Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINDING #2012-1 – TRUST FUND ACCOUNTS

Criteria: The California Community Colleges Chancellor’s Office Budget and Accounting Manual describes the General Fund as the primary operating fund of the district. It is used to account for those transactions that, in general, cover the full scope of operations of the district (instruction, administration, student services, maintenance and operations, etc.). All transactions shall be accounted for in the General Fund unless there is a compelling reason (e.g., legal or contractual requirement) to report them in another fund.

Condition: In our testing of the District’s trust fund accounts, we noted that operating revenue and expense of an instructional program of the District was recorded in a trust fund, rather than in the general fund. There was no legal, contractual, or other compelling requirement to report the activity of the Criminal Justice Training Program (CJT) outside of the general fund.

Cause: Unknown.

Effect: Increased potential for non-compliance with the 50% law by reporting inaccurate or incomplete data on the Annual Financial and Budget Reports (CCFS-311).

Recommendation: We recommend that the District continue working towards bringing the CJT activity into the general fund, where it can be tracked by a local designation to ensure accurate reporting of the program activity within the general fund.

District Response: The District is currently in progress on reviewing all trust accounts to determine whether the activity occurring in the trust accounts should be recorded in the District’s general fund.

6/13/13 Status Update:
The Director of Fiscal Services has conferred with the Dean of Career Technical Education and both have agreed that effective with July 1, 2013 classes and academies, all financial activity will take place through the Datatel system and will reside in the General Ledger of the Unrestricted General Fund. This will be accomplished through training of CJT personnel who will register students and receive payments from the same.
Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING 2012-2 – STUDENT FEES

Criteria: California Education Code Section 76355(a)(2)(c) requires a District charging a mandatory health fee to provide an exemption for students who depend exclusively upon prayer for healing. The California Community Colleges Chancellor’s Office Student Fee Handbook requires the health fee exemption to be described in the course catalog and any other informational source concerning student fees.

Condition: Description of an exemption to a mandatory health fee was not provided in the course catalog or other sources concerning student fees.

Cause: At the time the District became aware of the non-compliance the course catalogs had already been printed.

Effect: Noncompliance with California Education Code and the Chancellor’s office requirements.

Recommendation: We recommend that the District add a description of the health fee exemption in the course catalog, and any other source concerning student fees.

District Response: The District will implement procedures to ensure compliance as subsequent course catalogs are developed.

6/13/13 Status Update:
Complete and fully implemented with the NVC Catalog published Spring 2013.