



July 27, 2017

Ref: 17-32-22

Dr. Thomas Keegan  
President  
Skagit Valley College  
2405 East College Way  
Mount Vernon, WA 98273

Re: Fiscal Year 2016 Program Review

Dear Dr. Keegan:

In April 2017, the Systems Internal Auditor for the State Board for Community and Technical Colleges (SBCTC) performed a fiscal and programmatic review of Skagit Valley College (SVC) for the fiscal year 2016.

Details of the awards reviewed are as follows:

Program Title	Contract Number	Contract Period		Amount
BEa Leadership Block Grant	104-BLBG-16	7/1/2015	6/30/2016	\$6,076.00
BEa Master Grant	104-BEDA-16	7/1/2015	6/30/2016	146,197.00
BEa El Civics	104-ELC-16	7/1/2015	6/30/2016	28,943.00
BEa State Plan Innovations	104-BSPI-15	11/1/2014	6/30/2016	60,000.00
BEa Special Projects	104-BSP-16	6/6/2016	9/30/2016	22,800.00
BEa WIOA Transition	104-WIOA-15	9/1/2015	6/30/2016	22,663.00
BFET	104-BFET-16	10/1/2015	9/30/2016	333,948.00
Job Skills Program	104-JSP-16DM	7/1/2015	6/30/2017	65,200.00
Perkins Innovation Project	104-PIP-16	7/1/2015	6/30/2016	15,000.00
Perkins Plan	104-PRK-16	7/1/2015	6/30/2016	385,131.00
Perkins Leadership Block	104-PLB-16	7/1/2016	6/30/2016	16,000.00
WorkFirst	104-WFDA-16	7/1/2015	6/30/2016	387,019.00
Worker Retraining	N/A	7/1/2015	6/30/2016	894,573.00

This letter is to provide you with the final results of this review and to outline any further steps necessary as a result of this engagement.

*Overall Results of the Engagement:* In most areas examined, SVC had complied with grant and fiscal requirements. In addition, the review found adequate policies, procedures, and internal

controls in place to ensure all fiscal and programmatic requirements are followed and that data, financial records, and assets are properly maintained and safeguarded. The examination did find the following deficiency:

### Support for Non-payroll Expenditures

SVC could not provide supporting documentation for all sample purchases made with grant funds. Testing found insufficient or no support for the following expenditures:

Grant	Amount	Category	Vendor
BFET	\$239.95	Other	America's Best Contact
BFET	210.00	Other	J.P. Morgan Chase (CC)
BFET	88.00	Other	Department of Health
Perkins Innovation	1,485.63	Goods & Services	J.P. Morgan Chase (CC)
Perkins Leadership	561.51	Travel	J.P. Morgan Chase (CC)
Perkins-Main	835.00	Goods & Services	J.P. Morgan Chase (CC)
Perkins-Main	542.76	Travel	J.P. Morgan Chase (CC)
WorkFirst	702.44	Goods & Services	J.P. Morgan Chase (CC)
WorkFirst	1,013.89	Travel	J.P. Morgan Chase (CC)
WorkFirst	150.00	Misc.	J.P. Morgan Chase (CC)
<b>TOTAL</b>	<b>\$5,829.18</b>		

As evident from the table, most purchases in which support could not be obtained were on SVC credit cards. Staff stated SVC had a large number of credit cards and finding specific charges on statements was very difficult and time consuming.

**Recommendation:** *We recommend SVC explore new methods for filing, coding and/or tracking credit card expenditures that allows individual charges to be readily identified and tied to a specific credit card statement.*

### Operational Review

In addition to a review of grants, a general operational overview of SVC's operational systems and controls over IT systems, risk management, and FERPA compliance was also performed with the purpose of assisting the college in its business practices. Recommendations provided in this section do not require corrective action or a response and are only provided to assist the college in identifying areas of risk and/or potential areas for improvement.

- The review found SVC was maintaining policies and procedures pertaining to the fiscal and administrative management of grants and contracts in some areas, but not for all awards. We recommend SVC continue working to ensure administrative and fiscal management processes and oversight requirements for grants and awards are described in written policies and procedures for business continuity, to minimize disruption in services, and to reduce the risk of non-compliance with guidelines.

- SVC performs regular risk assessments as part of its processes, but has not yet adopted a formal risk assessment policy. We recommend SVC continue its efforts in this area by creating a formal risk assessment policy as described in Governor's Executive Order 16-06 to formalize the current process and to better identify and to respond to strategic and operational risks.

In addition to the issues and recommendations noted above, the review also found several minor and insignificant errors, which along with a copy of the final audit report, has been provided to the audit liaison.

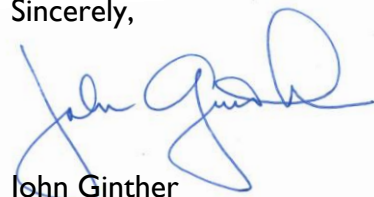
### **Corrective Action**

SVC should provide SBCTC a Corrective Action Plan with a brief description of how each exception noted in this correspondence will be addressed within 60 days of receipt of this letter. The Corrective Action Plan should also include information pertaining to the individual responsible for ensuring the corrective action is completed. Upon receipt and approval of SVC's Corrective Action Plan, SBCTC will issue a final report of the review notifying the school that all refunds have been received (if applicable), all recommendations have been satisfactorily addressed, and that the review is complete.

If you have any questions pertaining to this review or any other matter, please feel free to contact me or Maryam Jacobs, SBCTC's Systems Internal Auditor at (360) 704-4389 or [mjacobs@sbctc.edu](mailto:mjacobs@sbctc.edu).

We appreciate the assistance and courtesy of SVC personnel provided during this engagement and look forward to working with you in the future.

Sincerely,



John Ginther  
Director of Accounting and Business Services

cc: Eduardo Jaramillo, Vice President of Administrative Services, SVC  
Kim Cook, Controller, SVC  
Jim Crabbe, Interim Deputy Executive Director of Education, SBCTC  
John Boesenberg, Deputy Executive Director of Business Operations, SBCTC  
Maryam Jacobs, Systems Internal Auditor, SBCTC  
Jon Kerr, Director of BEdA, SBCTC  
Cindy Wilson, Policy Associate, SBCTC  
Erin Frasier, Policy Associate, SBCTC  
Anna Nikolaeva, Policy Associate, SBCTC  
Susan Wanager, Policy Associate, Fiscal Management, SBCTC  
Michele Rockwell, Contracts Specialist, SBCTC