CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE
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MEMORANDUM

Date: November 10, 2015

FS 15-14
Via E-mail Only

TO: Chief Business Officers
Chief Instructional Officers
Chief Student Services Officers
Admissions Officers and Registrars
Contract District Auditors

FROM: Mario Rodriguez, Assistant Vice Chancellor
College Finance

SUBJECT: Contracted District Audit Manual for 2015-16

There is one new and one removed test, and some revisions to state compliance tests contained in the updated 2015-16 Contracted District Audit Manual (CDAM), which can be found at our website (www.cccco.edu) under finance & facilities, fiscal accountability unit, contracted district audit manual.

The following summarizes these changes:

- ***Additions***

  Test 429 – Student Success and Support Program FUNDS (SSSP)

- ***Removals***

  Test 474 – Extended Opportunity Programs and Services and Cooperative Agencies Resources for Education (EOPS/CARE)

- ***Revisions***

  Section 150 –Distribution of Audit Reports - updated to reflect new federal guidance

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Section 180.03 – Audit Assistance and Publication -Revised Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards replaced the Office of Management and Budget Circulars A-133, A-110, and A-21. These revisions include, among various other changes impacting the CDAM, an increase to the audit threshold from $500,000 to $750,000.

Section 230 – Audit Standards – updated to reflect new federal guidance

Section 250 – Required Supplemental Information for Audit

Added a reconciliation of governmental funds to the statement of net position. Please see the options listed on pages 6-12 and 6-13 of the budget and accounting manual (BAM) for your options in presenting this data.

Also added:

1. Post-Employment Healthcare Benefits Employer Contributions (GASB 47- Applies to District's with irrevocable trusts for OPEB)
2. District's Proportionate Share of Net Pension Liability – State Teachers' Retirement Plan
3. District's Proportionate Share of Net Pension Liability – CalPERS– Schools Pool Plan
4. District Contributions – State Teachers' Retirement Plan
5. District Contributions – California Public Employees' Retirement System – Schools Pool Plan

Section 280.01(3) –Audit Findings – the following has been added:

Do not round off the calculations made when reporting a finding. Report the exact figure calculated so that responsible parties may recoup or recalculate amounts in question as precisely as possible based on the audit work performed.

Section 327 – Required Supplemental Information for Reporting

Added a reconciliation of governmental funds to the statement of net position. Please see the options listed on pages 6-12 and 6-13 of the BAM for your options in presenting this data. This replaces the reconciliation of the CCFS-311 to the financial statements.

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Section 410.03 – State Compliance Requirements – Overview - the following has been added:

Beginning with the 2015/16 audit year, all State compliance findings must be reported specifically for the college/campus tested. This will help the Chancellor's Office address any needed corrective actions.

Test 423.04(3)(a)-Apportionment for Instructional Service Agreements/Contracts – In the following sentence "should" has been changed to "must".

The contract between the college or district and the instructor must be finalized prior to the commencement of instruction.

Test 424 – State General Apportionment Funding System -New title 5 changes effective March 5, 2015 remove old Suggested Audit Procedure item 3(c)(iv).

Test 427 - Concurrent Enrollment was revised to categorize a part-time student as one enrolled in up to 11.99 (less than 12) units. Also, Legal Advisory 05-01 was updated and reissued as of April 24, 2015.

2015.

Test 475 - Disabled Students Programs and Services (DSPS) suggested audit procedures altered to include an enrollment check for students claimed under DSPS funding, and updated regulations become operable as of 10/17/2015.

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Section 500 – new Federal regulations

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - These revisions include, among various other changes impacting the CDAM, an increase to the audit threshold from $500,000 to $750,000. The revised Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is published at the following link: http://www.ecfr.gov/cgi-bin/text-idx?SID=d4dfb13a92da1697a66ec707a38ad934&mc=true&node=se2.1.200_1110&rgn=div8

State Compliance Testing - The directional paragraph at the end of the tests that may affect FTES or students served calculations has been revised to make it clear that not every finding for those tests will require an extrapolation of FTES or students served. Most will require it and rejection will take place if it is not clear that extrapolation would not make sense. This change is made because we had one incident last year where prerequisite courses were not identical in the two places where they were printed.

Appendix - The state compliance report was updated to reflect recent SAS clarification.

Audit Review Checklist – items added

- ***Edits***

  Edits were made to various sections to correct or delete dates, footnotes, information, names, numbers, references, tables, and webpage links to reflect current information. Also, emphasis was added to highlight some key information.

CONTACTS

Please contact Tracy Britten at (916) 323-6899 or tbritten@cccco.edu, or Christine (Teena) Atalig at (916) 327-5772 or catalig@cccco.edu if you have any questions or concerns regarding the manual.