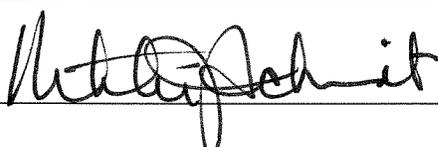


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

|   |  |   |  |
|---|--|---|--|
| (1) DEPARTMENT<br>Auditor-Controller  | (2) MEETING DATE<br>August 23, 2011  | (3) CONTACT/PHONE<br>Matt Purkiss<br>781-5099   |  |
| (4) SUBJECT<br>Consideration of a report of the fiscal and procurement review of the Workforce Investment Act and American Recovery and Reinvestment Act of Goodwill Industries and San Luis Obispo Community College District.   |  |   |  |
| (5) SUMMARY OF REQUEST<br>The purpose of our review was to determine the level of compliance with County contracts, as well as the application of federal and state laws, regulations, policies and directives related to the WIA and ARRA funds regarding financial management and procurement for program year 2010-2011.<br><br>We have attached our monitoring reports which include a Fiscal Review Results section where the findings and recommendations are discussed in detail. The reports were issued to Goodwill Industries and San Luis Obispo Community College District on August 3, 2011. Goodwill Industries included a response to our specific recommendations, and it is attached to our monitoring report. Additionally, our findings are summarized in the results section of the Staff Report. |  |   |  |
| (6) RECOMMENDED ACTION<br>It is recommended that the Board receive and file the WIA and ARRA Annual Fiscal and Procurement Review report.   |  |   |  |
| (7) FUNDING SOURCE(S)<br>N/A  | (8) CURRENT YEAR COST<br>N/A   | (9) ANNUAL COST<br>N/A  | (10) BUDGETED?<br><input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A |
| (11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST):<br>Department of Social Services   |  |   |  |
| (12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____<br><input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____  |  |   |  |
| (13) SUPERVISOR DISTRICT(S)<br><input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All  | (14) LOCATION MAP<br><input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A   | (15) Maddy Act Appointments Signed-off by Clerk of the Board<br><input checked="" type="checkbox"/> N/A |  |
| (16) AGENDA PLACEMENT<br><input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____)<br><input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)  | (17) EXECUTED DOCUMENTS<br><input type="checkbox"/> Resolutions (Orig) <input type="checkbox"/> Contracts (Orig + 3 Copies)<br><input type="checkbox"/> Ordinances (Orig) <input checked="" type="checkbox"/> N/A<br><input type="checkbox"/> Email Resolution and Ordinance to CR_Board_Clerk (in Word) |   |  |
| (18) NEED EXTRA EXECUTED COPIES?<br><input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A  | (19) BUDGET ADJUSTMENT REQUIRED?<br><input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A  |   |  |
| (20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)<br>N/A  | (21) W-9<br><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes  | (22) Agenda Item History<br><input checked="" type="checkbox"/> N/A    Date _____                       |  |
| (23) ADMINISTRATIVE OFFICE REVIEW<br><br><div style="text-align: center; font-size: 2em; font-family: cursive;">  </div>  |  |   |  |

**County of San Luis Obispo**  
**Office of the Auditor-Controller**  
1055 Monterey Street Room D220  
San Luis Obispo, California 93408  
(805) 781-5040 FAX (805) 781-1220



**GERE W. SIBBACH, CPA**  
JAMES P. ERB, CPA, *Assistant*  
LYDIA CORR, CPA, *Deputy*  
JAMES HAMILTON, CPA, *Deputy*  
Email [auditor@co.slo.ca.us](mailto:auditor@co.slo.ca.us)

TO: HONORABLE BOARD OF SUPERVISORS

FROM: GERE W. SIBBACH, AUDITOR-CONTROLLER 137 *J.S.*

DATE: AUGUST 23, 2011

SUBJECT: REPORT OF THE ANNUAL FISCAL AND PROCUREMENT REVIEW OF THE WORKFORCE INVESTMENT ACT (WIA) AND AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF GOODWILL INDUSTRIES AND SAN LUIS OBISPO COMMUNITY COLLEGE DISTRICT

Recommendation

It is recommended that the Board receive and file the WIA and ARRA Annual Fiscal and Procurement Review report.

Discussion

The Workforce Investment Act of 1998 rewrote statues governing programs of job training, adult education, and literacy and vocational rehabilitation. The Act mandates the use of a One-Stop Operating Center which streamlines services, eliminates duplication of services and empowers individual participants to develop the skills necessary to obtain employment. Currently Goodwill Industries operates the adult One-Stop Center, provides system publicity and promotion activities, as well as outreach and recruitment services. San Luis Obispo Community College District operates the youth One-Stop Center.

The purpose of our review was to determine the level of compliance with County contracts, as well as the application of federal and state laws, regulations, policies and directives related to the WIA and ARRA funds regarding financial management and procurement for program year 2010-2011.

We have attached our monitoring reports which include a Fiscal Review Results section where the findings and recommendations are discussed in detail. The reports were issued to Goodwill Industries and San Luis Obispo Community College District on August 3, 2011. Goodwill Industries included a response to our specific recommendations, and it is attached to our monitoring report. Additionally, our findings are summarized in the results section below.

Other Agency Involvement/Impact

Department of Social Services

Financial Considerations

The County contracted with Goodwill Industries and the San Luis Obispo Community College District for \$1,583,019 and \$537,019 respectively for Program Year 2010-2011. We have requested a repayment of \$22,504.83 from Goodwill Industries for expenditures reported in the incorrect fiscal year.

Results

There were no findings or corrective actions reported for the San Luis Obispo Community College District.

Findings for Goodwill Industries included; 1) the failure to accrue expenditures; 2) an inaccurate final invoice; and 3); claiming some salary reimbursements based on budgeted amounts rather than actual salary. If Goodwill Industries applies the corrective action identified in their response, we believe these issues will be resolved. We plan to conduct a follow up review to verify the corrective actions are in place and producing the expected results.

Annual fiscal and procurement review of the County's Workforce Investment Act contractors is one of the tools mandated by the State to ensure compliance with the many requirements needed to operate a successful work assistance program for the residents of the County of San Luis Obispo. Annual monitoring activities help maintain contractor accountability for public funds and contribute to the County's vision of a livable, prosperous and well governed community.

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**GERE W. SIBBACH, CPA**

JAMES P. ERB, CPA, *Assistant*  
LYDIA CORR, CPA, *Deputy*  
JAMES HAMILTON, CPA, *Deputy*  
Email auditor@co.slo.ca.us

August 3, 2011

Michael J. Paul, President and CEO  
Goodwill Industries of Santa Cruz, Monterey and SLO Counties  
Workforce Investment Act Services  
350 Encinal St.  
Santa Cruz, CA 95060

RE: WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
MONITORING REPORT  
PROGRAM YEAR 2010-11

Dear Mr. Paul:

This report is to inform you of the results of our review for Program Year 2010-2011 of the Goodwill Industries of Santa Cruz, Monterey and San Luis Obispo Counties Workforce Investment Act Services (Goodwill Industries) grant financial management and procurement systems. For the fiscal portion of this review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal controls, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring, single audit and audit resolution policies and procedures, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management if available.

Our review was conducted under the authority of Section 667.410 (b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Goodwill Industries with applicable federal and state laws, regulations, policies, and directives related to the Workforce Investment Act (WIA) grant regarding financial management and procurement for Program Year 2010-2011.

We collected the information for this report through interviews with representatives of Goodwill Industries, a review of applicable policies and procedures, and a review of documentation retained by Goodwill Industries for a sample of reimbursement claims, expenditures and procurements for Program Year 2010-2011.

## BACKGROUND

Goodwill Industries was awarded WIA Adult, Dislocated Worker, Rapid Response, and American Reinvestment and Recovery Act (ARRA) funds from the County of San Luis Obispo in the amount of \$1,583,019 to provide One-Stop system publicity and promotion activities; outreach and recruitment services; and One-Stop career centers facility management and maintenance for FY 2010-2011.

For the quarter ending December 31, 2010, Goodwill Industries reported expenditures of \$255,652 for the WIA Adult, Dislocated Worker and Rapid Response programs; \$70,531 for the ARRA program, \$62,791 for the ARRA Clean Energy program; \$18,208 for the Disabilities Program Navigator (DPN) program; and \$5,028 for the New Start program. Total WIA expenditures were \$412,210.

## FISCAL REVIEW RESULTS

We identified some areas of noncompliance with the contract which are discussed in the findings listed below and must be addressed by management.

### FINDING 1

|              |  |
|--------------|--|
| Requirement: | County of San Luis Obispo Department of Social Services Policy 16-08, Monthly Financial Reporting Requirements and Exhibit B-2, 4.h, Accounting System, of the FY 10-11 renewal contract between Goodwill Industries and the County of San Luis Obispo Department of Social Services require the service provider to report expenditures on an accrual basis.  |
| Observation: | We determined expenditures were not accrued for the two quarters reviewed: July-September 2010 and October-December 2010.  |
| Cause:       | Management at Goodwill Industries stated personnel at the corporate office do not accrue expenditures. Because the accounting books are not closed at month-end, it is common practice for staff to back-date entries to prior months rather than to post accruals.  |
| Effect:      | Back-dated expenditures create additional costs in months that have been previously invoiced. As a result, the accountant invoices these costs in subsequent months. No adjustment log is maintained. Nor was any type of sufficient audit trail in place to make it possible for us to precisely re-create the reimbursement claim amounts submitted to the County by Goodwill Industries. As a result, an accurate |

representation of expenditures and supporting documentation for monthly invoicing is unavailable.

Recommendation: Goodwill Industries must comply with the Department of Social Services' policy and the contract, and accrue appropriate expenditures for each month of reporting and invoicing. Best accounting practices dictate the accounting records be closed within a reasonable period such as ten days after the end of the month, and no additional entries for that month should be allowed. Known expenses such as salaries or services that have not been paid by month end should be accrued so the expense matches the period it was incurred.

## FINDING 2

Requirement: The FY 09-10 contract between Goodwill Industries and the County of San Luis Obispo Department of Social Services, Exhibit B-2, section 12.d, states the Contractor agrees to complete a close-out package for the period of the contract within 30 days after the ending date of the contract.

Observation: We determined the Contractor did not complete an accurate final invoice.

Cause: Goodwill Industries did not record expenditures as required for the month of June 2010 (see Finding 1 above). Expenditures continued to be recorded after the accounting books should have been closed for the month.

Effect: \$22,504.83 of FY 2009-10 expenditures were reimbursed with funds from the FY 2010-11 contract.

Recommendation: Goodwill Industries must repay the \$22,504.83 of reimbursed funds. Expenditures must be accrued, and a close-out package must be completed for the period of the contract within 30 days after the ending date of the contract.

FINDING 3

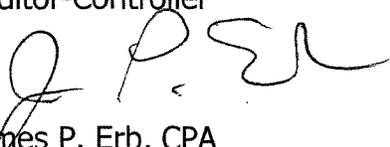
- Requirement: Office of Management & Budget Circular Number A-122, subparagraph 8.m.(1) states "The distribution of salaries and wages to awards must be supported by activity reports. . ." Subparagraph 8.m.(2)(a) continues that "Reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards."
- Observation: We determined some salary reimbursements were based on FTEs allotted in the FY 2010-11 contract rather than actual time allocated to the WIA and ARRA programs.
- Cause: Management at Goodwill Industries stated the payroll service ADP was unable to identify the amounts allocated to various government programs, and that it would be too onerous for Goodwill Industries staff to calculate the amounts prior to invoicing.
- Effect: Salary and wage reimbursements are made based on estimates, rather than actual time allocated to the WIA and ARRA programs.
- Recommendation: Goodwill Industries must comply with the Office of Management & Budget Circular Number A-122 when requesting salary and wage reimbursements for time allocated to the WIA and ARRA programs.

Michael J. Paul  
August 3, 2011  
Page 5

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is Goodwill Industries' responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, remain Goodwill Industries' responsibility.

We would like to thank Goodwill Industries of Santa Cruz, Monterey and San Luis Obispo Counties and your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Kerry Bailey at (805) 788-2979 or Matt Purkiss at (805) 781-5099.

Gere W. Sibbach, CPA  
Auditor-Controller



James P. Erb, CPA  
Assistant Auditor-Controller



# GOODWILL

Industries of Santa Cruz, Monterey  
& San Luis Obispo Counties, Inc.

*Our Business is Changing Lives!*

July 21, 2011

County of San Luis Obispo  
Auditor-Controller's Office  
Attn: Matthew Purkiss, Auditor Analyst  
1055 Monterey Street, Room D-220  
San Luis Obispo, CA 93408

**Corrective Action Plan**  
**Fiscal and Financial Monitor Report**  
Contract Year II 2010-2011

Dear Mr. Matthew Purkiss:

As requested, we are submitting our comments and Corrective Action Plan regarding the findings as outlined in the Workforce Investment Act (WIA) Title I Adult and Dislocated Worker Program Compliance Monitoring PY 2010-2011 Draft Monitoring Report of June 15, 2011

Goodwill, doing business as Shoreline Workforce Development Services, began operation of the Business and Career One Stop system of San Luis Obispo on July 1, 2009. This Corrective Action Plan (CAP) is in response to the second program monitoring conducted from February 2011 through May 2011. We appreciate the feedback the County Auditors have provided. We view this as an opportunity to improve our fiscal program controls, and resolve the identified weaknesses.

Since the identification of findings, we have improved internal controls and approvals for reporting. This report outlines the steps we have taken to remedy these findings.

### FISCAL REVIEW RESULTS

We believe that overall Goodwill Industries is meeting the basic applicable WIA requirements concerning the financial management of this grant for Program Year 2010-2011. We did identify and agree to some areas of noncompliance as discussed in the findings listed below.

#### FINDING 1

**Requirement:** County of San Luis Obispo Department of Social Services Policy 16-08, Monthly Financial Reporting Requirements and Exhibit B-2 4.h, Accounting System, of the FY 10-11 renewal contract between Goodwill Industries and the County of San Luis Obispo Department of Social Services require the provider to report expenditures on an accrual basis.

**Observation:** We determined expenditures were not accrued for the two quarters reviewed: July- September 2010 and October-December 2010

- Cause:** Management at Goodwill Industries stated personnel at the corporate office do not accrue expenditures. Because the accounting books are not closed at month end, it is common practice for staff to back-date entries to prior months rather than post accruals.
- Effect:** Back-dated expenditures create additional costs in months that have been previously invoiced. As a result, the accountant invoices these costs in subsequent months. No adjustment log is maintained. Nor was any type of sufficient audit trail in place to make it possible for us to precisely recreate the reimbursement claim amounts submitted to the County by Goodwill Industries. As a result, an accurate representation of expenditures and supporting documentation for monthly invoicing is unavailable.
- Recommendation:** Goodwill Industries must comply with the Department of Social Services' policy and the contract, and accrue appropriate expenditures for each month of reporting and invoicing. Best accounting practices dictate the accounting records be closed within a reasonable period such as ten days after the end of the month, and no additional entries for that month should be allowed. Known expenses such as salaries or services that have not been paid by the month end should be accrued so that expense matches the period it was incurred.
- Response/Action Plan:** Goodwill uses an accrual accounting system. We keep the books open until the 25<sup>th</sup> of the month for the whole agency. Our contract with DSS requires that we invoice by the 10<sup>th</sup>. It has been between the 10<sup>th</sup> invoicing and the 25<sup>th</sup> agency closing that some non-payroll, non-benefit expenses were attributed to an invoiced month and not accrued for the invoice. This created differences between the invoice and the trial balance. We do not back-date expenses but have booked them in the month they were incurred.
- To address the need for a congruous trial balance and the invoice for each month we have developed an accrual system for the WIA reporting on the basis of an analysis of the documentation on hand at invoicing time. As agreed upon in our meeting, after invoicing, any item that was unknown at the time yet relates to the month that was invoiced will be shown as incurred in the next month. It should be noted that at the end of our fiscal year, December 31, our company auditors will require us to show all expenses incurred in the previous year no matter when they are discovered. This may lead to a discrepancy matching invoices to the trial balance in December. We anticipate these discrepancies will be minor.
- Our new procedures for capturing and invoicing all expenses for each month are being aggressively implemented, communicated and overseen. We encourage and invite the WIA monitors to review and comment on our documentation, procedures and results after the first contract quarter. This

will allow us to make midcourse corrections, if needed, and insure we are complying with the regulations.

## FINDING 2

- Requirement:** The FY 09-10 contract between Goodwill Industries and the County of San Luis Obispo Department of Social Services, Exhibit B-2, section 12d, states that the Contractor agrees to complete a close out package for the period of the contract within 30 days after the ending date of the contract.
- Observation:** We determined that the Contractor did not complete a close-out package within 30 days after the ending date of the contract.
- Cause:** Goodwill Industries did not record expenditures as required for the month of June 2010 (see finding 1 above). Expenditures continued to be recorded after the accounting books should have been closed for the month.
- Effect:** \$22,504.83 of FY 2009-2010 expenditures were reimbursed with funds from FY 2010-11 contract.
- Recommendation:** Goodwill Industries must repay the \$22,504.83 of the reimbursed funds. Expenditures must be accrued, and a close out package must be completed for the period of the contract within 30 days after the ending date of the contract
- Response/Action Plan::** Goodwill did not provide a close out package for the 2009-2010 contract year as there was no definition of what a close out package consisted. The Department of Social Services acknowledged this during the presentation of the draft report. DSS also indicated they would remove the section on the "Close Out Package" from the report. Goodwill has not seen how this portion of the finding will be rewritten so cannot respond to it.
- Pending the final report and acceptance of the wording for this finding, Goodwill will repay the \$22,504.83 for legitimate program expenses that were invoiced in the 2010-2011 contract year that were incurred in the 2009-2010 contract year.
- To avoid this from happening this year, DSS and Goodwill agreed that Goodwill would provide a 13th invoice (part of the close out package?) that will capture debits and credits that were not known at the time of the June invoice. This should allow us to include all costs in the proper year. If there are still outstanding items we will communicate them to DSS for discussion and resolution.
- Goodwill requests that the close out package be defined.

FINDING 3

**Requirement:** Office of Management & Budget Circular Number A-122, subparagraph 8.m (1) states "The distribution of salaries and wages to awards must be supported by activity reports..." reflect an after the fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to the awards."

**Observation:** We determined some salary reimbursements were based on FTE's allocated to the FY2010-11 contract rather than actual time allocated to the WIA ARRA programs.

**Cause:** Management at Goodwill Industries stated the payroll service ADP was unable to identify the amounts allocated to various government programs, and that it would be onerous for Goodwill Industries staff to calculate the amounts prior to invoicing.

**Effect:** Salary and wage reimbursements are made based on estimates, rather than actual time allocated to the WIA and ARRA programs.

**Recommendation:** Goodwill Industries must comply with the Office of Management and Budget Circular Number A-122 when requesting salary and wage reimbursements for the time allocated to the WIA and ARRA programs.

**Response/Action Plan::** We acknowledge that Goodwill Industries used a Personnel Action Form (PAF) to allocate a few employees' wages based on a percentage of time allocation on various government contracts. In the future, Goodwill will substantiate and distribute salaries and wages via after-the-fact activity reports found on the back of the time sheet for each employee. This process was in place for most employees throughout the contract year. We will now include all funded employees in this program.

All funded program direct line staff will report actual time worked by program on their bi-weekly time card. We will directly record the associated hour/dollar amounts into our contract ledgers. We will produce a labor distribution report that reflects a projects labor costs to the trial balance that was included in our invoice preparation.

Program Management staff, as agreed to in the draft monitoring conference, will continue to be allocated based on a budgeted percentage allocation Program Management staff will report actual time worked as line staff does, however, these reports will be summarized and made available to support the hours/dollars invoiced for these employees.

We believe this actual time reporting on the time card meets A-122's requirement and replaces our prior "allocation" process as reported in this monitoring.

In Summary

As documented by the County Auditors, this was a much more rigorous "Audit" than a typical program "Monitoring" review. The review process was started in February and finished in May. The auditors reviewed 6 invoices covering over a million dollars in expenditures and thousands of transactions. In the course of their "audit" they identified three (3) Findings.

We believe Findings #1 and #2, #3 have been properly addressed. We agreed to the repayment of funds expended on program, implemented a Best Accounting Practice for quicker monthly cut off with a better accrual system, and retooled our payroll process to allow for an actual time charge pay card process for payroll, cost allocation and labor distribution that supports it.

We appreciate the work of the County Auditors and the on-going and supportive guidance of DSS. We have made the appropriate corrections which comply with the applicable WIA requirements.

Should you have any questions, please do not hesitate to contact one of us directly at (831) 600-0227 or Nick Andrews at (831) 600-0204 or Bill Barker at (805) 903-1422 or (805) 235-3132

Michael J. Paul  
President/CEO

Nick Andrews  
Director of Finance

Bill Barker  
Financial Manager

**County of San Luis Obispo**  
**Office of the Auditor-Controller**  
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**GERE W. SIBBACH, CPA**

**JAMES P. ERB, CPA, Assistant**  
**LYDIA CORR, CPA, Deputy**  
**JAMES HAMILTON, CPA, Deputy**  
Email auditor@co.slo.ca.us

August 3, 2011

Dr. Matthew Green, Ph.D., Director  
Workforce, Economic Development and Community Programs  
San Luis Obispo Community College District  
Highway 1, Building 4700  
San Luis Obispo, CA 93403-8106

RE: WORKFORCE INVESTMENT ACT  
FISCAL AND PROCUREMENT REVIEW  
MONITORING REPORT  
PROGRAM YEAR 2010-2011

Dear Dr. Green

This is to inform you of the results of our review for Program Year 2010-2011 of the San Luis Obispo County Community College District Workforce Investment Act Services (Cuesta College) grant financial management and procurement systems. For the fiscal portion of this review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal controls, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring, single audit and audit resolution policies and procedures, and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management if available.

Our review was conducted under the authority of Section 667.410 (b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by Cuesta College with applicable federal and state laws, regulations, policies, and directives related to the Workforce Investment Act (WIA) grant regarding financial management and procurement for Program Year 2010-2011.

We collected the information for this report through interviews with representatives of Cuesta College, a review of applicable policies and procedures, and a review of documentation retained by Cuesta College for a sample of reimbursement claims, expenditures and procurements for Program Year 2010-2011.

Matthew Green, Ph.D.

August 3, 2011

Page 2

## BACKGROUND

Cuesta College was awarded WIA funds to improve the educational workforce skill competency level through focus on youth acquiring basic work readiness skills and job experience. Programs include Youth One-Stop, School Classroom, and After School. For Program Year 2010-2011, Cuesta College was allocated \$375,913 to operate the In-School program and \$161,106 to operate the Out-of-School program.

For the quarter ending March 31, 2011, Cuesta College reported expenditures of \$95,338.43 for the In-School program and \$28,097 for the Out-of-School program. Total WIA expenditures were \$123,435.

## FISCAL & PROCUREMENT REVIEW RESULTS

We conclude that, overall, Cuesta College is meeting applicable WIA requirements concerning the financial management and procurement systems of this grant for Program Year 2010-2011.

Sincerely

Gere W. Sibbach, CPA

Auditor-Controller

A handwritten signature in black ink, appearing to read 'J P Erb', is written over the printed name of James P. Erb.

James P. Erb, CPA

Assistant Auditor-Controller