

FINDINGS AND QUESTIONED COSTS

SANTA MONICA COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
AS REQUIRED UNDER FEDERAL OMB CIRCULAR A-133
June 30, 2010

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? Yes X No
 Significant deficiencies identified not considered
 to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? Yes X No
 Significant deficiencies identified not considered
 to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for
 major programs: Unqualified

Any audit findings disclosed that are required to be
 Reported in accordance with Circular A-133,
 Section .510(a) Yes X No

Identification of major programs tested

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.375 and 84.063 11.000	Student Financial Assistance Cluster of Programs Corporation for Public Broadcasting and American Recovery and Reinvestment Act: Corporation for Public Broadcasting
84.394	American Recovery and Reinvestment Act: State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 819,170

Auditee qualified as low-risk auditee? X Yes No

SANTA MONICA COMMUNITY COLLEGE DISTRICT

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RELATED TO FINANCIAL STATEMENTS**

June 30, 2010

NOTE: Each of the findings and recommendations below include details about the criteria or specific requirements, the condition, the effect and the cause. Question costs, if applicable, are listed separately. The District response that follows the finding is the District's corrective action plan.

FINDING 10-1 HUMAN RESOURCE - W-4 SUPPORTING DOCUMENTS

Finding: Payroll W-4 forms should be maintained for all employees. The W-4 form for one out of 10 employees reviewed did not match the payroll system. Missing current W-4 forms represents pertinent payroll documentation not on file. This has been an ongoing issue since approximately the 2008 fiscal year.

Questioned Costs: Not Applicable

Recommendation: Establish procedures to ensure pertinent payroll documentation is obtained and properly filed. Develop standard procedures to review information filed in employees' personnel files to ensure all W-4 information is updated.

District Response: In 2009-10 the Human Resources Office initiated the process of auditing all full-time employee's personnel files to ensure they contain proper W-4 forms and that the payroll system (HRS) reflects the most current and accurate information. Currently all full-time faculty and active part-time faculty have been audited. The Human Resources Office is in the process of auditing all full-time classified personnel files and expects to complete the process by the end of the fiscal year.

To ensure that both the personnel file contains the proper information and the HRS system is updated appropriately, the Human Resources Office has implemented a W-4 procedure that requires immediate updating of the HRS system when W-4's are received, the immediate filing of W-4 forms after updating of the HRS system and staff review of daily change registers provided from the HRS system to monitor changes in the HRS system related to W-4 information. Additionally management is reinforcing through staff meetings and trainings the importance of accurate entries into the HRS system and the importance of maintaining documentation in the personnel files on a continuous basis.

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FINDING 10-2 HUMAN RESOURCE – PERSONNEL FILES

Finding: Employees files should contain evidence that all instructors meet minimum qualifications to teach. Minimum qualifications are met if a person has a valid, unrevoked credential or meets minimum qualifications adopted by the Board of Governors for the particular discipline (CCR, Title 5, Section 58060, and 53400). During our testing of salaries of classroom instructors, the documentation supporting equivalency for one out of ten instructors was not available at the time of testing. Valid documentation was later provided by the District noting the instructor is qualified; therefore, this is not considered a finding for non-compliance with State requirements.

Questioned Costs: Not Applicable

Recommendation: Establish procedures to ensure that pertinent minimum qualification documentation is obtained and properly filed in the personnel file during the hiring process.

District Response: In the faculty hiring process, required documentation consists of a completed district "Authorization to Hire" form, a signed district application for employment, a resume, and, if applicable, a completed equivalency form. At a minimum, an unofficial transcript or copy of the degree should accompany the initial application to verify degree earned and discipline. If a faculty member is qualifying through the equivalency process, the equivalency form must be accompanied by appropriate supporting documentation (such as letters verifying years of employment). All of these materials must be received by Human Resources before employee processing can begin. All required documentation then becomes part of the employee's personnel file.

Since the file in question was that of a part-time faculty member hired more than fifteen years ago (Fall 1994), it has not been possible to determine why key supporting documentation relating to qualifications was not included in the personnel file. As a result of this finding, Human Resources will conduct an audit of active personnel files to ensure that they include all required documentation relating to qualifications.

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FINDING 10-3 INTERNAL CONTROL – ATTENDANCE REPORTING

Finding: CCR, Title 5, sections 58020 through 58024, requires the district to maintain detailed documentation to substantiate the data reported on the “Apportionment Attendance Report” Form CCFS-320. This documentation must show the accuracy of the data submitted by the District as a basis for state funding. During our testing of the annual attendance report, we noted that the resident noncredit FTES was overstated by 104.64. The District revised their 320 report and filed it with Chancellor’s Office; therefore, this is not considered a finding for non-compliance with State requirements.

Questioned Costs: Not Applicable

Recommendation: Review the report before final submission to the Chancellor’s Office to ensure that the CCFS-320 report is completed accurately; the review should be done by someone independent of the report preparation and include verification that the amounts reconcile to the supporting documentation.

District Response: This overstatement was the result of a data entry error in a single cell of the report. Although the report is currently reviewed by the preparer and one other knowledgeable employee before submission, at least one additional reviewer will be used in the preparation of future reports to guard against such errors. Correction of this error created no financial impact; it simply reduced the amount of unfunded noncredit FTES reported by the District.