

Audit Presentation

Peralta Community College District

June 30, 2023



CWDL

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Letter to the Board of Trustees:

Peralta Community College District
Board of Trustees

We appreciate the opportunity to discuss various elements related to planning and performing our audit services, and gaining an understanding of your expectations.

We will discuss with you how we plan to perform our audit to meet your needs, share our proposed client service plan, and review other key issues related to the audit. It is our philosophy to continually improve the quality of our service. We look forward to any comments you or others may have on our service. This client service plan should be considered a working document which will be updated during our meeting. We welcome your recommendations for additions or changes so that we can best meet all of your needs. An engagement letter for our services will provide a complete description of the services to be provided with the related terms and conditions.

Thank you for the opportunity to discuss our audit plan. We look forward to working with you.

Sincerely,

A handwritten signature in black ink that reads "CWDL, Certified Public Accountants". The signature is written in a cursive, flowing style.

CWDL, Certified Public Accountants

Client Service Team:

Ben Leavitt, CPA, CFE – Lead Engagement Partner

- Ben is the engagement partner who will oversee all aspects of the audit and will hold responsibility for signing the reports. Ben or John will be in charge of 100% of audit work and are responsible for communication with District management.

Dennis Maschke, CPA, MBA – Quality Control and Planning Partner

- Dennis will oversee the audit deliverables and will perform the second partner review on all audit work.

John Dominguez, CPA, CFE, CGMA – Engagement Senior Manager

- In addition to performing various areas of fieldwork, John will be tasked with supervising the engagement fieldwork team.

Steven Currie, CPA – Engagement Manager

- Steven will be responsible for supervising the engagement seniors and staff and performing various areas of fieldwork.

Kyle Holtz- Lead Engagement Senior

- Kyle will be responsible for supervising the engagement staff and performing various areas of fieldwork.

Audit Requirement:

EC 84040(b): Financial Audits

- (b) The governing board of each community college district shall provide for an annual audit of all funds, books, and accounts of the district in accordance with regulations of the board of governors. The audit shall be made by certified public accountants licensed by the California Board of Accountancy. In the event the governing board of a community college district fails to provide for an audit, the board of governors shall provide for an audit, and if the board of governors fails or is unable to make satisfactory arrangements for such an audit, the Department of Finance shall make arrangements for the audit. The cost of any audit described above shall be paid from district funds.

BP/AP 6400: Financial Audits

- There shall be an annual outside audit of all funds, books and accounts of the District in accordance with the regulations of Title 5. The Chancellor shall assure that an annual outside audit is completed. The Chancellor shall recommend a certified public accountancy firm to the Board with which to contract for the annual audit.

Services and Deliverables:

Annual Audit Report, Audit Communication Letter

- Audit of the District's financial statements for the year ending June 30, 2023.
- Audit of the District's compliance with types of compliance requirements described in the California Community Colleges Chancellor's Office Contracted District Audit Manual for the year ending June 30, 2023.
- Audit of the District's compliance with types of compliance requirements described in the OMB Uniform Guidance that could have a direct and material effect on each of the District's major federal programs for the year ending June 30, 2023.

Annual Audit Report, Performance Audit Report

- Financial and Performance audits of the Measures A and G bond programs for the year ending June 30, 2023.

Annual Audit Report, Performance Audit Report

- Financial and Performance audits of the Measures B and E parcel tax elections for the year ending June 30, 2023.

FY 2022-23 Audit Findings Noted:

- 2023-001 Internal Controls over Federal Awards
- 2023-002 Outstanding Student Refund Checks

FY 2021-22 Audit Findings Noted:

2023 – 001: Internal Controls Over Federal Awards

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 2 CFR 200.303, nonfederal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition / Context: During our audit procedures, we noted that a formal documented review process was not available for the following areas:

- R2T4 calculations
- Student award packaging
- Students selected for verification by the Department of Education

Cause: The Colleges' Financial Aid Director positions were vacant in early 2022-23 resulting in an oversight.

Repeat Finding: See prior year finding 2022-002.

FY 2021-22 Audit Findings Noted:

2023 – 002: Outstanding Student Refund Checks

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 34 CFR 668.164(l), an institution must return to ED (notwithstanding any state law, such as a law that allows funds to escheat to the state) any Title IV funds, except FWS program funds, that it attempts to disburse directly to a student or parent but they do not receive or negotiate those funds. For FWS program funds, the institution is required to return only the federal portion of the payroll disbursements. If the institution attempted to disburse the funds by check and the check is not cashed, the funds must be returned no later than 240 days after the date it issued the check. If a check is returned, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that the attempts are made no later than 45 days after the funds were returned or rejected. If the institution does not make an additional attempt to disburse the funds, the funds must be returned before the end of the 45-day period and no later than 240 days from the date of the initial attempt to disburse the funds.

Condition / Context: Four (4) out of a sample of 25 outstanding refund checks tested were returned to the U.S. Department of Education after aging past the 240-day requirement.

Questioned Costs: \$5,826.99

Cause: Following the District's receipt of refund checks, we noted that there is not a process for making contact with students within the initial 45-day period to resolve issues. Likewise, we noted there is not a process to ensure checks outside of the 45-day period are remitted back to ED.

Repeat Finding: See prior year finding 2022-004.

FY 2020-21 Audit Findings Noted as Corrected in CY:

- 2022-001 Expenditures – Corrected during FY 2022-23
- 2022-003 Special Tests & Provisions: NSLDS Enrollment Reporting – Corrected during FY 2022-23

FY 2022-23 District Audit Results Summary:

- Unmodified Audit Opinion over FY 2022-23 Financial Statements
- Zero (0) Financial Statement findings noted during FY 2022-23
- Zero (0) State Compliance findings noted during FY 2022-23
- Four (2) findings noted during FY 2022-23 including two (2) repeat findings from FY 2021-22

*We thank you for the opportunity to serve the
Governing Board
and the Peralta Community College District.*

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Steven Currie
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