Los Angeles Regional Adult Education Consortium Member District Monitoring Procedures

The LARAEC monitoring procedures were reviewed and updated in the fall of 2023. All member-districts and LARAEC staff were on the committee that reviewed and updated the Monitoring Procedures to address recommendations and clarifications requested by member-districts and the external auditing firm. The final draft was approved by the LARAEC Executive Board October 18, 2023. At the November 15, 2023 Board meeting it was determined that the next implementation of the monitoring procedures will commence in summer 2024.

The revised LARAEC Monitoring Approved by the LARAEC Executive Board October 18, 2023
Revisions approved by LARAEC Executive Board February 21, 2025

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SECTION 1 – Consortium Administrative Function

In alignment with the California Adult Education - Adult Education Program Fiscal Management Guide, Version 3 release (last updated March 20, 2023) LARAEC's monitoring procedures in part will consist of the following:

Assessment and Evaluation

1. Assessment of the member's ability to meet the CAEP requirements.
2. Review general assurances (basic member requirements) signed off by each member as part of the annual plan process.
3. Review bylaws, charters, and governance for additional member requirements.
4. Verify that CAEP funds are expended within the 7 CAEP program areas
5. Review consortium expenditures for alignment with the objectives of the consortium's three year and annual plans as approved by the LARAEC Board
6. Review governance and collaboration through participation in consortium meetings and decisions, completing and updating the three year and annual plans and reporting of data to establish member effectiveness
7. Review reported student level enrollment data and outcomes (member effectiveness)
8. Evaluation of current levels and types of services (program analysis)
9. Funds provided to member districts are cost effective

Each consortium must determine what structure they will use to manage their CAEP funding and program activities. Using the CAEP program guidance, consortia can use multiple leads (co-chairs), a coordinate, point person, lead, and/or director. This decision is made by the consortia membership. Advice on how to reimburse for the consortium related activities for this position can be in consultation with the consortium fund administrator and/or district accounting representatives. Consortium level budgets and expenses must be agreed to by the consortium membership.

SECTION 2 – Program Allowable Costs and Activities

In accordance with the CAEP Fiscal Management Guide, program allowable costs/activities are summarized below:

Allowable Costs

a. Allowable Uses of Funds – Specific Program Areas Only

Per *EC* Section 84913, funds may only be used in the **seven program areas**:

Program Areas

1. Elementary and secondary basic skills, including classes required for a high school diploma or high school equivalency certificate;
2. Programs for immigrants eligible for educational services in citizenship, English as a second language, and workforce preparation;
3. Programs for adults, including older adults, for entry or reentry into the workforce;
4. Programs for adults, including older adults, to develop knowledge and skills to assist elementary and secondary school children to succeed academically;
5. Programs for adults with disabilities;
6. Short term career technical educational programs with high employment potential;
7. Programs offering pre-apprenticeship training, in coordination with apprenticeship program(s), as specified.

b. General Criteria to Expend AB104 Adult Education Program funds

In order to expend program funds, the following **general criteria** must be followed:

General Criteria

1. The entity (community college district, county office, JPA and K-12 district) must be a member of a regional consortium.
2. The member district must be located within the regional boundaries of the consortia as determined by the Chancellor and the Superintendent, with the advice of the executive director.
3. Each regional consortium must have an approved adult education plan (the annual plan template) that addresses the fiscal year in which the funds will be expended.
4. Funds may only be expended within the **seven program areas** as prescribed in the CAEP education code (Section 84913).
5. Each regional consortium must have an approved 3-year consortia plan that includes any amendments.
6. **Expenditure of CAEP Funds must align with the annual plan as approved by the regional consortium for that specific year.**
7. All members shall participate in expenditure decisions made by the consortium. Consortia and members must follow public meeting requirements as listed in the legislative requirements.

c. Expenditure must be *reasonable and justifiable*

All CAEP expenditures must be ***reasonable and justifiable***. "Reasonable" means that expenditures will be made prudently and with every effort to utilize funds efficiently. "Justifiable" means that expenditures are consistent with CAEP program goals and activities related to the seven program areas as identified in the CAEP Program budget language.

d. Allowable Costs - Must Meet Three Primary Criteria

1. Substantiate that the cost was necessary and reasonable for proper and effective administration of the allocations.
2. The cost must be allocable to the funding source activities.
3. The cost must not be a general expense required to carry out the consortia member's overall responsibilities (i.e. not supplanting).

In addition, the costs must be approved within the 3-year consortia plan and the annual plan template of the regional consortia as agreed upon by its membership. Otherwise, they are not allowable within that year. In addition, the State has the discretion to impose special conditions.

e. Allowable Costs – Other Types of Costs

1. Travel
    a. Only travel necessary for the project is allowed. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business for the grant. Such costs will be based on the fiscal agent's per diem rates. Travel costs shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the member district in its regular operations as the result of the member district's written travel policy.
    b. Out of state travel: The Consortium is required to approve a member district's out of state travel request. This can be accomplished through the submission and certification of the annual program budget and workplan to the State via NOVA (state reporting system), or can be placed on the agenda for approval at a public meeting. Refer to Section 4 for further discussion of member-district reporting.
    c. Out of country travel is not allowable.
2. Capital outlay
    a. All capital outlay expenditures (including building improvements, rental space, leases, construction, etc.) will be closely scrutinized.
    b. Member districts must adhere to all state and local policies and procedures related to capital outlay. This includes the member district's facilities approval and procurement processes, and notification of the State agency's facilities department.
    c. All capital outlay expenditures (including building improvements, rental space, leases, construction, etc.) must be submitted by the member district ***in advance*** to the Consortium Board for approval. Once the Consortium's Board has reviewed,

approved, and established that the expenditures are aligned with the Consortium's 3-year plan, the Consortium must notify the CAEP Office (send an informational email) to inform them of the proposed expenditures. The CAEP Office reserves the right to ask questions regarding any purchase and can prohibit any activity that it deems not meeting the reasonable and justifiable criteria.

d. At the beginning of each year, member districts must confirm with the Consortium the amount of capital outlay budget to be carried over. The carry-over can only be used for projects that have been approved by the Board. Any new capital outlay project/expenditures must be submitted for Consortium Board approval, as noted above.
e. The capital outlay budget should be equal to the beginning balance or carry-over plus the approved amount for the current fiscal year.

3. Indirect costs: Under EC 84913,
    a. K-12 districts - may use their CDE approved indirect cost rate for any CAEP/CAEP apportioned funding or 5%, whichever is less.
    b. Community College Districts – may use up to either their approved indirect cost rate as directed in Code of Federal Regulations (CFR) 200.414 up to the development *minimus* amount as allowed in the CFR or 5%, whichever is less.
    c. See **Exhibit 7** for indirect cost reasonableness recalculation to be used in the member-district's report preparation process.

f. Recording CAEP Activity in Member Financial Systems

In accordance with CAEP Fiscal Management Guide, program funds received by a participating school district are to be deposited in a <u>separate fund</u> of the school district to be known as the Adult Education Fund and would require moneys in the Adult Education Fund to be expended only for adult education purposes.

<u>K-12 and COEs</u>

1. K-12 and COEs must adhere to the following reporting requirements:
    a. All Adult Education Program revenue should be recorded in **Fund 11,** Adult Education Fund, using Resource 6391, Adult Education Program. Fund 11 is the only fund valid in combination with Resource 6391.
    b. LEAs that continue to formally commit LCFF revenue to the purposes of adult education should use Object 8091, LCFF Revenue Transfers, to transfer the committed LCFF revenue from their general fund to Fund 11.
    c. There are no statutory provisions preventing an LEA from carrying over funds, however, a consortium may change the amount of adult education funds available in future years based on actual prior fiscal year spending.
    d. LEAs will use the same resource code for MOE and non-MOE funding
2. K-12 and COE (LEAs) that receive CAEP funding <u>directly from the state</u>
    a. Use Resource 6391, Adult Education Program, and Object 8590, All Other State Revenue

Community College Districts

The treatment of funds received as the fiscal agent for disbursement to other participants is different than for funds received by the district for the direct costs of providing adult education services, as outlined below:

1. Community College Districts must adhere to the following reporting requirements:
   a. Fiscal Agent: Fiscal Agent Funds received from the State under a fiscal agent agreement that are then disbursed within 45 days to other adult education providers should be recorded in the restricted General Fund as 8900 "Other Financing Sources" using revenue object code 8970 "Fiscal Agent Pass Though". Disbursements should be coded to "Other Outgo-Other Transfers" using expenditure object code 7400 "Other Transfers", excluding indirect cost recovery

   b. Participant/Provider: If a portion of the funds received as a fiscal agent are for the district's own adult education program, then those funds should be recorded initially as described above. A transfer (other outgo) will be recorded to the fiscal agent funds for the district's share. The district will recognize its share of the funds in the restricted General Fund using revenue object code 8620 "General Categorical Programs". Expenditures should be recorded in expenditure object codes 1000-6000 as appropriate. Likewise, if the district is not the fiscal agent and is receiving CAEP funds, those funds should be recorded to the restricted General Fund using revenue object code 8620 "General Categorical Programs" and expenditure object codes 1000- 6000 as appropriate.

SECTION 3 – Member Effectiveness

In accordance with the CAEP Fiscal Management Guide, member effectiveness must be determined based upon the following criteria:

1. Each member must participate in completing and updating the Annual Plan Template.
2. CAEP member funds must be expended within the seven program areas, and services provided must be consistent with the plan.
3. Each member must participate in completing and updating the 3-year Consortium Plan, including any amendments
4. Member expenditures of CAEP funds must align with the objectives of the consortium's annual plan as approved by the regional consortium board. Members participate in consortium/public meetings.
5. Members participate in consortium final decisions.
6. Members report student level enrollment data and outcomes for quarterly and final reporting (*Student Data* and *Employment & Earnings* Survey submissions through TopsEnterprise and MIS)
7. Members must share information on programs offered, and the resources being used to support the programs (Three-year consortium plan and the annual *Program Area Report*)
8. Members provide services that address the needs identified in the consortium three-year and annual plans.
9. Members file financial expenditure and progress reports with the consortium and input financial data in the state reporting NOVA system (*Member Progress and Expense Reports*, *Budget and Workplan*, budget amendments, and *FIFO & Closeout Reports*).

SECTION 4 – Reporting – Consortium and Member Districts

In accordance with the CAEP Fiscal Management Guide, the following reports must be submitted to the State via NOVA (state reporting system) with signed Chief Business Officer copy sent to the LARAEC office:

	Report	Submitted to NOVA by	CBO signed copy
1.	Consortium Fiscal Administrative Declaration (CFAD)	Consortium	
2.	Consortium 3 – Year Plan	Consortium	
3.	Consortium Annual Plan	Consortium	
4.	Budget and Workplan	Member-district	Yes
5.	Budget Adjustments	Member-district	
6.	Progress & Expense Reporting	Member-district	Yes
7.	Funding Allocation Amendments (between member-districts)	Member-district	
8.	FIFO and Close-out Reports (part of Q2)	Member-district	Yes
9.	Employment and Earnings Follow Up Surveys	Member-district	
10.	Quarterly Student Data Reporting	Member district	
11.	Quarterly CAEP Data Integrity Reporting	Member district	
12.	Program Area Report	Member district	Yes

Refer to the CAEP Fiscal Management Guide for further discussion of these reports and the related reporting timelines.

Member-District Quarterly Program and Expense Reporting:
Every quarter, consortium members must submit their year-to-date expenditure reports to the State via NOVA. NOVA expenditure reports are year to date (cumulative) and expenses cannot be less than what was reported in the previous quarter. Once the member district's report is submitted in NOVA, the consortium must review, approve, and certify.

SECTION 5 – Program Performance Analysis and Effectiveness

Program analysis is conducted on a regular basis throughout the three-year planning cycle as defined by CAEP and LARAEC. This analysis is performed by both the consortium and individual member-districts. Analysis includes, but is not limited the following documents:

Three-Year Plan

All member-districts, stakeholders and LARAEC staff participate in program analysis by competing a three-year plan and submitting it through NOVA. The three-year planning cycle includes:

- An analysis of regional education and workforce data
- An analysis of regional demographics
- Needs assessment for adult education students and the regional population, including barriers.
- Assessment of current levels and types of services
- Define consortium's strategies and activities that address education needs, improve integration of services, and improve the effectiveness of services.

Annual Plan

Member-districts and LARAEC staff participate in program analysis by competing an annual plan. This annual plan aligns with the current three-year plan but provides added details on key accomplishments, progress, and strategies and activities that will be implemented during the upcoming year. The annual plan includes input from member-districts, consortium action planning teams, annual faculty survey, student surveys and focus groups (as scheduled), and consortium leadership. The annual planning process allows the consortium to evaluate current progress, adjust to any eventualities or significant developments, and create a path forward.

Effectiveness Report and Analysis

As part of the limited and full scope reviews, LARAEC has developed the Effectiveness Report and Analysis Report as an additional tool to review member-district and overall consortium effectiveness (refer to Exhibit 6). ~~Semi-~~annually, LARAEC staff will obtain the required data from member-districts to complete and distribute the template. Member-districts can review their district data and complete the effectiveness report analysis questions. Member-district may also attach other documents or data that provide a wider picture of the member-district effectiveness. The effectiveness report analysis will be included in the limited and full scope review monitoring report.

Program Performance Analysis Report

As part of the limited and full scope reviews, LARAEC has developed the Program Performance Analysis Report to assess member-district progress on selected annual plan activities. This report also includes an opportunity to document progress on district goals that support the seven CAEP program areas as well as any significant developments in the district that may have impacted adult education program progress.

Cost Effectiveness

In alignment with the CAEP Fiscal Management Guide (2023) and consortia administrative oversight responsibilities, protocols and processes for analyzing member-district cost-effectiveness in utilizing CAEP funds will be developed by LARAEC staff and member-districts. In pre-planning for the year 2 review, starting with the 2026-2027 SY, LARAEC will document the process related to cost effectiveness.

SECTION 6 – Consortium Oversight and Monitoring Procedures

Site Visits and Desk Review Procedures

LARAEC will conduct periodic site visits and desk reviews to review a member district's overall implementation of the program, adherence to program guidelines, and achievement of program goals and objectives. Site visits and desk compliance reviews are used to assess a member district's fiscal and administrative compliance with laws, regulations, and program guidelines. These procedures are performed via field (on-site) or desk reviews (offsite), **either Limited or Full** in scope.

LARAEC will utilize the *Pre-review Tasks List* (Exhibit 1.1) to plan for upcoming reviews. Monitoring reviews will be discussed each year during the Point Person and staff annual retreat each July. Monitoring and oversight can be performed by LARAEC in the following two ways:

A. Limited Scope Desk Review (offsite)

Definition: A remote review and analysis of financial and programmatic information, either together or separately, by LARAEC staff and member-districts. Financial and programmatic data is reviewed by member-districts and LARAEC staff in their office and may consist of communication by e-mail, mail, and teleconference.

A **Limited Scope** review allows the member districts to make certain assertions and analysis regarding various aspects of their program operations. These reviews may consist of, but are not limited to, the following:

- Member-districts complete an analysis of their program through the *Program Compliance Questionnaire* and the *Program Performance Analysis Document*. These will be submitted to the LARAEC office. LARAEC will review these completed documents and follow-up, if required;
- *Effectiveness Report* and analysis completed by the member-districts
- Member-districts complete (if applicable) a corrective action update
- Verify capital outlay purchases and out-of-state travel utilizing CAEP funds were pre-approved by the LARAEC Executive Board (Use Exhibit 9)

LARAEC staff will review consortium records and member-district limited scope submissions to verify all sections of the *Monitoring Checklist* (Exhibit 2). A summary of the limited scope review with recommendations (if applicable) will be created by LARAEC Staff in conjunction with member district point persons. This summary is outlined under Monitoring Review Report later in this section with a template provide as Exhibit 5).

B. Full Scope Review and Site Visit (onsite)

The objective of a full review is: (1) to verify program expenditures are allowable and allocable to the program and have been allocated properly to the appropriate cost category during the performance period; (2) verify expenditures are supported with the appropriate documentation; (3) Verify that CAEP funds were expended in compliance with CAEP and LARAEC policies and procedures; (4) verify enrollment and attendance reports submitted to CAEP are supported with the appropriate documentation; and (5) verify member-district effectiveness in meeting CAEP and consortium program requirements.

A **Full Scope** review may include the following:

- Review of the member district's expenditures and progress reports
- Compliance testing of expenditures for program allowability in accordance with the CAEP Fiscal Management Guide. This entails selecting a sample expenditure transactions (both payroll and non-payroll expenditures).
- Verification of items included in the *Program Compliance Questionnaire* (Exhibit 1.2)
- Follow-up procedures on current status of corrective action updates for any identified recommendations listed in the previous monitoring review report (refer to **Exhibit 5**).

Review Schedule

- LARAEC will use a scheduled approach tied to the three- year planning cycle in selecting member districts for review.
- All districts will participate in a full scope once every three years. Unless otherwise determined by the LARAEC board, this full scope review will take place in the second year of the three-year plan implementation. It should be conducted in the Fall to Spring to ensure it does not conflict with school opening and closing.
- LARAEC will conduct limited scope reviews in years one and three of the three-year plan cycle.

1) Compliance Testing of Expenditures

The objective of full scope compliance testing is to determine that the expenditures are appropriately documented and that the activities aligned with LARAEC's goals and objectives and meet the criteria for program allowability per the CAEP Fiscal Management Guide (refer to Section 2: Program Allowable Costs and Activities). If the activities involved using consultants or contractors, determine if the Member District followed the appropriate procurement policies.

For payroll-related expenditures (salaries and benefits), this includes determining that control procedures are utilized to ensure that programs are allocated the correct expense amount based on the benefits received.

For any capital outlay expenditures, this includes determining that the expenditures are supported by invoices. Additionally, verify that the capital outlay expenditures were approved in advance by the Consortium, as required.

2) Compliance Testing Procedures:

Refer to **Exhibit 3** for detailed *Full Scope Compliance Testing Procedures*

Sample Size: A total sample size of 30 expenditure transactions will be selected for compliance testing. The sample size will be allocated pro-rata to the object categories based on relative dollar amount.

C. Monitoring Review Report

Upon completion of a limited of full scope review, the next step is to issue a formal monitoring review report to the consortium board The report should address all aspects of the *Monitoring Checklist* (Exhibit 2) and outline all recommendations. For the limited scope review, LARAEC staff, in conjunction with member-district point persons, will create the *Monitoring Review Report.* For the full scope review, the outside contractor will provide the draft of the *Monitoring Review Report.* LARAEC Staff and member-district point persons will review and prepare the draft for presentation to the board. Member-districts may include comments or significant factors related to the report or the recommendations which may be included in the final report. The *Monitoring Review Report* will follow the template provided as Exhibit 5.

D. Follow up, Comments, & Corrective Action Updates

Districts have an opportunity to include comments in the final report. Member-districts should use the *Comment and Corrective Action Update* (Exhibit 4). For districts that have recommendations as part of limited scope or full scope reviews, member-districts should complete the *Comment or Corrective Action Update* as part of the current report and in subsequent years (as applicable) to show progress on recommendations. Districts do not need to have a recommendations to include a comment.

Guidelines and criteria for documentation of recommendations in the monitoring review report are as follows:

- **Recommendations:** A recommendation must provide a course of action that will correct an issue that has been identified and provide improvements. Recommendations should be action-oriented, convincing, well-supported, and effective. These recommendations may assist member-districts in strengthening internal controls, aligning with the CAEP fiscal management guide, and aligning with CAEP and consortium practices.

- **Questioned Costs:** A questioned cost can result from a violation, or possible violation, of a statute, regulation, or the terms and conditions of the program agreement. In addition, it could be a cost not supported by adequate documents or appears unjustifiable or unreasonable and does not reflect the actions a prudent member district would take in the circumstances.

- **Disallowed Costs:** A disallowed cost is a charge that LARAEC determines to be unallowable under the California Adult Education Program guidelines (See Section 2 for allowable costs).

Exhibit 1.1 – Planning – Pre-Review Tasks List

Planning (Pre-Review) Tasks (For LARAEC Office)		
	Procedure	***Results***
1.	Establish timetable and annual schedule for LARAEC's limited and full scope desk compliance reviews.	
2.	LARAEC staff should begin the process of hiring external auditors for full-scope review at least 6 months prior to the anticipated start date. Selecting an auditing firm should be done in conjunction with member-district leadership.	
3.	LARAEC staff and Point Persons should discuss program monitoring at the annual summer planning retreat. Processes, forms, and timelines for any upcoming reviews should be discussed.	
4.	Based on established timetable, send ***Program Compliance Questionnaire*** (refer to **Exhibit 1.2** on page 17) and other relevant documents to member districts for completion in order for LARAEC to collect required data. Note: For a full scope review (onsite), the completed questionnaire will be reviewed and discussed with member district management in an onsite fieldwork meeting. Member-districts may be asked to provide evidence of questionnaire documents and practices. The ***Program Compliance Questionnaire*** and the ***LARAEC Monitoring Policies and Procedures*** should be developed/updated by LARAEC as needed.	

Exhibit 1.2 – Program Compliance Questionnaire

Member-District _____ Review Period _____

Program Compliance Questionnaire (For Member-districts)			
	Procedure/ Verification	*Response (Yes/No/Other)*	*If "no" or "other" provide comments*
1	**Accounting and Policies and Procedures**		
1.1	Are all appropriate accounting staff trained on current policies, procedures, and instructions for accounting and expending of CAEP funds?		
1.2	Are CAEP program funds recorded in a separate fund and object codes as specified in the CAEP Fiscal Management Guide?		
1.3	Are accounting records supported by source documents that indicate the cost, expenditure date, fund and object code, and CAEP program or class? (This supporting document may be a purchase order, requisition, or CAEP expenditure verification.)		
1.4	For capital outlay expenditures and out-of-state travel is there evidence of CAEP and Consortium pre-approval as needed (this evidence should be a report to the board, documented and approved minutes, and email approval from CAEP representatives).		
1.5	Do~~es~~ indirect costs align with CAEP guidelines of no more than 5% or your district approved rate which ever is less?		
1.6	Quarterly Reports submitted Via NOVA - Is there a formal review and approval process by appropriate program personnel prior to submission of quarterly reporting? (MOVED FROM 2.4)		
2	**Enrollment and Attendance Data**		

Program Compliance Questionnaire (For Member-districts)			
	Procedure/ Verification	***Response*** *(Yes/No/Other)*	***If "no" or "other" provide comments***
2.1	Are enrollment and attendance counts reported to LARAEC and the state according to the CAEP schedule?		
2.2	Is CAEP enrollment and attendance data supported by system source data? Is there evidence of source documentation to support reported enrollment and attendance counts?		
2.3	Is enrollment and attendance data reconciled from various systems (if any) on a regular basis?		
3	**Adult Education Program Performance and Effectiveness**		
3.1	Has the member district completed the *Program Performance Analysis* document?		
3.2	Has the member-district completed and submitted the *Effectiveness Report* analysis		
3.3	Has the member-district submitted all required CAEP reports in NOVA ~~on time~~? (Report listing is included in Section 4, page 9 of the *LARAEC Member-District Monitoring Procedures*)		
3.4	Has the member-district submitted signed CBO copies of required reports to the LARAEC office ~~on time~~? (CBO reports are included in Section 4, page 9 of the *LARAEC Member-District Monitoring Procedures*)		
3.5	Did the member-district participate in completing the Three-Year Plan? Did the member-district participate in completing and updating the consortium annual plan?		

Program Compliance Questionnaire (For Member-districts)			
	Procedure/ Verification	***Response*** *(Yes/No/Other)*	***If "no" or "other" provide comments***
3.6	Did the member-district participate in consortium public meetings and consortium final decisions? (e.g. participation in *LARAEC Executive Board Meetings* and decision-making)		
3.7	Were member-district funds expended within the seven CAEP program areas, and services provided consistent with the three-year and annual plans?		
3.8	Has the member-district completed any needed *Corrective Action Update* related to prior full scope recommendations?		
4	**Significant Developments**		
4.1	Is there any other relevant information that the member-district would like to provide including significant developments (favorable or otherwise), problems, or adverse conditions that may have impacted areas included in this questionnaire?		

Names of member-district staff who completed this questionnaire_____

_____

LARAEC Executive Board Member Name _____

LARAEC Executive Board Member Signature _____ Date _____

Exhibit 2 – Monitoring Checklist

Member-District _____ Review Period _____

Monitoring Checklist (For LARAEC Office and Auditor)		
	Procedure/ Verification	***Results***
1	**Review and Verification**	
1.1	Obtain *Program Compliance Questionnaire* (refer to **Exhibit 1.2**), as completed by member-district for the review period.	
1.2	Obtain the *Program Performance Analysis*, *Effectiveness Reports,* and *Corrective Action Updates* (completed by member-districts) for the review period.	
1.3	Obtain any documentation or relevant information provided by the member-districts, including any significant developments (favorable or otherwise), problems, adverse conditions noted by member-district related to the program	
1.4	Program funds must be recorded in a separate fund and object codes as specified in CAEP Fiscal Management Guide. Does the member's accounting system identify receipts and expenditures for the program in a separate fund?	
1.5	Did capital outlay, out-of-state travel, and indirect costs comply with CAEP guidelines including pre-approvals by the LARAEC board?	
	Item 1.6 and 1.7 are for Full Scope Review	
1.6	Review of general ledger information provided: 1. Detail transaction listing supporting expenditure amounts reported for the period. 2. Reconciliation of detail transaction listing to reported expenditure amount 3. Selected source documentation provided 4. Selected payroll records provided	
1.7	Perform compliance testing procedures (refer to Exhibit 3 for *Compliance Testing Procedures*).	

Monitoring Checklist (For LARAEC Office and Auditor)		
	Procedure/ Verification	***Results***
	Sample Size: A total sample size of 30 expenditure transactions will be selected for compliance testing. The sample size will be allocated pro-rata to the following categories based on relative dollar amount: • Payroll expenditures: – Instructional Salaries (#1000) – Non-instructional Salaries (#2000) – Employee Benefits (#3000) • Non-payroll expenditures: – Supplies and Materials (#4000) – Other Operating Expenses and Services (#5000) – Other Outlay (#6000) – Other Outgo (#7000)	
1.8	Follow up with the member-district for any missing information originally requested or additional information requests as a result of the review.	
2	**Verification of Member Effectiveness Criteria**	
2.1	Member-district participated in completing and updating the Annual Plan.	
2.2	CAEP member-district funds were expended within the seven program areas, and services provided are consistent with the three-year and annual plans.	
2.3	Member participated in completing and updating the 3-year consortium plan, including any amendments (This item relates to the most recent plan)	
2.5	Member participates in consortium/public meetings and member participates in consortium final decisions as indicated by board summary minutes and attendance.	
2.6	Member reports student level enrollment data and outcomes for quarterly and final reporting (related to fiscal period under review)	

Monitoring Checklist (For LARAEC Office and Auditor)		
	Procedure/ Verification	***Results***
2.7	Member shares information on programs offered, and the resources being used to support the programs as indicated on the *Program Area Report*.	
2.8	Member submits sign CBO copies of requires reports to the LARAEC office on time	
3	**Enrollment and Attendance**	
3.1	Member enrollment and attendance data supported by system source data. Member shares evidence of source documentation to support reported enrollment and attendance counts?	
3.2	Member shared how enrollment and attendance data is reconciled from various systems on a regular basis?	
3.3	Member shares the formal review and approval process by appropriate program personnel prior to submission of quarterly reporting?	
4	**Evaluation**	
4.1	Based on review of all information obtained in previous steps, assess whether the requirements of the program are being met. Evaluate the following: 1. Member-district expenditures can be validated by source documentation that links expenditures to one of the seven CAEP program areas. 2. Expenditures reported reconcile with detailed transaction listings. 3. Capital outlay, travel, and indirect cost expenditures comply with CAEP policies and procedures. 4. Member-district reported enrollment and attendance can be validated by source documentation. 5. Member-district has sufficient internal controls in place to ensure that enrollment and attendance data is accurate. 6. Member effectiveness (item 3.0) – The extent that each member participates in consortium	

Monitoring Checklist (For LARAEC Office and Auditor)		
	Procedure/ Verification	***Results***
	activities and aligns expenditures with the consortium three-year and annual plans. There is evidence to support member participation and compliance. 7. Program needs meeting needs of the community– The member provides analysis, through the *Program Performance Analysis Report,* Effectiveness *Report,* and *Corrective Action Update* on current performance and meeting the needs of the community. Is the analysis sufficient? 8. Funds provided to member districts (cost effective)- cost effectiveness is defined in Section 5 page 11.	

Exhibit 3 – Compliance Testing Procedures for Expenditures

Full -Scope Compliance Testing Procedures (for Auditors)			
	Verification	*Procedure*	*Results/Comments*
1	**Preparation**		
1.1	Preparation	• Work with LARAEC staff and leadership to review the scope of work and deliverables. • Create a master timeline for completing the monitoring review and summary report • Confirm the review period that will be used throughout the work.	
1.2	Preparation	Obtain the following documents from the LARAEC Office for the review period: • Board Meeting attendance and voting history • Three-year and annual plan participation • Capital Outlay and out-state travel approvals and district plans. • CAEP quarterly Progress and Expense Reports • Program Area Report • Member Budget and Workplan • Effectiveness Reports • Current three-year and annual plans • CBO Copies of report • District reports submission statistics from NOVA (submitted and on time)	
1.3	Preparation	• Work with member district identified personnel to select dates for site visits and interview for the full-scope review • Work with member-district team to determine a timeline for submission of member-district deliverables • Communicate timeline and dates with consortium leadership	
1.4	Preparation	Obtain the following documents from member-districts for the review period: • Program Compliance Questionnaire • Program Performance Analysis	

		• Corrective Action Update • CAEP reported enrollment and attendance • Detailed transition listing	
1.5	Preparation	Select 30 transactions on a pro-rata basis to the following categories based on the relative dollar amount: • Payroll - Instructional salaries (1000) - Non-Instructional Salaries (2000) - Employee benefits (3000) • Non-Payroll - Supplies and materials (4000) - Other operating expenses (5000) - Other Outlay (6000) - Other Outgo (7000)	
Complete procedures 2 – 7 through review of reports and materials provided, site visits, observations, documentation, and interviews with member-district and consortium staff.			
2	**General Expenditures**		
2.1	Verify that CAEP funds are kept in a separate fund as specified in the most recent CAEP fiscal management guide	• Look at the member district chart of account for adult education funds. • Verify CAEP funds are kept in a separate fund known as the Adult Education Fund (if K-12 District) or general categorical programs (if CC district) consistent with the CAEP fiscal management guide.	
2.2	Verify reported expenditures match actual expenditures	• Compare progress and expense report with detail transaction listing for the review period • Verify that totals match	
2.3	Verify that administrative costs align with the CAEP fiscal management guide	• Look at indirect costs charged to CAEP funds • Verify that the costs do not exceed 5% or the CDE approved indirect rate whichever is lower.	
2.4	Verify expenditures are allowable expenses for CAEP funds	• Look at the 30 sampled transactions • Ensure that all expenditures are allowable based on the CAEP Fiscal Management Guide.	

3	**Non-Payroll Expenditures**		
3.1	Are the accounting records supported by source documents that indicate cost, expenditure, date, fund and object code, related to CAEP funds.	• Obtain purchase order, requisition, or other source document for the selected expenditures (from 1.3) • Verify records are complete	
3.2	Does expenditure relate to one of the seven program areas, as listed in the CAEP Education Code (Section 84913)?	Based on nature of expenditure and review of supporting source documentation, determine and document the related program area or course. (Documented CAEP program area or course may be included on purchase order, requisition, CAEP expenditure verification, or other document)	
3.3	Does nature of the expenditure align with the consortium three-year and annual plans	Use Source documentation (listed in 1.1 & 1.2) to determine and document that the expenditure is related to current consortium plans.	
3.4	Is this expense an allowable expense?	Use the most recent CAEP Fiscal Management Guide to determine if each selected expenditure is allowable based on the criteria provided.	
3.5	Is this expense allocated appropriately to related programs (is the expense for the program that it was allocated to?)	Review supporting documentation for allocation to applicable programs. Verify that the expense is an expenditure for the program/class to which it was allocated.	
3.6	Verify that out-of-state travel complies with the CAEP fiscal management guide	• Look at transactions that involve out-of-state travel utilizing CAEP funds. • Verify that the member-district received prior approval for all out-of-travel in which CAEP funds were used.	
3.7	For the capital outlay expenditure, did the Member District obtain approval **in advance** from the LARAEC Executive Board? If the expenditure was approved, the expenditure was deemed reasonable and justifiable as defined in the CAEP management Guide	• Look at the list of capital outlay approvals from the LARAEC Office. • Look at the capital outlay purchases with CAEP funds. • Verify that all capital outlay purchases with CAEP funds by the member-district are included in the approved plans.	

4	**Payroll Expenditures**		
4.1	Is the CAEP funded portion of the employee salary and benefits for time working on member-district activities within the seven CAEP program areas and in alignment with the annual and three-year plans. Does the employee work outside the CAEP program areas and is CAEP funding used to support non-CAEP activities	Look at payroll expenditures. • Verify that the expenditures are for time reporting within one of the CAEP program areas. For employees who are multi-funded, ensure the CAEP funding was used proportionally for CAEP program areas (i.e. if 50% of an employee salary is CAEP funded, then related hours should be in CAEP program areas). • Verify that employee benefits paid with CAEP funds are proportional to the assignment within the seven CAEP program areas.	
5	**Enrollment Counts**		
5.1	Is member enrollment and attendance data supported by system source data	Look at submitted enrollment and attendance reports submitted to LARAEC and CAEP during the review period. • Verify that there is evidence of source documentation to support the enrollment and attendance counts	
5.2	Is there a process for reconciling data from various systems? Is there a formal review and approval process for submitting attendance and enrollment reports?	Have member district staff share the process for reconciling data sources and the review and approval process. • Verify that these processes are sufficient for ensuring that data submitted is accurate and reflects actual enrollment and attendance.	
6	**Effectiveness**		
6.1	Verify member Effectiveness Criteria are Met	• Look at LARAEC documents provided in 1.1 as well as results from sections 2 – 5. • Verify member district participated in completing and updating the LARAEC Annual Plan • Verify member-district participated in completing and updating the consortium three-year plan • Verify Member-district participates in consortium public meetings and participates in consortium decision making. • Verify member district funds were expended within the seven program areas and that services are consistent with the three-year and annual plans. • Verify required member reports were submitted and on time, including *Member Progress & Expense Reports* (quarterly),	

		Budget and Workplan, student data, employment and earning survey, and *Program Area Report.* • Verify that each district submitted on time a signed CBO copy of required reports to the LARAEC office including the *Member Expense Report, Budget and Workplan,* and *Program Area Report.*	
7	**Program Analysis**	•	
7.1	Is the member district meeting the needs of the community?	• Look at the *Program Performance Analysis Report, Effectiveness Report,* and *Corrective Action Update*. • Verify that the member district analyzed the *Effectiveness Report,* identified areas of growth and future focus areas, and provided activities that address meeting the needs of the community. • Verify that the member district analyzed their annual progress through completing the *Program Performance Analysis Report*, identified areas of growth and future focus areas, and provided activities that address meeting the needs of the community. • Verify that the member district (if needed) analyzed their annual progress through completing the *Corrective Action Update*, identifying progress and district plans for moving forward.	
7.2	Is the member district cost-effective in utilizing CAEP funds to provide adult education services	In pre- planning for the Year 2 review, starting with 2026-27, LARAEC will document the process related to cost effectiveness.	
8	**Summary Report**	Use the template provided as Exhibit 5 to write the summary report and make recommendations.	

Exhibit 4 –Comment or Corrective Action Update

Comment or Corrective Action Update
Member-district _____ **For SY** _____
Person Completing Report_____ **Date**_____
For districts that had recommended corrective actions as part of the limited or full scope review report, please provide an annual update on progress for each recommendation.
Comment on Monitoring Review
Optional Comment: Please describe your comment & indicate the section of the report for reference.
Recommendation 1 -
Annual analysis of progress or reason why this recommendation was not implemented:
Moving forward the district plans to:
What support (if any) does your district need from the LARAEC office?
Recommendation 2 -
Annual analysis of progress or reason why this recommendation was not implemented:
Moving forward the district plans to:
What support (if any) does your district need from the LARAEC office?
Name of Executive Board Member _____ **Signature of Executive Board Member** _____ **Date**_____

Exhibit 5 – Limited and Full Scope Monitoring Review Report

see separate Word Document titled *Monitoring Review Report*

Exhibit 6 – LARAEC Member District Effectiveness Report Template

Los Angeles Regional Adult Education Consortium
Effectiveness Report
July 1, 2018 to June 30, 2019

	Enrollees		Literacy Gains (Pre/Post)		CAEP Outcomes											
					(A5)	Other Literacy Gains		HSD/HSE Achieved		Post-Secondary Achieved		Enter Employment Achieved		Increase Wages Achieved		Transitions to Post-Secondary Achieved	
District	(A1) 0+ Hrs	(A2) 12+ Hrs	(A3) EFL Gains	(A3/A2) %	Enrollees 1+ Hrs	(A6) Outcomes	(A6/A5) %	(A8) Outcomes	(A8/A5) %	(A10) Outcomes	(A10/A5) %	(A12) Outcomes	(A12/A5) %	(A14) Outcomes	(A14/A5) %	(A16) Outcomes	(A16/A5) %
BUSD																	
CCUSD																	
LACCD																	
LAUSD																	
MUSD																	
LARAEC																	

Replace with updated Effectiveness Report

	Spending Targets				Expenditures & Activities Aligned with LARAEC Plan				% of Carry-over to Budget	% of Carry-over to Allocation
District	Q1 (15%)	Q2 (30%)	Q3 (45%)	Q4 (60%)	Q1	Q2	Q3	Q4		
BUSD										
CCUSD										
LACCD										
LAUSD										
MUSD										
LARAEC										

Notes:

(1) The Effectiveness Report template was developed as a response to the State Auditor recommendations to LARAEC and it is recommended by the PPT that it should only be used for this purpose. Effectiveness measures were determined based on AB104 Section 84920.

(2) Data Source: SY 2018-2019 CAEP (Summary) Table dated 01.07.2020 from TE and SY 2018-2019 Quarterly Progress and Expense Reports

(3) Supporting documentation available from the LARAEC office upon request.

Effectiveness Report Analysis (Completed by member-districts) **Member-district** _____ **For SY** _____ **Review the end-of-year LARAEC Effectiveness Report. Work with your district team to review the various sections of the Effectiveness Report and provide analysis on the following topics.**
Enrollees - Please provide an analysis of columns A1, A2, and A5 for your district. Do these numbers meet your district goals? What are you goals for this area moving forward? What strategies will you implement in this area moving forward?
Annual Analysis of Progress:
Moving forward the district plans to:
What support (if any) does your district need from the LARAEC office?
CAEP Outcomes - Please provide an analysis of CAEP outcomes for your district. Do these numbers meet your district goals? What are you goals for this area moving forward? What strategies will you implement in this area moving forward?
Annual Analysis of Progress:
Moving forward the district plans to:
What support (if any) does your district need from the LARAEC office?
Spending Targets and Carryover - Please provide an analysis of the spending target and carryover for your district. Do these numbers meet your district goals? What are you goals for this area moving forward? What strategies will you implement in this area moving forward?

Annual Analysis of Progress:
Moving forward the district plans to:
What support (if any) does your district need from the LARAEC office?
Other documents or data that provide a wider picture of member-district effectiveness
Description of document/data and how it is related to effectiveness. (Attach document/data to this report)
Annual Analysis of Progress:
Moving forward the district plans to:
What support (if any) does your district need from the LARAEC office?
Person submitting form on behalf of member-district _____ Position_____ **Signature _____ Date _____**

Exhibit 7 – Program Performance Analysis Report

Program Performance Analysis

Member-district _____ **For SY** _____
Person Completing Report_____ **Date**_____

Annual Plan strategies selected by the member-district (Include all strategies selected in NOVA as part of the Budget and Workplan):

Consortium Objective 1: Address Educational Needs
Strategy Name – Materials for Special Populations and One-pagers
Description of strategy and activities
Annual Analysis of Progress:
What support (if any) would you like from the LARAEC office?

Consortium Objective 2: Improve Integration of Services & Transitions
Strategy Name – LARAEC Hosted Events
NOVA Annual Budget and Workplan – (member-district response) • Program areas of focus: ABE, ASE, ESL, and Short term CTE • This strategy will focus on ABE, ASE, ESL and Short Term CTE by providing teachers with access to best practices and professional development.
Annual Analysis of Progress:
What support (if any) would you like from the LARAEC office?

Consortium Objective 3: Improve Effectiveness of Services
Strategy Name – Remote Learning APT
NOVA Annual Budget and Workplan – (member-district response) • Program areas of focus: ABE, ASE, ESL, and Short term CTE • This strategy will focus on ABE, ASE, ESL and Short Term CTE by providing teachers with access to best practices and professional development.
Annual Analysis of Progress:
What support (if any) would you like from the LARAEC office?

District Objective:
Strategy Name –
Components of district objective – (member-district response on annual plan) • •
Annual Analysis of Progress:
What support (if any) would you like from the LARAEC office?
Other comments on progress and outcomes from last year

LARAEC Executive Board Member Name _____ **Signature** _____ **Date** _____

Exhibit 8 – CAEP Expenditure Verification

CAEP Expenditure Verification

Member-district _____ For SY _____

The purpose of this form is to verify that an expenditure with CAEP funds supports one of the CAEP program areas. This form should only be used as part of the full-scope review if the member-district does not have this information documented by another source document. It is only needed for selected expenditures as part of the LARAEC compliance testing procedures. **Member-districts may use an alternate spreadsheet that contains the same information.**

Description Item/Expenditure:
Total Cost:
Class/Course that this expenditure supports:
CAEP Program Area: Please check the box for which program area is supported by the expenditure. If multiple areas, check all that apply. You may use the **ALL** box for expenditures that support all programs (admin and advisor support, general PD, security, M&O projects, etc.). □ **ALL program areas** □ **ABE/ASE** □ **ESL/Citizenship** □ **K12 Success** □ **AWD** □ **CTE** □ **Pre-Apprenticeship** □ **Workforce Prep**

I certify that the CAEP funds for this expenditure were used to support the listed CAEP program area.

Administrator _____Title_____

Signature_____ Date_____

Exhibit 9 – Capital Outlay and Out-of-state Travel Pre-approval Verification

Member-district _____ **For School Year _____**

The purpose of this form is to verify that the above member-district obtained prior approval for capital outlay and out-of-state travel expenditures as required by CAEP and outlined in the current CAEP Fiscal Management Guide. These expenditures with CAEP funds support one of the CAEP program areas. This form is used as part of the full-scope and limited-scope reviews as needed.

Out of state Travel

Request No.	Date Approved by Board	Amount Approved by Board	Member of District	Reason	Comments or Justification

Capital Outlay

Request No.	Date Approved by Board	Amount Approved by Board	Member of District	Project Description	Date approved by CAEP	Comments or Justification

I certify that the CAEP funds for these expenditures were used to support a CAEP program area and were pre-approved by the LARAEC Executive Board, unless otherwise stated. To the extent that they were not pre-approved, I have provided a justification above. This list accurately reflects all capital outlay and out-of-state travel with CAEP funds for the program year specified.

Administrator _____Title_____

Signature_____ Date_____

I certify that the above Capital Outlay and Out-of-state travel were approved at the listed board meetings, with any noted justifications, and by the CAEP Office as reported above.

LARAEC Project Director: _____

Signature_____

Date_____