the class, times the approved term length multiplier as listed in Attachment 1. (In special cases, laboratory hours can be added; see Item 3 in the Audit Criteria section above for details.)

e. A special rarely used attendance accounting procedure involving two census dates for each course applies to all noncredit distance education and noncredit independent study courses. See the SAAM for details and references to related Title 5 regulations.

4. Verify that courses are appropriately scheduled and contact hours are computed in accordance with Title 5 Regulations and the Student Attendance Accounting Manual (SAAM), including *SAAM Addendum Concerning Academic Calendars, Course Scheduling, and Related Topics*

   a. Weekly or Daily Census contact hours reported must be computed based on the regularly scheduled hours for each class as published in the official schedule of classes, and not on the total number of contact hours listed on the course outline of record or college catalog. See Attachment 2 for examples.

b. Scheduling of courses must be consistent with the total number class hours indicated in the approved course outline of record. Reasonable variances are permitted if due to legitimate scheduling considerations caused by course compression, computational exigencies, or exceptions provided for in Title 5. Auditors should use their judgment as to "reasonable variance" based on the guidance and examples in the *SAAM Addendum Concerning Academic Calendars, Course Scheduling and Related Topics.*

c. Individual class schedules must be based on five-minute increments for starting and ending times (e.g., 8:00 a.m. to 9:<u>25</u> or 8:00 a.m. to 11:<u>10</u> a.m.)

d. Confirm that contact hours are computed based on definitions and rules in Title 5 Section 58023 and the SAAM, with a special focus on multiple-hour classes (e.g., a class that meets from 8:00 a.m. to 9:20, 8:00 a.m. to 11:50, or 6:00 p.m. to 9:05 p.m.). Attachment 3 contains a table of contact hours calculated by Title 5 rules for class meetings of varying lengths.

e. The start and end times of each class meeting must be explicitly stated in every published schedule of classes and addenda, in print and online, exclusive of To Be Arranged hours (TBA).

f. Verify that correctly computed course section tabulations are maintained and contact hours are appropriately aggregated for purposes of district contact hour and FTES reports, including the district's Apportionment Attendance Accounting Report (CCFS-320).

5. Verify that the district has secured, as applicable, Chancellor's Office approval for credit and noncredit courses reported for apportionment funding, and that all courses have been approved by the local governing board following approval by a district/college curriculum committee. All noncredit courses are subject to Chancellor's Office approval before students may be allowed to enroll in the courses. Under conditions described in the Program and Course Approval Handbook, some credit courses may not require Chancellor's Office approval, such as non degree-applicable credit courses and degree-applicable credit courses which are not part of an approved educational program (commonly known as "stand-alone" courses).