

**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

1102 Q STREET  
SACRAMENTO, CA 95814-6511  
(916) 445-8752  
[HTTP://WWW.CCCCO.EDU](http://www.cccco.edu)



April 3, 2008

**MEMORANDUM**

**TO:** Contracted District Audit Manual Users

**FROM:** Frederick E. Harris, Assistant Vice Chancellor  
College Finance and Facilities Planning

**SUBJECT:** Contracted District Audit Manual Highlights for FY 2007-08

The System Office has made minor revisions to the [Contracted District Audit Manual](#) (CDAM) for FY 2007-08. Specifically, no sections were added and one section was removed. Also, only section 427, Concurrent Enrollment was revised; all other edits are minor administrative changes or clarifications.

**I. Sections Added (Reinstated) to CDAM – Required State Compliance Requirements**

No sections added.

**II. Sections Removed (Rotated out) from CDAM - Required State Compliance Requirements**

- a. Section 436, *Minimum Conditions – Standards of Scholarship*: Due to Title 5 regulation changes effective August 2007 impacting course repetitions, section rotated out to allow districts time to implement changes.

**III. Sections Revised/Edited from CDAM - Required State Compliance Requirements**

- a. Section 427, *Concurrent Enrollment*: AB 967 operative January 1, 2006 and SB 1303 operative January 1, 2007 both revised Education Code 48800(d)(3) excluding pupils enrolled in certain courses from the five percent (5%) principal's recommendation restrictions for community college summer session attendance. As a result, the 5% recommendation limitation is expanded and allows the recommendation of additional students if specified criteria are met.

Further, Education Code 76001(d) states special part-time students may enroll in up to 11 units per semester. Clarification of suggested audit procedure 2: Once 11 units per semester are exceeded, the special part-time student is classified as a special full-time student and the authority to waive enrollment fees is no longer applicable per Education Code 76300. The auditor should verify enrollment fees are assessed for all units enrolled once student is deemed a special full-time student.

- b. Section 433, *CalWORKs*: reiterate auditors should quantify funds expended on students whose files do not contain eligibility documentation. Without eligibility documentation, repayment of funds may be required by the district.

#### IV. Administrative

- a. Section 140, *Report Due Dates*: Reiterate audit reports are due December 31; late filed audit reports along with the types of findings identified in the audit report may place a district on fiscal monitoring by the System Office. Reference Accounting Advisory 05-05, Monitoring and Assessment of Fiscal Condition.
  - Effective for the 2007-08 audit reports, district reports not received by January 31, 2009 will be identified at the Board of Governor's spring meeting.
- b. Section 150, *Distribution of Audit Reports*: Hard copy audit reports are now optional. However, PDF reports provided electronically should have access controls edited to allow the copying of findings into the System Office's audit finding database. We do not need nor are we requesting an unprotected PDF file.
- c. Section 280, *Audit Findings*: Remind auditors to present findings in sufficient detail for the auditee to prepare a corrective action plan, take corrective action and, if applicable, for the System Office to arrive at a management decision. All seven elements as previously identified in the CDAM should be included for each audit finding.
- d. Section 400, *State Compliance Requirements Overview*: As included in the 2006-07 CDAM summary, the auditor should report any instances of noncompliance to state requirements as findings in the audit report. Specifically, materiality dollar thresholds do not apply to compliance findings and the findings should not be mitigated.

Added sampling clarification, auditor should obtain representative sample sufficient in size to allow the auditor to draw a reasonable conclusion with respect to the requirements.

Based on subsequent inquiries, the following is added for clarification purposes: Instances of noncompliance to state requirements do not automatically result in a qualified state compliance report. Auditor judgment based on the types and fiscal impact of findings along with the district's control environment will determine if a district's state compliance report is qualified.

Reference footnote clarification to Attachment A, Independent Auditor's Report on State Compliance.