



***Program Compliance Office
California Student Opportunity & Access Program
Review Report***

2001-02 Award Year

**Los Angeles Education Consortium
Program Review ID#60300200009**

**5151 State University Drive
Los Angeles, CA 90032**

Program Review Date:	February 24 – 27, 2003
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AUDITOR'S REPORT

SUMMARY

We reviewed Los Angeles Education Consortium's administration of California Student Aid Commission (Commission) California Student Opportunity & Access Program (Cal-SOAP) for the 2001-02 award year.

The consortium's records disclosed the following:

- Written Cal-SOAP Procedures Not Developed
- Travel Reimbursements Exceed Contract Allowances
- Actual In-Kind Match Not Properly Documented
- By-Laws Deficient/Not Updated
- Quarterly Meetings Not Documented
- Timesheet Discrepancies

BACKGROUND

Through consortium compliance reviews, the administration of the Cal-SOAP program is evaluated to ensure program integrity with applicable laws, policies, contracts and consortium agreements.

The following information, obtained from the consortium and Commission database, is provided as background on the consortium:

A. Consortium

- Type of Organization: Private, Non-profit
- Project Director: Vicente A. McIntosh
- Board Chairperson: David J. Godoy
- Fiscal Agent: Alma P. Sahagun
- Membership:
 - Arroyo High School
 - Burbank Middle School
 - Dorsey High School
 - Edgewood Academy
 - Elementary
 - Franklin high School
 - Gage Middle School
 - Harvey Mudd College
 - Hispanic Scholarship Fund
 - Huntington Park High School
 - Jefferson Middle School
 - Los Angeles Academy Middle School
 - Los Angeles Southwest College
 - Manual Arts High School
 - Mexican American Opportunity Foundation
 - Bassett High School
 - California State University, Los Angeles
 - East Los Angeles College (ELAC)
 - ELAC S. Gate Educational Center
 - Gabrielino High School
 - Griffith Middle School
 - Highland Park Continuation H.S.
 - Hollenbeck Middle School
 - Jefferson High School
 - Locke High School
 - Los Angeles Community College
 - Los Angeles Trade-Technical
 - Mark Keppel High School
 - Montebello Unified

AUDITOR'S REPORT (continued)

- Membership: (continued)
 - Monterey Highland Middle School
 - Occidental College
 - Schurr High School
 - South Gate high School
 - Torch Middle School
 - Vail Continuation High School
 - Wilson High School
 - Nightingale Middle School
 - Ramona Elementary School
 - TELACU Educational Foundation
 - South Gate Middle School
 - University of California, Los Angeles
 - Volunteers of America
 - Ynez Middle School

B. Consortium Persons Contacted

- Project Director: Vicente A. McIntosh
- Project Assistant: Martha A. Catano
- Board Chairperson: David J. Godoy
- Fiscal Agent: Alma P. Sahagun

C. Project Information

- Date of Prior Commission Program Review: None
- Size of Student population in the service area: 809,308
- Number of Students Served
 - General: 5,226
 - Intensive: 2,647
- Cal-SOAP Programs:
 - "I'm Going To College" Admission Workshop
 - Default Prevention Workshop
 - Financial Aid Workshop
 - Home Visits
 - Senior Summer Bridge Institute
 - "College: Making It Happen"
 - "Transfer: Making It Happen
 - College Planning A through G Requirements
 - FAFSA Workshop
 - GPA Verification Workshop
 - Parent Motivation
 - Summer Enrichment Academy

**OBJECTIVES,
SCOPE AND
METHODOLOGY**

The purpose of our review is to provide the Commission with assurance that the consortium adequately administered the Cal-SOAP program and that they are in compliance with applicable laws, policies, contracts and consortium agreements.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Program Eligibility
- C. Completion of Reports
- D. File Maintenance and Records Retention
- E. Review of Administrative and Accounting Controls

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY**
(continued)

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that Cal-SOAP funds received by the consortium are secure.
- Administration systems have adequate controls to ensure that Cal-SOAP payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in the conduct of this review include:

- Evaluation of the current administrative procedures through interviews and reviews of records, forms and procedures.
- Evaluation of the current payment procedures through interviews and reviews of records, forms and procedures.
- Review of the records and payment transactions from a sample of Cal-SOAP student tutors within the review period.
- Review of the records and payment transactions from a sample of Cal-SOAP expenditures within the review period. The program review sample was selected from the total population.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Cal-SOAP funds were administered according to the applicable laws, policies, contracts and consortium agreements. Accordingly, transactions were examined on a test basis to determine whether Cal-SOAP funds were expended in an eligible manner. The auditor considered the consortium's management controls only to the extent necessary to plan the review.

This report is written using the exception-reporting format, which excludes the positive aspects of the consortium's administration of the Cal-SOAP program.

CONCLUSION

In conclusion, except for the issues described in the Findings and Required Actions section of this report, the consortium administrated the Commission Cal-SOAP program in accordance with the applicable laws, policies, contracts and consortium agreements as they pertain to the Commission's Cal-SOAP program.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on February 27, 2003. During the pre-exit process, the institution submitted policies and procedures on March 18, 2003 that addressed all findings.

February 27, 2003

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY

FINDING: Written Cal-SOAP Procedures Not Developed

Los Angeles Education Consortium does not have written procedures for the administration of the Cal-SOAP program.

DISCUSSION:

In order to measure the consortium's performance, it is necessary to evaluate and analyze the consortium's implemented internal controls (procedures) for safeguarding the operational and fiscal integrity of the Cal-SOAP program. A routine procedure of the compliance review is to examine the consortium's controls (procedures) and written procedures.

It is imperative that consortiums have written procedures so that in the event staff were to leave their positions, written procedures would be available to direct staff to continue the proper administration of the Cal-SOAP program.

Discussions with consortium staff revealed that the consortium does have policies and procedures for some functions of the administration of the Cal-SOAP program but does not have formal written procedures.

REFERENCES:

Cal-SOAP Program Operations Handbook, 12/96, Section 5, pages 32 to 36
Cal-SOAP Program Operations Handbook, 10/01, Section 6, pages 7 to 13

REQUIRED ACTIONS:

Los Angeles Education Consortium submitted written policies and procedures in order to safeguard the operational and fiscal integrity of the Cal-SOAP program that deem to be satisfactory. Thus, no further action is necessary for this finding.

B. PROGRAM ELIGIBILITY

FINDING 1: Travel Reimbursements Exceed Contract Allowances

A review of travel expense claim forms and travel reimbursement policies revealed that Los Angeles Education Consortium is claiming a higher mileage rate than specified in the Cal-SOAP and EdFund Agreements.

DISCUSSION:

As indicated in the Cal-SOAP Agreement, travel shall be reimbursed in accordance with the Travel and Per Diem Schedule as outlined in Attachment 5 of the Agreement.

FINDINGS AND REQUIRED ACTIONS (continued)

The Travel and Per Diem Schedule is as follows:

- Lodging up to \$79.00 plus tax, with receipt (lodging costs that exceed \$79.00 requires advance approval by the State Contract Manager)
- Breakfast, up to \$6.00
- Lunch, up to \$10.00
- Dinner, up to \$18.00
- Incidentals, to \$6.00
- Mileage, \$0.31 per mile

However, according to the CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement, Code: HR2001-02, the daily meal reimbursement amounts are increased as follows:

- Breakfast \$ 9.00
- Lunch \$12.00
- Dinner \$20.00
- Incidentals \$ 5.00
- Total \$46.00

Standard maximum mileage reimbursement rate is increased to 34.5 cents per mile.

A review of the consortium's travel claims and Detail Budget Report for the 7/1/01 – 6/30/02 award year revealed that the consortium abides by the Cal State L.A. University Auxiliary Service, Inc. travel guidelines, which exceeds the mileage allowance approved by the Commission. Any expenses exceeding these allowances are not reimbursable using Cal-SOAP funds.

Furthermore, addendum to the EdFund Agreement, indicates that, "Mileage incurred by staff to follow up w/families in their homes will be reimbursed at \$0.34.5 per mile."

However, a review of the UAS Travel Expense Claim form revealed that mileage is being reimbursed at \$0.365 per mile. Thus, exceeding the reimbursable amount outlined in the EdFund Agreement.

REFERENCES:

Cal-SOAP Agreement (G-01-009), Section 6.D., page 4
Cal-SOAP Agreement (G-01-009), Attachment 5
EdFund Agreement (2190-00-118)

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTIONS:

Subsequently to the on-site review, Los Angeles Education Consortium submitted policies and procedures that have been implemented to ensure compliance with the Cal-SOAP and EdFund Agreements. No further action is necessary for this finding.

B. PROGRAM ELIGIBILITY

FINDING 2: Actual In-Kind Match Not Properly Documented

A review of 4 consortium member's in-kind match documentation revealed the respective institutions did not have substantiating documentation of the contribution amounts.

DISCUSSION:

State law requires a matching contribution of local resources for each Cal-SOAP project at a 1:1 ratio. The goal, however, is for the projects to exceed the 1:1 ratio and attain a 1:1.5 ratio. Each consortium, through its Director, is expected to systematically account for the receipt and expenditure of matching funds provided by supporting institutions. The expenditure of matching funds constitutes an integral part of each project's operation and its fiscal reporting to the Commission. "In-Kind" funds, which are not included in a project's expenditure budget, are to be accounted for in a reasonable manner and reported to the Commission.

A review of 4 consortium members in-kind match documentation revealed that the consortium members did not properly determined the in-kind match contribution. The Project Director and the consortium members indicated that they were not aware of the specific details and retention of substantiating documentation needed when reporting the in-kind contribution amounts to the Commission. During the site visits, the institutions and the Project Director were notified that failure to properly determine the actual in-kind contribution amount could potentially result in a lower match than what is actually being contributed.

REFERENCES:

California Education Code, Section 69564
Cal-SOAP Program Operations Handbook, 12/96, Section 4, pages 22 & 24
Cal-SOAP Program Operations Handbook, 10/01, Section 2, pages 2 - 4

REQUIRED ACTIONS:

The consortium developed and submitted a method for calculating, tracking, and documenting the actual in-kind contribution amounts provided by the institutions. Thus, no further action is necessary for this finding.

FINDINGS AND REQUIRED ACTIONS (continued)

B. PROGRAM ELIGIBILITY

FINDING 3: By-Laws Deficient/Not Updated

A review of the consortium's by-laws revealed that they are deficient and have not been updated.

DISCUSSION:

Consortiums are expected to operate within regularly adopted by-laws. A routine procedure of the program compliance review is to examine the consortium's by-laws to ensure that the consortium is functioning based on the statues outline in the by-laws. It is necessary that the by-laws reflect the current practices and include all decision making processes.

An evaluation of the consortium's by-laws revealed that they do not reflect the current practices of the consortium operations. The by-laws outline the necessary steps to submit quarterly reports using Form B. However, Form Bs have not been submitted by Consortium members. Additionally, the by-laws outline the responsibilities for various Officers, i.e., Chairperson, Vice Chairperson, Secretary, Treasurer; however, it does not include a selection process for appointing the various Officers.

REFERENCES:

Cal-SOAP Program Operations Handbook, 12/96, Section 2, page 9
Cal-SOAP Program Operations Handbook, 10/01, Section 2, page 1
Los Angeles Education Consortium By-Laws

REQUIRED ACTIONS:

In response to this finding, the consortium submitted written policies and procedures addressed in the discussion of this finding to ensure proper administration of the Cal-SOAP program. No further action is necessary

B. PROGRAM ELIGIBILITY

FINDING 4: Quarterly Meetings Not Documented

A review of the consortium's quarterly agenda's revealed that the consortium does not take minutes.

DISCUSSION:

According to the Cal-SOAP Operations Handbook, the governing board shall establish management policy, provide direction to the project, set budgetary priorities and assume responsibilities for securing the matching funds.

The consortium's by-laws state that, "General meetings shall be held **quarterly**. Minutes will be recorded, published and distributed two weeks before."

FINDINGS AND REQUIRED ACTIONS (continued)

Furthermore, the by-laws indicated that the appointed Secretary/Treasurer will be responsible for **writing minutes**, correspondence, assisting chairperson with follow up assignments.

A review of the consortium's quarterly agenda's and discussions with consortium staff revealed that although the consortium does hold quarterly meetings and prepares agenda, there are no formal minutes taken documenting discussions, results, decisions, etc. of the quarterly meetings.

REFERENCES:

Cal-SOAP Program Operations Handbook, 12/96, Section 2, page 9
Los Angeles Education Consortium By-Laws

REQUIRED ACTIONS:

In response to this finding, the consortium provided a corrective action plan to ensure that all meetings are documented in the form of written minutes. Thus, no further action is necessary.

B. PROGRAM ELIGIBILITY

FINDING 5: Timesheet Discrepancies

A review of 7 student/teacher/employee total records revealed 3 incidents in which the consortium erroneously recorded the incorrect number of hours worked.

DISCUSSION:

In order to participate in the Cal-SOAP program, consortiums must enter into an agreement with the Commission thereby acknowledging its willingness and ability to administer the program according to published rules and regulations and program guidelines. In doing so, the consortium agrees to monitor and maintain fiscal records documenting financial transactions that include salaries and fringe benefits of employees who provide services via the Cal-SOAP project.

Los Angeles Education Consortium's student/teacher employees are paid bi-weekly based on the number of hours worked. Each student/teacher employee is required to complete a "Cal SOAP (LA Consortium)" timesheet on a daily basis for a two week period. At the end of two weeks, the Cal SOAP timesheet is forwarded to consortium staff. At this point, the consortium staff transfers the information from the Cal SOAP timesheet to the "UAS Bi-Weekly Payroll Request Form". The "UAS Bi-Weekly Payroll Request Form" is then forwarded to the Cal State L.A. University Auxiliary Services (UAS), Inc. for payment in the form of a check.

A review of student employee X1's Cal SOAP timesheet indicated that on July 5, 2001, the student worked 6 hours. However, the UAS timesheet indicates that the student worked 5 hours on that specific date. Regardless, the total number

FINDINGS AND REQUIRED ACTIONS (continued)

of hours worked on both timesheets indicates that the student worked 50 hours. Payroll records indicate that the student was paid for 50 hours.

For the pay period of 1/4/02 – 1/17/02, student employee X1's Cal SOAP timesheet indicates that the student worked from 7:45am to 11:45am totaling 4 hours on 1/17/02. However, the Total Daily Hours column on the Cal SOAP timesheet indicates that the student worked 5 hours on that specific date. Based on the hours worked on the Cal SOAP timesheet, the student worked 39 hours. However, both the Cal SOAP and UAS timesheets indicates that the student worked a total of 40 hours for the pay period. Payroll records indicate that the student was paid for 40 hours.

In the case of student employee X2, the student worked 23 hours based upon the Cal SOAP timesheet. However, the UAS timesheet indicates that the student worked 40 hours. Payroll records reveal that the student was paid for 23 hours.

For the pay period of 3/1/02 – 3/14/02, student employee X2's UAS and Cal SOAP timesheets indicates that the student worked a total of 26.5 hours. However, based on the student's Cal SOAP timesheet, the student worked from 9:30am – 11:30 totaling 2 hours on 3/8/02. Thus, the student actually worked a total of 27.0 hours. The student was paid for 26.5 hours per payroll records.

A review of teacher employee Y1's Cal SOAP and UAS timesheets indicate that the teacher claimed 8 hours of P.T.O. on 1/2/02 and 1/3/02, respectively totaling 16 hours. However, based upon the payroll records, the teacher was charged 24 hours of P.T.O.

Appendix A list the student/teacher's name and social security number that corresponds to the identification number used above.

REFERENCES:

Cal-SOAP Program Operations Handbook, 12/96, Section 2, page 8
Cal-SOAP Program Operations Handbook, 10/01, Section 4, page 3

REQUIRED ACTIONS:

Los Angeles Education Consortium provided additional controls that have been implemented to ensure that students/teachers/staff are correctly paid based upon the hours reflected on all timesheets. No further action is necessary for this finding.

ATTACHMENT A

<i>ID</i>	<i>Name</i>	<i>Social Security Number</i>	<i>Title</i>
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