
AUDIT AND BUDGET COMMITTEE AGENDA

**Coast Community College District
Audit and Budget Committee Special Meeting
Tuesday, June 4, 2024 at 2:00 p.m.**

Board Office Conference Room

- 1. Call to Order**
- 2. Roll Call**
- 3. Opportunity for Public Comment**

Members of the public have the opportunity to address the Audit and Budget Committee on any item that has been described in this notice. Persons wishing to make comments will be recognized at this point in the meeting. Individuals will have up to five minutes per agenda item, and there is a 20-minutes total limit per item. These time limitations may be extended by the Committee.

It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the Secretary of the Board to inform us of your particular needs so that appropriate accommodations may be made.

- 4. Approval of Minutes: Meeting of February 13, 2024 (Attachment #1)**
- 5. Internal Audit Quarterly Report (Attachment #2)**
- 6. Interim External Audit Progress Report (Attachment #3)**
- 7. District and State Budget Updates (Attachment #4)**
- 8. Governance Planning Letters (Attachment #5)**
- 9. Future Agenda Items**
- 10. Next Meeting Date**
- 11. Adjournment**

The Committee may take action on any item listed on this agenda. Under the Brown Act, the Public has the right to receive copies of any non-exempt public documents relating to an agenda item that are distributed to the committee members. Please contact the Office of the Board of Trustees prior to the meeting to facilitate the distribution of these documents.

AUDIT AND BUDGET COMMITTEE MINUTES

**Coast Community College District
Audit and Budget Committee
February 13, 2024
Board Office Conference Room**

1. Call to Order

The meeting was called to order at 2:01 p.m.

2. Roll Call

Trustees Present: Trustee Mary Hornbuckle
Trustee Jim Moreno

In Attendance

Whitney Yamamura, Chancellor
Daniela Thompson, Executive Director of Fiscal Services
Christine Nguyen, Vice President of Administrative Services, CCC
Rich Pagel, Vice President of Administrative Services, OCC
Rick Hicks, Acting Vice President of Administrative Services, GWC
Rachel Kubik, Director of Business Services, OCC
Rachel Snell, Director of Internal Audit
Araceli Alvarez, District Budget Director
Debbie Franklin, Accounting Analyst
Julie Clevenger, Director of Chancellor's Office Operations
Ricky Goetz, Board Secretary

3. Opportunity for Public Comment

There were no requests to address the Audit and Budget Committee.

4. Selection of Chair and Vice Chair of the Audit and Budget Committee

On a motion by Trustee Moreno, seconded by Trustee Hornbuckle, the Committee voted to appoint Trustee Hornbuckle as Chair and Trustee Moreno as Vice Chair for 2024.

Motion carried with the following vote:

| | |
|----------|--------------------------------|
| Aye: | Trustees Hornbuckle and Moreno |
| No: | None |
| Abstain: | None |
| Absent: | None |

5. Approval of Minutes: Meeting of November 14, 2023

On a motion by Trustee Moreno, seconded by Trustee Hornbuckle, the Committee voted to approve the minutes of the November 14, 2023 meeting.

Motion carried with the following vote:

| | |
|----------|--------------------------------|
| Aye: | Trustees Hornbuckle and Moreno |
| No: | None |
| Abstain: | None |
| Absent: | None |

6. Internal Audit Quarterly Report

District Director of Internal Audit Rachell Snell provided the Internal Audit update.

Projects completed included GWC Fiscal Staffing Review: Review of the GWC Business Office staffing compared to OCC and CCC; Recovery Kitchen: Memo Report related to EHS Walkthrough; Radiologic Technology: Memo Report related to HR Concerns; OCC Travel Reimbursement Review: Review of a particular travel reimbursement request for compliance with BP/AP 7400 Travel; and Review/Update District P-Card User Guide: Procurement Card User Guide.

Projects in progress included OCC Audit of Radiologic Technology operations: Reporting; OCC Audit of Recovery Kitchen operations: Reporting; Districtwide Foundation Operations Review: Fieldwork; CCC Gift Cards: Reporting; OCC Veteran's Resource Center: Planning; External Audit Liaison: Ongoing; and Record Management - Internal Audit files Ongoing.

Continuing services included Retirement Board, Vice Chair and District Consultation Council BP/AP Subcommittee member.

A full report of Internal Audit projects would be presented to the Board of Trustees at the March 20, 2024 Board meeting.

7. Budget Update

Executive Director of Fiscal Services Daniela Thompson provided an update on the State and District budgets. Discussion topics included:

- Legislative Analyst's Office Fiscal Outlook released in December 2023 that identified loss of revenues totaling \$26 billion in FY23 and \$32 billion in FY24, State budget deficits totaling \$68 billion in FY25 with \$30 billion ongoing annually, and projected COLA for FY25 of 1.27%.
- Governor's January proposal for the 2024-25 State Budget released in January 2024 that identified state budget deficits totaling \$38 billion in FY25 with growth projected to be 0.50%.

- Governor’s plan to address the budget deficit that included \$13.1 billion from reserves, \$8.5 billion in reduced funding, \$5.7 billion in increased revenue and internal borrowing from special funds, \$3.4 billion in fund shifts, \$5.1 billion in delays of funding, \$2.1 billion in deferrals, and \$5.7 billion to be withdrawn from the K-14 Public School Stabilization Account.
- Updates to the District’s baseline Unrestricted General Fund projections included 3.94% COLA in FY25 with minor changes to subsequent years, updates to Student Centered Funding Formula projections, and updated baseline Unrestricted General Fund multiyear projections through FY25.
- Considerations and concerns of note included optimistic economic projections for interest and unemployment rates, the use of one-time resources to cover ongoing funding, impacts of Proposition 98, and insufficient funding for future salaries and benefits.
- Next steps were identified to reflect the development of stabilization plans that included revenue enhancements, salary savings, and expenditure adjustments through FY27.

8. Future Agenda Items

Internal Audit
External Audit
Budget Update

9. Next Meeting Date

The next meeting was scheduled for Tuesday, June 4, 2024 at 2:00 p.m.

10. Adjournment

The meeting was adjourned at 3:09 p.m.

Richard Goetz
Secretary of the Board

Audit and Budget Committee Meeting: 06/04/24

Projects—Completed

- OCC Veteran’s Resource Center: Objective 3 Environmental Health and Safety and Physical Security (See Attached)
- Fixed Assets Self-Report Follow Up: Implementation Status of 5 outstanding recommendations remains incomplete for more than 10 years (See Attached)
- FY 2024-2025 Strategic Audit Plan (See Attached)

Other Projects—In Progress

- Districtwide Foundation Operations Review: Reporting
- CCC Gift Cards—Student Services: Reporting
- OCC Veteran’s Resource Center: Intake Process and Grants/Budget/Funding
- CCC EOPS: Planning
- Facility Fee Waivers
- External Audit Liaison: Ongoing
- Record Management—Internal Audit files Ongoing

Other Services

- Retirement Board, Vice Chair
- DCC—BP/AP Subcommittee (Advisory)



MEMORANDUM

Date: May 10, 2024

To: Dr. Whitney Yamamura, Chancellor
Dr. Angelica Suarez, OCC President
Dr. Vince Rodriguez, CCC President
Meredith Randall, GWC President

From: Rachel Snell, MPA, Internal Audit Director
CIA, CFE, CRMA, CICA

Re: Environmental Health and Safety/Physical Security at Veteran Resource Centers

At the request of Board of Trustees and approved by the Chancellor, Internal Audit conducted an audit related to the District's Veteran Resources Centers (VRCs). As part of this work, Internal Audit reviewed Physical Security and Environmental Health and Safety at the District's VRC locations. The objective was to assess the current environment for EHS compliance and physical security needs, and to determine whether the District and/or respective colleges have procedures in place to periodically review physical security and EHS issues.

Background

All three colleges of the Coast Community College District (CCCD) have Veteran Resource Centers (VRCs). The VRCs provide student veterans with access to dedicated academic counseling, priority access to mental health services, assistance navigating the registration and financial aid processes, and referrals to other on and off campus resources as needed. The colleges maintain veteran-access-only food pantries that provide snacks and a lounge area for leisure or for studying. Orange Coast College (OCC) and Golden West College (GWC) each have one VRC. Due to the expanse of the Coastline Community College (CCC) locations, there are two VRCs: the main VRC is located in Fountain Valley and a satellite VRC at the Newport Beach campus. Due to low student use, the Garden Grove campus closed its VRC, but may reopen should student needs change.

Results

As a result of the EHS walkthroughs related to worker safety, all three college VRCs generally complied with various rules and regulations. (See attached EHS reports). Deficiencies identified, while minor, are correctable through the use of existing resources with minimal cost and effort. Employees may report concerns in various ways. For example, employees may submit concerns to maintenance or EHS via Footprints, the District's service ticket tracking system. Campus Safety and M&O employees report issues identified through the performance of their respective job duties. Keenan, the worker's compensation vendor, also performs annual inspections. As for physical security, the District hired a consultant to conduct a districtwide threat assessment. The threat assessment is in progress, and any items identified in the threat assessment or as a result of Internal Audit's review will be considered and prioritized for implementation.

Recommendation

The colleges should resolve the compliance issues identified in their respective EHS reports and budget monies for the installation of the additional equipment identified to improve physical security for staff and student veterans.

College management at the three campuses agree with the recommendation. All sites corrected the EHS issues identified, and physical security items will be addressed with the completion of the District's threat assessment, which is currently in progress.

*Cc Dr. Madjid Niroumand, OCC VP Student Services
Dr. Kate Mueller, CCC VP Student Services
Dr. Claudia Lee, GWC VP Student Services*



Safety Walk Through

Complete

| | | | | | |
|-------|-------------|---------------|---|---------|---|
| Score | 1 / 5 (20%) | Flagged items | 0 | Actions | 0 |
|-------|-------------|---------------|---|---------|---|

Document No.

000004

Person conducting walk down

Edwin Cruz

Person accompanying walk down

Maira De La Torre, Jonathan Jimenez, Efren Galvan, Rudy James, Arturo Salgado, Steve Tamanaha, Rozanne Capoccia-White

Conducted on

1 Mar 2024 15:00 PST

Location

OCC

Area

Student Center, Veterans Resource Center

Audit

1 / 5 (20%)

Select yes to indicate everything has been checked and is acceptable, no if issues have been identified.

1 / 5 (20%)

EXIT / EGRESS

Are walkways clear / unobstructed? Are stairways clear / unconstructed?

No



Photo 1



Photo 2

What needs to be done to correct the issue?

SU 203B

1. Exit sign is obstructed by a white board (IMG_5585)
2. Tote, dolly, and power cable are obstructing the egress path (IMG_1061)

What is the number of the work order?

HOUSE KEEPING

Storage / STF / Electrical

No

What needs to be done to correct the issue?

SU 203A

1. Chemical spray bottle stored on top shelf. Potential fall hazard when reaching for the bottle. (IMG_1052)

SU 203B

1. Extension cord causes a trip hazard. Utilize a cord cover/cable protector or move table closer to the connection. (IMG_1061)
2. Keep egress pathway clear from obstructions. (IMG_1061)

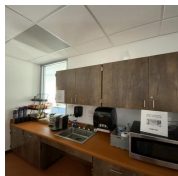


Photo 3

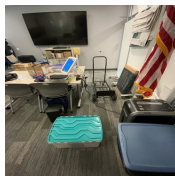


Photo 4

What is the number of the work order?

EMERGENCY EQUIPMENT

No

What needs to be done to correct the issue?

SU 203B

1. First Aid kit contains expired items that need to be replaced. (IMG_1057)
2. First Aid kit needs to be inspected monthly to replace expired/missing items. (IMG_1057)
3. Drugs and medicines should not be included in first aid kits. (IMG_1059)



Photo 5



Photo 6

What is the number of the work order?

| | |
|---|-----|
| RISK ASSESSMENT - In place - Controls verified - Signed by work party | N/A |
| PPE COMPLIANCE | N/A |
| WORKING AT HEIGHTS | N/A |
| CHEMICALS - Labelled - Manifest / Storage | No |

What needs to be done to correct the issue?

SU 203B

1. Secondary container (bottle with green liquids) needs to be labeled. (IMG_1055)
2. Chemicals need to be stored away. (IMG_1055, IMG_1052)



Photo 7

What is the number of the work order?

| | |
|--|-----|
| SDS | Yes |
| ENVIRONMENT - Pollution of air or water - Other issues | N/A |
| SECURITY - Non urgent issues | N/A |
| OTHER | |

Media summary



Photo 1



Photo 2



Photo 3



Photo 4

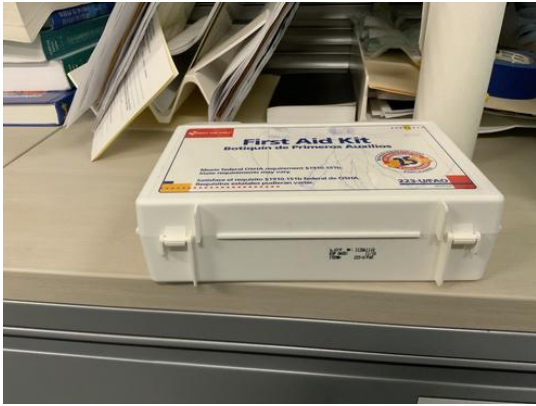


Photo 5



Photo 6

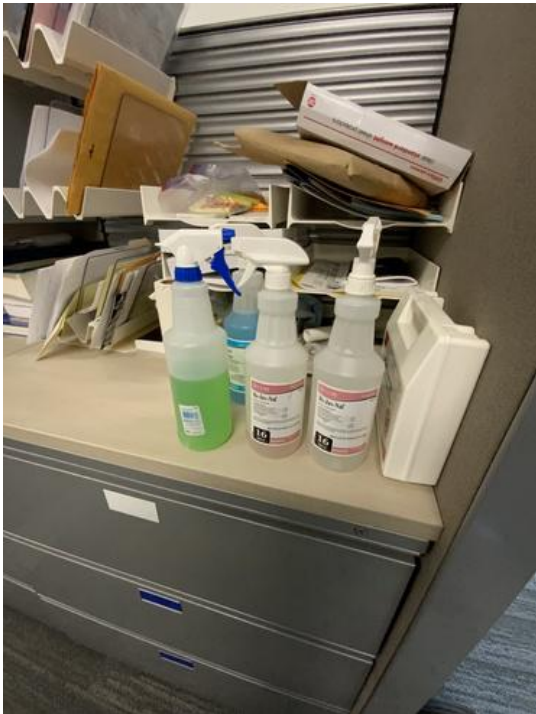


Photo 7



Safety Walk Through

Complete

| | | | | | |
|-------|----------------|---------------|---|---------|---|
| Score | 5 / 6 (83.33%) | Flagged items | 0 | Actions | 0 |
|-------|----------------|---------------|---|---------|---|

Document No. 000006

Person conducting walk down

Edwin Cruz

Person accompanying walk down

Maira De La Torre, Carla Martinez, Christina Ryan Rodriguez, Denice Koen, Claudia Lee, Logan Shreve

Conducted on 8 Mar 2024 15:00 PST

Location GWC

Area VRC

| | |
|--------------|----------------|
| Audit | 5 / 6 (83.33%) |
|--------------|----------------|

Select yes to indicate everything has been checked and is acceptable, no if issues have been identified.

5 / 6 (83.33%)

EXIT / EGRESS

Are walkways clear / unobstructed? Are stairways clear / unconstructed?

Yes

HOUSE KEEPING

Storage / STF / Electrical

Yes

EMERGENCY EQUIPMENT

No

What needs to be done to correct the issue?

1. Emergency backpack to be replenished with working equipment (IMG_1152).
2. Drugs and medicines should not be included in first aid kits (IMG_1153).

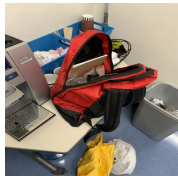


Photo 1

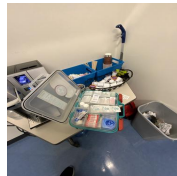


Photo 2

What is the number of the work order?

PPE COMPLIANCE

N/A

WORKING AT HEIGHTS

N/A

CHEMICALS

- Labelled - Manifest / Storage

Yes

SDS

Yes

ENVIRONMENT/PEMITTING

- Pollution of air or water -

N/A

SECURITY - Non urgent issues

Yes

OTHER

Media summary



Photo 1



Photo 2



Safety Walk Through

Complete

| | | | | | |
|-------|----------------|---------------|---|---------|---|
| Score | 5 / 6 (83.33%) | Flagged items | 0 | Actions | 0 |
|-------|----------------|---------------|---|---------|---|

Document No.

000005

Person conducting walk down

Edwin Cruz

Person accompanying walk down

Maira De La Torre, Tom Boscamp, Kate Mueller, John Bruning

Conducted on

5 Mar 2024 12:30 PST

Location

Coastline Student Services Center

Area

VRC Room 116

| | |
|--------------|----------------|
| Audit | 5 / 6 (83.33%) |
|--------------|----------------|

Select yes to indicate everything has been checked and is acceptable, no if issues have been identified.

5 / 6 (83.33%)

EXIT / EGRESS

Are walkways clear / unobstructed? Are stairways clear / unconstructed?

Yes

HOUSE KEEPING

Storage / STF / Electrical

No

What needs to be done to correct the issue?

1. Boxes and coffee maker stored on top of shelf can potentially cause a struck by accident (IMG_1150).



Photo 1

What is the number of the work order?

| | |
|---|-----|
| EMERGENCY EQUIPMENT | Yes |
| PPE COMPLIANCE | N/A |
| WORKING AT HEIGHTS | N/A |
| CHEMICALS - Labelled - Manifest / Storage | Yes |
| SDS | Yes |
| ENVIRONMENT/PEMITTING - Pollution of air or water - | N/A |
| SECURITY - Non urgent issues | Yes |
| OTHER | |

Media summary



IMG_1150



Safety Walk Through

Complete

| | | | | | |
|-------|----------------|---------------|---|---------|---|
| Score | 5 / 6 (83.33%) | Flagged items | 0 | Actions | 0 |
|-------|----------------|---------------|---|---------|---|

| | |
|--------------|--------|
| Document No. | 000007 |
|--------------|--------|

| |
|-----------------------------|
| Person conducting walk down |
| Edwin Cruz |

| |
|--|
| Person accompanying walk down |
| Maira De La Torre, Tom Boscamp, Mike Toledo, Randy Flint |

| | |
|--------------|-----------------------|
| Conducted on | 25 Mar 2024 09:00 PDT |
|--------------|-----------------------|

| | |
|----------|-----|
| Location | NBC |
|----------|-----|

| | |
|------|-----|
| Area | VRC |
|------|-----|

| | |
|--------------|----------------|
| Audit | 5 / 6 (83.33%) |
|--------------|----------------|

Select yes to indicate everything has been checked and is acceptable, no if issues have been identified.

5 / 6 (83.33%)

EXIT / EGRESS

Are walkways clear / unobstructed? Are stairways clear / unconstructed?

Yes

HOUSE KEEPING

Storage / STF / Electrical

No

What needs to be done to correct the issue?

1. Relocate extension cord to the back of the cabinet (IMG_1159).
2. E-waste non-working portable jump starter (IMG_1159).
3. Remove glass blender from top of refrigerator (IMG_1160).
4. Store butane gas canisters in a secure location (IMG_1158).

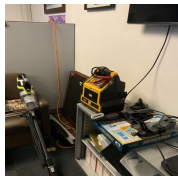


Photo 1



Photo 2



Photo 3

What is the number of the work order?

| | |
|---|-----|
| EMERGENCY EQUIPMENT | Yes |
| PPE COMPLIANCE | N/A |
| WORKING AT HEIGHTS | N/A |
| CHEMICALS - Labelled - Manifest / Storage | Yes |
| SDS | Yes |
| ENVIRONMENT/PEMITTING - Pollution of air or water - | N/A |
| SECURITY - Non urgent issues | Yes |

OTHER

1. Mini oven creates potential for a fire. Add an extra fire extinguisher near printer and connecting door for emergency use. (IMG_1156, IMG_1157)



Photo 4



Photo 5

Media summary



Photo 1



Photo 2



Photo 3



Photo 4



Photo 5

Self-Reported Status of Recommendations Follow Up Report Fixed Assets

IMPLEMENTATION STATUS GUIDELINES

Leadership from the District Office Fiscal team used the following Status of Strategies and Current Status to complete its self-assessment of the implementation status of recommendations associated with prior audit work:

Status of Strategies: Describe the strategy or strategies that will be used to implement the recommendation. Provide the current status and a written description of what was done to implement the recommendation.

If the recommendation is not fully implemented, please provide a rationale as to why, the current status, a date when it will be implemented, and the name of the party responsible for implementation.

Current Status: Designate whether the current status of the recommendation is:

Fully Implemented: Successful development & use of a process, system, or policy to implement a prior recommendation.

Substantially Implemented: Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.

Incomplete/Ongoing: Ongoing development of a process, system, or policy to address a prior recommendation.

Not Implemented: Lack of a formal process, system, or policy to address a prior recommendation.

Background

In April 2014, Internal Audit conducted a fixed asset consulting engagement that resulted in three reports with 11 recommendations. In August 2016, Internal Audit conducted a self-reported follow up audit whereas District Fiscal Services did not implement any of the recommendations. In May 2019, Internal Audit conducted a second self-reported follow up that determined District Fiscal Services implemented six (55%) recommendations. April 2024 marks 10 years from the original consulting work with five recommendations outstanding. During this period, District Fiscal Services experienced transition in three Controllers, one Vice Chancellor of Finance and Administrative Services, and six Chancellors. Accountability for implementing the recommendations was limited to non-existent during this time.

Conclusion

As of April 2024, District Fiscal Services did not implement the five outstanding recommendations. In response, management stated that the fiscal teams are currently finalizing the District's budget, working on year-end closing, and engaging with external auditors. Management stated that new employees in key positions recently started employment with the District and need ample time to take on their new responsibilities. Although District Fiscal Services pledged to implement the recommendations by June 2025, this action plan is dependent on the timeframe for the Banner SaaS implementation, a priority scheduled to start in January 2025. District Fiscal Services also pledged to place these recommendations on the monthly finance team agenda for discussion until the conclusion of the project. The Vice Chancellor of Finance and Administrative Services assigned responsibility of implementation to the Executive Director of Fiscal Services and the Controller.

| Rec # | Recommendation | Management Response | Status of Strategies/Current Status |
|-------|--|--|---|
| 01 | The District Office should investigate the potential for allowing receiving staff "entry" access to the fixed asset module in Banner and allowing Fiscal staff to perform periodic independent reviews of fixed asset entries. | The District Fiscal Office along with the Campus Fiscal Office will conduct training with campus personnel to process fixed assets in Banner and develop a plan to audit the entries on a quarterly basis. | <p>August 2016 and May 2019: Incomplete/Ongoing</p> <p>Status May 2024: Incomplete/Ongoing</p> <p>The District implemented an in-house inventory system utilized by Coastline in 2019, which is utilized by all sites with exception of GWC to track assets. These assets are audited against assets in Banner. In April 2024, the District arranged for RCI to conduct inventory throughout the District which will be completed in June 2024. The District Fiscal Office, College Fiscal Office and IT Director met to discuss the current in-house inventory asset tracking system in April 2024 on how it's being utilized throughout the District. The discussion led to the life of the in-house asset tracking system and the potential utilization of Footprints. FootPrints is an information technology service management solution which helps with assets and service delivery across IT operations. Unfortunately, IT is moving away from FootPrints and will be implementing Jira to fulfill IT needs.</p> |
| 02 | As a long-term streamlining endeavor, the District Office should consider mechanisms to automate and consolidate asset tracking district wide. | As part of the Banner Finance Assessment from Strata Information Group, the District Fiscal Office agreed with the recommendation of consolidating all fixed assets tracking in Banner which includes implementation planning, training, conversion and testing support and procedural discussions. The fixed asset consolidation is part of the goals of the District Fiscal Office with an implementation plan of July 2016. | <p>August 2016 and May 2019: Incomplete/Ongoing</p> <p>Status May 2024: Incomplete/Ongoing</p> <p>District Fiscal Office will work with IT in assessing the capability of using Jira for asset tracking system.</p> |

| Rec # | Recommendation | Management Response | Status of Strategies/Current Status |
|-------|--|--|---|
| 03 | The District Office should investigate the potential for allowing fiscal services staff at each campus "entry" access to the fixed asset module in Banner and allowing District Office Fiscal staff to perform periodic independent reviews of the surplus entries. | The Finance team (District and campus Fiscal managers) has met to discuss giving access to the fiscal services staff at each campus access to the fixed asset module and have determined that additional review of the process is needed to standardize the process and provide training to all staff of the new procedures. | <p>August 2016 and May 2019: Incomplete/Ongoing</p> <p>Status May 2024: Incomplete/Ongoing</p> <p>District Fiscal Office will work with IT in assessing the capability of using Jira for asset tracking system and develop a process to perform periodic audit of surplus entries.</p> |
| 04 | The District office should periodically evaluate its internal practices related to purchasing and fixed assets to ensure continued efficiency and effectiveness, and ensure applicable manuals and guides are revised as needed to reflect current practice and Board policies and procedures. | Through the office of the Vice Chancellor of Administrative Services, there is a District wide effort to review fixed asset policies and procedures, ensure current policies and procedures are followed for all property, including Measure M, and to implement recommendations from audit reports part 1,2, & 3. | <p>August 2016 and May 2019: Incomplete/Ongoing</p> <p>Status May 2024: Incomplete/Ongoing</p> <p>The Fiscal team will continue working on the District's goals of process improvement for efficiency and along with reviewing BP/AP related to fiscal matters.</p> |
| 05 | <p>The District office should create and/or clarify procedures to ensure staff throughout the District and the campuses are able to comply with policy. This includes:</p> <ul style="list-style-type: none"> Clearly designating which employee and/or position is the Inventory Control employee as referenced in policy and communicate roles & responsibilities to designated personnel; Review the current policy regarding entity responsible for the conduct of periodic inventory and determine whether this function should take place at the campus level versus the District level. If at District level, consider seeking a new full-time position dedicated to fixed asset coordination and inventory review District-wide. | Through the office of the Vice Chancellor of Administrative Services, there is a District wide effort to review fixed asset policies and procedures, ensure current policies and procedures are followed for all property, including Measure M, and to implement recommendations from audit reports part 1,2, & 3. | <p>August 2016 and May 2019: Incomplete/Ongoing</p> <p>Status May 2024: Incomplete/Ongoing</p> <p>A BP/AP 6330 Purchasing has been ratified/approved by the Board on April 3, 2024. The Fiscal team will continue to work on reviewing and updating BP/AP 6520, 6535 and 6550 along with the remaining BP/AP related to fiscal matters in Fall 2024.</p> |

| Rec # | Recommendation | Management Response | Status of Strategies/Current Status |
|-------|---|---------------------|-------------------------------------|
| | <ul style="list-style-type: none"> • Implementing a mechanism for documenting transfers between District sites, as well as the review and approval of such transfers. • Updating the procedures to include the use of the off-site equipment form. The new requirement should also be communicated District wide. • Define "responsible administrator" for the purposes of reporting fixed asset losses and unauthorized use, clarify process for making such reports, include the notification of Risk Service. | | |



COAST COMMUNITY COLLEGE DISTRICT

FY 2023-2024 ACCOMPLISHMENTS REPORT & FY 2024-2025 ANNUAL STRATEGIC WORK PLAN

Internal Audit Department

Rachel A. Snell, MPA
Internal Audit Director
CIA, CFE, CRMA, CICA

June 2024

*Providing value-added services in an independent,
ethical, and collaborative environment*

LEADERSHIP

BOARD OF TRUSTEES



CHANCELLOR



Left: Dr. Whitney Yamamura

*Right: Rachel A. Snell, MPA
CIA, CFE, CRMA, CICA*

INTERNAL AUDIT DIRECTOR





FY 2023-2024 ACCOMPLISHMENTS REPORT & FY 2024-2025 STRATEGIC WORK PLAN

What's Inside

Accomplishments.....1

***Strategic Work Plan &
Activity Approach.....2***

***Annual Strategic Work
Plan & Activities.....3***

Secondary Work Plan...4

Board Reporting.....4

Chancellor Yamamura:

In accordance with Board Policy and Administrative Procedure 6400, and the International Professional Practices Framework (IPPF), I am pleased to present the Fiscal Year (FY) 2023-2024 Internal Audit Accomplishments Report and the FY 2024-2025 Annual Strategic Work Plan.

During FY 2023-2024, Internal Audit completed several projects and participated in various professional organizations. These activities allow Internal Audit to keep abreast of industry trends, which is applied to its Strategic Work Plan (Plan) and other projects.

The Plan identifies projects that facilitate Internal Audit's ability to provide value adding services District-wide, while maintaining the flexibility to adapt to changes at our constantly evolving institution. Projects no longer considered high risk may be replaced with other projects listed in the secondary work plan, or with new projects that arise in response to an unanticipated event.

Internal Audit remains independent and objective, and free from interference in determining the scope of our work. We must be free to perform our work and communicate results to necessary parties. In accordance with IPPF 1110, Internal Audit was not hindered in performing its work during FY 2023-2024.

If you have any questions, I can be contacted at (714) 438-4602 or rsnell1@cccd.edu.

Rachel Snell, Internal Audit Director, MPA (CIA, CFE, CRMA, CICA)

Accomplishments

Internal Audit made several contributions to the District and the audit community over the year. Below is the FY 2023-2024 Plan, as amended.

| <i>Work Plan & Activities</i> | <i>Status</i> |
|---|--|
| Conduct a self-assessment to determine whether Internal Audit's fraud, waste, and abuse Hotline program follows best practices. | <i>Complete.</i> |
| Follow up audit on selected recommendations issued by Internal Audit, including those that resulted from investigations. (Fixed Assets/Recycling Center). *Swap Meet replaced Recycling Center. | <i>Complete. Recycling Center struggled with personnel shortages post-COVID. Follow Up is postponed until the Center reopens.</i> |
| Review the Behavioral Assessment Team program and determine a) the extent to which it meets program goals and objectives and b) complies with best practices. | <i>Cancelled. This project was replaced with Districtwide Review of Foundation Operations.</i> |
| TeamMate (TM)+ Continuing Development: Continue to enhance audit and investigation procedures utilizing system features and documenting results in the TM+ User Guide. | <i>Ongoing. Review of alternate audit workpaper software in progress.</i> |
| Determine whether the District's Procurement Card program complies with purchasing related laws, regulations, policies, and procedures, and whether controls exist to prevent unauthorized use and purchases. | <i>Complete. Objective modified to limit work to the review of the Procurement Card Manual. Changes to BP/AP 6330 in progress.</i> |
| Prepare Annual Strategic Work Plan 2023-2024. | <i>Complete.</i> |
| Districtwide Review of Foundation Operations [Added to Plan] . | <i>External Training completed 04/22/23.</i> |
| <i>External Auditor Liaison, Boards, Committees, and Other District Meetings, Retirement Board.</i> | <i>Ongoing.</i> |
| District wide review of facility use and fee waivers. | <i>Carry over to 2024-2025.</i> |
| Review Internal Audit-related Board Policies and Administrative Procedures and evaluate any need to amend in order to keep current with audit standards. | <i>Complete. No changes recommended. However, changes to audit standards released in 2024, effective 2025.</i> |
| Districtwide outreach to stakeholder groups to provide information on Internal Audit services, roles, and responsibilities. | <i>Complete.</i> |
| Continue to participate in professional organizations. | <i>Ongoing.</i> |
| Review of Internal Audit department policies and procedures. | <i>No changes necessary.</i> |
| OCC Recovery Kitchen operations [Added to Plan] | <i>Complete. Issued 3 reports.</i> |
| To determine whether gift cards maintained at the colleges are inventoried and secured, and whether gift cards are utilized and disbursed for an allowable purpose. | <i>Complete. Objective modified to address a request from CCC related to Gift Cards.</i> |
| OCC Radiologic Technology operations [Added to Plan] | <i>Complete. Issued 3 reports.</i> |
| Internal Audit Records Management | <i>Ongoing.</i> |
| Review GWC Budget process and Requisition Approval Process.*Replaced Requisition Approval with Fiscal Staff Review. | <i>Complete. Issued 2 reports.</i> |
| Districtwide Audit of Veteran Resource Centers [Added to Plan] | <i>Objective 3 complete. Objectives 1 & 2 carry over to 2024-2025</i> |
| Continue to recruit staff and work study students for the department. | <i>Recruited 2 work study students.</i> |
| CCC EOPS—Review of Disbursements related to selected aid to students | <i>Carry Over to 2024-2025.</i> |

In addition to the projects above, Internal Audit staff contributed to the District by participating in various impromptu advisory projects. We also participated in various audit industry related events. (See table below).

| District Services | Professional Organizations | Publications/Other |
|---|---|---|
| <ul style="list-style-type: none"> Retirement Board Vice Chair Advisory—District Consultation Council Policy and Procedure Subcommittee | <ul style="list-style-type: none"> IIA: Member ALGA: Member ACFE: Member | <ul style="list-style-type: none"> Scholarship Award Committee (Santa Ana Elks-MNF Subcommittee) |

ALGA: Association of Local Government Auditors

ACFE: Association of Certified Fraud Examiners

IIA: Institute of Internal Auditors

ACUA: Association of College and University Auditors

ISACA: Information Systems Audit and Control Association

IIC: Institute of Internal Controls

CCIA: Community College Internal Auditors

Strategic Work Plan and Activity Approach

Internal Audit provides value adding services to assist the Board and the District in creating an environment of continuous improvement. Operating within a culture of accountability and transparency, Internal Audit performs work with independence and objectivity. To ensure our independence, staff signs an annual statement of independence. According to the International Professional Practices Framework (IPPF), IPPF 2010 states that the “chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization’s goals.” IPPF also requires an annual planning process that includes input from senior management and the Board.

Audit standards allow for Internal Audit to provide a wide variety of services to the District. In general, these services fall into three main initiative areas, and we use the Plan to schedule and perform projects that address the various risk areas within the organization. Investigations are unplanned, and staff performs this work as the need arises.

| AUDIT | CONSULTING | INSPECTION | INVESTIGATION |
|--|---|---|---|
| In depth assessment of programs, operations, business processes. Examples: Financial, compliance, performance, system security, business process analysis. | High level review of, advice on, or training related to policies, risk, fraud, system implementation. Examples: Advisory services and business process reviews. | Proactive, impromptu review of everyday transactions aimed to identify control weaknesses. Examples: Purchase orders, payroll changes, change orders, petty cash. | Planned or impromptu reviews into allegations of wrongdoing, including fraud, waste, and/or abuse. Examples: Asset misappropriation, questionable transactions, and purchases, using job position beyond allowable authority. |

As a higher education institution, the District faces many challenges and changes. By creating a strategic work plan that prioritizes projects for the upcoming fiscal year, as well as identifies projects for consideration should the initial priorities change (see Secondary Work Plan), Internal Audit is better able to plan for and address the needs of the District. We also use the Plan to ensure Internal Audit staff receives the training necessary to meet competency objectives for each project.

Internal Audit's Annual Strategic Work Plan is created with input and assistance from various stakeholders throughout the District. It is our goal to continue receiving input on an on-going basis, and to collaborate on new ways in which information can be collected to ensure the Plan is based upon the most up-to-date, reliable information as possible.

Strategic Work Plan and Activities

Below is the FY 2024-2025 Internal Audit Annual Strategic Work Plan and Activities. After careful consideration, the following areas were deemed of highest risk and value adding necessity to the District.

| <u>District-Wide Operations</u> | <u>Audit Requirements & Continuous Improvement</u> |
|--|---|
| Anonymous Reporting/Hotline Updates: Implement recommendations related to Hotline Reporting. | Follow up audit on selected recommendations issued by Internal Audit, including those that resulted from investigations. (HR Investigation from Sept 2015 & GWC Criminal Justice Training Center) |
| Carry Forward: Districtwide audit of Veteran's Resource Center: Intake Process and Grants/Budget/Funding | Evaluate changes to audit workpaper software. |
| | Internal Audit Record Management Project. |
| Audit of the District's on-boarding/off-boarding processes, including compliance with hiring related Board Policies and Administrative Procedures. | Align audit work plan with new standards released by the Institute of Internal Auditors effective January 2025. |
| Foundation Board of Directors Training: Roles and Responsibilities | Prepare Annual Strategic Work Plan 2025-2026. |
| <u>Other District-Wide Initiatives</u> | <u>Other Audit Initiatives</u> |
| Continue to participate in Boards, Committees, and working groups, including External Audit Liaison & Retirement Board. | Continue to participate in professional organizations. |
| | Continue to recruit staff and work study students for the department. |
| Districtwide outreach to stakeholder groups to provide information on Internal Audit services, roles, and responsibilities. | Review Internal Audit Board Policies and Administrative Procedures, as well as department policies and procedures. |
| <u>Campus Operations</u> | |
| Audit of select Swap Meet operations. | Carry Forward: CCC EOPS Investigation of selected operations. |
| | Carry Forward: Audit of facility use and fee waivers. |

Secondary Work Plan

As a matter of practice, Internal Audit realizes that priorities may change. On occasion we may find the risks associated with the Plan were mitigated prior to the start of an audit. To ensure that Internal Audit has a full work plan, we developed a Secondary Work Plan, from which projects may be selected should a project on the Plan be cancelled or postponed. These also represent areas that Internal Audit identified as key initiative areas within the upcoming years.

| <u>District Operations</u> | <u>Campus Operations</u> |
|--|---|
| Review categorical programs and determine the extent to which they purchase and spend down funds in accordance with program requirements and District policies and procedures. | To evaluate a selection of revenue generating operations on each campus and determine whether such entities operate efficiently and economically. |
| Review IT processes for identifying emails, websites, and other forms of electronic methods for sharing/receiving inappropriate content. | To review college Career Centers and determine the extent to which operations meet student needs. |

Board Reporting Schedule

In accordance with Board policy and auditing standards, Internal Audit is required to ensure that the entire Board is aware of Internal Audit activities. While the schedule may fluctuate to correspond with the meeting dates established by the Board, we submit the following as the anticipated Internal Audit Activity reporting dates. Internal Audit reserves the privilege of reporting to the Board more frequently should the need arise. The Board reserves the privilege to request updates more frequently than what is proposed in the table below.

- September 2024
- December 2024
- March 2025
- June 2025

In some instances, Internal Audit may be required to present items in closed session, in accordance with the Brown Act. These reports will be scheduled as needed.

Internal Audit also provides updates on department activities to the Audit and Budget Committee as required by Board Policy 2220 Committees of the Board, on at least a quarterly basis or as requested by the committee.



2024 AUDIT PLANNING MEETING

Coast Community College District
June 4, 2024



CPAs & BUSINESS ADVISORS
Attachment #3

AUDIT OBJECTIVES

1. Independent Auditor's Report – Our opinion on whether the financial statements are presented fairly.
2. Report on Compliance and Internal Controls – Our opinion on whether the District is in compliance with Federal guidelines over each major program.
3. Report on State Compliance – To determine whether the District is in compliance with State guidelines over certain compliance areas.

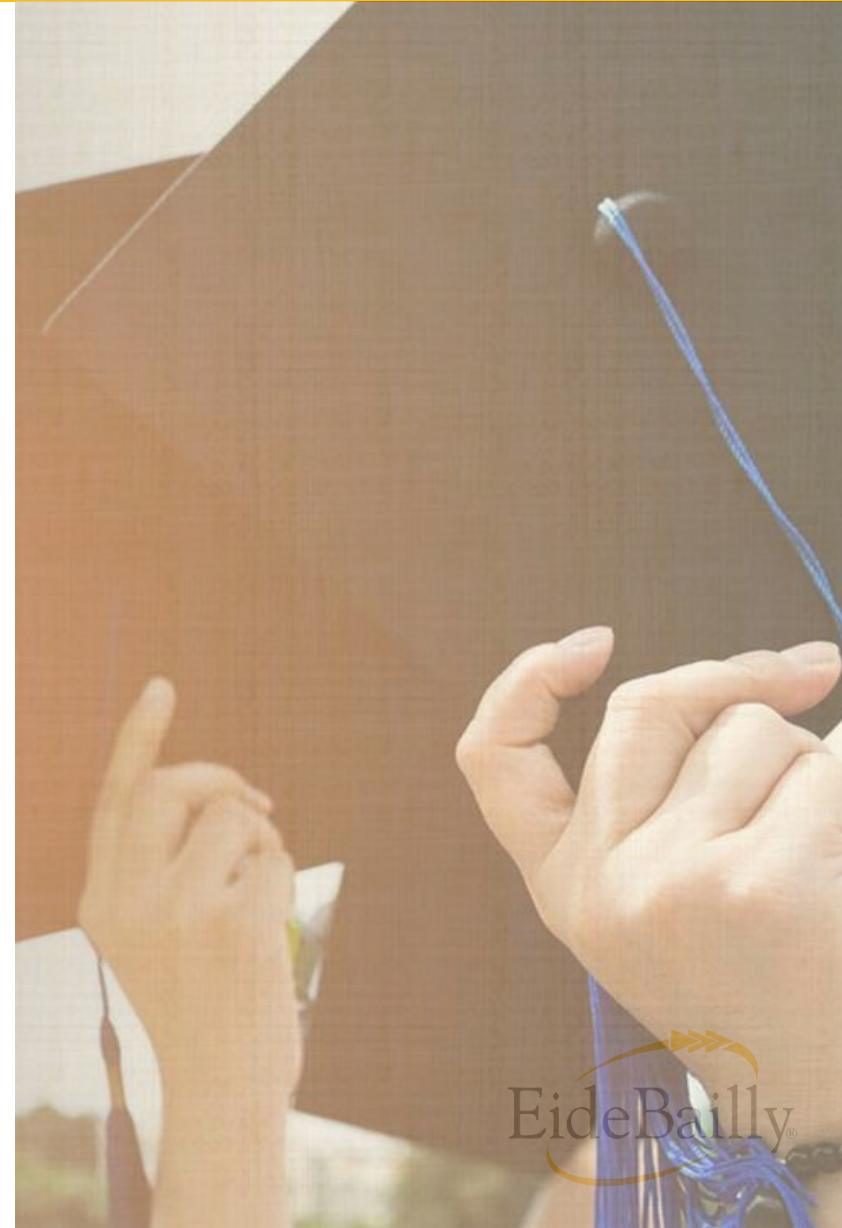
2024 AUDIT PLAN: INTERIM AUDIT

- Interim Audit Visit: Week of April 29, 2024
 - Perform audit procedures on-site and remotely
- Review policies and procedures to ensure adequate controls are in place to ensure the financial statements are free of material misstatement.
 - Revenues/Receipts
 - Expenses/Payables
 - Procurement/Contracts
 - Payroll/Compensated Absences/Human Resources (HR)
 - Information Systems
- Begin initial analysis and review of Federal and State programs

2024 AUDIT PLAN: FEDERAL COMPLIANCE

Major Programs tested for 2023-24 are anticipated to be:

- Student Financial Assistance Cluster
- Career and Technical Education Title I, Part C
- Additional programs could be audited based on District's Federal Program expenditures at year-end



PLANNING COMMUNICATIONS

- **Financial Statement Components**
 - Coast CCD
 - Coastline Community College Foundation
 - Golden West College Foundation
 - Orange Coast Foundation
 - Coast Community College District Foundation
 - Coast Community College Enterprise Corporation
- **Significant Risks to Address during the Audit**
 - Management Override of Controls*
 - Revenue Recognition*
 - Significant Estimates related to Pensions and Other Postemployment Benefits*
 - Should we identify any additional significant risks during our risk assessment, we will update the Committee during our close-out meeting

*Risks present in all community college audits per professional standards



NEW ACCOUNTING STANDARDS

GASB 100 – Accounting Changes and Error Corrections

- Clarifies and provides consistency for reporting/disclosing changes in accounting principle and changes due to errors
- Not significant for implementation, and not expected to have an affect on the District's financial statements
- The District will continue to address and incorporate the effects of GASB 87 (*Leases*) and GASB 96 (*Software-based IT Subscriptions*).

UPCOMING FIELDWORK

Summer Compliance Fieldwork – Week of 7/31/24

- Federal – Student Financial Assistance Cluster
- State Compliance – Admissions & Records and DSPS

Year-End Fieldwork – Weeks of 8/26/24 and 9/2/24

- Audit of the balance sheet accounts as of June 30 for the District, Foundations, and Enterprise Corporation
- Audit of the District's SEFA
- Financial and Compliance Audit of the District's Measure M



QUESTIONS?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



CPAs & BUSINESS ADVISORS

May Revise

Audit and Budget Meeting **June 4, 2024**

Governor's January Proposal of the 2024-25 Budget



- Declines in state revenues beginning in 2022-23 result in greatly diminished resources
- Largely a baseline continuation of the previous budget with no new programs and minimum program expansion
 - Nursing the exception with \$60 million in one-time funds
- COLA of 0.76%
- Growth of 0.50%
- State Budget Deficit of \$38 billion

Governor's January Proposal of the 2024-25 Budget



- State Budget Deficit of \$38 billion
- LAO identified additional losses in revenues and strongly disagrees with Governor's projected revenues and impact of his deficit solutions
- LAO projects Deficit to be \$73 billion
 - Difference is in revenue projections and Prop 98 shift

Governor's January Proposal of the 2024-25 Budget Plan to Address the Deficit



Reliance on one-time actions including

- Spending \$13.1 billion from reserves
- Shifting \$3.4 billion between funds
- Delaying \$5.1 billion in funding
- Deferring \$2.1 billion
 - Including \$499 million in UC and CSU deferrals
- Borrowing \$5.7 billion from special funds
- Sweeping unused funds and reducing programs for one-time savings

Governor's January Proposal of the 2024-25 Budget Plan to Address the Deficit



- Includes \$5.7 billion to be withdrawn from the K-14 Public School Stabilization Account (AKA Rainy Day Fund)
 - Of this amount, the following is withdrawn for community colleges to fund ongoing SCFF obligations:
 - \$235.9 million for 2023-24 to meet current year obligations – State revenue deficits may still occur
 - \$486.2 million for 2024-25
- 2024-25 K-14 PSSSA Balance after withdrawals is \$3.8 billion

Impact of the May Revise (preliminary)



- Released May 13, 2024: ebudget.ca.gov
- Joint Analysis: www.cccco.edu/-/media/CCCCO-Website/docs/report/2024-joint-analysis-may-revision.pdf?la=en&hash=81F52839DE150AAE253106C57B9EA95AB6D7B45D

Impact of the May Revise



-
- COLA increases from 0.76% to 1.07%
 - Two-year focus identifying a two-year problem and two-year solutions
 - Preservation of core programs
 - Determination of what programs are not “core” ongoing
 - Expect more surveys and requests for information regarding unspent funds

Impact of the May Revise

-
- State shortfalls of
 - \$45 billion in 2024-25
 - \$28.4 billion in 2025-26
 - LAO projects \$78 billion in 2024-25
 - Persistent inflation and elevated interest rates could hamper economic recovery

Impact of the May Revise



-
- Early Action Plan enacted in April
 - Affected other areas including CSU (deferrals)
 - Gave broad authorization to Administration to freeze one-time funding from prior three years (sweep unused funds)
 - Continued use of shifts, borrowing, reductions, delays, and deferrals to address deficits
 - 7.95% reduction across all state agencies
 - Expected to be able to absorb through vacant position elimination with no layoffs

Impact of the May Revise

- Rainy Day Fund now completely used, all \$914 million, by 2024-25
 - \$532.5 million in 2023-24
 - \$381.5 million in 2024-25

Impact of the May Revise Reductions



- Learning Aligned Employment Program—Reduced \$485 million unspent balance
- Golden State Teacher Grant Program—Reduced \$60.2 million one-time funds leaving \$50 million one-time balance
- Middle Class Scholarship Program—Reduced \$510 million ongoing support leaving \$100 million ongoing
- California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program—Eliminated 2025-26 expansion of \$550 million that would have supported the California Preschool, Transitional Kindergarten, and Full-Day

Impact of the May Revise Expansions

- Retains \$60 million for expansion of nursing
- Pathways for Low Income Workers Demonstration Projection - \$5 million
- Common Cloud Data Platform Demonstration Projection - \$12 million
 - Coast CCD is Fiscal Agent
- Mapping Articulated Pathways for Credit for Prior Learning - \$6 million
- Expand e-Transcript California - \$12 million

Unrestricted General Fund

Multi-Year Projections Adjusted for the FSP



| | 2021/22 Audited Actuals | 2022/23 Audited Actuals | 2023/24 311Q - Q3 | 2024/25 Projection May Revise | 2025/26 Projection | 2026/27 Projection | 2027/28 Projection |
|---|-------------------------------|-------------------------------|----------------------|-------------------------------------|-----------------------|-----------------------|-----------------------|
| COLA | 5.07% | 6.56% | 8.22% | 1.07% | 2.93% | 3.08% | 3.30% |
| Beginning Balance | 35,775,828 | 44,914,000 | 59,337,450 | 67,337,682 | 63,613,179 | 57,683,962 | 44,533,583 |
| Audit Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue | | | | | | | |
| Adjusted SCFF TCR (Max A, B, or C) | \$205,358,089 | \$223,431,430 | \$241,797,494 | \$238,617,182 | \$238,617,182 | \$241,753,442 | \$250,889,761 |
| Deficit Factor 0.5% | \$0 | (\$2,234,314) | (\$1,208,987) | (\$1,193,086) | (\$1,193,086) | (\$1,208,767) | (\$1,254,449) |
| Other State Revenue | \$19,445,048 | \$20,557,399 | \$18,513,777 | \$18,322,824 | \$18,379,690 | \$18,441,219 | \$18,509,174 |
| Local Revenue | \$5,312,220 | \$4,490,060 | \$6,298,060 | \$4,930,400 | \$4,985,000 | \$4,985,000 | \$4,985,000 |
| Local Dedicated Revenue | \$15,789,611 | \$21,693,099 | \$20,688,155 | \$19,915,231 | \$19,915,231 | \$19,915,231 | \$19,915,231 |
| Actual Revenue | \$245,904,968 | \$267,937,674 | \$286,088,499 | \$280,592,551 | \$280,704,017 | \$283,886,126 | \$293,044,717 |
| Expenses | \$236,766,796 | \$253,514,224 | \$278,088,267 | \$284,317,054 | \$286,633,234 | \$297,036,505 | \$308,682,330 |
| Salaries & Benefits as a % of Total Expenses & Other Outgo | 90.00% | 90.02% | 89.20% | 89.81% | 90.06% | 90.31% | 90.64% |
| Surplus / (Deficit) | \$9,138,172 | \$14,423,450 | \$8,000,232 | (\$3,724,503) | (\$5,929,217) | (\$13,150,379) | (\$15,637,614) |
| Ending Balance | 44,913,999 | 59,337,450 | 67,337,682 | 63,613,179 | 57,683,962 | 44,533,583 | 28,895,969 |
| Board Reserve Requirement | 10.00% | 16.67% | 16.67% | 16.67% | 16.67% | 16.67% | 16.67% |
| Ending Balance as a % of Total Expenses less Other Outgo | 19.19% | 23.64% | 24.58% | 22.55% | 20.15% | 15.01% | 9.37% |

Note: The "Funding Floor" replaces the "Hold Harmless in 2025-26 and does not increase by the COLA. As a result, SCFF revenue for 2025-26 does not increase by the COLA

Adopted Budget Multi-Year Projection

| | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|-------|
| Ending Balance as a % of Total Expenses less Other Outgo | 19.19% | 23.64% | 21.89% | 19.22% | 16.17% | 10.50% | 4.38% |
|--|--------|--------|--------|--------|--------|--------|-------|

Next Steps

- 2024-25 Tentative Budget and Multi-year Projections are being finalized
- Will reflect continued implementation of the Fiscal Stability Plan
- Presented to the Board on June 18, 2024

Questions?



May 14, 2024

Board of Trustees
Coast Community College District
Costa Mesa, California

This letter is provided in connection with our engagement to audit the financial statements and to audit compliance over major federal award programs of Coast Community College District (the District) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit, the compliance audit, and the planned scope and timing of our audits, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and in accordance with state or regulatory audit requirements for the purpose of forming and expressing opinions on the financial statements and on major federal award program compliance. Our audits do not relieve you or management of your respective responsibilities.

Our responsibility as it relates to the schedule of expenditures of federal awards is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether it is presented fairly in all material respects in relation to the financial statements as a whole.

Our responsibility relating to other information, whether financial or nonfinancial information (other than financial statements and the auditor's report thereon), included in the District's financial statements includes only the information identified in our report. We have no responsibility for determining whether the other additional information (Schedule of Financial Trends and Analysis – General Fund, Largest Local Secured Taxpayers, Schedule of Budgetary Comparison for the General Fund) is properly stated.

Planned Scope of the Audit

Our audits will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit procedures will also include determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or material noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance.

Our audits will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, the risk of material noncompliance in the major federal award programs, and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views related to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the District may have the ability to override controls that the organization has implemented. Management may override the District's controls in order to modify the financial records with the intent of manipulating the consolidated financial statements to overstate the District's financial performance or with the intent of concealing fraudulent transactions.

Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the District to overstate revenues.

Significant Estimates related to Pensions and Other Postemployment Benefits - Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. Estimates related to pensions and other postemployment benefits involve significant assumptions, including contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates, which affect the determination of the final balances reported.

The financial statements include the financial statements of the following entities:

- Coast Community College District Foundation
- Coastline Community College Foundation
- Golden West College Foundation
- Orange Coast College Foundation
- Coast Community College District Enterprise Corporation

These entities are discretely presented component units of the District, which we consider to be significant components of the financial statements. Consistent with the audit of the financial statements as a whole, our audit will include obtaining an understanding of the above listed entities and their environments, including internal control, sufficient to assess the risks of material misstatement of the financial statements of the above listed entities and to design the nature, timing, and extent of further audit procedures.

We expect to begin our audit in May 2024 and issue our report thereafter.

This information is intended solely for the information and use of Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California



May 14, 2024

Board of Directors
Coast Community College District Enterprise Corporation
Costa Mesa, California

This letter is provided in connection with our engagement to audit the financial statements of Coast Community College District Enterprise Corporation (the Corporation) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) for the purpose of forming and expressing an opinion on the financial statements. Our audit does not relieve you or management of your respective responsibilities.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Corporation may have the ability to override controls that the organization has implemented. Management may override the Corporation’s controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the Corporation’s financial performance or with the intent of concealing fraudulent transactions.

Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the Corporation to overstate revenues.

We expect to begin our audit in May 2024 and issue our report thereafter.

This information is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California



May 14, 2024

Board of Trustees
Coast Community College District
Costa Mesa, California

This letter is provided in connection with our engagement to audit the financial statements and to conduct a performance audit of the General Obligation Bond Fund (Measure M) of Coast Community College District (the District) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit, the performance audit, and the planned scope and timing of our audits, including significant risks we have identified.

Our Responsibilities

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* of the Comptroller General of the United States of America, for the purpose of forming and expressing an opinion on the financial statements and to meet the Proposition 39 requirement for the Measure M bond proceeds to ensure compliance with Section 1 of Article XIII A of the California Constitution. Our audits do not relieve you or management of your respective responsibilities.

Planned Scope of the Audit

Our audits will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit procedures will also include tests to determine that the Proposition 39 Bond proceeds are expended in accordance with the requirements set forth under Section 1 of Article XIII A of the California Constitution.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or material noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America.

Our audits will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;

- Our views related to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the District may have the ability to override controls that the organization has implemented. Management may override the District's controls in order to modify the financial records with the intent of manipulating the consolidated financial statements to overstate the District's financial performance or with the intent of concealing fraudulent transactions.

Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the District to overstate revenues.

We expect to begin our audit in May 2024 and issue our report thereafter.

This information is intended solely for the information and use of Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California



May 14, 2024

Board of Directors
Coast Community College District Foundation
Costa Mesa, California

This letter is provided in connection with our engagement to audit the financial statements of Coast Community College District Foundation (the Foundation) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) for the purpose of forming and expressing an opinion on the financial statements. Our audit does not relieve you or management of your respective responsibilities.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

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- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

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Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Foundation may have the ability to override controls that the organization has implemented. Management may override the Foundation’s controls in order to modify the financial records with the intent of manipulating the consolidated financial statements to overstate the Foundation’s financial performance or with the intent of concealing fraudulent transactions.

Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the Foundation to overstate revenues.

Net Asset Classification – We identified the classification of net assets as a significant risk due to the risk of potential misclassification of restricted donations for purposes of benefiting the Foundation’s operations.

We expect to begin our audit in May 2024 and issue our report thereafter.

This information is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California



May 14, 2024

Board of Directors
Coastline Community College Foundation
Fountain Valley, California

This letter is provided in connection with our engagement to audit the financial statements of Coastline Community College Foundation (the Foundation) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) for the purpose of forming and expressing an opinion on the financial statements. Our audit does not relieve you or management of your respective responsibilities.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views relating to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Foundation may have the ability to override controls that the organization has implemented. Management may override the Foundation’s controls in order to modify the financial records with the intent of manipulating the consolidated financial statements to overstate the Foundation’s financial performance or with the intent of concealing fraudulent transactions.

Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the Foundation to overstate revenues.

Net Asset Classification – We identified the classification of net assets as a significant risk due to the risk of potential misclassification of restricted donations for purposes of benefiting the Foundation’s operations.

We expect to begin our audit in May 2024 and issue our report thereafter.

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Rancho Cucamonga, California



May 14, 2024

Board of Directors
Golden West College Foundation
Huntington Beach, California

This letter is provided in connection with our engagement to audit the financial statements of Golden West College Foundation (the Foundation) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) for the purpose of forming and expressing an opinion on the financial statements. Our audit does not relieve you or management of your respective responsibilities.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit any material weaknesses or significant deficiencies identified. We will also communicate to you:

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- Disagreements with management, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Foundation may have the ability to override controls that the organization has implemented. Management may override the Foundation’s controls in order to modify the financial records with the intent of manipulating the consolidated financial statements to overstate the Foundation’s financial performance or with the intent of concealing fraudulent transactions.

Revenue Recognition – We identified revenue recognition as a significant risk due to financial and operational incentives for the Foundation to overstate revenues.

Net Asset Classification – We identified the classification of net assets as a significant risk due to the risk of potential misclassification of restricted donations for purposes of benefiting the Foundation’s operations.

We expect to begin our audit in May 2024 and issue our report thereafter.

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Rancho Cucamonga, California



May 14, 2024

Board of Directors
Orange Coast College Foundation
Costa Mesa, California

This letter is provided in connection with our engagement to audit the financial statements of Orange Coast College Foundation (the Foundation) as of and for the year ended June 30, 2024. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit, including significant risks we have identified.

As stated in our engagement letter dated May 14, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) for the purpose of forming and expressing an opinion on the financial statements. Our audit does not relieve you or management of your respective responsibilities.

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

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- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

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Net Asset Classification – We identified the classification of net assets as a significant risk due to the risk of potential misclassification of restricted donations for purposes of benefiting the Foundation’s operations.

We expect to begin our audit in May 2024 and issue our report thereafter.

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Rancho Cucamonga, California