



MATSON
& ISOM

REDWOODS COMMUNITY
COLLEGE DISTRICT

Eureka, California

MANAGEMENT
COMMENT LETTER

June 30, 2014



MATSON
& ISOM

To the Board of Trustees
Redwoods Community College District
Eureka, California

In planning and performing our audit of the basic financial statements of Redwoods Community College District (the District) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated December 30, 2014, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2014-A – CENSUS ROSTER TIMELINESS

Condition

During our audit of the prior year, we noted multiple occurrences where census rosters were not received from professors by the date requested. The result was backdated drops of students. We also noted situations where professors did not add students on to the census roster based on class attendance.

Recommendation

We recommended that the District reinforce the importance of accurate census roster preparation to the professors of the District. As it is the responsibility of the professors to keep accurate records of student attendance.

2014-B –UNDERCLAIMING FTES

Condition

During our audit of the current year, we noted three courses where the District underreported FTES due to overscheduling of courses in order to meet the amount of approved contact hours on the course outline. We also noted during discussion with the client that this happens frequently, where they manually reduce the contact hours to be claimed based on the approved course outline.

Recommendation

We recommend that the District follow the Chancellor’s Office guidance and claim contact hours based upon reasonable variances caused by legitimate scheduling considerations.

FOLLOW UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2013-A –RECONCILIATIONS

Condition

During our audit of the prior year, we noted the District’s Business Office was 11 months behind on reconciling the North Valley Bank Clearing Account. The Business Office was ultimately able to reconcile the amount of cash in North Valley Bank Clearing Account, per the Bank’s records, with the amounts recorded in the District’s general ledger at June 30, 2013; however, included in their reconciliation were approximately \$44,613 of unidentified transactions.

Recommendation

We recommended that the District review their staffing needs and allocation of workloads within the Business Office to ensure that the reconciliations of cash occur “more timely” and that all differences between the Bank and District’s records be identified to determine if the difference is an error or simply a timing difference.

Current Status

Implemented

2013-B –CENSUS ROSTER TIMELINESS

Condition

During our audit of the prior year, we noted multiple occurrences where census rosters were not received from professors by the date requested. The result was backdated drops of students. We also noted situations where professors did not add students on to the census roster based on class attendance.

Recommendation

We recommended that the District reinforce the importance of accurate census roster preparation to the professors of the District. As it is the responsibility of the professors to keep accurate records of student attendance.

Current Status

See current year finding 2014-A

This communication is intended solely for the information and use of the audit committee, Board of Trustees, management, federal awarding agencies, Chancellor's Office, the California Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Matson and Isom

December 30, 2014
Redding, California