

ROY COOPER
Governor

ANTHONY M. COPELAND
Secretary

WILL COLLINS
Assistant Secretary



May 2, 2017

James C. Williamson, Ph.D.
President
NC Community Colleges
200 West Jones Street
Raleigh, NC 27603

Dear Dr. Williamson:

On February 22-23, 2017, Mr. Thomas Pulickal conducted a financial review of the North Carolina Community College System's Workforce Innovation and Opportunity Act (WIOA) for PY 2016. Emphasis was placed on administrative and financial systems for the management of these grant funds.

Based on these reviews, systems are in place to adequately administer this program. A detailed summary of the entrance and exit conference has been sent to Ms. Margaret Robertson. The final determination of compliance with federal, state, and local rules and regulations will be established in the audit of program year 2016 activities.

We appreciate the cooperation and assistance during their visit. If you have questions regarding this report, please contact Mr. Pulickal at 919-814-0431.

Sincerely,

A handwritten signature in blue ink that reads "Beth M. Coberly". The signature is written in a cursive style.

Beth M. Coberly, Director
Performance and Accountability

BMC/lz

cc: Ms. Margaret Robertson, Associate VP, Continuing Education – NC Community Colleges
Ms. Cindy Mixter, Grants Administrator – NC Community Colleges

**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
PROGRAM YEAR 2016 FINANCIAL OVERSIGHT SUMMARY REPORT
February 22-23, 2017**

Entrance Conference: February 22, 2017

Attendants: Ms. Teretha Bell, Special Project Coordinator
Ms. Rondra McMillan, Grants Accountant
Mr. Thomas Pulickal, DWS Field Services Financial Representative

Discussion: During the entrance interview, the DWS Representative explained the purpose and procedures for the fiscal oversight and monitoring of the WIOA grants. The purpose of the review is to ascertain that policies and procedures are in place to ensure that North Carolina Community College System (NCCCS) is administering the grants received from North Carolina Division of Workforce Solutions (NCDWS) in accordance with the administrative and financial management requirements as set forth in the OMB Circulars and federal and state regulations for the PY 2016. The DWS Representative explained that this information would be ascertained from the examination of documents, reports, records, direct observation and discussion with key personnel.

Exit Conference: February 23, 2017

Attendants: Ms. Teretha Bell, Special Project Coordinator
Ms. Rondra McMillan, Grants Accountant
Mr. Thomas Pulickal, DWS Field Services Financial Representative

Discussion: The DWS representative expressed gratitude to the North Carolina Community College System staff for their hospitality during the oversight visit. Overall, NCCCS has proper systems in place to administer the WIOA grants. The agency's financial and administrative systems are comprehensive with processes that appeared to be well executed. We encouraged the staff to continue the solid support that they provide to the workforce community through the NC Community College System. As the grant is scheduled for closing by June 30, 2017, NCCCS is expecting to expend 100% of the funds in time.

Mr. Thomas Pulickal, DWS Field Services Financial Representative

The financial and administrative oversight and review was conducted in accordance with the Uniform Administrative Requirements and Financial Management Standards contained in 29 CFR Part 95, Part 97; Office of Management and Budget Uniform Circular and 20 CFR 667.200. We randomly selected transactions representing payroll, travel, supplies, and materials. Overall, North Carolina Community College System is in compliance with applicable Workforce Investment and Opportunity Act regulations and there is a system in place to maintain and administer grants received from NCDWS.

Desk Review**A. Plan/Application**

A review of the current grant agreement between NCCCS and DWS was performed to determine our scope of review and to make sure our on-site visit was well organized and timely. The agency was granted an amount of \$1,894,144.00 during the PY 2014 to operate the Job Driven Initiative NEG program.

B. Performance

Audits for NCCCS are performed every other year. The audit for the year ended June 30, 2016 revealed no findings or questioned costs relating to the WIOA grants. We reviewed the WISE management reports as well as the latest quarterly report from NCCCS to determine the expenditure levels. The following is a snapshot of the WISE reports as of February 22, 2017:

<i>Fund</i>	<i>PY Allocation</i>	<i>Expenditure \$</i>	<i>% Expended</i>	<i>Balance \$</i>
2014 - 3010	\$120,000	\$120,000	100%	0
2014 - 3030	\$1,774,144	\$1,491,280	84%	\$282,864

Financial and Administrative Systems**A. Accounting**

The NCCCS financial transactions are recorded in one accounting system called North Carolina Accounting System (NCAS). This financial system is used to serve North Carolina agencies, employees, and the public. Their accounting records are kept on a modified accrual basis with journal entries periodically reviewed and approved. January 2017 is the most recent month that accounting records were available for review. We selected transactions and reports from July 1, 2016 through January 31, 2017 for our review.

B. Bookkeeping

The NCCCS staff is in compliance with record retention requirements. Overall, they maintain complete documentation of financial transactions, including obligating actions, expenditures, cash receipts, and disbursements.

C. Budgeting

The NCCCS's current year budget was approved by the authorized official prior to accumulating costs in the accounting system. According to the NCCCS's finance staff, programs are monitored monthly to compare budgeted and actual costs. This process allows the staff to make sure spending is occurring according to projections and that large variances are not an issue.

D. Financial Management

The NCCCS staff maintains the following financial records: general ledger, cash receipts journal, and a cash disbursement journal. These records are sufficient to prepare reports and trace funds with all awarding entities. They are submitting accurate and timely monthly reports.

E. Cash Management

The NCCCS staff follows cash management procedures described in N.C.G.S. 147-86.10. The bank statements and the books of accounts are reconciled monthly. Overall, the NCCCS staff is in compliance with the requirement to avoid excess cash on hand.

F. Petty Cash

WIOA programs do not have a petty cash account. Therefore, this section is not applicable for our current review.

G. Disbursements

Controls are in place to ensure that checks or other forms of disbursements are properly issued and recorded in NCAS. The Community College System has several levels of review, including the staff under the Workforce Initiative Program. The sub-recipients, contractors and vendors can elect to receive electronic transfers by applying to the NC State Controller. We have also reviewed a sample of JDI participants for their eligibility/registration in the NCWorks Online, which were all intact.

H. Contractor/Subcontractor Controls

The NC Community College System did not have any direct contractors for the Program Year 2016. Instead, the System is working in partnership with two regional areas comprised of six local workforce boards and twelve community colleges for the operation of the NC Job Driven Initiative program. The grant funds were allocated to these community colleges for the operation of the program. The colleges work in collaboration with their respective local workforce boards, and submit periodic financial and programmatic reports to the NC Community College

System. The NCCCS oversees program through frequent site visits, conferences, and reports from the Colleges.

I. Financial Reporting

The NCCCS staff provides instructions to contractors/sub-recipients as required by DWS to ensure timely reporting. Since the reported data is traceable to the NCCCS's general ledger, there were no concerns or recommendations in this area.

J. Program Income

NCCCS did not earn any program income under WIOA Title I grants for PY 2016. Therefore, this section does not apply for our current review.

K. Monitoring

The Workforce Initiative staff provides ongoing monitoring. The Job Driven Initiative program is monitored by the technical staff monthly and reports are submitted on a quarterly basis.

L. Procurement

NCCCS complies with the state's procurement policies and procedures in contract selection. For purchasing of all supplies, equipment, materials and management of property, they are governed by the State of North Carolina General Statute 115D-58.5(B).

M. Audits

All sub-recipients/contractors are subject to the performance of annual organizational wide audits (single audits). It appears that there were no audit findings or questioned costs which impact the Division of Workforce Solutions funded operations.

N. Cost Procedures

NCCCS has an approved indirect cost allocation plan. The Director of Workforce Initiatives is responsible for ensuring that WIOA costs are allowable. All costs are determined allowable before payment or any kind of disbursement is made.

Additional Comments

The NCCCS staff were very cooperative and supportive throughout our review, especially for the collection of participant details from various community colleges for the JD NEG program.